



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 incident-based and empirical 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.

Investment Team



Maria Negrete-Gruson, CFA
Portfolio Manager



Meagan Nace, CFA
Analyst



Chen Gu, CFA
Analyst



Nicolas Rodriguez-Brizuela
Analyst



Gurpreet Pal
Analyst



Jessica Lin, CFA
Analyst

Investment Results (% USD)

As of 31 December 2021	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception ¹
Composite — Gross	0.98	-0.27	-0.27	14.40	12.64	7.72	6.78
Composite — Net	0.73	-1.27	-1.27	13.27	11.53	6.62	5.68
MSCI Emerging Markets Index	-1.31	-2.54	-2.54	10.93	9.87	5.48	5.72

Annual Returns (% USD) 12 months ended 31 December

	2017	2018	2019	2020	2021
Composite — Gross	41.19	-14.20	22.03	23.06	-0.27

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. ¹Composite 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 posted a gain in Q4 and finished the year with a narrow decline, outperforming the MSCI Emerging Markets Index, which declined for a second consecutive quarter, in both time periods. COVID-19, particularly the new omicron variant, as well as inflation, supply chain challenges and monetary policy uncertainty, broadly hurt emerging market (EM) equities. At the country level, China was the benchmark's primary Q4 detractor, while Taiwan was the benchmark's leading contributor. Chinese stocks experienced further headwinds in Q4 from mixed economic data, regulatory actions targeting new industries, a real estate slump and geopolitical frictions.

Among our most significant Q4 relative contributors were E Ink, MediaTek and Estun Automation.

E Ink is a Taiwan-based producer of ePaper technology—used in e-readers such as Amazon's Kindle—and electronic shelf label (ESL) systems. The company has been launching new technology and ramping up capacity as it experiences strong demand. We believe E Ink's products are compelling economically and in ESG terms. E Ink's ePaper display technology provides users with greater flexibility and efficiency, while significantly reducing paper and energy consumption—power is not required to maintain a screen display. Beyond e-readers and shelf labels, E Ink's products are suitable to display information on reusable packages. In addition, the company had a goal to increase its green energy usage to 20% of installed capacity by the end of 2021. From a social aspect, E Ink's devices have been helping to bridge the digital learning gap—even more so during the pandemic—and its reflective display technology contains no irritating backlight nor blue light that harms human eyes.

Taiwan-based MediaTek is the largest fabless semiconductor design house outside the US. The company is well positioned in the migration to 5G, particularly in the high-end segment; it is launching a new 5G chipset for next-generation flagship phones in early 2022. Thanks in part to its favorable product mix and strong demand, we believe MediaTek should be able to pass along foundry cost increases, maintain strong margins and expand both its market share and regional footprint.

Estun Automation, a leading domestic Chinese robot producer, is successfully navigating current challenges while staying well positioned to maintain a strong growth rate. COVID-19 related supply challenges, including higher raw material and transportation costs, have been a drag on margins. In response, Estun has increased its prices, as well as looked to trim costs (e.g., shift more component production to China) and to improve operating leverage through scale. Despite higher prices, demand has held up well so far. We believe Estun's new product rollouts and expansion into new product areas, such as construction machinery, will help sales, revenue and margin growth.

Among our leading Q4 relative detractors were MercadoLibre, Sea and Alibaba. MercadoLibre is Latin America's leading online commerce platform. Near-term drags on the stock price included political and economic turbulence in Brazil, and a November equity offering of a million new shares sold at a 5% discount with the proceeds to be used for "general corporate purposes." However, MercadoLibre has a good track record with allocating capital, and we believe the success of its logistics, data analysis and Pago digital wallet platform investments will enable it to gain more market share despite current headwinds and the longer term trend of increasing competition.

Sea is a Singapore-based Internet company with primary operations across Southeast Asia and Taiwan. Its integrated platforms include online games, e-commerce and digital payments services. The stock's late-year decline was due to multiple factors: general weakness among high-growth tech stocks; China's crackdown on tech stocks and cross-border e-commerce regulatory risks in Brazil, a newer market for Sea; Alibaba's push to expand its e-commerce business in Southeast Asia; and signs that Sea's online gaming growth may be decelerating. While mindful of Sea's current challenges, we believe compelling longer term trends remain intact. Sea is gaining market share in Southeast Asia and expanding into other regions, such as Latin America and Europe, while its top online game, Free Fire, is gaining a broader global audience and new titles are in development.

Alibaba, China's largest e-commerce platform, has been confronting more challenging economic conditions in China and was among a group of tech companies fined by the Chinese government for failing to report corporate acquisitions. Investments in its newer or rebranded businesses (Taobao Deals, Taocaicai and Amap) have hampered Alibaba's margins. However, we believe Alibaba can bolster domestic growth by deepening its penetration in low-tier cities, aided in part by its investments. In addition, Alibaba Cloud and its expanding international e-commerce business have the potential to be long-term growth pillars.

Portfolio Activity

Amid another turbulent quarter, we made several changes in the portfolio. However, no matter the market environment, valuation is an important part of our investment process—we always seek companies with sustainable growth characteristics trading at compelling valuations.

