Artisan Developing World Strategy

QUARTERLY
Commentary

As of 31 December 2021

Portfolio Management
Lewis S. Kaufman, CFA

Market Backdrop

Artisan Developing World Strategy (gross) returned -6.75% for the quarter ended December 31, 2021, versus -1.31% for the MSCI Emerging Markets Index (all returns in USD unless stated otherwise). Since inception (July 1, 2015), Artisan Developing World Strategy has returned 180.36% cumulatively, versus 47.15% for the MSCI Emerging Markets Index. Global markets continued to weigh the competing forces of economic normalization and inflation. While the S&P 500® Index rose 11.0% during the quarter, the global inflation narrative was bolstered by the emergence of the omicron variant and ensuing worker shortages and supply chain complications. Indeed, the Federal Reserve (Fed) removed the word "transitory" from its November Congressional testimony and accelerated the timeline for tighter monetary policy in its December Federal Open Market Committee (FOMC) statement. Emerging markets central banks increasingly found themselves on the defensive. Brazil raised interest rates significantly, and externally vulnerable countries were pressured to at least contemplate tighter monetary policy. Taiwan was the best performing emerging market (+8.4%) given its resilience to these factors and links to the global semiconductor value chain. Mexico rose (+6.2%) perhaps reflecting its trade ties to the United States. The United Arab Emirates (+10.3%) and Qatar (+2.6%) performed relatively well reflecting tight energy markets, though Russia declined (-9.2%) due to its increased military buildup in Ukraine and tensions with the West. China (-6.1%) struggled as markets digested a weakening domestic backdrop and continued tensions with the West. China's energy restrictions, zero-COVID policy and high producer prices also contributed to the heightened inflation backdrop globally.

Contributors and Detractors

Top contributors to performance for the quarter included graphics semiconductor company Nvidia, beauty leader Estee Lauder, 3D design company Unity Software, premium spirits company Kweichow Moutai and luxury goods group LVMH. Nvidia benefited from both robust global demand for semiconductors and investor optimism that Facebook's sizable capital commitment to its "metaverse" initiative could boost Nvidia's data center business. Lauder advanced on signs of cyclical recovery in its makeup and US offline operations, and the emergence of its fragrance business. Unity rose due to increased confidence in its execution as a public company and optimism about its potential to provide extensive development tools to support the buildout of the metaverse. Moutai rose due to continued product and channel mix improvements and the defensive nature of Moutai's supply-driven business model in the face of Chinese economic deceleration. LVMH benefited from accelerating sales in its core fashion and leather goods business, despite renewed COVID-19 restrictions and lingering concerns that China's Common Prosperity program might hurt sales of luxury goods.

Bottom contributors to performance for the quarter included gaming and e-commerce company Sea, video streaming platform Bilibili, health care services company Wuxi Biologics, social media platform Snap and e-commerce and payments platform MercadoLibre. Sea declined as growth in its gaming business decelerated, while the company continues to invest heavily in its e-commerce operations around the world. Bilibili declined as tighter regulation pressured game monetization and a weaker Chinese economy clouded the advertising outlook, despite continued healthy growth in users and engagement. Wuxi declined as fears resurfaced that the biologics industry could be a source of national security concerns for the US, and as efficacy of anti-viral drugs led to concerns about the company's vaccine-related project backlog. Snap was impacted by Apple's changes to iOS device identifiers and the ensuing impact on Snap's ability to demonstrate the effectiveness of its ads to corporate partners. MercadoLibre fell as the company sold shares to raise capital for future expansion, while investors remain concerned about macroeconomic uncertainties in Latin America.

Market Outlook

Early in the year, most inflation concerns reflected unprecedented levels of fiscal stimulus and monetary accommodation, particularly in the developed markets. Certainly, abundant liquidity has resulted in rapid home price appreciation and, in turn, higher rents which are a key driver of personal consumption expenditures (PCE), inflation aggregates monitored by the Fed. However, supply bottlenecks for both physical goods and workers have emerged as another driver of inflation. Reduced monetary accommodation can impact aggregate levels of demand but cannot address supply chain bottlenecks. Thus, it is possible that monetary policy may not have the desired impact on inflation. Growth is also uncertain as US fiscal and monetary support wanes and the Chinese economy decelerates, though higher vaccination rates and economic normalization have the potential to overwhelm these constraints. Assets which have proven sensitive to higher interest rates in a stock market context may face continued scrutiny if inflation pressures persist, but continue to create substantial business value in the face of rising inflation, slowing growth and other uncertainties.

