Artisan Emerging Markets Debt Opportunities Strategy

QUARTERLY
Commentary

As of 31 December 2022

Investment Process

We employ in-depth fundamental research and robust operational capabilities across a broad opportunity set to uncover knowledge gaps that can lead to idiosyncratic opportunities with compelling risk-adjusted return potential.

Organizational Structure

We have a flat and collaborative organization where portfolio managers and analysts communicate daily and share the responsibility of idea generation. Portfolio managers and analysts determine their own focus areas and pursue them from an idea generation perspective. Trading and implementation is embedded within the investment team, as trading capabilities and infrastructure are considered important components of our investment process.

Idea Generation Through Broad Investment Universe

Our team covers a broad spectrum of global markets comprising investable assets across more than 100 countries. We constantly perform fundamental country research and monitor financial markets in order to understand each countries' policy environments and how important policy moments may alter their investment environment. Our corporate analysis includes decomposing yields and examining corporate liquidity and solvency risks. We integrate environmental, social and governance (ESG) analysis at the country and corporate levels.

Portfolio Implementation

We analyze investment opportunities from a risk factor perspective—the forces that drive securities and instruments prices. The investment team and trading and implementation team work together to consider which instruments may provide optimal risk-adjusted returns.The trading and implementation team expands our investment universe by understanding and overcoming investment barriers.

Team Overview

We are a seasoned investment team with strong continuity across decision makers. Our group's core has been together for more than 10 years prior to its evolution at Artisan Partners, and our group's leadership has been investing in emerging markets since 2005. Our coverage areas are generally defined geographically, with some PM/Analysts and research associates focused on corporates.

Portfolio Management

Michael A. Cirami, CFA
Portfolio Manager

Sarah C. Orvin, CFA
Portfolio Manager

Investment Results (% USD)

As of 31 December 2022	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
			Average Annual Total Returns				
Composite — Gross	**8.47**	—	—	—	—	—	**8.28**
Composite — Net	**8.27**	—	—	—	—	—	**7.75**
J.P. Morgan EMB Hard Currency / Local Currency 50/50	7.43	—	—	—	—	—	-0.99

Annual Returns (% USD) 12 months ended 31 December

	2018	2019	2020	2021	2022
Composite — Net	—	—	—	—	—

Source: Artisan Partners/J.P. Morgan. Returns for periods less than one year are not annualized. [1]Composite inception: 1 May 2022.

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. The portfolio's returns may vary greatly over shorter periods due to the limited operating period since inception.

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.

Performance Discussion

The portfolio trended higher in Q4 along with risk assets following the market's anticipation that the Fed may hike in smaller increments as inflation growth continues to temper. The portfolio outperformed the J.P. Morgan EMB Hard Currency/Local Currency 50/50 Index, the J.P. Morgan CEMBI Broad Diversified Index and the J.P. Morgan EMBI Global Diversified Index and performed roughly in line with the J.P. Morgan GBI-EM Global Diversified Index in Q4.

Investing Environment

As was the case in previous quarters, persistently high inflation and the responsive actions of central banks around the world dominated financial headlines in Q4. In the US, recent inflation prints proved to be more stubborn than investors initially anticipated, as consumer prices slowed from 7.7% annualized growth in October to 7.1% in November and 6.5% in December—which is still high in our books. In the euro zone, inflation hit a fresh record of 10.6% YoY in October, before slowing to 10.1% in November and 9.2% in December. Inflation also accelerated in many emerging markets countries, including Ghana, Hungary, Kazakhstan and Serbia. Notably, energy and food prices emerged as key inflation drivers. The recent Organization for Economic Co-operation and Development (OECD) consumer price report showed a rise in food inflation from 15.3% in September to 16.1% in October for the highest rate in nearly 40 years. In particular, Colombia, Hungary and Turkey experienced high annualized food inflation growth rates of 27%, 43% and 99%, respectively, in October.

