Artisan Non-U.S. Growth Strategy

QUARTERLY
Commentary

As of 31 December 2023

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.

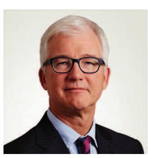
Valuation

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



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Investment Results (% USD)

			Average Annual Total Returns				
As of 31 December 2023	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Composite — Gross	**9.84**	**15.53**	**15.53**	**1.22**	**8.04**	**4.62**	**9.29**
Composite — Net	**9.60**	**14.47**	**14.47**	**0.29**	**7.06**	**3.67**	**8.28**
MSCI EAFE Index	10.42	18.24	18.24	4.02	8.16	4.28	4.91
MSCI All Country World ex USA Index[2]	9.75	15.62	15.62	1.55	7.08	3.83	5.09

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

	2019	2020	2021	2022	2023
Composite — Net	**29.56**	**7.62**	**9.07**	**-19.21**	**14.47**

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

Falling inflation and interest rates led to a strong market rebound across global equity markets in Q4. In the US, core personal consumption expenditure prices, which exclude food and energy, continued to decelerate, the tenth straight drop in the barometer since the beginning of the year. While the Fed kept interest rates steady in December, it indicated that rates may have peaked for this cycle. Anticipating easing monetary policy in 2024, financial markets reacted positively, sending equity prices higher, bond yields lower and the dollar lower against the euro and yen. Adding to the positive sentiment, holiday sales in the US climbed 3.1% from November 1 to December 26, a slower pace than last year, but a solid number, nonetheless.

In Europe, inflation rates also fell considerably. However, the eurozone and UK economies contracted slightly. The European Central Bank and the Bank of England kept key interest rates steady. Unlike the US, European central banks reaffirmed the need to hold rates higher for longer. Monthly retail sales grew at a tepid 0.1% in the eurozone in contrast to 1.3% in the UK, the strongest monthly increase there since the beginning of 2023.

Japan's economy grew at a slower-than-average rate, as did inflation. Manufacturing continued to ease after peaking earlier this year. In December, Japan's purchasing managers index declined to 47.8 from 48.3 in the previous month, the seventh straight month of contraction in factory activity amid weak demand and price pressures. Consequently, the Bank of Japan kept its -0.1% benchmark rate—one meant to spur business activity—unchanged in December. Elsewhere in the region, through sustained government stimulus, China pushed its annual GDP growth rate close to its 5% target for the year. This economic growth was the highest since April but still significantly below its 30-year average. Exports unexpectedly grew by 0.5% year-on-year during the quarter. However, the property sector continued to contract, despite government investments.

Portfolio Activity

The portfolio participated in the strong market conditions in Q4 and delivered a positive return but marginally underperformed its primary benchmark, the MSCI EAFE Index, while outperforming its secondary benchmark, the MSCI All Country World ex USA Index. Strongly positive stock selection effects were tempered by negative sector allocation and currency effects.

Our below-benchmark weighting in information technology reduced relative returns the most. Despite weak demand in Asia, bullishness in this sector was fueled by strength in cloud software, digital transformation, business process automation, the Internet of things and generative artificial intelligence. In addition, anticipation of future interest rate cuts and falling bond yields added fuel to stock price appreciation in the sector.

An overweight position in health care along with adverse currency effects more than offset the positive effects of our holdings in the sector. We have been relatively selective this year in a sector that has traditionally been seen as defensive. Given the strong performance of the market this year, health care has lagged behind other, higher growth sectors this year. While our health care holdings added alpha this quarter on a local currency basis, global immunology company Argenx detracted from results after it released top-line results from its phase 3 study of Vyvgart in adults with pemphigus, a disease in which the immune system attacks the top layer of skin and mucous membranes. The results showed no statistical difference between the treatment and a placebo. Argenx will not continue to develop the treatment but has many other treatments for autoimmune diseases that show prospects for success. These results came on the heels of last quarter's more positive results in a phase 3 trial for Vyvgart Hytrulo in which Argenx's treatment for generalized myasthenia gravis (gMG), a debilitating autoimmune disease, proved highly effective. We are particularly attracted to biopharma companies that can leverage their R&D capabilities to develop several drug candidates from a body of research and increase opportunities for success.

Holdings in consumer staples also underperformed this quarter. Household product manufacturer Reckitt Benckiser reported earnings that were in line with consensus estimates. However, its share price fell on a decline in sales volume. In addition, management indicated that it would not confirm its 2024 margin guidance until February, which added to investor uncertainty. However, the firm announced a $1.2 billion share buyback that would begin immediately. When combined with its current 3.5% dividend, Reckitt Benckiser's capital returns remain attractive. With leading market positions in many niches and a solid balance sheet, we believe this high-quality company is currently overlooked by many investors.

Lastly, our investment in global insurance broker Aon saw its share price fall in late December after it agreed to purchase NFP, a US middle market insurance broker. Investors, concerned about the transaction multiple and the near-term dilution of shares, drove the stock price down. While the acquisition would be additive to Aon's property and casualty business, we agree the price was too high and that it will not likely be accretive over the short term.

Conversely, in consumer discretionary, our holdings added to relative performance the most. Consumer spending was moderately strong during the quarter, driving earnings growth for well-positioned companies such as Amazon.com. Amazon continues to leverage its advanced logistics and warehouse automation capabilities that yield increased efficiencies. However, Amazon Web Services (AWS), Amazon's cloud computing unit, continues to be the key component of the company's revenue and profit engine. Despite some headwinds in cloud spending this year, