



Portfolio Management
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Market Backdrop

Artisan Developing World Strategy (gross) returned -2.24% for the quarter ended March 31, 2021, versus 2.29% for the MSCI Emerging Markets Index (all returns in USD unless stated otherwise). Since inception (July 1, 2015), Artisan Developing World Strategy has returned 200.23% cumulatively (gross), versus 54.44% for the MSCI Emerging Markets Index. The narrative in financial markets this past quarter shifted rapidly from synchronized global recovery to potential overheating, particularly in the United States where fresh stimulus legislation was passed and mass vaccination efforts accelerated. The yield on benchmark 10-year Treasuries increased 83bps during the quarter to 1.75%, the second largest such quarterly increase since 1994. The enthusiasm for rate-sensitive and cyclically exposed businesses was palpable and created selling pressure in pandemic-era winners punctuated by the apparent liquidation of a large Asia-focused family office in late March. Despite the surge in growth and inflation expectations in the US, it was a relatively tepid quarter for most emerging markets. The dollar strengthened (MSCI EM Currency Index -1.14%) reflecting health and policy differentials, with emerging markets central banks such as Brazil, Russia and Turkey increasing benchmark rates to curb potential inflation and capital flight. Taiwan rose (10.91%) as an improving global economy and supply shortages led to a favorable dynamic for the semiconductor industry. Saudi Arabia (16.47%), South Africa (12.11%) and Chile (16.86%) all performed well as oil and commodities prices rose. However, Brazil fell (9.98%) despite significant commodities exposure as it struggled to contain COVID-19, and as the domestic political backdrop deteriorated. China declined modestly (0.43%) due to concerns about anti-monopoly regulation, tighter policy and ongoing tensions with the US.

Contributors and Detractors

Top contributors to performance for the quarter included Southeast Asian gaming and e-commerce company Sea, Dutch semiconductor equipment producer ASML, US-based online travel marketplace Airbnb, US-based transportation technology platform Uber and Chinese Internet firm Tencent. Sea benefited from continued momentum in its core gaming and e-commerce businesses, and signs of traction in its newer payment and digital banking initiatives. ASML rose reflecting tight industry conditions in the aftermath of the COVID-19 pandemic, and favorable capital spending plans from large customers TSMC and Intel. Airbnb rose due to resilient domestic travel spending, and in anticipation of improved cross-border travel; international travel should represent a growing share of Airbnb's business over time as the company expands into new geographies like South America, China and India.

Uber rose on the back of strong food delivery demand, progress in grocery and other verticals, and early signs of recovery in its core ride hailing business. Tencent saw renewed momentum in its advertising, fintech and cloud businesses but remains subject to a potential increase in scrutiny from China's anti-monopoly regulation.

Bottom contributors to performance for the quarter included US video game engine Unity Software, Chinese after-school tutoring company TAL Education Group, Brazilian digital payments leader Stone, Chinese video streaming platform Bilibili and Chinese eye services provider Aier Eye Hospital. Unity corrected following strong late-2020 gains as investors weighed the company's conservative guidance against potential normalization in gaming play and development activity. TAL declined as regulatory concerns surrounding the intensity of course study could restrict future expansion, and due to delayed offline school openings in the Beijing market in response to virus outbreaks. Stone declined as investors priced in continued COVID-19 outbreaks and business closures in Brazil, which slowed the normalization in some of Stone's businesses. Bilibili declined likely due to market distaste for long-duration businesses that are emphasizing investment over near-term profitability, despite rapid user growth and monetization progress including growth in paid users. Aier Eye Hospital was pressured by the combination of social media coverage of two alleged medical incidents and declines in health care and consumer-facing names in the Chinese A-share market.

Market Outlook

We have recently written about the concept of economic, health, fiscal, monetary and political differentials. We have also noted that in their enthusiasm for global recovery investors may have overlooked the resilience of the US, and more persistent challenges in other parts of the world. In recent months, these differentials have in fact widened considerably in favor of the US, with unexpected consequences. While the US has rapidly accelerated vaccination rollouts, major emerging markets countries including Brazil and India are facing rising case numbers and continued business disruptions. Moreover, whereas the US has been able to provide unprecedented stimulus funds to bridge and accelerate economic recovery, many emerging markets now find themselves with wide output gaps and increased debt burdens (due to a combination of lower GDP and higher but insufficient spending). On the monetary side, the US's fiscal profligacy has resulted in higher market interest rates and inflation expectations, which has pressured indebted and externally vulnerable countries to raise policy rates. Given that wanting investment is probably the key constraint on potential output in most emerging countries, a cycle of higher interest rates would only enhance such structural pressures. Political differentials have arguably widened as well, with many emerging countries seeming to lose their appetite for reform. Reflecting widening differentials, the dollar staged a surprise recovery this past quarter. To be fair, differentials across many of

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these dimensions may be peaking. However, structural pressures on potential output will persist until some combination of investment growth, job creation, income growth and reform is more visible.

While the US has seized the fiscal impetus, China at present seems more focused on debt stabilization. Certainly, Chinese fiscal policy, while measured, was still quite expansionary in 2020. However, China has abandoned the debt-fueled investment growth model of past years, while making several hawkish comments on asset and property price bubbles. Similarly, monetary policy in China is at present relatively restrictive, with policy rates significantly in excess of federal funds rates. While fiscal and monetary policy discipline in China can be partially attributed to a relatively short bout with COVID-19 and limited need to provide policy support at this point in China's economic cycle, there may be another factor at work. Namely, China has probably come to terms with a more confrontational relationship with the United States and seems to be positioning itself as a voice of financial prudence and an alternative to the US-based system broadly. China's approach to technology development, digital currency, vaccine deployment, financial support and trade alliances can be viewed in a similar light. What this means for China's economy is likely a strategic refocus away from mercantilist trade policy and debt-fueled expansion, and toward enhanced services-oriented capabilities that can in time be adopted in China and by key partners around the world. China's skilled labor dividend and capacity for domestic capital formation both position the country to do so. While China and the US will continue to clash in human rights, geopolitical matters and other spheres, what may matter most for investors is to be aligned to the right parts of China's dual circulation initiatives.

