



### 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 focuses on identifying historical drivers of return on equity, and our strategic analysis examines a company's competitive advantages and financial strength.

### Sustainability Assessment

We believe a company's long-term direction and degree of change across multiple environmental, social and governance ("ESG") metrics are important indicators of a company's sustainable growth potential. Our sustainability assessment has incident-based and empirical components to evaluate a company's historical, current and future potential behavior. We use a proprietary scoring system for the incident-based and empirical components of the assessment, which informs the team's view of a company's target price.

### Risk Analysis

We believe a disciplined risk framework allows greater focus on fundamental stock selection. We incorporate our assessment of company-specific, sustainability and country-appropriate macroeconomic risk factors into our valuation analysis.

### 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 based on its sustainable earnings and our 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 2022	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception <sup>1</sup>
<b>Composite — Gross</b>	<b>10.73</b>	<b>-27.21</b>	<b>-27.21</b>	<b>-3.69</b>	<b>-1.33</b>	<b>2.67</b>	<b>4.33</b>
<b>Composite — Net</b>	<b>10.50</b>	<b>-27.86</b>	<b>-27.86</b>	<b>-4.61</b>	<b>-2.29</b>	<b>1.64</b>	<b>3.27</b>
MSCI Emerging Markets Index	9.70	-20.09	-20.09	-2.69	-1.40	1.44	3.94

### Annual Returns (% USD) 12 months ended 31 December

	2018	2019	2020	2021	2022
<b>Composite — Net</b>	<b>-15.07</b>	<b>20.84</b>	<b>21.85</b>	<b>-1.27</b>	<b>-27.86</b>

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. <sup>1</sup>Composite 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

It was a volatile and challenging year for emerging markets as returns varied greatly from one country to another and most countries felt the impacts of higher inflation, global growth concerns and geopolitical tension. Although it was a whirlwind year for emerging markets, market conditions rebounded in the quarter as local currencies strengthened and investor sentiment improved. The index posted a positive Q4 return, with China and Korea as the benchmark's top contributors and Saudi Arabia as its main detractor. Our portfolio lagged the index for the year but outperformed in Q4.

On a country-level basis, Greece was the leading source of our relative strength during the quarter. We are bottom-up stock pickers, so we invest in individual stocks that we believe deserve to be in the portfolio—regardless of their country of domicile. That said, we have been attracted to a handful of Greek stocks over the years, partially due to the unique opportunity for sustainable growth that we believe those individual companies offer, especially within the context of Europe. While Greece's financial landscape experienced volatility in recent years stemming from the 2008 financial crisis, the country enjoyed healthy economic performance in 2022. Both of our Greek holdings, Mytilineos and Alpha Services and Holdings, were among our top relative contributors this past quarter.

Mytilineos is a Greek industrial conglomerate with operations in metals, traditional energy and sustainable energy solutions. As Europe's largest fully integrated aluminum producer, Mytilineos benefited from Europe's increasing aluminum demand driven by the growing electric vehicle and solar parts markets. In addition to experiencing increased aluminum demand, the company has also focused on developing sustainable energy solutions to meet increased energy demands. Combined, these two businesses (aluminum and sustainable energy production) have given Mytilineos a unique competitive advantage. This past quarter, the company's energy transition activities and improved cash flow drove its profitability. We also expect Mytilineos' highly efficient plants and delivery of several third-party solar projects to drive performance. We believe Mytilineos is uniquely positioned to deliver long-term, sustainable earnings based on its ability to produce aluminum while also championing renewable energy in Europe.

Alpha is a Greek banking company that offers a diverse range of financial services, including retail and corporate banking, asset management, private banking and brokerage services. As Greece's financial landscape has stabilized and Greek economic activity has picked up, the country's fiscal condition and Alpha's balance sheet have improved. In our opinion, Alpha's loan quality issues are largely behind it, allowing the company to resume normal operations and refocus on loan growth. We believe Alpha, a leader in Greece's corporate lending space, is poised to benefit from various governmental programs aimed at promoting economic recovery and resiliency following the COVID-19 crisis (i.e., Greece's "Greece 2.0" plan and the European Union's Recovery and Resilience Facility)—

programs that are expected to promote low-cost loans in green energy, health care and other economic sectors. Today's higher interest rate environment provides another tailwind for Alpha, as the majority of the company's loans are variably priced. Save for some political noise heading into 2023 elections, we believe Greece, and Alpha by extension, should remain bright spots in Europe, a region otherwise plagued by weak growth dynamics.

Another top relative contributor from Q4 was China Traditional Chinese Medicine. China Traditional, the largest manufacturer of traditional Chinese medicine (TCM) granules in China, has essentially modernized traditional Chinese medicine. The company has focused on improving and standardizing not only the quality of granules, but also how they are dispensed. This process has led to higher quality traditional Chinese medicine. While China Traditional was negatively impacted by increased government regulation on the granules industry earlier in the year, the negative impact of that increased government oversight subsided in Q4. The reduced government interference contributed to a boost in China Traditional's stock during the quarter. Despite regulatory pressures and the general weaker environment in China at present, we have remained attracted to the company based on its strong competitive position and industry leadership in a high-growth industry.

Our largest relative detractors in Q4 included E Ink, Havells and Lojas Renner.

E Ink is a Taiwan-based producer of e-paper technology—used in e-readers such as Amazon's Kindle—and electronic shelf label (ESL) systems used to display product pricing on retail shelves. The company continued to lag based on concerns surrounding global 2023 growth. However, the use of paper pricing and associated retail receipts continued its global decline throughout 2022 while ESL adoption has increased. ESL provides many benefits to retailers by simplifying and streamlining pricing management and allowing for dynamic pricing. E Ink's ESL systems have been the company's main growth drivers in recent years, and we maintain our conviction that E Ink is positioned to benefit from increased global ESL adoption by large-scale retailers over the long term.

Havells, a fast-moving electrical goods company in India, underperformed during the quarter due, in part, to disappointing margins. The underperformance is primarily related to two issues—an acquisition that is taking longer than expected to integrate and global inventory pressures. Both issues were exacerbated by poor management decisions. Despite the underperformance, we believe the continued expansion of multiple secular trends in India—including housing growth, greater access to electricity, a growing urban middle class and increased consumer demand for branded retail products—will lead to positive returns for Havells in the long run.

Lojas Renner, a leading Brazilian fashion retailer, also underperformed this quarter as the Brazilian market continued to deal with President Lula's notice regarding a temporary waiver for increased social spending, threatening Brazil's already stretched fiscal accounts. However, the blue-chip retailer is experienced in managing volatility and remains focused on its long-term corporate strategy to maintain its brick-and-mortar retail presence while growing its online business. Based on recent retail trends and the company's growth strategy, socioeconomically diverse client base, expertise in credit management and ability to gain market share during periods of economic and political uncertainty, we continue to believe in Lojas Renner's ability to achieve positive returns over the long run.

### Portfolio Activity

Q4 was a relatively quiet quarter in terms of portfolio activity. We added Americana Restaurants International to the portfolio, and we exited our position in Xiabuxiabu Catering Management.

Americana Restaurants is a Saudi Arabia-based company that operates food and beverage outlets throughout the Middle East and Northern Africa. Most of the outlets are modern-designed, fast food and casual dining restaurants in regions where there is opportunity from urbanization and a younger population expansion. We purchased Americana Restaurants at IPO as we were intrigued by the company's restaurant concepts, locations and expansion strategy.

Meanwhile, we exited our position in Xiabuxiabu in Q4. Headquartered in China, Xiabuxiabu runs casual dining hotpot restaurants throughout the region. While we initially liked the company's valuation, its aggressive expansion strategy created some growth challenges. However, during the reopening of China following the pandemic, the stock moved up sharply and quickly met our price target. We evaluated the position, implemented our disciplined strategy and exited this position with the purpose of redeploying capital into this quarter's new position and other higher conviction positions.

