



Investment Process

We seek to invest in companies that are uniquely positioned to benefit from the growth potential in emerging markets and that possess a sustainable global competitive advantage.

Sustainable Earnings

We believe over the long term a stock's price is directly related to the company's ability to deliver sustainable earnings. We determine a company's sustainable earnings based upon financial and strategic analyses. Our financial analysis of a company's balance sheet, income statement and statement of cash flows focuses on identifying historical drivers of return on equity. Our strategic analysis examines a company's competitive advantages and financial strength to assess sustainability.

Risk Analysis

We believe a disciplined risk framework allows greater focus on fundamental stock selection. We incorporate our assessment of company-specific, sustainability and macroeconomic risks into our valuation analysis to develop a risk-adjusted target price. Our risk-rating assessment includes a review of quantitative and qualitative ESG factors and country-appropriate macroeconomic risk factors to which a company is exposed.

Valuation

We believe that investment opportunities develop when businesses with sustainable earnings are undervalued relative to peers and historical industry, country and regional valuations. We value a business and develop a price target for a company based on our assessment of the business's sustainable earnings and risk analysis.

Team Overview

Team experience, continuity and a rigorous investment process are the characteristics that we believe differentiate our team from other emerging markets investment managers. Research analysts have autonomy and ownership of their regions and accountability for the success of their ideas. Our team members bring deep experience and uncommon insight to their respective areas of responsibility.

Portfolio Management



Maria Negrete-Gruson, CFA
Portfolio Manager

Investment Results (% USD)

As of 31 December 2019	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception ¹
Composite — Gross	11.10	22.03	22.03	13.91	9.02	4.19	6.20
Composite — Net	10.83	20.84	20.84	12.78	7.92	3.12	5.10
MSCI Emerging Markets Index	11.84	18.42	18.42	11.57	5.61	3.68	5.48

Annual Returns (% USD) 12 months ended 31 December

	2015	2016	2017	2018	2019
Composite — Gross	-10.95	17.03	41.19	-14.20	22.03

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. ¹Composite inception: 1 July 2006.

Past performance does not guarantee and is not a reliable indicator of future results. Current performance may be lower or higher than the performance shown. Composite performance has been presented in both gross and net of investment management fees.

Investment Risks: Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in strategies 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 near the back of this document, which should be read in conjunction with this material.



Portfolio Discussion

Our portfolio fared well in Q4 but lagged the MSCI EM Index as global equity markets had a particularly strong finish to the year. A de-escalation of trade tensions boosted global equity markets, most notably an initial trade agreement between the US and China. More monetary policy easing by EM central banks and signs the global economic slowdown has bottomed were positive for EM equity markets. Overall, EM turned in a better performance than developed markets (DM) in Q4. China and Taiwan were the benchmark's top Q4 contributors. Chile was the leading detractor within the index, weighed down by social unrest.

Despite the strong finish to the year, EM trailed DM in 2019, particularly the US. The full-year performance gap was a surprise. Historically, we have observed that EM stocks get a boost when the US economy and financial markets fare well.

We attribute much of the EM underperformance to spreading public discontent, which surfaced in Hong Kong, Chile, Bolivia and other countries. An important challenge ahead for many EM countries is reconciling the environmental, social and governance problems that have large parts of the EM population feeling left behind. Governments and citizens must work together to improve current economic and political models in order to produce more sustainable outcomes. The ability to find agreeable solutions will be an important theme for the new decade. At the same time, our collective experience has taught us such challenges are a natural feature of EM investing.

Our view on EM remains constructive. Based on our bottom-up fundamental investment process and focus on sustainability, we see many companies adapting well to a more challenging world. Many companies have become more aware that a business model must align with local populations and the environment. In addition, EM valuation metrics, such as P/E, are attractive.

