Artisan Non-U.S. Growth Strategy

QUARTERLY
Commentary

As of 30 September 2022

Investment Process

We seek to invest in companies, within our preferred themes, with sustainable growth characteristics at attractive valuations that do not fully reflect their long-term potential.

Themes

We identify long-term secular growth trends with the objective of investing in companies that have meaningful exposure to these trends. Our fundamental analysis focuses on those industry leaders with attractive growth and valuation characteristics that will be long-term beneficiaries of any structural change and/or trend.

Sustainable Growth

We apply a fundamental approach to identifying the long-term, sustainable growth characteristics of potential investments. We seek high-quality companies that typically have a sustainable competitive advantage, a superior business model and a high-quality management team.

Valuation

We use multiple valuation metrics to establish a target price range. We assess the relationship between our estimate of a company's sustainable growth prospects and its current valuation.

Team Overview

Our team approach combines the benefits of strong leadership with the creative ideas of a deep and highly experienced team of research analysts. We believe this approach allows us to leverage a broad set of perspectives into dynamic portfolios.

Portfolio Management

Mark L. Yockey, CFA
Portfolio Manager

Charles-Henri Hamker
Associate Portfolio Manager

Andrew J. Euretig
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	**-8.03**	**-30.11**	**-28.06**	**-3.35**	**0.53**	**4.57**	**8.53**
Composite — Net	**-8.25**	**-30.61**	**-28.74**	**-4.24**	**-0.39**	**3.62**	**7.53**
MSCI EAFE Index	-9.36	-27.09	-25.13	-1.83	-0.84	3.67	3.87
MSCI All Country World ex USA Index[2]	-9.91	-26.50	-25.17	-1.52	-0.81	3.01	4.25

Annual Returns (% USD) 12 months ended 30 September

	2018	2019	2020	2021	2022
Composite — Net	**4.85**	**6.55**	**6.56**	**15.63**	**-28.74**

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. [1]Composite inception: 1 January 1996. [2]Performance represents the MSCI ACWI ex USA (Gross) Index from inception to 31 Dec 2000 and the MSCI ACWI ex USA (Net) Index from 1 Jan 2001 forward.

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

High inflation and interest rates combined with geopolitical setbacks led to lower returns in the third quarter. A protracted war in Europe and entrenched zero-COVID restrictions in China—a country that accounts for almost 30% of the world's manufacturing output—challenged equity markets already burdened by tightening money supplies and a global economic slowdown. The continuation of the market downturn that began in the beginning of the year was evident in the broad selloff. A brief relief rally fueled by moderating oil prices and strong employment data helped the market claw back some of the losses in July and August. However, it proved to be transient as pessimism over economic contraction and the potential for lower earnings regained dominance and drove equity markets lower by the end of the period. The negative sentiment that swept through markets was reinforced by central banks. The Federal Reserve, European Central Bank (ECB) and the Bank of England (BOE) all raised rates aggressively in their quest to lower inflation that showed few signs of retreat.

In Europe, GDP growth downshifted considerably. Much of the decline was associated with spiraling energy prices across the region as Russian natural gas imports slowed to a trickle. Mysterious underwater explosions ruptured the Nord Stream pipelines used to transport gas between Russia and northern Europe, providing a dramatic end to the strained trade. This apparent act of sabotage added further upward pressure to energy prices. Germany, Austria and other countries redoubled their efforts to tap other energy sources while imposing new policies aimed at curbing energy usage and capping prices. In addition, food prices in Europe marched steadily higher to reach new records, adding to the economic pain felt by many. While the UK, with its more diversified energy base, did not experience the run up in fuel prices as acutely as other countries, it, too, continued to see elevated inflation and low growth. After a striking one-day selloff of the pound, the BOE sought to calm investor fears by promising to purchase up to £5 billion per day of longer dated government bonds. This unexpected move came after the UK's new prime minister announced a plan for deep tax cuts and deregulation meant to stimulate a stagnating economy, one that was perceived by many to be at odds with the country's current monetary policy.

