Artisan Sustainable Emerging Markets Strategy

QUARTERLY
Commentary

As of 31 March 2020

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 March 2020	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Composite — Gross	**-26.03**	**-26.03**	**-18.90**	**-0.80**	**2.47**	**0.79**	**3.78**
Composite — Net	**-26.24**	**-26.24**	**-19.73**	**-1.79**	**1.43**	**-0.25**	**2.71**
MSCI Emerging Markets Index	-23.60	-23.60	-17.69	-1.62	-0.37	0.68	3.33

Annual Returns (% USD) 12 months ended 31 March

	2016	2017	2018	2019	2020
Composite — Gross	**-5.80**	**22.88**	**29.04**	**-6.72**	**-18.90**

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. [1]Composite 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 declined more than the MSCI EM Index in Q1. Global equity markets experienced an extreme drawdown and heightened volatility as the coronavirus (COVID-19) pandemic and social distancing countermeasures abruptly restricted global economic activity. An unexpected oil price war between Saudi Arabia and Russia was an additional negative catalyst. The MSCI EM Index declined 30% within the 20 trading-day period ending March 19—the steepest 20-day decline since the global financial crisis and one of the largest since its inception in 1987. Signs of social distancing's effectiveness, swift action by major central banks and the passage of fiscal support packages by numerous countries helped to lower market volatility later in March. Overall, EM and developed markets posted similar sized Q1 declines. Within the benchmark, Brazil, China and India were the most significant detractors, and no country aided performance.

Given the unusual nature of this quarter, we believe a more representative assessment of the portfolio's performance can be provided by highlighting notable movers at the country, sector and company levels.

Among our most notable relative detractors in Q1 were China, India and Copa Holdings. China was a relative detractor due in large part to the portfolio's below-benchmark exposure. More specifically, a lack of exposure to Internet services provider Tencent, with an index weighting close to 6%, hurt performance. From a bottom-up perspective, Tencent's valuation metrics are not compelling in our view, as the current stock price already reflects a high degree of success, providing an insufficient level of upside potential.

The portfolio's below-benchmark exposure to China hurt relative performance because the country's equity market fared markedly better than EM overall, despite being the epicenter of the COVID-19 pandemic. Once China's leadership recognized the situation's severity, it mobilized rapidly. China undertook numerous steps to reduce the transmission of COVID-19 and to support the economy, aided by its past experience dealing with new virus outbreaks, including H5N1 bird flu and severe acute respiratory syndrome. The central bank injected liquidity into the economy during the Chinese New Year holiday, reducing potential dislocations and volatility when financial markets finally reopened, and Chinese bank stocks benefited from investors' belief that dividends will not be cut and non-performing loans will not be fully reflected due to government control of the sector. The unique way in which the Chinese system operates made it easier for the government to successfully carry out measures to manage the outbreak and its economic impact. In general, we believe Western countries do not have the same capability to implement such extreme lockdowns, nor do they have the technological surveillance systems to follow their citizens' movements.

We remain comfortable with below-benchmark exposure to China as the MSCI EM Index weight reached 40% by the end of Q1. First, the team does not manage the portfolio relative to the benchmark; country and sector exposures are a byproduct of the team's fundamental stock picking. Second, we believe our China exposure captures the opportunity set of companies offering a combination of unique access to growth and sustainable competitive advantages. Our perspective is illustrated in both our lack of direct exposure to Chinese banks—with unattractive operating expense/income ratios and obligated to direct lending activity toward large state owned enterprises—and our initiation of positions in cutting-edge companies such as Estun Automation, Wuhan Raycus Fiber Laser Technologies and Baozun late last year.

Conversely, the portfolio's above-benchmark exposure to India made it a meaningful detractor. India's economy entered Q1 with a weakening macro backdrop and a fragile financial system due to the ripple effects from a liquidity crisis originating in the non-bank financial system. While the government's 21-day nationwide lockdown was a strong step to reduce the transmission of COVID-19, the move increased economic and financial system concerns. Shares of ICICI Bank, a leading individual detractor, got caught up in the broad-based selloff. We believe ICICI was overly punished. In recent years, ICICI has taken suitable steps to maintain a strong balance sheet and capital position and we believe that it should be able to withstand the economic stress arising from the lockdown.

Elsewhere, Copa Airlines, a Panamanian airline operator, was a significant detractor. By order of the Panamanian government—in an effort to curb the spread of COVID-19—Copa ceased flying operations on March 22. While the initial order stands for 30 days, realistically, the extent of the shutdown remains unknown. However, we believe Copa's strong balance sheet, low leverage and exceptional management will allow the company to weather an extended crisis. Ongoing cost-cutting and the option to delay aircraft delivery or renegotiate leasing contracts can add to Copa's existing cash buffer. Longer term, we continue to like Copa for its unique ability to access and dominate lower-density routes across Latin America.