Among our bottom relative contributors in Q4 were Falabella, Sunny Friend Environmental Technology and Zhuzhou. Falabella operates department stores, supermarkets and home improvement stores across Chile, Peru, Colombia, Brazil, Argentina and Mexico. The company also has an e-commerce platform, offers financial services, owns shopping malls and engages in real estate development. Shares of Falabella fell amid social unrest in Chile that has impaired economic activity. President Sebastián Piñera's proposal to rewrite Chile's constitution added further uncertainty to an already tenuous economic situation. After adjusting our target valuation for additional macroeconomic and political risk, we exited our position in November based on our assessment of limited upside potential.

Sunny Friend Environmental Technology is a leading provider of medical and hazardous industrial waste treatment services in Taiwan and Beijing. Maintenance work at its Zhangbin plants slowed sales growth, which in turn hurt the stock. The outlook is bright, with demand rising as Taiwan and China increased their industrial waste-

disposal enforcement. We believe Sunny Friend's capacity expansion should drive sustainable revenue and earnings growth in the period ahead.

Zhuzhou provides and integrates train-borne electrical systems for China's railway industry. In October, the company reported weaker-than-expected quarterly results, due in part to a slowdown in investment spending this year. However, conditions should turn more favorable in 2020. Additional high-speed railway lines will likely lead China Railway to initiate a procurement process for more trains.

Among our top Q4 relative contributors were ICICI Bank, Taiwan Semiconductor Manufacturing (TSMC) and MediaTek. ICICI Bank is our lone financials sector position in India. The company's operational performance has been strong, despite India's economic weakness driven by the ripple effects of a liquidity crisis originating in the non-bank financial system. ICICI has already taken the appropriate steps to maintain a strong balance sheet and capital position, while having sustainable competitive advantages in the form of a solid local brand, well-scaled franchise and extensive domestic branch network. ICICI's emphasis on operating profit growth and expansion of digital banking services at its analyst day in December reaffirmed our positive outlook.

TSMC is the world's largest dedicated chip foundry and the sole supplier of Apple iPhone core processors. Demand has picked up with the rollout of 5G technology and strong demand for Apple iPhones. A further boost in demand could come in the latter stages of 2020 with the scheduled introductions of gaming consoles by Sony and Microsoft. We see TSMC's technology leadership as a sustainable competitive advantage. After investing heavily in R&D, TSMC is the current leader in next-generation chips necessary for emerging technologies requiring high-performance computing, such as artificial intelligence, autonomous cars and virtual reality. We believe TSMC can leverage its scale and competitive advantage in technology to drive sustainable earnings growth over the long term.

Taiwan-based MediaTek is the largest fabless semiconductor design house outside the US. The schedule for its 5G chipset rollout is following US competitor Qualcomm's more closely than it did during the 4G cycle. MediaTek's 5G chipset has received strong demand from Chinese handset makers, and initial pricing has been stronger than anticipated. As a result, both MediaTek's revenue and earnings are showing strong upward trends.

Portfolio Activity

As previously mentioned, during Q4 we exited our investment in Falabella. While we have a below-benchmark exposure to China, we believe our positions appropriately reflect the opportunity set of companies in China that meet our requirements of having a sustainable competitive advantage and unique access to growth. In particular, we believe Chinese companies in select industries are narrowing the technology gap with major international competitors.

One example is Estun Automation, a Chinese provider of robots. Demand for domestically produced robots is rapidly growing due to nationwide labor shortages, a large industrial base and the improved quality of robots produced by Chinese companies. Utilization of robots in China also significantly lags South Korea and Japan. We believe Estun's ability to produce most of its components internally and its strategy to improve technological capabilities through acquisitions have given it a meaningful competitive advantage against domestic competitors. Plus, Estun's focus on both product areas with less competition from major international manufacturers and customized services provide a strong path of sustainable growth. We viewed the near-term weakness in Chinese demand for robots and Estun's stock price as an opportune time to initiate a position. We do not see any change in the long-term demand for robots in China or the underlying fundamentals of Estun.

Perspective

The emergence of social discontent in 2019 will likely persist, generating further bouts of volatility in 2020 and beyond. However, our two decades of experience through various market cycles and environments give us the confidence to stay true to our investment process. We believe a bottom-up emphasis on long-term fundamentals and valuation discipline is the best way to compound assets over the long term.

We look for companies that take advantage of a growth opportunity and develop a business model around it, allowing them to build sustainable growth and enduring earnings over time. In addition, we seek companies with a sustainable competitive advantage, because the environments in which these companies operate change rapidly. A long-term, defensible competitive advantage is the key to surviving the inevitable crisis times in emerging markets.

We also perform a country risk analysis to enhance our assessment of the company's long-term earnings potential. We estimate which macroeconomic risk factors are the most relevant for each country and how those factors impact a company. Our country risk assessment is not a beauty contest—we are not comparing one country to another. Each emerging market is in a different place in its economic, social and political development. Therefore, it is important to compare a country's risks to its own history and to identify improvements or deterioration over time and how those factors may impact a prospective investment.

For more information: Visit www.artisanpartners.com

Investment Risks: International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging markets. Such risks include new and rapidly changing political and economic structures, which may cause instability; underdeveloped securities markets; and higher likelihood of high levels of inflation, deflation or currency devaluations. Securities of small- and medium-sized companies tend to have a shorter history of operations, be more volatile and less liquid and may have underperformed securities of large companies during some periods. These risks, among others, are further described in Artisan Partners Form ADV, which is available upon request.

Unless otherwise indicated, the Artisan Strategy characteristics relate to that of an investment composite or a representative account managed within a composite. It is intended to provide a general illustration of the investment strategy and considerations used by Artisan Partners in managing that strategy. Individual accounts may differ, at times significantly, from the reference data shown due to varying account restrictions, fees and expenses, and since-inception time periods, among others. Where applicable, this information is supplemental to, and not to be construed with, a current or prospective client's investment account information.

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Return on Equity (ROE) is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings.

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Artisan Sustainable Emerging Markets Strategy

Quarterly Contribution to Return (% USD)

As of 31 December 2019

Top Contributors	Average Weight	Contribution to Return	Ending Weight
Alibaba Group Holding Ltd	6.84	1.77	7.69
Taiwan Semiconductor Manufacturing Co Ltd	6.02	1.53	6.29
Samsung Electronics Co Ltd	6.79	1.20	7.07
ICICI Bank Ltd	2.46	0.55	2.56
LUKOIL PJSC	2.22	0.50	2.25
MediaTek Inc	2.07	0.49	1.88
Grupo SBF SA	0.92	0.45	0.93
MMC Norilsk Nickel PJSC	1.59	0.44	1.84
Samsung Biologics Co Ltd	1.05	0.40	1.16
Reliance Industries Ltd	2.97	0.39	2.88
Sberbank of Russia PJSC	1.79	0.30	1.98
China Life Insurance Co Ltd	1.31	0.25	1.35
Noah Holdings Ltd	1.18	0.24	1.31
Sino Biopharmaceutical Ltd	2.22	0.23	2.11
The Phoenix Mills Ltd	1.30	0.23	1.39
Baidu Inc	1.01	0.22	1.14
Vale SA	1.17	0.22	1.22
Sinopharm Group Co Ltd	1.30	0.21	1.32
E Ink Holdings Inc	1.40	0.21	1.35
Haier Smart Home Co Ltd	0.71	0.20	0.78
AIA Group Ltd	1.75	0.19	1.75
iQIYI Inc	0.66	0.19	0.72
Turkiye Sinai Kalkinma Bankasi AS	0.90	0.18	1.02
Itau Unibanco Holding SA	1.80	0.18	1.83
Trip.com Group Ltd	1.24	0.17	1.23
Linx SA	1.10	0.17	1.25
Banco Davivienda SA	1.14	0.16	1.19
Petroleo Brasileiro SA	1.44	0.15	1.42
Shinhan Financial Group Co Ltd	1.29	0.14	1.24
Prosus NV	1.16	0.14	2.53
JUMBO SA	1.20	0.14	1.20
Alpha Bank AE	0.81	0.13	0.76
Bank Rakyat Indonesia Persero Tbk PT	1.32	0.12	1.34
Copa Holdings SA	1.22	0.12	1.20
Westlife Development Ltd	0.75	0.11	0.70
Metropolis Healthcare Ltd	0.83	0.10	0.90
Moneta Money Bank AS	0.57	0.10	0.00
Despegar.com Corp	0.51	0.10	0.55
FirstRand Ltd	0.95	0.09	0.91