While the economic slowdown also affected many businesses in Asia this quarter, Japan provided a bright spot in the gloomy outlook as its GDP growth increased by almost a full percentage point, even as the core inflation rate inched higher. The Bank of Japan has remained accommodative thus far and has not raised interest rates like many other developed countries. In China, however, the government continued COVID lockdowns and ongoing restrictions to try to contain the highly communicable disease. The policy caused further disruption and economic weakness. The World Bank lowered its growth forecast for the full year to 3% or lower in China.

Portfolio Activity

While macroeconomics and high energy prices dominated in the quarter, the portfolio beat its benchmark MSCI EAFE Index as global equity markets around the world continued to fall. All sectors in the index finished in negative territory this quarter, with many falling by double digits. At the portfolio level, relative performance gains came mainly from allocation effects, or how the portfolio was positioned versus the benchmark across sectors and regions.

At the sector level, an overweight position in the energy sector increased relative returns. After a brief downturn this summer, oil prices began to rise once again as energy supplies remained tight and geopolitical concerns agitated markets. The energy picture varied by country and region, however. In early March, the European Union's Versailles Declaration to phase out Russian fossil fuel imports "as soon as possible" in reaction to Russia's invasion of Ukraine kicked off an important new initiative. The EU decided to transform the continent's energy markets and move away from its reliance on Russia, which for some countries was a substantial portion of consumption. The theses for several of our energy holdings are rooted in our environment theme, one where we seek to invest in leading companies that can help societies achieve access to energy while reducing greenhouse gas emissions. Within this theme, we see an opportunity for companies to help provide a clean energy transition in Europe at a time when many countries there face severe energy shortages.

Several of our holdings fit this theme. Shell is one such stock that is well-positioned to take advantage of this opportunity. Approximately one third of Shell's revenues come from transition fuels such as natural gas, and another third comes from even cleaner energy sources under development such as green hydrogen. Regarding the former, Shell is a leading supplier of liquified natural gas (LNG), the cleanest fossil fuel. LNG represents a potential bridge to the future by replacing higher carbon energy sources with lower carbon ones while renewable technologies mature. Shell's share price rose during the quarter on continued bottom-line success. It has reported record earnings for the past two quarters. Schlumberger, the world's largest oilfield services and equipment company, is another holding within this theme. Its primary business is providing technology and information solutions to customers in the oil and gas industry that optimize reservoir performance. The company's technological leadership has contributed to its consistently strong cash generation and has attracted us to the long-term opportunity for value creation. Importantly, Schlumberger provides solutions that help transition global economies to cleaner, lower carbon sources. For example, it offers technologies that help reduce carbon in the discovery, drilling and production processes. We believe that both Shell and Schlumberger are well-positioned to help Europe meet its energy needs as it looks for new ways to transform its economy.

Stock selection in consumer discretionary contributed to relative performance as well, driven by Amazon.com. Its share price rose after it beat quarterly revenue guidance and earnings estimates. The company put many of its warehouse expansion projects on hold to reduce overcapacity that had weighed on operating margins earlier in the year. Amazon also shrank warehouse headcount through attrition. In its cloud business, Amazon Web Services continued to shine, showing robust year-over-year top-line growth with few signs of slowing down. We are optimistic about Amazon's ability to leverage its sustainable competitive advantages globally to produce earnings growth at scale across its businesses.

Another top contributor during the quarter was Danish biopharma firm Ascendis Pharma. It develops therapies in endocrinology, a field of medicine focused on the body's system for controlling hormones that help regulate a number of vital functions. The company's stock price peaked after it filed a new drug application (NDA) with the US Food & Drug Administration for its TransCon PTH drug candidate. TransCon PTH is a treatment for adult hypoparathyroidism, a condition that results in abnormally low levels of calcium and phosphorus in the body. It has been granted orphan drug designation in the United States and in the European Union allowing Ascendis Pharma up to seven years of market exclusivity after launching it. In addition, the company would qualify for government assistance and tax subsidies. With a potential mid-2023 launch, the company anticipates that its new treatment could represent several billion dollars in annual revenue. Overall, we are excited about this company's strong pipeline for new therapies and the positive growth trends we see in its prescriptions, a leading indicator of demand.

