



### Investment Process Highlights

Our investment approach is based on thematic idea generation, a systematic framework for analyzing companies and proactive risk management. Utilizing this approach, we seek to construct a focused portfolio designed to maximize alpha while limiting downside risk over the long term.

#### Thematic Idea Generation

We believe a key element in alpha generation is finding areas where our views on industry fundamentals differ from consensus estimates. In this pursuit, we seek to identify inflections in multi-year trends which may be caused by changes in supply/demand dynamics, societal behavior, market conditions, technology, laws/regulations and business models, among other variables. We believe these inflections are often misunderstood by market participants, and can lead to powerful re-ratings of industries and companies. Identifying themes helps us develop a focused universe of companies to analyze more thoroughly.

#### Systematic Analytical Framework

We apply a systematic framework for analyzing companies across sectors and themes, creating a repeatable and methodical decision-making process. Our proprietary company models focus on multi-year earnings power differentiation, expected outcome scenario analysis, return on invested capital and discounted cash flow valuations. Visual outputs are then produced through our internally developed technology solutions, allowing us to consistently evaluate positions across the portfolio.

#### Proactive Risk Management

We incorporate risk management into all stages of our investment process. Metrics evaluated include crowding, correlation, volatility, stress tests, liquidity, factor analysis and macro drivers, all of which inform portfolio construction and position sizing. We also use various instruments, such as options, in an effort to magnify alpha and minimize downside.

### Team Leadership

The investment team applies the same approach to thematic idea generation and fundamental company analysis that Portfolio Manager Chris Smith has honed throughout his career. Research analysts are sector specialists with deep knowledge of their coverage areas. Our process blends a collaborative team mentality with individual accountability.

### Portfolio Management



Christopher Smith  
Portfolio Manager

### Investment Results (% USD)

As of 31 March 2020	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception <sup>1</sup>
<b>Composite — Gross</b>	<b>-14.01</b>	<b>-14.01</b>	<b>1.33</b>	—	—	—	<b>19.19</b>
<b>Composite — Net</b>	<b>-14.24</b>	<b>-14.24</b>	<b>0.32</b>	—	—	—	<b>18.02</b>
S&P 500® Index	-19.60	-19.60	-6.98	—	—	—	4.88

### Annual Returns (% USD) 12 months ended 31 March

	2016	2017	2018	2019	2020
<b>Composite — Gross</b>	—	—	—	<b>18.61</b>	<b>1.33</b>

Source: Artisan Partners/S&P. Returns for periods less than one year are not annualized. <sup>1</sup>Composite inception: 1 May 2017.

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. The Strategy's investments in initial public offerings (IPOs) made a material contribution to performance. IPO investments may contribute significantly to a small portfolio's return, an effect that will generally decrease as assets grow. IPO investments may be unavailable in the future.

**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.



### Performance Discussion

Though down in absolute terms, the portfolio held up well during the period's heightened volatility, outpacing the S&P 500® Index. Our portfolio's strong relative returns continue to be driven by strong stock selection, though our asset allocation was also a notable contributor during the quarter. Our market hedges and lower net exposure—which result from our proactive risk management approach—were also helpful in Q1.

We remain pleased with the quality of our returns and believe our since-inception outperformance and lower volatility profile reflect the successful execution of our process. Our risk-aware approach to security selection and proactive risk management are differentiating features of our portfolio and have positioned us well for downside volatility relative to the benchmark and peers. Over the life of the portfolio, the Artisan Thematic Strategy has outperformed in every month the S&P 500® Index has declined, capturing roughly 66% of market drawdowns while participating in 130% of the market's advances. This focus on downside risk management during heightened volatility is a critical component of our success and an important element of our since-inception outperformance.

The COVID-19-related market disruptions reinforced our view that having a refined process and well-developed risk management approach can lead to better outcomes. As the crisis has unfolded, the team has taken steps to mitigate downward market volatility through broad market hedges and lower net equity exposure. Given the economic consequences of the pandemic, we assessed the implications for themes and portfolio companies and selectively trimmed positions most exposed to slowing global growth. We used the volatility to consolidate the portfolio into our highest conviction holdings—those with durable business models, better relative earnings visibility and more attractive valuations. More specifically, we reduced exposure to our automation of the industrial complex and life sciences themes, and selectively allocated to companies within our network modernization theme. As a result, our portfolio today is more focused and the thematic expression within it is more balanced.

Our top-contributing holdings in Q1 came from our network modernization theme. As we've discussed in previous commentaries, the theme is based on the growing digitization of society. Traditional network infrastructure is expected to evolve to address the exponential growth in network traffic as the proliferation of new devices will meaningfully accelerate the demand for data. As we look to the enablers of this network overhaul, our investment opportunities are diversified across end markets we believe are best positioned to benefit from this paradigm shift. Among these are pure network infrastructure companies (cell towers, data centers and cable providers), companies providing the processing power in connected devices (semiconductors), and new types of hybrid cloud infrastructure required to more run increasingly complex networks.

The COVID-19-driven shift toward remote working and social distancing has highlighted the importance of a reliable global

network—accelerating the secular growth trend toward data consumption. High-speed broadband has become an even greater necessity as both consumers and businesses rely on ever more bandwidth. Similarly, global demand for software and cloud services were pulled forward to meet the technical challenges of managing a remote workforce, benefiting many theme holdings.