For emerging countries that lack production of key dollar-based inputs such as food, energy, medical equipment and key production inputs, global inflationary pressures and tighter Fed policy can be felt locally since many products must be imported. Central banks in externally vulnerable emerging markets may raise rates to combat these pressures even in the face of weak domestic demand, as recently occurred in Brazil, Russia and South Africa. It is worth noting that emerging markets also import goods from China, where producer inflation has been high and the renminbi stable relative to many currencies. Moreover, whereas US growth in particular has been bolstered by fiscal accommodation, stimulus measures in most emerging countries have been constrained since there is a limit to how much debt the market will bear from these issuers. Indeed, foreign capital formation remains a challenge for the emerging countries that most need it—both as a bridge to economic growth during a pandemic and as an investment thereafter. Thus, despite the optimism about post-pandemic normalization entering last year, the emerging markets story as a whole remains constrained. Reflecting declines in potential output and challenged capital formation, countries outside China, Taiwan and Korea now comprise just 39% of the MSCI Emerging Markets Index, versus 67% 10 years ago. While this trend may continue, passport companies are well positioned atop of the value chain to capture latent domestic demand in emerging countries and represent a passport to ecosystems for innovation and capital formation.

With respect to China, what has traditionally distinguished the economic story from that of other emerging countries is abundant skilled labor (allowing it to play higher up the value chain), domestic capital formation (which has left it relatively immune from the whims of foreign capital), enduring productivity (which provides a baseline for GDP growth even as investment slows), and a large single market (which provides a significant degree of geographic scale). These attributes are still visible. For example, domestic capital formation as measured by aggregate credit measures such as total social financing (TSF) continues largely unabated in China despite pressures from the West and is being used to develop a greater degree of self-sufficiency in key enabling technologies. However, China's own domestic development goals have complicated this dynamic, even as they are intended to increase economic participation and drive consumption upgrades. In particular, Chinese companies find themselves adjusting to new regulatory developments and social policies. In turn, these companies may delay investment decisions or channel investment to less productive areas more aligned to policy goals. Ultimately, capital formation is a necessary but not sufficient condition for sustained economic development. China also must leverage its skilled labor pool, capital resources and ecosystem for innovation to sustain and develop Chinese companies that are both aligned to policy goals and capable of business value creation. Reduced access to foreign capital and technology would challenge but not necessarily impair China's ability to do so. The trajectory of these discussions should drive capital allocation more so than policy differentials versus the West, which seem favorable.

Portfolio Positioning

As we evolve around a core set of investment principles, we continue to identify new dimensions of scalability. For example, we define foundational scale as an enabling technology applicable to an array of industries. Unity's real-time 3D design software is one such technology, as it allows companies across industries to create experiential 3D images and environments. That capability is valuable to gaming companies that wish to create immersive game playing experiences, movie studios that wish to obviate the need for physical set design, and online real estate sites whose customers prefer 3D walkthroughs to photos. A second example is Nvidia's graphics processor (GPU) and platform, which power artificial intelligence (AI) algorithms spanning e-commerce recommendations, autonomous driving and drug discovery. The ability to leverage a core capability across industries—thereby generating additional revenue from a mostly fixed cost—is the essence of foundational scale. Moreover, when multiple dimensions of scale are present in the same investment (i.e., foundational scale combined with borderless scale), the potential for disproportionate equity outcomes expands.

Foundational risk management is, in turn, the process of preserving this value creation by creating distinct pathways for it. Diversification ensures that we plant new seeds to sustain and grow our pool of capital. Correlations emphasize existing investments that may blossom in different market conditions. Residuals reflect a belief that there is safety in franchises that have evolved with us and continue to create business value. As investments in each pathway season, they create potential channels to realize and enhance value creation in moments of chaos—which is the essence of foundational risk management. Our management of the value creation life cycle is further enhanced by our focus on currency, capital and business impairment risks. For example, our exposure to externally vulnerable currencies that can impair capital in dollar terms has declined significantly over time. Similarly, our position sizing increasingly reflects not only potential scalability, but the degree to which scale has been achieved—a concept derived from our focus on financially sound, free cash flow generative businesses. In summary, we have created a structure to execute our investment program and enhance value creation in periods such as this.

We thank you for your trust and confidence.

Investment Results (% USD)

As of 31 December 2021	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Composite — Gross	**-6.75**	**-8.71**	**-8.71**	**33.88**	**22.94**	**—**	**17.16**
Composite — Net	**-7.00**	**-9.68**	**-9.68**	**32.51**	**21.67**	**—**	**15.95**
MSCI Emerging Markets Index	-1.31	-2.54	-2.54	10.93	9.87	—	6.11

Annual Returns (% USD) 12 months ended 31 December

	2017	2018	2019	2020	2021
Composite — Gross	**36.87**	**-14.53**	**43.40**	**83.46**	**-8.71**

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.

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. 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. 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.

This summary represents the views of the portfolio manager as of 31 Dec 2021. Those views and portfolio holdings are subject to change and Artisan Partners disclaims any obligation to advise investors of such changes. The discussion of portfolio holdings does not constitute a recommendation of any individual security. For a complete list of holdings by contribution to the strategy, refer to the Contributors to Return chart.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures.