While our industrials holdings underperformed, two Canadian railroad positions within the sector proved resilient. Canadian Pacific Railway and Canadian National Railway constitute a duopoly that together owns a hard-to-duplicate rail system that provides intermodal transport across North America. As part of our infrastructure theme, we believe these railroad companies will continue to benefit from increasing infrastructure investments, particularly as more planners and builders add carbon footprint considerations to projects that could favor rail over other modes of transportation, such as trucks. For example, one train can carry the freight of about 100 trucks. Trains are also three to four times more fuel efficient, on average, than trucks, leading to a 75% reduction in greenhouse gas emissions when transporting freight across distances by rail instead of highway. Adding support to Canadian Pacific's stock price was the regulatory clearance it received from the US Committee on Foreign Investment for its planned merger with Kansas City Southern, a US railroad. A merged company would create a single-line railroad linking the US, Canada and Mexico. In addition, Canadian Pacific inked a two-year collective bargaining agreement with the Teamsters Canada Rail Conference, a labor union that represents its conductors and engineers. This event provided some assurance to investors for continued operations over the medium term. Canadian National's stock price also rose on better-than-expected earnings and revenues.

While we saw a number of our investment themes and stock theses play out over the quarter, several of our holdings detracted from relative returns. Industrials underperformed due mainly to our investment in Ryanair, which fell on recession concerns. Ryanair is a leading short-haul, point-to-point airline offering low-cost service mainly within Europe. Despite an increase in Ryanair's year-over-year traffic that surpassed pre-pandemic numbers, investors pulled back on fears of rising jet fuel costs and the impacts of a potential recession. Nevertheless, we think the company has made prudent financial decisions around hedging its fuel prices and reducing debt levels. We like the company's low-cost leadership, new fuel-efficient fleet and seasoned management team to guide the company to new levels of growth in the coming years.

Our stock selection in consumer staples also underperformed. Tesco, a leading supermarket chain in the UK, weighed heavily on relative returns within the sector as its earnings multiple, a financial ratio that gauges how much investors value a stock's earnings, compressed. Investors, worried about the effects of inflation and a possible recession on Tesco's earnings, bid the stock price down. With food inflation reaching new highs, discount chains, such as Aldi and Lidl, have seen revenues and market shares climb in recent weeks at the expense of their competitors. Given our pricing power thesis, we trimmed the position to balance risk and reward.

Lastly, even though our overweight position in financials added to relative performance, our position in Allianz detracted from performance during the period. The global insurance and asset management firm saw its share price decline due to Hurricane Ian and the lingering concerns over the company's settlement with the Securities and Exchange Commission and the US Department of Justice in the investigation involving its Structured Alpha Funds, a family of institutional products. Our research shows that the company, like most other insurers, will likely see some impact to earnings from the hurricane. We continue to value Allianz's diverse revenues, strong balance sheet and stock buybacks.

Positioning Activity

In today's inflationary environment, pricing power is especially important. Companies that are able to pass rising input costs on to customers are often in a better position to maintain margins, cash flow and earnings. Our sustainable growth investment approach has always focused on pricing power as an important characteristic of the companies that we select. Specifically, we look for companies that have dominant market positions with high barriers to entry. Often, these companies will possess strong brands, unique assets or essential products that add to their pricing power. This allows firms the ability to raise prices while maintaining market share and operating margins even as costs rise.

This quarter, we added to our biotech holdings by initiating a position in Novo Nordisk, a global pharmaceutical company based in Denmark

that develops, produces and markets drugs for diabetes care and insulin delivery systems, hemostasis (blood clotting), chronic weight management and hormone therapy, among other areas. We are particularly excited about its prospects for developing a more effective treatment for Type 2 diabetes and obesity. We believe the successful outcome of its clinical trials for CagriSema, its latest diabetes drug candidate, could be a catalyst for extending the lifecycle of its product line of diabetes and obesity drugs. Its recent phase 2 trial showed better results than Lilly's Mounjaro in both controlling diabetes and reducing weight in patients. If approved, we believe CagriSema could be a game changer in this area of medicine.