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
SACI Falabella	0.44	-0.27	0.00
Sunny Friend Environmental Technology Co Ltd	1.94	-0.23	1.71
CVC Brasil Operadora e Agencia de Viagens SA	0.88	-0.20	0.83
Zhuzhou CRRC Times Electric Co Ltd	1.22	-0.19	1.12
Georgia Healthcare Group PLC	0.58	-0.17	0.23
Havells India Ltd	0.94	-0.12	0.91
BGF Retail Co Ltd	0.87	-0.11	1.24
Empresa Nacional de Telecomunicaciones SA	0.59	-0.11	0.61
Arco Platform Ltd	0.73	-0.10	0.77
Medy-Tox Inc	0.80	-0.10	0.81
Global Ports Holding PLC	0.83	-0.10	0.65
Kajaria Ceramics Ltd	1.44	-0.07	1.33
NMC Health PLC	0.01	-0.06	0.00
Telekomunikasi Indonesia Persero Tbk PT	0.97	-0.06	0.86
Naspers Ltd	1.48	-0.06	0.00
Indofood CBP Sukses Makmur Tbk PT	0.97	-0.06	0.90
Bangkok Bank PCL	0.71	-0.05	0.65
Polyus PJSC	1.64	-0.04	1.55
Tencent Music Entertainment Group	0.50	-0.04	0.44
Globaltrans Investment PLC	0.63	-0.02	0.00
Baozun Inc	0.12	-0.02	0.48
Cemex SAB de CV	0.70	-0.02	0.65
Kia Motors Corp	0.51	-0.01	0.00
Georgia Capital PLC	0.03	-0.01	0.26
China High Precision Automation Group Ltd	0.00	0.00	0.00
Cia Energetica de Minas Gerais	0.99	0.00	0.99
China Petroleum & Chemical Corp	1.24	0.01	1.22
AirAsia Group Bhd	0.23	0.01	0.00
The Foschini Group Ltd	1.18	0.02	1.09
Cash Holdings	3.02	0.02	3.55
Credicorp Ltd	1.26	0.04	1.27
China Traditional Chinese Medicine Holdings Co Ltd	1.30	0.06	1.28
Estun Automation Co Ltd	0.19	0.06	0.24
Yandex NV	0.29	0.06	0.43
MercadoLibre Inc	1.54	0.07	1.51
Wuhan Raycus Fiber Laser Technologies Co Ltd	0.20	0.07	0.50
Astra International Tbk PT	0.94	0.08	0.93
LG Chem Ltd	0.54	0.09	0.00
LSR Group PJSC	0.56	0.09	0.74

Source: Artisan Partners/FactSet. Performance is historical and is not a reliable indicator of future results. As of 31 Dec 2019. These investments made the greatest contribution to, or detracted most from, performance during the period based on a representative account within the strategy Composite. Upon request, Artisan will provide: (i) the calculation methodology and/or (ii) a list showing the contribution of each holding to overall performance during the measurement period. Securities of the same issuer are aggregated to determine the weight in the portfolio. % Contribution to Return is calculated by FactSet by multiplying a security's weight in the portfolio by its in portfolio return for the period referenced and does not take into account expenses of the portfolio. Purchases/sales are accounted for by using end of the day prices, which may or may not reflect the actual purchase/sale price realized by the portfolio.