Artisan Developing World Strategy

QUARTERLY
Commentary

As of 31 December 2020

Portfolio Management
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Market Backdrop

Artisan Developing World Strategy (gross) returned 20.61% for the quarter ended December 31, 2020, versus 19.70% for the MSCI Emerging Markets Index (all returns in USD unless stated otherwise). Since inception (July 1, 2015), Artisan Developing World Strategy has returned 207.12% cumulatively (gross), versus 50.99% for the MSCI Emerging Markets Index. The weak dollar was a prevailing theme this quarter as vaccine efficacy and approvals exceeded expectations, which led investors to seek alternatives to perceived safe-haven assets despite record COVID-19 infections. Major international currencies such as the euro (4.20%) and Chinese renminbi (4.14%) rose markedly against the dollar, while emerging markets currencies such as the Korean won (7.66%), Brazilian real (8.12%) and South African rand (13.98%) rose quite a bit more. Reflecting this dynamic, international (MSCI AC World ex USA: 17.01%) and emerging markets equities both turned in their best quarterly performance since Q3 2010. The S&P 500® Index rose a more muted 12.01%, while the yield on 10-year US Treasurys rose from 0.68% to 0.92%. Chinese equities lagged during the quarter (MSCI China: 11.20%) as China's economic normalization occurred earlier in the year. The failed Ant IPO, China's draft Internet anti-monopoly law, and perceptions about lingering China-US tensions under a Biden administration may have also dampened investor sentiment. Korea (38.27%) and Brazil (37.00%) were the best performing major emerging markets this quarter, as investors seek exposure to normalized trade activity in 2021. Indian (21.04%), Taiwanese (23.15%), Mexican (31.04%) and Russian (21.60%) equities also performed reasonably well.

Contributors and Detractors

Top contributors to performance for the quarter included South American e-commerce and payments platform MercadoLibre, Chinese health care services company Wuxi Biologics, US-based transportation technology platform Uber, Indian financial services company HDFC Bank and Southeast Asian gaming and e-commerce leader Sea. MercadoLibre saw its e-commerce business reaccelerate during the quarter after years of investment in fulfillment and assortment, and continues to see strength in its payments assets including outside the MercadoLibre platform. Wuxi Biologics is capitalizing on the secular trend in China toward R&D spending on innovative drug development and biologics to take share quickly not only in China, but globally. Uber benefited from the passage of California's state proposition on driver compensation, strength in its food delivery business, and perceptions that its ride share business may soon normalize. HDFC continues to see strong deposit growth and benign asset quality despite the pandemic, which has enabled it to take market share in a period of weak system loan growth. Sea received just the second approval for a digital banking license in Singapore to complement momentum in its nascent but fast-growing payments business, while its core gaming and e-commerce operations continue to do well in Southeast Asia and beyond.

Bottom contributors to performance for the quarter included Chinese Internet platform Alibaba, Chinese afterschool tutoring company TAL Education Group, US graphics chip designer NVIDIA, US cloud-based health care software provider Veeva Systems and Chinese integrated housing transactions platform KE Holdings. Alibaba suffered from the Chinese government's cancellation of the Ant Financial IPO and increasing uncertainty around broader antitrust measures. TAL was pressured by an intense competitive environment in online education, and by slower-than-expected recovery in its offline operations. NVIDIA continues to experience broad fundamental strength, but investors may be contemplating the likelihood that its Arm acquisition is approved by regulators. Veeva shares consolidated as investors digested muted 2021 guidance which could indicate some demand was pulled forward to 2020. KE Holdings corrected following strong quarterly results as it announced a follow-on stock offering just months after its successful IPO, leading investors to question the need for additional capital and potential use of proceeds.

Market Outlook

Investors have come to regard emerging markets assets as leveraged plays on economic normalization post pandemic. In recent months, they have been. In fact, investors may be unaware that the Indian, Brazilian and Korean stock markets are at all-time highs in local currency. It is therefore worth considering what economic normalization might look like for most emerging countries. Even before the pandemic, countries such as Russia, South Africa, Brazil and Mexico faced declining potential output in large part due to limited investment growth. Emerging markets investment growth has always faced one key constraint: a limited capacity for domestic capital formation. This constraint in turn left emerging countries subject to the whims of foreign investment decisions such as whether to build a plant to service the local market, deepen an international supply chain, or develop a copper mine. Foreign capital has over time become increasingly scarce in emerging countries due to challenges with the rule of law, shifting demographics and skilled labor deficits. Post pandemic, foreign businesses may prove even more risk averse about investment decisions. While liquid capital markets and supply chain offshoring may mitigate this dynamic, investment growth remains a challenge for most emerging countries.

Dollar weakness is another presumed driver of emerging markets strength in 2021, yet investors may not perceive the magnitude of the currency contribution to dollar-based returns this past quarter. Currency movements do not occur in a vacuum; they reflect differentials in economic growth, monetary policy, fiscal policy and

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.

politics. Economically, while large-scale vaccinations should eventually drive recovery in emerging markets, they should do the same in the developed markets. Monetarily, while the Fed is likely to be on hold for several years in conjunction with balance sheet expansion, emerging markets central banks have lowered policy rates significantly resulting in near-zero real rates. Fiscally, while a desire for inclusive growth may drive unprecedented fiscal impetus in the US and Europe, emerging countries are not immune to these same social pressures and may resist pressure from ratings agencies if capital markets remain open. Politics remains a divisive topic in the US, though political differentials versus the emerging world may narrow under a new presidential administration. Any of these factors could at least challenge the premise for recent dollar weakness. It is worth noting that our currency framework has dampened the benefit to our portfolio from recent dollar weakness. We continue to mitigate currency volatility through our Passport holdings in the US and Europe, and through our emphasis on less externally vulnerable countries.