We acquired shares of Porsche, another stock that is part of our environment/electric vehicle theme and one that is linked to our holding in Volkswagen. Porsche is a German automobile manufacturer with a long history of developing and designing high-performance luxury cars. Its legendary brand is recognized for outstanding engineering and design, and it has supported durable, high margin revenues over the years. While more than 20% of the company's product line currently consists of plug-in hybrid and battery electric vehicles, increasing this percentage represents a large opportunity for Porsche to attract new buyers. Given our view, we appreciate the company's ambitious goal of increasing its proportion of electric vehicles to 80% by 2030. Furthermore, we value Porche's pricing power and current valuation relative to its strong growth prospects.

Finally, we purchased shares of a beverage company that has shown widening margins and durable growth this year. Pernod Ricard is a leading manufacturer of wine, spirits and non-alcoholic beverages. It owns a prestigious brand portfolio that includes Absolut Vodka, Chivas Regal, Glenlivet Scotch Whiskey and Jameson Irish Whiskey, among many others. We value this company's brands and how they are positioned within the faster growing premium and super-premium segments. We believe they can continue to benefit from the "premiumization" trend in the industry as consumers increasingly trade up to higher end brands. Experts have found that luxury brands are often able to raise margins and weather inflationary periods due to the financial strength of their consumers.

Conversely, we sold shares of companies that are experiencing slowing fundamentals or higher risks to their long-term growth. For example, we sold shares of Vale, a large Brazilian materials and mining company that also owns a railway and shipping ports across Brazil and other countries. A large portion of its business centers on iron ore mining, which is leveraged to China's steel industry. Due to continued COVID restrictions, China steel production has moderated this year. The company also faces increased political risk from the potential return of Luiz Ignacio Lula da Silva in a tight presidential race. Lula has advocated for raising the royalty rate that the government assesses for iron ore mining. Overall, margins for commodity producers have narrowed in recent weeks given falling demand and slowing economic growth globally.

We also sold shares in Taiwan Semiconductor Manufacturing Company, one of the largest semiconductor foundries in the world. Also called "fabs," foundries focus on making chips that are designed by other companies. Channel checks have led us to believe that a structural slowdown is underway in semiconductors due to rising inventories. The semiconductor industry is highly cyclical, and stock prices are highly dependent on supply and demand.

Finally, we reduced our position in materials company Royal DSM, a Netherlands-based nutrition and biosciences company. DSM recently transformed itself through a series of acquisitions to become a leading supplier of additives for food and feed, such as vitamins. Continued COVID lockdowns in China and slightly higher energy costs have shifted the risk/reward profile for this stock, in our view. While the result was disappointing, we believe the company's strong capabilities in science and nutrition provide it with multiple paths for long-term growth.

Outlook

While the macroeconomic picture may not improve materially until central banks have turned the corner on inflation, we continue to search for and find companies that benefit from experienced management teams, dominant market positions, high barriers to entry, sustainable competitive advantages, and differentiated or essential product offerings. We are particularly focused on companies that can leverage one or more of these advantages to preserve pricing power, operating margins and cash flows while keeping debt low, which may prove to be crucial in an ongoing inflationary environment. Given this macroenvironment, we are especially excited to explore selected sustainable growth opportunities in luxury goods, financial services, clean energy, green infrastructure and many other areas in the coming weeks and months.

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. 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. Growth 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.

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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 Non-U.S. Growth Strategy Composite's total net assets as of as of 30 Sep 2022: Shell PLC 5.2%, Schlumberger NV 4.0%, Amazon.com Inc 2.9%, Ascendis Pharma A/S 1.7%, Canadian Pacific Railway Ltd 4.0%, Canadian National Railway Co 2.0%, Ryanair Holdings PLC 2.1%, Tesco PLC 1.1%, Allianz SE 0.9%, Novo Nordisk A/S 1.3%, Porsche Automobil Holding SE 0.2%, Volkswagen AG 2.0%, Pernod Ricard SA 0.6%, Koninklijke DSM NV 0.8%. As of 3 Mar 2022, Russian holdings are valued at zero. Securities named in the Commentary, but not listed here are not held in the portfolio as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities.

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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.

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