



Investment Process

We seek to invest in high-quality, undervalued companies with strong balance sheets and shareholder-oriented management teams.

Undervaluation

Determining the intrinsic value of a business is the heart of our research process. Intrinsic value represents the amount that a buyer would pay to own a company's future cash flows. We seek to invest at a significant discount to our estimate of the intrinsic value of a business.

Business Quality

We seek to invest in companies with histories of generating strong free cash flow, improving returns on capital and strong competitive positions in their industries.

Financial Strength

We believe that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management the ability to build value when attractive opportunities are available.

Shareholder-Oriented Management

Our research process attempts to identify management teams with a history of building value for shareholders.

Team Overview

Our team has worked together for many years and has implemented a consistent and disciplined investment process. Our team is organized by geographic regions, but within those regions we are generalists who look across all industries. We believe this model enables our analysts to become broad thinkers and gain critical insight across all economic sectors.

Portfolio Management



Daniel J. O'Keefe
Portfolio Manager (Lead)
Managing Director



Michael J. McKinnon, CFA
Co-Portfolio Manager
Managing Director



Justin V. Bandy, CFA
Co-Portfolio Manager

Investment Results (%)

As of 30 September 2020	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Class I USD—Inception: 01 Mar 2011	7.40	-12.11	-5.29	-0.56	5.74	—	7.44
MSCI All Country World Index (USD)	8.13	1.37	10.44	7.12	10.30	—	7.56
Class I EUR—Inception: 14 Dec 2015	2.91	-15.86	-11.92	-0.28	—	—	3.95
MSCI All Country World Index (EUR)	3.57	-2.97	2.68	7.41	—	—	8.70
Class I GBP—Inception: 14 Jun 2016	3.12	-9.70	-9.64	0.73	—	—	7.91
MSCI All Country World Index (GBP)	3.35	3.87	5.27	8.45	—	—	13.24
Class A USD—Inception: 06 Aug 2013	7.16	-12.65	-6.07	-1.40	4.83	—	4.15
MSCI All Country World Index (USD)	8.13	1.37	10.44	7.12	10.30	—	7.94

Annual Returns (%) 12 months ended 30 September

	2016	2017	2018	2019	2020
Class I USD	12.03	19.99	4.20	-0.38	-5.29

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized.

Past performance does not guarantee and is not a reliable indicator of future results. Performance is NAV to NAV, including reinvestment of dividends and capital gains, if any, and is net of fees and expenses, excluding any subscription or redemption charges which may be levied. At the moment, the Fund does not intend to charge subscription or redemption fees. The Fund may be offered in different share classes, which are subject to different fees, expenses and inception dates (which may affect performance), have different minimum investment requirements and are entitled to different services. An investor cannot invest directly in an index.

Investment Risks: Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. These risks, among others, are further described on the last page, which should be read in conjunction with this material.



Market Overview

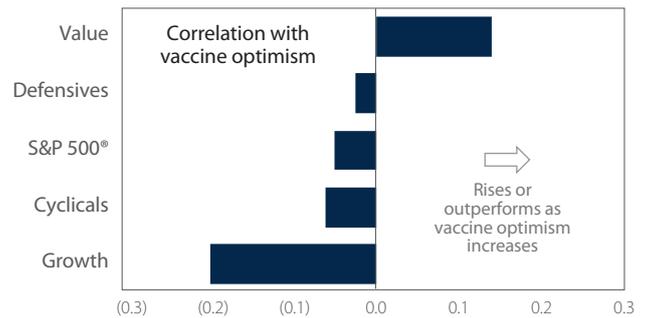
We wish there was something to discuss other than the virus. We imagine you do, too. But alas, as with just about everything these days, stock markets and the economy are taking all their cues from COVID-19. It feels like a tug-of-war most of the time. Markets rise on the hopes of fiscal stimulus to buttress economies from the pandemic’s economic fallout and fall when those hopes recede. And of course, they rise and fall with hope of the pandemic’s eventual end, thanks either to a vaccine or naturally acquired herd immunity. In Q3, hope overcame fear as the market continued looking through the virus to a recovery on the other side. Most major stock markets posted high single-digit gains in dollars for the quarter, with the US notably outperforming most other markets by a sizable margin. The US has left other developed markets in the dust for several years now, and for good reason: The US is home to an information technology industry which continues growing despite overall economic headwinds. Europe has essentially no information technology industry. This in large part explains why European stock markets returned roughly one quarter the US market’s return over the past decade.

