Artisan International Value Strategy

QUARTERLY
Commentary

As of 30 September 2022

Investment Process

We seek to invest in high-quality, undervalued companies with strong balance sheets and shareholder-oriented management teams.

Undervaluation

Determining the intrinsic value of a business is the heart of our research process. Intrinsic value represents the amount that a buyer would pay to own a company's future cash flows. We seek to invest at a significant discount to our estimate of the intrinsic value of a business.

Business Quality

We seek to invest in companies with histories of generating strong free cash flow, improving returns on capital and strong competitive positions in their industries.

Financial Strength

We believe that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management the ability to build value when attractive opportunities are available.

Shareholder-Oriented Management

Our research process attempts to identify management teams with a history of building value for shareholders.

Portfolio Management

N. David Samra
Portfolio Manager (Lead)

Ian P. McGonigle, CFA
Co-Portfolio Manager

Benjamin L. Herrick, CFA
Associate Portfolio Manager

Investment Results (% USD)

As of 30 September 2022	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Composite — Gross	**-9.19**	**-20.92**	**-17.39**	**3.96**	**2.51**	**7.64**	**10.34**
Composite — Net	**-9.40**	**-21.48**	**-18.16**	**3.00**	**1.56**	**6.65**	**9.31**
MSCI EAFE Index	-9.36	-27.09	-25.13	-1.83	-0.84	3.67	4.69
MSCI All Country World ex USA Index	-9.91	-26.50	-25.17	-1.52	-0.81	3.01	5.16

Annual Returns (% USD) 12 months ended 30 September

	2018	2019	2020	2021	2022
Composite — Net	**-1.75**	**0.65**	**-2.44**	**36.87**	**-18.16**

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. [1]Composite inception: 1 July 2002.

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.

Investing Environment

Whoa. What a terrible quarter for international investors. While the S&P 500® Index was down 4.9%, the loss seemed modest when compared with non-US indices' declines ranging between 9% and 10% (all returns in USD unless otherwise noted). Interestingly, when measured in local currency, the MSCI EAFE Index outperformed the S&P 500® Index by 1.3%. The strong dollar accounted for the difference. The currency effect was even more pronounced over a longer time horizon. Year to date, the MSCI EAFE Index returned -14.5% in local currency (outperforming S&P 500® Index's -23.9%) and -27.1% in USD.

During the quarter, investors continued to focus on the same issues that have dogged most of 2022: the US Federal Reserve's rate hikes, extreme inflation, the war in Ukraine, and, yes, the strong dollar. In our last letter, we compared the fundamentals of the US economy with those of the major European and Asian economies. We pointed out that from a fundamental standpoint, the dollar looks overvalued. While that's still the case, the dollar remains the Hercules of the global currency market.

Eventually, fundamentals do matter in currency valuation. Certainly, in any recession scenario, which is today's biggest market concern, the dynamic nature of the US economy should allow for a shallower decline and a quicker rebound than in other countries. That is for two reasons. First, the US labor market generally has much more flexibility since most US companies can adjust costs, preserve profits and invest toward an eventual rebound in ways that many non-US companies can't. Second, the US economic structure has a larger component of innovative companies—think technology and health care—than other countries, which generally have a higher weighting of more cyclical industrials and commodity industries. We are not making an economic forecast about any potential US recession. We are simply recognizing that the dynamic US economy is likely one of the reasons the dollar is attracting attention. Another reason, of course, is interest rate differentials and the clearer picture of where US interest rates are headed.

Further, since the dollar is the world's reserve currency, investors are justifiably parking more of their capital in dollars amid uncertainty created by the war in Ukraine. But given the level of government debt in the US, the lack of fiscal discipline, relentless inflation and the cost of goods and services in the US relative to other countries, the rise of the dollar is clearly unrelated to the value or financial sanctity of the currency. It is hardly all roses here at home as government and current account deficits of other countries are overshadowed in sheer size and on a relative to GDP comparison to that of the US.

The sanctity of a currency depends on the people whose job is to ensure it is not debased. Perhaps what has happened in the UK is a prescient signal to the US government. The newly installed government in the UK provided the first example in many years of a *major* developed country losing market confidence due to its fiscal behavior. The new UK Tory government, perhaps prematurely, announced on September 23 a budget exhibiting all the virtues of conservative values except that of fiscal discipline. This lack of fiscal discipline is not a new pattern in today's age of central bank-debt monetization. But it is a new pattern in an inflationary environment where the hands of central bankers are (loosely) tied. The more debt that is monetized, the more liquidity there is in the economy, the higher the inflationary impact. (Witness the devaluation of the yen as the Bank of Japan continues to ignore this new reality.) After the UK unveiled its budget, the pound and UK government bonds took a big step down, forcing the UK government into a quick reversal, and spurring the Bank of England to intervene to limit the damage. But the broader damage was done. This is a warning to politicians, even those in the US government, to be more careful about balancing the books. Former UK Prime Minister Margaret Thatcher's famous quote, *"The trouble with socialism is that eventually you run out of other people's money,"* has not only been forgotten, but that formerly socialist spending habit has become acceptable across the political and geographic spectrum.

We think the dollar is more than fully valued given the lack of fiscal discipline in the US. As international investors, we see the value today of not only owning a group of superior businesses trading at very attractive valuations but potentially earning returns from favorable currency moves as dollar valuation normalizes.

Portfolio Discussion

Given the significant mark-to-market decline in the portfolio in the third quarter, we begin the portfolio discussion with positions that had the largest negative impact on returns. Those three companies are Samsung Electronics, Alibaba and Danone.