Among our Q1 relative contributors were the materials sector and Samsung Biologics. The materials sector was a bright spot in Q1, particularly our position in Polyus, a Russian gold miner. The stock price climbed alongside gold prices, driven by unprecedented monetary and fiscal stimulus, financial market volatility and investor uncertainty. Polyus is among the lowest cost producers globally as well as the most interesting prospect in terms of production growth among the gold mining peers. In addition, it has made serious strides to improve its environmental, social and governance (ESG) practices. We believe Polyus is emblematic of the significant improvement in Russian companies in general. We have long had above-benchmark exposure to Russia as investors have failed to fully appreciate the progress made in corporate governance and financial and social sustainability—providing attractive opportunities with considerable upside potential.

Samsung Biologics shares rallied during the first half of Q1 and managed to hold on to part of those gains even as South Korea's equity market fell into a bear market in March. The company reported

strong quarterly results in January aided by increased focus on high-priced drugs and better factory utilization rates. We maintain our conviction in the company's best-in-class manufacturing capabilities and strong pipeline of marketable biosimilars.

Portfolio Activity

In response to the dramatic Q1 market volatility, the investment team began a comprehensive portfolio review. The purpose is twofold: identify positions at the highest risk in terms of balance sheet, liquidity and ability to roll over debt; initiate or increase positions in companies exhibiting the best ability to endure current challenges and offer extremely compelling upside potential. This is a type of market environment that enables us to initiate positions in attractive companies trading at attractive prices.

We initiated a position in Globant, an Argentina-based information technology services company. Globant's business model enables enterprises to embrace new technologies that foster greater growth and deeper connections with customers. The company is expanding into machine learning and AI solutions capabilities.

In addition, we initiated a position in Leejam, the largest operator of fitness centers in Saudi Arabia. Leejam's competitive advantage lies in its scale within a highly fragmented and underpenetrated market, while its first-mover advantage in focusing on women provides unique access to growth. Saudi women have greater disposable incomes as more enter the workforce, and women have greater mobility since the country lifted a ban on female drivers in 2018. Leejam does not fit the profile of a typical Saudi Arabian company with an unsustainable business model dependent in some degree on government largess.

We also exited multiple positions in Q1, most notably Despegar.com, the leading digital travel agency in Latin America. While Despegar has a solid balance sheet, it is among the most affected by COVID-19-related travel bans. As a result, the investment thesis is likely to take considerably longer to materialize.

We also exited Georgia Capital and Georgia Healthcare. Georgia Healthcare is the largest hospital and drug distribution company in Georgia. The investment thesis has not come to fruition as we expected, while heightened volatility in Q1 increased our concern regarding liquidity and potential ability to access capital markets.

Perspective

We believe social discontent is a growing risk in EM. Heading into 2020, we highlighted the emergence of social discontent and the likelihood it would be a source of additional volatility this year and beyond. We believe the COVID-19 pandemic has the potential to intensify this trend if EM governments' health and economic policy responses are insufficient or biased.

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 such as we are currently experiencing.

We also perform a country risk analysis to enhance our assessment of the company's target P/E. 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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Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

Net-of-fees composite returns were calculated using the highest model investment advisory fees applicable to portfolios within the composite. Fees may be higher for certain pooled vehicles and the composite may include accounts with performance-based fees. All performance results are net of commissions and transaction costs, and have been presented gross and net of investment advisory fees. Dividend income is recorded net of foreign withholding taxes on ex-dividend date or as soon after the ex-dividend date as the information becomes available to Artisan Partners. Interest income is recorded on the accrual basis. Performance results for the Index include reinvested dividends and are presented net of foreign withholding taxes but, unlike the portfolio's returns, do not reflect the payment of sales commissions or other expenses incurred in the purchase or sale of the securities included in the indices.