Beneath the surface of a rising stock market, there is another noteworthy tug-of-war—between growth and value stocks. Longtime readers will know value investing is out of favor and has been for a long time. Indeed, this is the longest period of underperformance of value vs. growth stocks in our careers and probably in market history. And Q3 continued the trend: Globally, value indices consistently trailed the market by a sizable margin. We are often asked when we believe value investing may come back into favor—or at least regain some credibility. We saw glimmers of an answer in the market this past quarter.

In short, when investors are pessimistic about the virus and its economic fallout, they pile into companies either benefiting from the virus or whose prospects are at a minimum undiminished by the pandemic. Many of these companies have become very expensive because of their perceived safety. They are also quite scarce. We note that just four companies accounted for nearly one-quarter of the global index’s Q3 return. And their average valuation is 90X earnings. Indeed, strong returns among the few growth stocks riding out the pandemic without a hiccup are supporting the overall market, as we wrote last quarter.

But when signs of an economic rebound or the pandemic’s end surface, investors shift their attention to those stocks either left to the side because they lack sizzle or whose earnings have been devastated by the pandemic—in other words, many of our holdings. We see this in Exhibit 1, courtesy of Goldman Sachs: Value stocks tend to do better amid optimism around a vaccine—which is another way of saying optimism around the pandemic’s eventual end. This makes sense as many value stocks have seen their earnings collapse because of COVID—as opposed to, say, companies like Amazon and Netflix and Zoom, whose prospects have been enhanced by it. In fact, if we exclude technology companies, the market’s earnings per share (EPS) growth since 2008 has been essentially zero, as shown in Exhibit 2.

Exhibit 1: Value, Not Cyclical, Is Positively Correlated With Vaccine Optimism



Source: Goldman Sachs. As of 17 Sep 2020. Based on GS Cyclical/Defensives baskets and S&P 500® Growth/Value. Data covers the period 22 Aug 2020 to 8 Sep 2020. Past performance is not a reliable indicator of future results.

Exhibit 2: Tech Earnings Have Outstripped Those of the Global Market



Source: Goldman Sachs/Refinitiv. “World” data coverage includes over 81,000 companies in 120+ countries, accounting for 99% of global market capitalization.

September proved to be an interesting case study. The twin expectations of further US federal government stimulus spending as well as an emerging consensus around a vaccine approval by the end of 2020 or early in 2021 helped drive a tilt towards value stocks, which markedly outperformed growth stocks in the US. In most other markets, value kept pace with growth over the month. Granted, it’s only one month and we certainly do not modify our behavior based on such a short time period. But it shows that in the game of tug of war, the direction of travel can reverse pretty quickly.

Portfolio Discussion

We did not add any new names to the portfolio this quarter—but we were quite active. We significantly increased our positions in five names: Berkshire Hathaway, Novartis, Compass Group, Anthem and Dentsply Sirona. Berkshire, Novartis, Compass and Anthem are relatively recent additions to the portfolio which we have written about over the past few quarters. Novartis and Berkshire are top-10 holdings; Compass and Anthem are in the top 15. Dentsply has been in the portfolio since 2018, and we have added to the position quite aggressively during the pandemic. Collectively, we added roughly 400bps to these positions in Q3.

What is notable to us about these businesses is their quality. Berkshire is one of the best companies in the world with a collection of attractive industrial assets, one of the world’s best insurance businesses and a fortress balance sheet. Novartis is one of the

world's fastest growing pharmaceuticals companies with an outstanding pipeline. Anthem is the world's leading commercial health care insurer with a rapidly growing Medicare and Medicaid franchise. Compass is the world's leading contract-catering businesses with attractive long-term growth potential, despite significant near-term pandemic-related headwinds. Dentsply is the world's leading supplier of dental products to dentists and orthodontists globally. We find it notable that we have been able to buy these world-class businesses at attractive prices. Indeed, we believe the quality of the companies we own today is the highest it has been in years.

We funded these increased position sizes with a few disposals. Oracle has been a successful holding for many years, and with strong recent share-price performance, it reached our estimate of fair value. We exited the position. We also sold our shares in ABB. The company's new CEO is a much-needed improvement from prior management, and he has laid out a sound strategy for improving ABB's financial performance. Investors became quite enamored of both him and his strategy and bid the shares up to a price which we believe discounts fully his intended improvements. Otis Elevator was spun out of what used to be United Technologies. The valuation was full, and we exited our small holding.

Our best performers this quarter were FedEx, Cognizant and Facebook.