We initiated positions in Globant, Inmobiliaria Vesta, Mytilineos and Kakao Pay.

Globant is an Argentina-based information technology services company. It enables enterprises to embrace new technologies that foster greater growth and deeper connections with customers. Demand has been high as companies ramp up investments in digital transformation, with the pandemic serving as an additional catalyst.

We believe Globant's own recent investments—including machine learning and AI solutions capabilities—have allowed it to meet demand and provide more services further up the value chain, such as consulting.

Inmobiliaria Vesta is a Mexican industrial property company serving light manufacturing and logistics clients. Vesta has begun to focus on e-commerce and entry into metro areas. E-commerce companies are expanding aggressively while US-China trade frictions have pushed US and Asian companies to increase their presence in Mexico. As a result, Vesta has accelerated its pace of new development and asset recycling—selling a property to help fund the purchase of another asset. While greater demand has pushed up Mexican land and development costs, Vesta's 2021 equity offering provided additional capital. In addition, Vesta has benefited from a related increase in rents and cap rate compression, while it has executed well on its asset recycling plan. We believe Vesta's shift taps into segments with favorable longer term trends. We also like that Vesta is a corporation rather than a FIBRA (Mexico's equivalent to a REIT) as it better aligns management and shareholder interests.

Kakao Pay is Korea's leading mobile payment and digital wallet service. The company's mobile finance platform is best in class, and its more than 36 million users makes it the largest platform in Korea. The Kakao Pay products are not only offered on a standalone app but are accessible on Kakao Talk, Korea's leading messenger app. The company is successfully executing on a three-step growth plan: 1) build traffic through digital payments and money transfer; 2) build user loyalty with daily services and personalized financial content; and 3) convert users into digital finance and asset management customers. Kakao Pay also has secured partnerships with banks, securities firms and insurance companies to offer a broad set of products to its users. Kakao Pay is also one of the first financial companies in Korea to use blockchain and hybrid cloud architecture.

Mytilineos is a Greek industrial conglomerate with operations in metals, energy and sustainable energy solutions. As Europe's largest fully integrated aluminum producer, Mytilineos holds a favorable competitive position. Europe's increasing aluminum demand—thanks to the growing electric vehicle and solar parts markets—already exceeds the region's production. It is also entering aluminum recycling, which will increase its presence in the circular economy, reduce its waste and lower its overall cost base. Within its energy and sustainable energy solutions businesses, Mytilineos is leveraging its solar power expertise in other parts of Europe to launch a solar business in Greece. It expects renewables to represent 50% of its power portfolio once its expansion in Greece is completed. We believe Mytilineos also has engineering, procurement and construction opportunities in other sustainable energy projects, including water and solid waste management.

We also exited our positions in Copa Holdings, Hidrovias, Kajaria Ceramics, Mr. Price, Sinopharm.

Copa is a Panamanian airline operator. We exited our position due to the pandemic and the likelihood that it will take longer than previously expected for Copa to return to normal growth.

Hidrovias is a leading provider of waterway transport and logistics in Brazil. We sold our position due to extended drought conditions affecting Hidrovias' operations, as well as increased concerns with the stock's liquidity given its smaller market capitalization.

Kajaria Ceramics is India's largest tile manufacturer. We've held a position since 2015 and took the opportunity to sell after a strong performance run starting in 2020 that pushed the stock to our target price. Kajaria increased its market share and penetration across India as it capitalized on India's secular trend of home improvement. It was also ahead of many competitors in shifting to cleaner natural gas for production.

Mr. Price is a South African clothing and home goods retailer. Similar to Copa, we exited our position on the likelihood that our original investment thesis would take longer to realize than previously expected.

Sinopharm is the largest drug distributor in China. We decided to exit the position due to the National Healthcare Security Administration's volume-based procurement process. China's drug procurement process has greatly expanded over time and is applying greater margin pressure on many of China's pharmaceutical companies.

Perspective

Emerging markets countries appear to be making progress in the battle against COVID-19. Although the new omicron variant has been spreading rapidly, so far it appears to be less severe than prior variants, and vaccination rates are rising. At this time, few emerging markets are confronting the types of humanitarian crises experienced in prior waves. This leaves us hopeful that life can get closer to some semblance of normal in 2022.

But even if the pandemic recedes as hoped, emerging markets will have to contend with uneven economic recoveries, higher inflation, rising interest rates, supply chain challenges and lingering strains on health care systems and social programs. Governments also will have to contend with social discontent; we already have seen it expressed in some of Latin America's election results.

In this turbulent environment, we understand corporate fundamentals may diverge from long-term expectations. But at the same time, we see reasons for optimism. Many emerging markets companies are demonstrating significant resilience and adaptability. We are impressed with their financial stability, capacity to operate with very low external resources and adoption of new business models. The capability to leap forward during a crisis is encouraging.

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 operating conditions change rapidly. A long-term, defensible competitive advantage is the key to surviving the inevitable crisis times in emerging markets such as we are 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.