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.

### Perspective

Emerging markets economies continued to face challenges and underperformance in Q4. Sadly, the war in Ukraine has continued to reverberate across the world's regions and has led to a humanitarian crisis in Ukraine. We also see economic headwinds from elevated commodity costs, rising interest rates, currency market volatility and signs of slower global growth. These challenges are heightened across emerging markets regions.

Although this challenging global environment will continue to put pressure on emerging markets companies, we remain optimistic about 2023. From a bottom-up perspective, we believe there is

significant upside potential across parts of emerging markets given the combination of weak equity market conditions, generally positive corporate financial health and sustainable growth opportunities still intact for many companies. Further, we believe the portfolio's overall upside potential remains above average.

A more specific reason for our optimism is our broad economic exposure. We invest in varying geographies and businesses across the world. Many of these businesses and regions demonstrated their resilience and their capacity to continue to grow throughout the challenges of 2022.

One specific region we are optimistic about is Latin America. While Latin America was pressured in 2022 by political uncertainty, governmental failures and extreme voters' behavior—all of which have persisted into early 2023—we have been impressed by Latin American companies' resilience during this volatile time. Our holdings in Latin America exhibit the qualities we look for in long-term holdings—sustainable earnings, discount valuations and substantial upsides. If Latin American growth emerges and if rates normalize, we believe these companies will be well-positioned for success. We also believe that Latin America has been overlooked by many investors in recent years, and we find that our bottom-up expertise allows us to uncover strong investment opportunities that we hope will deliver for us in 2023, despite ongoing turmoil in the region.

As always, our goal is to develop a high-conviction portfolio that is well-diversified across both industries and countries. To do that, we rely on our extensive experience built upon in-person travel. We meet with several hundred company management teams every year and maintain a research library of several hundred stocks that have the essential characteristics we seek. As COVID travel regulations continue to ease, there is a greater degree of normalization and an ability to travel to the emerging markets regions. The team substantially increased travel—a critical component of our new idea generation process—in the second half of 2022, and we look forward to increasing our travel even further in 2023.

Environmental, social and governance (ESG) investing remains an important topic in our industry. We look forward to discussing our unique and differentiated view of ESG within the context of emerging markets in our 2022 Sustainability Report, which will be published in Q1 2023.

---

### ARTISAN CANVAS

Timely insights and updates from our investment teams and firm leadership

Visit [www.artisancanvas.com](http://www.artisancanvas.com)

---

For more information: Visit [www.artisanpartners.com](http://www.artisanpartners.com)

**Investment Risks:** 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. 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.

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 Sustainable Emerging Markets Strategy Composite's total net assets as of as of 31 Dec 2022: E Ink Holdings Inc 3.1%; Mytilineos SA 2.2%; China Traditional Chinese Medicine Holdings Co Ltd 2.0%; Havells India Ltd 1.7%; Alpha Services and Holdings SA 1.6%; Americana Restaurants International PLC 1.0%; Lojas Renner SA 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.

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. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

The Sustainable Industry Classification System (SICS<sup>®</sup>) is the exclusive intellectual property of Sustainability Accounting Standards Board (SASB). SICS is intended to group companies based on their shared sustainability-related risks and opportunities.

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.

Upside potential reflects the opinions of the Artisan Partners Sustainable Emerging Markets Team based on an analysis and estimates of the potential for future appreciation of individual portfolio securities by the financial markets. Securities may be impacted by downside pressures, and this estimation is not intended to reflect a projection of future portfolio or security returns. Diversification within a portfolio does not guarantee profit or protect against loss.

**Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity.

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.

© 2023 Artisan Partners. All rights reserved.

For Institutional Investors – Not for Onward Distribution