This material is provided for informational purposes without regard to your particular investment needs and shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein. In no event shall Artisan Partners have any liability for direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) losses or any other damages resulting from the use of this material.

Artisan Partners Limited Partnership (APLP) is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Artisan Partners UK LLP (APUK) is authorized and regulated by the Financial Conduct Authority and is a registered investment adviser with the SEC. APEL Financial Distribution Services Limited (AP Europe) is authorized and regulated by the Central Bank of Ireland. APLP, APUK and AP Europe are collectively, with their parent company and affiliates, referred to as Artisan Partners herein. Artisan Partners is not registered, authorised or eligible for an exemption from registration in all jurisdictions. Therefore, services described herein may not be available in certain jurisdictions. This material does not constitute an offer or solicitation where such actions are not authorised or lawful, and in some cases may only be provided at the initiative of the prospect. Further limitations on the availability of products or services described herein may be imposed.

This material is only intended for investors which meet qualifications as institutional investors as defined in the applicable jurisdiction where this material is received, which includes only *Professional Clients or Eligible Counterparties* as defined by the Markets in Financial Instruments Directive (MiFID) where this material is issued by APUK or AP Europe. This material is not for use by retail investors and may not be reproduced or distributed without Artisan Partners' permission.

In the United Kingdom, issued by APUK, 25 St. James's St., Floor 3, London SW1A 1HA, registered in England and Wales (LLP No. OC351201). Registered office: Reading Bridge House, Floor 4, George St., Reading, Berkshire RG1 8LS. In Ireland, issued by AP Europe, Fitzwilliam Hall, Fitzwilliam Pl, Ste. 202, Dublin 2, D02 T292. Registered office: 70 Sir John Rogerson's Quay, Dublin 2, D02 R296 (Company No. 637966).

Australia: This material is directed at wholesale clients only and is not intended for, or to be relied upon by, private individuals or retail investors. Artisan Partners Australia Pty Ltd is a representative of APLP (ARBN 153 777 292) and APUK (ARBN 603 522 649). APLP and APUK are respectively regulated under US and UK laws which differ from Australian laws and are exempt from the requirement to hold an Australian financial services license under the Australian Corporations Act 2001 in respect to financial services provided in Australia. **Canada:** This material is distributed in Canada by APLP and/or Artisan Partners Distributors LLC, which conduct activities in Canada under exemptions from the dealer, portfolio manager and investment fund manager registration requirements of applicable Canadian securities laws. This material does not constitute an offer of services in circumstances where such exemptions are not available. APLP advisory services are available only to investors that qualify as "permitted clients" under applicable Canadian securities laws.

For Institutional Investors – Not for Onward Distribution

Artisan Developing World Strategy

Quarterly Contribution to Return (% USD)

As of 31 December 2021

Top Contributors	Average Weight	Contribution to Return	Ending Weight
NVIDIA Corp	4.52	1.48	4.50
The Estee Lauder Cos Inc	2.29	0.46	2.31
Unity Software Inc	3.22	0.41	3.46
Kweichow Moutai Co Ltd	3.12	0.39	3.12
LVMH Moet Hennessy Louis Vuitton SE	2.29	0.31	2.31
Hermes International	1.12	0.23	1.15
ASML Holding NV	3.15	0.22	3.27
Zhangzhou Pientzehuang Pharmaceutical Co Ltd	1.12	0.16	1.03
Shenzhen Mindray Bio-Medical Electronics Co Ltd	2.23	0.02	2.35
Cash Holdings	1.61	0.01	1.78
Airbnb Inc	5.29	-0.01	5.88
Visa Inc	6.52	-0.04	6.55
Netflix Inc	3.12	-0.04	3.18
Tencent Holdings Ltd	5.02	-0.07	4.94
StoneCo Ltd	0.36	-0.08	0.00
Uber Technologies Inc	1.99	-0.11	1.36

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
Sea Ltd	6.20	-1.99	6.36
Bilibili Inc	4.22	-1.30	3.56
Wuxi Biologics Cayman Inc	4.14	-1.29	4.17
Snap Inc	3.22	-1.09	3.43
MercadoLibre Inc	5.35	-0.76	5.91
Veeva Systems Inc	4.25	-0.46	4.33
Meituan	4.57	-0.46	4.74
Crowdstrike Holdings Inc	3.46	-0.45	4.53
Aier Eye Hospital Group Co Ltd	2.17	-0.44	2.31
HDFC Bank Ltd	3.18	-0.33	3.33
Alibaba Group Holding Ltd	1.84	-0.31	1.20
Farfetch Ltd	2.89	-0.30	1.11
Yandex NV	1.10	-0.28	1.13
JD Health International Inc	1.12	-0.24	1.14
Adyen NV	4.32	-0.21	4.47
China Tourism Group Duty Free Corp Ltd	1.00	-0.11	1.10

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