Portfolio Positioning

We aspire to be in constant evolution around a core set of investment principles. A key such principle is domestic demand, for a simple and intuitive reason: low-penetration domestic demand in developing countries should engender better compounding outcomes. However, this promise is increasingly only being realized in China. Thus, we have sought to align ourselves with profit pools that are still aligned to low-penetration domestic demand, where disproportionate equity outcomes are still possible. In recent letters we have highlighted China's combination of skilled labor availability, high savings rates, domestic capital formation capability, and uniquely large and scalable economic opportunity that complements low-penetration domestic demand so well. We have also discussed our progression from multinational companies to Passport companies, and how a true borderless capability can allow us to capture disproportionate emerging markets outcomes from a developed markets opportunity set. At this time, we wish to introduce our alignment to a third profit pool and type of company called Transcenders. Transcenders are based in traditional emerging countries but are extracting value quickly in their home markets despite economic constraints because of their scalable business models and alignment to today's service-oriented economy. In this way, we believe we have crafted a portfolio with three distinct profit pools, each rooted in low-penetration domestic demand, and each uniquely situated to capture disproportionate equity outcomes despite a diminished emerging markets opportunity set.

We also want to highlight that our alignment to profit pools and disproportionate equity outcomes is inextricably linked to compounding. Our notions of compounding reflect the simple fact that it is difficult to compound out of a deeply punitive result. However, compounding also must embed the capability to grow your pool of capital over time. It is often assumed and represented that such a capability is linear. However, business-value creation is optimally both disproportionate and sustainable. In other words, we want to own companies that can create large amounts of business value, and then sustain and compound that value creation. That's what profit pools (in conjunction with our business model emphasis) are all about. We also have a process that seeks to preserve value creation at the portfolio level through our risk-management framework and capitalize on our unique correlation profile in moments of chaos. In this way, we seek to deliver an emerging markets outcome that is organic in thought, disproportionate, and rooted in our original notions of compounding.

We thank you for your trust and confidence.

Investment Results (% USD)

As of 31 December 2020	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
			Average Annual Total Returns				
Composite — Gross	**20.61**	**83.46**	**83.46**	**30.98**	**28.29**	—	**22.59**
Composite — Net	**20.31**	**81.64**	**81.64**	**29.64**	**26.98**	—	**21.33**
MSCI Emerging Markets Index	19.70	18.31	18.31	6.17	12.79	—	7.77

Annual Returns (% USD) 12 months ended 31 December

	2016	2017	2018	2019	2020
Composite — Gross	**13.08**	**36.87**	**-14.53**	**43.40**	**83.46**

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. [1]Composite inception: 1 July 2015.

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.

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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.

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Securities referenced may not be representative of all portfolio holdings. Securities of the same issuer are aggregated to determine a holding's portfolio weight. Portfolio statistics calculations exclude outlier data and may substitute information from a related security if unavailable for a particular security. This material is as of the date indicated and is subject to change without notice. Totals may not sum due to rounding.

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. MSCI All Country World ex USA Index measures the performance of developed and emerging markets, excluding the US. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. Emerging markets returns and country-specific index returns are in USD unless otherwise stated. All single country returns are net returns based on MSCI country indices. 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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ARTISAN PARTNERS

Artisan Developing World Strategy

Quarterly Contribution to Return (% USD)

As of 31 December 2020

Top Contributors	Average Weight	Contribution to Return	Ending Weight
MercadoLibre Inc	5.20	2.68	4.99
Wuxi Biologics Cayman Inc	3.63	1.97	4.47
Uber Technologies Inc	4.56	1.86	4.57
HDFC Bank Ltd	4.16	1.79	3.08
Sea Ltd	5.23	1.73	6.15
StoneCo Ltd	2.33	1.20	2.33
Adyen NV	4.43	1.17	4.28
Meituan	4.46	1.14	4.45
Aier Eye Hospital Group Co Ltd	2.33	1.12	2.34
Unity Software Inc	2.02	1.09	4.34
LVMH Moet Hennessy Louis Vuitton SE	3.04	1.01	2.93
ASML Holding NV	3.04	0.95	2.93
Kweichow Moutai Co Ltd	3.19	0.74	3.16
The Estee Lauder Cos Inc	3.04	0.67	2.93
Visa Inc	6.87	0.65	6.18
Tencent Holdings Ltd	4.38	0.57	4.28
Shenzhen Mindray Bio-Medical Electronics Co Ltd	1.35	0.53	2.55

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
Alibaba Group Holding Ltd	6.88	-1.55	6.12
TAL Education Group	4.41	-0.22	4.30
NVIDIA Corp	4.63	-0.09	4.57
Veeva Systems Inc	4.39	-0.08	4.09
KE Holdings Inc	1.41	-0.03	2.32
Cash Holdings	1.22	0.02	0.72
Ping An Healthcare and Technology Co Ltd	0.30	0.02	0.00
Jiangsu Hengrui Medicine Co Ltd	0.68	0.03	0.00
Hundsun Technologies Inc	1.60	0.04	1.04
Yifeng Pharmacy Chain Co Ltd	0.66	0.05	0.00
NIKE Inc	1.01	0.14	0.92
Yandex NV	2.26	0.16	1.87
Zhangzhou Pientzehuang Pharmaceutical Co Ltd	1.06	0.16	1.12
AIA Group Ltd	0.99	0.25	0.98
Foshan Haitian Flavouring & Food Co Ltd	0.91	0.25	0.93
JD Health International Inc	0.19	0.26	1.06
Hermes International	1.08	0.27	1.05
Netflix Inc	3.04	0.30	2.93

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