The worst performing equity in the portfolio was Samsung Electronics. The share price declined by 16% (8% in won) and is down 44% year to date. Recently, the company previewed third-quarter earnings highlighting the cyclical decline in the memory semiconductor operations. Samsung is the world's leading manufacturer of both DRAM and NAND. These memory semiconductors are subject to supply and demand swings that lead to ups and downs in profitability. Though profits are slowing down, we do expect the company to continue to generate profits. And given the company's significant net cash position, we do not believe the company has any significant financial risk. We detect no meaningful loss in market share nor any other fundamental issue that would have led to such a significant decline in the stock.

Inventory of memory semiconductors is elevated at both the manufacturer and customer level and will take months to right size. The price of memory chips is of course down, and the company will slow production resulting in a lower gross margin in the coming quarters. On the other hand, the volume of memory semiconductors used in electronic products continues to grow. At some point, the market will come into balance, and profit will improve. In addition, the

company continues to generate profits in its cell phone business and to grow profits in its foundry operations. We continue to believe the shares are meaningfully undervalued. That sentiment, for the first time in our ownership history, has been publicly shared by J.Y. Lee, the company's chairman. A recent newspaper article highlighted the company's renewed effort at improved capital allocation to improve the valuation of the business. We look forward to seeing the results of that effort.

Alibaba's share price declined by 30% during the quarter and is down 34% year to date. During the quarter, the company reported a continued decline in profit resulting from the weak Chinese economy and increased competition. That said, the company did modestly improve its competitive positioning, continues to reduce costs, is generating significant free cash flow and is buying stock. We believe the share price decline is divorced from valuation due to geopolitical tensions, uncertainties about US listing, the existence of a large, forced seller and a general aversion to Chinese equities. The shares are significantly undervalued, and we continue to buy more.

Danone is one of France's largest food companies and is famous in the US for its Dannon brand of yogurt and Evian water. In early 2021, we helped engineer a change in the company's management and a process to completely replace Danone's board of directors. We believe these changes have resulted in a revolution inside the company that will eventually lead to better growth, a more competitive market position, a stronger geographic portfolio of businesses and higher profitability. The new CEO, along with several new divisional executives, is driving change deep into the organization. The remade board of directors is actively involved in ensuring operating discipline, improving sustainability in profits and improving returns on capital. Despite all of the operational progress, the share price declined by 16% during the quarter and is down 22% year to date. In euros, the share price has declined by 9% for the year-to-date period reflecting, we believe, investors' concerns about a more challenging consumption environment. The combination of high inflation and lower consumer confidence generally results in consumers trading down from branded food products to cheaper private label products. This is not a new behavioral pattern, and Danone's experienced management team can use time-tested strategies to combat this outcome. Despite these challenges, we believe the fundamental changes underway at Danone will allow the group to prosper going forward. We think the shares are significantly undervalued, and we continue to buy more.

The share price of three companies—Sodexo, Alimentation Couche-Tarde and Seven & i Holdings (Seven)—provided a modest positive contribution to the portfolio.

Sodexo is the world's second-largest contract caterer. The company is based in France but operates worldwide. During the quarter, the company reported improved financial results. Post pandemic, the business is benefiting from employees returning to work, students returning to school, and sports and leisure facilities returning to normal conditions. In addition, the company has significant business in the US and Brazil, where currency appreciation is helping results reported in euro. The company's chairman is driving organizational improvement that we expect to result in continued revenue growth and higher profit margins.

Alimentation Couche-Tarde and Seven both operate convenience stores. Most of those stores are attached to gas stations. The gas station industry is fragmented, and most operators are mom and pops without a convenience store attached to their gas business. As a result, they are at a significant disadvantage to larger companies that can manage fuel purchases and optimize convenience stores to grow and protect profits. There is pressure on these mom and pops to increase prices at the pump to pay for inflation in labor and other costs. Profits from selling fuel, as a result, are at an all-time high. Both Couche-Tarde and Seven have reported record profits in their convenience store businesses, resulting in higher share prices.

Portfolio Activity

We made modest changes to the portfolio during the quarter. We sold shares of Credit Suisse due to a change in leadership and a deterioration in the fundamentals of the business beyond our initial expectations. Shares in Tenaris were sold at or above our estimate of intrinsic value. GSK, one of the world's largest pharmaceutical companies, completed the de-merger of its over-the-counter pharmaceutical business during the quarter. The de-merger highlighted the combined value of the two businesses, pushing up both the share price of GSK and of the de-merged business, Haleon. The share price of both companies reached our estimate of intrinsic value, and the shares were sold.

Over the course of the quarter, we invested more than $1 billion in new and existing positions, with a modest allocation to new securities and a larger focus on existing positions.

We appreciate your support.

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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. 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. Value securities may underperform other asset types during a given period. 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.

For the purpose of determining the portfolio's holdings, securities of the same issuer are aggregated to determine the weight in the Strategy. The holdings mentioned above comprised the following percentages of a representative account within the Artisan International Value Strategy Composite's total net assets as of as of 30 Sep 2022: Samsung Electronics Co Ltd 5.2%, Alibaba Group Holding Ltd 2.5%, Danone SA 4.7%, Sodexo SA 2.1%, Alimentation Couche-Tard Inc 4.5%, Seven & i Holdings Co Ltd 1.3%. Securities named in the Commentary, but not listed here are not held in the portfolio as of the date of this report.

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 EAFE Index measures the performance of developed markets, excluding the US and Canada. 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. 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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This summary represents the views of the portfolio manager as of 30 Sep 2022. 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.

Return on Capital (ROC) is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

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