Among our top contributors was network modernization holding Nvidia. The company is the leading designer of graphics processing units (GPU) for computing platforms with exposure to several end-markets experiencing long-term structural growth—including gaming, data centers and more nascent markets like artificial intelligence and self-driving vehicles. With shelter-in-place directives and widespread office and school closings, Nvidia's gaming chip business—which generates half of the company's revenues—has seen a material pickup in installed gaming base and gaming hours. At the same time, the company's data centers business—which generates close to one-third of the company's revenue—also saw a significant demand surge, with Internet usage rising with the current work-from-home boom. Data center spend, driven by artificial intelligence applications and the increased cloud demand, remains a key driver of Nvidia's long-term prospects. We expect its data center business to compound at 30% over the next five years, complementing an already strong gaming growth story.

Other contributors included network modernization theme holding Advanced Micro Devices. The company is a leading provider of microprocessors for the consumer and enterprise markets and continues to capture an outsized share of the secular growth in cloud computing and gaming hardware spend. Similar to Nvidia, Advanced Micro Devices was a notable beneficiary as demand trends for PCs, data centers and gaming devices increased as more people are confined to their homes for work and entertainment.

Among detractors in Q1 was NXP Semiconductors, an automation of the industrial complex theme holding. The company is one of two dominant suppliers of semiconductors to the automotive sector and holds growing positions in the industrial and communications infrastructure markets. NXP is leveraged to the secular growth trends underway in the industrial sector as firms seek efficiencies through automation and connectivity. But the automotive industry remains the company's main growth driver, given the broad proliferation of electronic content in vehicles. While semiconductors are notoriously cyclical, the company's exposure to global auto trends amplifies this cyclicity. As COVID-19 drove shelter-in-place orders, auto demand trends weakened materially during the quarter and global automakers chose to shutter production. NXP's auto business is likely to face material weakness in the near term, leading us to conclude our campaign and allocate to more attractive risk/reward opportunities.

### Portfolio Positioning<sup>1</sup>

As of March 31, 2020, the portfolio consisted of four themes. The largest themes by weight were network modernization (25.4%), data

monetization (23.9%) and digitization of commerce (16.6%). At quarter end, we held 23 companies, with the largest 5 holdings comprising 24.5% of the portfolio's net assets. Non-US companies comprised 8.8% of net assets, and the weighted average market cap of the portfolio was \$169.0 billion<sup>2</sup>.

#### Portfolio Exposure by Current Theme<sup>1</sup>

Themes	% of net assets
Network Modernization	25.4
Data Monetization	23.9
Digitization of Commerce	16.6
Sustainable Retail Formats	7.0
<b>TOTAL</b>	<b>73.0%</b>

Source: Artisan Partners. Theme categorizations are at the sole discretion of the team and exclude market hedges and idiosyncratic positions, which are issuers held outside of a theme. <sup>1</sup>% of net assets represents the portfolio's exposures based on the economic value of investments and options are delta-adjusted. Cash and cash equivalents represented 7.6% of net assets. Statistics shown exclude ETFs and ETF options, which represented 0.0% and 8.4% of net assets, respectively. <sup>2</sup>Weighted average market cap excludes cash and equivalents, ETFs and ETF options.

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**Investment Risks:** A non-diversified portfolio may invest a larger portion of assets in securities of a smaller number of issuers and performance of a single issuer may affect overall portfolio performance greater than in a diversified portfolio. The portfolio's use of derivative instruments may create additional leverage and involve risks different from, or greater than, the risks associated with investing in more traditional investments. High portfolio turnover may adversely affect returns due to increased transaction costs and creation of additional tax consequences. 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. 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. 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 in Artisan Partners Form ADV, which is available upon request.

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The discussion of portfolio holdings does not constitute a recommendation of any individual security. For a list of the top and bottom contributors to return for the strategy, refer to the Contributors to Return chart. Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution and Contribution are not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

Theme classifications are at the sole discretion of the team. Themes and constituents are as of the date indicated and are subject to change. Certain holdings have been reclassified subsequent to initial investment, which has impacted theme performance during the period.

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Portfolio statistics are obtained from various data sources and intended to provide a general view of the portfolio, or Index, at a point in time. Artisan Partners excludes outliers when calculating portfolio characteristics and may use data from a related security to calculate statistics if information is unavailable for a particular security. All options positions are displayed on a delta-adjusted basis. Delta adjustment is necessary to properly account for the sensitivity of options to changes in price of the underlying security, as well as for making exposure comparisons to the underlying security (options exposure measured as premium will understate economic exposure and risk, while exposure measured as notional value will overstate the economic exposure). Delta-adjusted exposure estimates the approximate exposure to the equity market created by the options and is subject to change over time as a function of the size and composition of the options positions.

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**Market Cap** is the aggregate value of all of a company's outstanding equity securities. **Weighted Average** is the average of values weighted to the data set's composition.

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# Artisan Thematic Strategy

Contributors to Return (% USD)

As of 31 March 2020

Top Contributors	Average Weight	Contribution to Return	Ending Weight
NVIDIA Corp	2.55	0.97	4.14
The TJX Cos Inc	0.38	0.69	4.13
Amazon.com Inc	3.57	0.56	2.74
Microsoft Corp	4.55	0.40	2.40
Advanced Micro Devices Inc	0.62	0.36	2.45

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
Analog Devices Inc	3.95	-1.45	0.00
Apple Inc	0.94	-1.29	0.00
NXP Semiconductors NV	2.51	-1.09	0.00
Amphenol Corp	2.46	-0.97	0.00
Fidelity National Information Services Inc	7.45	-0.97	5.07

Source: Artisan Partners/FactSet. Portfolio weights based on the economic value of investments and options are delta-adjusted. 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.