Travel has long been an important way for us to build strong relations with management teams, to see companies up close and to better understand local markets. Understanding helps us develop conviction around investment decisions. Once again, travel is impractical, but we are hopeful that it can resume sooner than later. In the meantime, we will leverage our strong relationships and use digital communication tools to engage with company management teams and identify opportunities. We believe suspended travel has not negatively impacted portfolio performance so far nor should it do so going forward.

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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. 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.

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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.

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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.

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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For Institutional Investors — Not for Onward Distribution



Artisan Sustainable Emerging Markets Strategy

Quarterly Contribution to Return (% USD)

As of 31 December 2021

Top Contributors	Average Weight	Contribution to Return	Ending Weight
E Ink Holdings Inc	3.38	2.44	3.41
MediaTek Inc	2.61	0.74	3.14
Taiwan Semiconductor Manufacturing Co Ltd	9.36	0.63	9.73
Zhuzhou CRRC Times Electric Co Ltd	3.11	0.60	3.37
Samsung Electronics Co Ltd	6.93	0.38	7.43
China Traditional Chinese Medicine Holdings Co Ltd	1.08	0.35	1.49
Commercial International Bank Egypt SAE	1.47	0.30	1.56
Metropolis Healthcare Ltd	1.24	0.29	1.41
Estun Automation Co Ltd	1.78	0.28	1.50
HYBE Co Ltd	1.57	0.19	1.60
Polyus PJSC	2.42	0.16	2.28
Prosus NV	2.41	0.13	2.43
Globant SA	0.43	0.12	1.15
ICICI Bank Ltd	2.45	0.12	2.46
Kaspi.KZ JSC	1.36	0.11	1.26
Credicorp Ltd	0.88	0.10	0.88
Corp Inmobiliaria Vesta SAB de CV	0.17	0.08	1.10
Kakao Pay Corp	0.20	0.08	0.65
Bank Rakyat Indonesia Persero Tbk PT	1.05	0.08	1.04
MMC Norilsk Nickel PJSC	1.30	0.05	1.33
Samsung Biologics Co Ltd	1.73	0.04	1.79
Havells India Ltd	1.67	0.04	1.74
Public Bank Bhd	1.01	0.03	1.05
Vale SA	1.05	0.03	1.27
Wuhan Raycus Fiber Laser Technologies Co Ltd	1.48	0.03	1.55
Indofood CBP Sukses Makmur Tbk PT	0.57	0.03	0.56
Sunny Friend Environmental Technology Co Ltd	1.35	0.02	1.36
Cash Holdings	3.96	0.02	3.73
FSN E-Commerce Ventures Ltd	0.01	0.02	0.00
Bangkok Bank PCL	0.42	0.02	0.50
Empresa Nacional de Telecomunicaciones SA	0.66	0.01	0.63
Mytilineos SA	0.13	0.01	1.08
China High Precision Automation Group Ltd	0.00	0.00	0.00
Vina Concha y Toro SA	0.72	-0.01	0.74

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
Alibaba Group Holding Ltd	4.78	-0.74	4.00
MercadoLibre Inc	2.88	-0.64	2.87
Sea Ltd	1.28	-0.39	1.06
Focus Energia Holding Participacoes SA	0.99	-0.31	0.73
Sino Biopharmaceutical Ltd	1.92	-0.30	2.34
Sberbank of Russia PJSC	1.93	-0.29	1.65
Kingsoft Cloud Holdings Ltd	0.60	-0.29	0.73
Ozon Holdings PLC	0.55	-0.29	0.80
NIO Inc	0.81	-0.28	1.17
Yandex NV	1.00	-0.26	0.92
Noah Holdings Ltd	1.17	-0.21	0.96
AIA Group Ltd	1.51	-0.21	1.41
Aeris Industria E Comercio De Equipamentos Para Geracao De Energia SA	0.98	-0.21	0.84
Trip.com Group Ltd	0.91	-0.18	0.78
JUMBO SA	0.97	-0.13	0.11
Reliance Industries Ltd	2.32	-0.13	2.22
Itau Unibanco Holding SA	0.92	-0.13	0.91
Hidrovias do Brasil SA	0.18	-0.11	0.00
FirstRand Ltd	1.17	-0.10	1.17
Kajaria Ceramics Ltd	1.41	-0.09	0.00
Turkiye Sinai Kalkinma Bankasi AS	0.47	-0.09	0.40
Shinhan Financial Group Co Ltd	0.92	-0.09	0.89
Fomento Economico Mexicano SAB de CV	0.93	-0.09	0.93
Sinopharm Group Co Ltd	0.30	-0.09	0.00
Tongwei Co Ltd	0.81	-0.08	0.74
Mr Price Group Ltd	0.46	-0.08	0.00
Baozun Inc	0.32	-0.06	0.27
Copa Holdings SA	0.58	-0.06	0.00
GPS Participacoes e Empreendimentos SA	0.78	-0.05	0.90
Alpha Services and Holdings SA	1.37	-0.04	1.35
XP Inc	0.02	-0.04	0.00
Cemex SAB de CV	0.74	-0.03	0.78
Baidu Inc	1.40	-0.03	1.33
Grupo Financiero Galicia SA	0.69	-0.03	0.63
LUKOIL PJSC	1.98	-0.03	1.88

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.