

Navigating Volatility in Global Equity Markets

An Update from the Artisan Partners Global Equity Team

PORTFOLIO MANAGER
Viewpoints

March 2020

As the COVID-19 pandemic continues to drive heightened uncertainty and historic daily volatility, we thought an update may be appropriate. We are closely monitoring this rapidly evolving situation, remaining focused on our deep company analysis in order to understand the impacts to businesses' growth outlooks, as appropriate. As this crisis has unfolded, companies have revised their revenue and earnings outlooks sharply lower. While supply-chain disruptions emanated from China as early as January, the economies of Western Europe and the US are just now experiencing their corresponding demand shocks. Government measures to slow the virus's spread (i.e., social distancing) are leading to a rapid deterioration in business activity. As these measures may be in place for several more weeks, access to capital and liquidity will be imperative for companies to make it through the worst of the crisis. In order to continue successfully navigating the current environment, we believe it is important to focus capital in companies with the most visible growth prospects, sufficient access to liquidity and resilient business models.

Mark Yockey has been managing the Artisan Non-U.S. Growth Strategy since January 1, 1996. Over the past 24 years, financial markets have gone through several periods of extreme fluctuations—most notably during the tech bubble and 2008 global financial crisis. Mark is joined by portfolio managers Charles-Henri Hamker and Andrew Euretig. Together, they average over 28 years of investment experience. Portfolio leadership has always remained extremely disciplined to philosophy and process, particularly during environments where discipline and focus are paramount to successful outcomes. Our portfolio leadership is supported by a deep and experienced team of research analysts, each of whom has significant knowledge within their sectors/regions of expertise.

From a business continuity standpoint, we have taken the necessary precautions to ensure the safety and well-being of our professionals. Travel and in-person meetings have been replaced with conference calls and video conferencing. Operating out of four different locations, our team is well-versed in working remotely. The ability to interact over phone and video, conduct research, and make decisions and implement them is business as usual. The team has had several research updates in recent weeks with most analysts calling in remotely, and our traders are fully operational at home with back-up offices available if needed in San Francisco, New York, London and Milwaukee. To date, COVID-19 has not had a material impact on our team or critical functions. Firmwide, our ability to conduct business for day-to-day operations has also not been impacted. With technology and our Artisan systems, a substantial majority of the firm's employees are working remotely as needed without negative impacts.

We believe we were well-positioned heading into this unforeseen crisis. We had little-to-no direct exposure to energy or commodities-related stocks and were underweight banks. With growing evidence that a global recession is unavoidable, we continue investing in well-managed companies that provide essential goods and services or possess a unique asset, with solid balance sheets and cash flow characteristics—attributes that should make them more resilient in an economic downturn. We retain strong conviction in the exchanges, payment processors, insurance brokers and industrial gas companies—representing a few of our larger industry exposures—that we believe should be able to maintain their long-term earnings growth trajectories beyond this crisis. Our e-commerce and software holdings are also distinctly well-positioned in this environment, in our view, as social distancing behaviors reinforce existing secular trends toward online consumption and working from home.



Mark L. Yockey, CFA
Portfolio Manager

40 Years Investment Experience

Charles-Henri Hamker
Portfolio Manager

30 Years Investment Experience

Andrew J. Euretig
Portfolio Manager

16 Years Investment Experience



This has been one of the greatest selloffs in history, in terms of both speed and magnitude. However, from our experience, it is times such as these that have offered the best opportunities to invest in companies that are mispriced relative to their underlying values. Amid the volatility, we have been laser-focused on companies with unique assets and value-added capabilities that are less reliant on a favorable economic backdrop. As always, we will deploy capital to businesses in a conviction-based manner, taking advantage of recent sharp declines to invest in future growth potential at what we believe are attractive valuations.

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Portfolio Managers: Artisan Non-U.S. Growth Strategy — Mark L. Yockey, Charles-Henri Hamker, Andrew J. Euretig; Artisan Global Equity Strategy — Mark L. Yockey, Charles-Henri Hamker, Andrew J. Euretig.

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