FedEx is an unlikely beneficiary of COVID-19. The business is benefiting from what is essentially a scarcity of delivery capacity in both its express and ground networks. Under normal circumstances, a lot of cargo is shipped in the belly of passenger airplanes, so the commercial air fleet's grounding has significantly reduced air freight capacity. In addition, elevated e-commerce activity has created a tight market for residential package deliveries. These dynamics have resulted in a favorable pricing environment for owners of freight and package networks like FedEx. Some of this benefit will be temporary, but some will be structural. The constrained capacity is expected to last through the holiday season, with the potential for further demand on the logistics networks if a vaccine is approved. FedEx's shares have rallied as a result, but the valuation remains undemanding at 13X our estimate of normalized earnings.

Cognizant's share price performance in Q3 was driven by its resilient operating results and strong free cash flow generation. Its revenue declined only 2% YoY organically (excluding a content business it is proactively exiting, and a one-off ransomware attack) in what was a difficult macro environment. For the first time, management started providing commentary on bookings, which grew 14% YoY in the first half, with digital bookings up 50% YoY—the result of clients' ongoing investments in digital engineering, cloud, analytics, etc., while consolidating vendors as they direct their spend toward more strategic partners. On the cost side, despite the pandemic, management made material progress on its Fit for Growth program as outlined last year, which includes structural cost reduction, part of which will be reinvested to drive future growth. Lastly, Cognizant announced the appointment of Jan Siegmund as its new CFO starting September 1. In addition to serving as ADP's CFO for over six years, Jan has significant experience in strategy and operations.

Facebook shares rose 15% during the quarter after reporting good Q2 earnings. The business is showing resilience to COVID, ad boycotts and the endless drumbeat of negative PR. While the

business is performing well, several potential headwinds are on the horizon, including regulatory actions and changes to Apple's advertising policies. We do not believe either of these will materially impair the business model or prospects. Ultimately, Facebook's platforms have massive scale and remain under-monetized. Facebook has a long opportunity runway in advertising, payments and shopping. The shares are trading at around 25X ex-cash earnings, which we believe is a reasonable price for a business of this quality and potential.

Our worst performers were Citigroup, Bank of New York Mellon and Imperial Oil.

Citigroup shares declined 15% during the quarter, thanks primarily to a regulatory issue that arose after the company accidentally made a \$900mn payment to a lender. This landed the company in the government's crosshairs and will require a costly remediation of its risk systems. Risk-management issues aside, the underlying business is performing reasonably well. Revenues for the year should be roughly flat, and credit-provisioning seems to have peaked, which means Citi should remain nicely profitable through the crisis. In just the first three quarters of 2020, it has already earned \$7bn of net income, despite taking \$11bn in additional reserves. The market cap is \$90bn. The bank is well-capitalized, and the shares trade at <0.6X tangible book value.

Bank of New York Mellon shares declined 10% during the quarter, due mostly to the trajectory of interest rates. This is a steady business, generating 80% of revenues from fees and with limited credit exposure. However, the company earns significant float income that is interest-rate sensitive. Management is controlling costs, and we expect the business will remain profitable through the crisis. Along with other banks, it is still restricted from buying back stock, so the capital levels are currently elevated (and becoming more so each quarter). This has delayed the capital return, but we expect the company will return all the excess capital sometime next year. The shares are trading at ~9X earnings, which we think is an attractive price for a stable business that generally returns all its profits to shareholders.

Imperial Oil was forced to cease production at its Kearsy oil sands mine due to a pipeline outage. The facility was down for two weeks but has since returned to full capacity. We estimate Imperial trades for a mid-single digit multiple of free cash flow at an oil price of around \$50. It is very cheap in our view.

We expect the next several months to be volatile. We are facing a US presidential election and a second wave of the virus which is currently building in Europe. We will continue to focus on acquiring high-quality businesses at attractive prices in order to position the portfolio for attractive potential gains as the world normalizes post-COVID.

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Further details, including risks, fees and expenses, are set out in the current Prospectus, Supplements and Key Investor Information Documents (KIID)s, which can be obtained by calling +44 (0) 20 7766 7130 or visiting www.artisanpartnersglobal.com. Read carefully before investing.

This summary represents the views of the portfolio managers as of 30 Sep 2020. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. These holdings comprise the following percentages of the Fund's total net assets (including all classes of shares) as of 30 Sep 2020: FedEx Corp 5.6%, Cognizant Technology Solutions Corp 4.3%, Facebook Inc 3.9%, Novartis AG 3.6%, Berkshire Hathaway Inc 3.3%, DENTSPLY SIRONA Inc 3.3%, Compass Group PLC 3.3%, Anthem Inc 3.1%, The Bank of New York Mellon Corp 3.1%, Citigroup Inc 2.5%, Imperial Oil Ltd 0.8%. Securities named in the Commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities.

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