MSCI Emerging Markets Index measures the performance of emerging markets. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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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 March 2020

Top Contributors	Average Weight	Contribution to Return	Ending Weight
Polyus PJSC	1.83	0.40	2.61
Globant SA	0.06	0.09	0.72
Samsung Biologics Co Ltd	1.33	0.09	1.73
Prosus NV	2.66	0.06	3.32
Georgia Healthcare Group PLC	0.10	0.00	0.00
China High Precision Automation Group Ltd	0.00	0.00	0.00
Cash Holdings	3.44	-0.02	1.78
Georgia Capital PLC	0.13	-0.04	0.00
Sunny Friend Environmental Technology Co Ltd	1.90	-0.04	2.37
China Petroleum & Chemical Corp	0.36	-0.06	0.00
Arco Platform Ltd	0.94	-0.08	1.04
Tencent Music Entertainment Group	0.49	-0.09	0.52
Baozun Inc	0.68	-0.11	0.92
CVC Brasil Operadora e Agencia de Viagens SA	0.24	-0.11	0.00
China Traditional Chinese Medicine Holdings Co Ltd	1.45	-0.12	1.70
iQIYI Inc	0.83	-0.12	0.85
Yandex NV	0.68	-0.13	0.81
Baidu Inc	1.19	-0.17	1.28
Leejam Sports Co JSC	0.21	-0.18	0.45
Westlife Development Ltd	0.88	-0.19	0.88
AIA Group Ltd	1.80	-0.20	2.12
Sino Biopharmaceutical Ltd	2.36	-0.21	2.79
Noah Holdings Ltd	1.25	-0.22	1.34
Estun Automation Co Ltd	0.62	-0.22	1.00
Zhuzhou CRRC Times Electric Co Ltd	1.17	-0.22	1.47
Haier Smart Home Co Ltd	0.77	-0.24	0.80
Bangkok Bank PCL	0.55	-0.25	0.52
Despegar.com Corp	0.48	-0.26	0.00
Indofood CBP Sukses Makmur Tbk PT	0.93	-0.26	0.98
MercadoLibre Inc	1.75	-0.27	1.90
Wuhan Raycus Fiber Laser Technologies Co Ltd	0.61	-0.28	0.95
E Ink Holdings Inc	1.35	-0.29	1.49
Turkiye Sinai Kalkinma Bankasi AS	1.02	-0.29	0.69
Cemex SAB de CV	0.63	-0.30	0.51
Empresa Nacional de Telecomunicaciones SA	0.70	-0.30	0.79
MMC Norilsk Nickel PJSC	1.98	-0.32	1.91

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
ICICI Bank Ltd	2.44	-1.34	1.83
Samsung Electronics Co Ltd	7.27	-1.34	7.27
Taiwan Semiconductor Manufacturing Co Ltd	6.46	-1.07	7.24
Itau Unibanco Holding SA	1.53	-0.87	1.32
Petroleo Brasileiro SA	1.13	-0.82	0.68
The Foschini Group Ltd	0.92	-0.81	0.54
Reliance Industries Ltd	2.71	-0.78	2.60
LUKOIL PJSC	2.15	-0.77	1.98
Sberbank of Russia PJSC	1.86	-0.77	1.82
Copa Holdings SA	1.09	-0.71	0.80
Bank Rakyat Indonesia Persero Tbk PT	1.33	-0.67	1.10
Linx SA	0.95	-0.67	0.53
The Phoenix Mills Ltd	1.44	-0.64	1.26
Kajaria Ceramics Ltd	1.40	-0.62	1.26
Alpha Bank AE	0.69	-0.56	0.50
Astra International Tbk PT	0.83	-0.55	0.63
Banco Davivienda SA	1.11	-0.53	0.98
Medy-Tox Inc	0.76	-0.52	0.02
Cia Energetica de Minas Gerais	0.95	-0.52	0.70
Credicorp Ltd	1.34	-0.50	1.39
Alibaba Group Holding Ltd	8.39	-0.48	10.11
FirstRand Ltd	0.78	-0.46	0.64
Sinopharm Group Co Ltd	1.20	-0.45	1.15
Telekomunikasi Indonesia Persero Tbk PT	1.05	-0.44	1.17
Global Ports Holding PLC	0.44	-0.43	0.16
MediaTek Inc	1.74	-0.42	1.93
Havells India Ltd	0.93	-0.38	0.98
Trip.com Group Ltd	1.31	-0.37	1.31
Shinhan Financial Group Co Ltd	1.05	-0.37	1.09
Vale SA	1.09	-0.36	1.08
JUMBO SA	1.12	-0.35	1.10
LSR Group PJSC	0.75	-0.35	0.59
Metropolis Healthcare Ltd	1.07	-0.35	0.85
China Life Insurance Co Ltd	1.26	-0.35	1.34
Grupo SBF SA	0.87	-0.35	0.52
BGF Retail Co Ltd	1.19	-0.32	1.28

Source: Artisan Partners/FactSet. **Performance is historical and is not a reliable indicator of future results.** As of 31 Mar 2020. 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.