In an effort to combat sustained high inflation, many central banks around the world continued to tighten monetary policy, and some implemented price caps. In Q4, the Bank of England, the European Central Bank and the US Federal Reserve each raised rates by 125bps. In emerging markets, Chile (50bps), Colombia (200bps), Indonesia (125bps), Israel (125bps), Korea (75bps), the Philippines (125bps), Romania (125bps) and South Africa (75bps) also raised interest rates in Q4. On the other hand, Turkey instituted 300bps worth of rate cuts in the final three months of the year, though inflation remained above 60%. All data considered, the CBOE Volatility Index sank from the mid-30s in October to the low-20s in December as investors come to terms with the inflationary environment and gain more clarity on the path of rate hikes moving forward.

Portfolio Positioning

While inflation prints are beginning to show signs of tempering, we also believe there is a long way to go for countries to achieve their ideal, targeted rates of inflation. The International Monetary Fund now projects that global growth will slow to 3.2% in 2022 and 2.7% in 2023 on expectations for worsening economic conditions in 2023. As China emerges from its zero-COVID stance of years past, optimism for increased consumer demand and the opening of the country's borders is met with concern for its rapid reopening and the resulting impact on its health care system. Meanwhile, the conflict in Ukraine endures, putting investors on edge regarding the available supply of oil and natural gas as the Northern Hemisphere enters the depths of winter. Considering these aforementioned circumstances, we aim to position our portfolio with moderate risk in countries with prudent fiscal programs that we believe are positioned to recognize their upside potential in the coming years.

We maintained cautious positioning for the portfolio throughout the quarter on the back of unpredictable market conditions. We used market advances to take profits on credit positions which surpassed targets and selloffs to add select positioning to rates and currency. The portfolio is overweight credit in select Eastern European, African and Latin American countries where fundamentals remain supportive. The portfolio is underweight local rates, holding positions in countries where central banks have taken an aggressive stance, inflation has been well behaved, or yields have adjusted sufficiently to local inflation levels. The portfolio holds active currency exposures in countries that have tightened monetary policy sufficiently and/or have strong international reserves, including Eastern Europe, select countries in Latin America and limited positioning in Asia.

For more information: Visit www.artisanpartners.com

Investment Risks: The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. Non-diversified portfolios may invest larger portions of assets in securities of a smaller number of issuers and performance of a single issuer may have a greater impact to the portfolio's returns. 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 and less developed markets, including frontier markets, and 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. Fixed income securities carry interest rate risk and credit risk for both the issuer and counterparty and investors may lose principal value. In general, when interest rates rise, fixed income values fall. High yield securities (junk bonds) are speculative, experience greater price volatility and have a higher degree of credit and liquidity risk than bonds with a higher credit rating. Use of derivatives may create investment leverage and increase the likelihood of volatility and risk of loss in excess of the amount invested. 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.

The J.P. Morgan (JPM) EMB Hard Currency/Local currency 50-50 is an unmanaged, blended index consisting of 50% JPM Government Bond Index-Emerging Market Global Diversified (GBIEMGD), an index of local-currency bonds with maturities of more than one year issued by EM governments; 25% JPM Emerging Markets Bond Index-Global Diversified (EMBIGD), an index of USD-denominated bonds with maturities of more than one year issued by EM governments; and 25% JPM Corporate Emerging Market Bond Index-Broad Diversified (CEMBIBD), an index of USD-denominated EM corporate bonds. The VIX Index estimates the expected volatility of the S&P 500® Index, calculated by using the midpoint of real-time S&P 500® Index option bid/ask quotes, and is commonly used to proxy market risk and/or uncertainty. 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 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.

Notional value represents the portfolio's exposures based on the economic value of investments by adjusting for derivatives exposure to the market value of the contract's underlying security and accounts for the sensitivity to changes in price of the underlying security. In comparison, measuring the exposure of a derivative contract at market value or notional value can understate or overstate, respectively, the economic exposure and risk. This estimate of portfolio exposure is only an approximation of the portfolio at a point in time.

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