Portfolio Positioning

The concepts of Build, Preserve and Reinforce are all linked, and to some extent fluid. Build is tied to business value creation and is our approach to growing our pool of capital. Preserve is a capital preservation concept and takes many different forms. For example, the use of Passport Companies in an emerging markets portfolio has intuitive merit, in that these tend to be durable franchises with different correlation profiles from many of our other holdings. Similarly, we avoid externally vulnerable countries and levered companies to limit the potential for permanent loss of capital. However, capital preservation can also mean rebalancing (rather than liquidating) positions that have experienced disproportionate equity outcomes, thereby achieving a certain permanence to the value our companies have created. The inherent diversification and value capture in this approach helps us withstand changing market environments. In turn, that investment in diversification and value capture can be harvested in market backdrops such as this one, by leveraging our tapestry of correlations to reinforce a compounding outcome. In other words, our differentiated correlation profile may not prevent the fund from declining in value but does give us the opportunity to navigate different environments and improve our

portfolio substantially (sometimes most so in the most chaotic moments).

It is also worth noting that the concept of profit pools is an acknowledgment of the structural constraints facing emerging markets and a desire to create disproportionate emerging markets outcomes despite those constraints. Indeed, the business value creation in these profit pools is arguably unprecedented, with scalability the common denominator of each profit pool. In China, there is inherent scale in the market itself (which by the way does not exist in India at present despite a similar population base due to affordability constraints and disparate consumer preferences). For Passporters, a borderless capability allows these companies to create value in emerging markets countries with limited incremental investment, thereby achieving operating leverage against a core capability or competency. Transcenders are able to penetrate domestic demand opportunities and achieve scale quickly, despite economic constraints. However, there is a distinction between business value creation and disproportionate equity outcomes. The former is a reflection of underlying business value creation. The latter is influenced by market conditions over short periods and business value creation over long ones. When business value creation diverges from equity outcomes, it provides opportunity for us to leverage our correlation profile to capitalize.

We thank you for your trust and confidence.

Investment Results (% USD)

As of 31 March 2021	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception ¹
Composite — Gross	-2.24	-2.24	94.54	29.81	26.43	—	21.05
Composite — Net	-2.50	-2.50	92.61	28.48	25.13	—	19.80
MSCI Emerging Markets Index	2.29	2.29	58.39	6.47	12.06	—	7.84

Annual Returns (% USD) 12 months ended 31 March	2017	2018	2019	2020	2021
Composite — Gross	20.44	22.60	4.90	7.26	94.54

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

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. References to individual security performance relate to a representative account in the composite. Individual holding periods may differ.

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 certain securities which lack applicable attributes, such as private securities. Artisan Partners 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 Emerging Markets Currency Index tracks the performance of 25 emerging market currencies relative to the US dollar. 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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For Institutional Investors — Not for Onward Distribution



Artisan Developing World Strategy

Quarterly Contribution to Return (% USD)

As of 31 March 2021

Top Contributors	Average Weight	Contribution to Return	Ending Weight
Sea Ltd	6.45	0.86	6.55
ASML Holding NV	2.87	0.71	2.89
Airbnb Inc	2.33	0.50	3.32
Uber Technologies Inc	4.38	0.42	4.30
Tencent Holdings Ltd	4.21	0.30	4.16
HDFC Bank Ltd	3.03	0.24	2.93
The Estee Lauder Cos Inc	2.82	0.22	2.71
LVMH Moet Hennessy Louis Vuitton SE	2.79	0.16	2.72
NVIDIA Corp	4.53	0.16	4.43
Meituan	4.30	0.13	4.37
Zhangzhou Pientzhuang Pharmaceutical Co Ltd	1.10	0.09	1.14
KE Holdings Inc	2.15	0.06	1.96
AIA Group Ltd	0.52	0.06	0.00
Hermes International	1.02	0.02	0.97
Cash Holdings	0.83	0.00	0.59
NIKE Inc	0.15	-0.00	0.00
Kweichow Moutai Co Ltd	3.09	-0.02	3.12
Taiwan Semiconductor Manufacturing Co Ltd	0.03	-0.02	0.00

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
Unity Software Inc	4.32	-1.51	4.39
TAL Education Group	3.49	-0.74	3.15
StoneCo Ltd	2.33	-0.70	2.34
Bilibili Inc	1.97	-0.58	3.34
Aier Eye Hospital Group Co Ltd	2.31	-0.50	2.26
MercadoLibre Inc	5.06	-0.45	5.15
JD Health International Inc	1.17	-0.30	1.13
Farfetch Ltd	1.19	-0.24	2.72
Adyen NV	4.24	-0.21	4.19
Visa Inc	5.85	-0.17	5.30
Veeva Systems Inc	4.12	-0.14	4.13
Shenzhen Mindray Bio-Medical Electronics Co Ltd	2.58	-0.10	2.30
Yandex NV	1.16	-0.09	1.00
Netflix Inc	2.86	-0.09	2.79
Wuxi Biologics Cayman Inc	4.30	-0.07	4.37
Hundsun Technologies Inc	0.12	-0.06	0.00
Foshan Haitian Flavouring & Food Co Ltd	0.49	-0.06	0.00
Alibaba Group Holding Ltd	5.84	-0.04	5.29

Source: Artisan Partners/FactSet. Performance is historical and is not a reliable indicator of future results. As of 31 Mar 2021. 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.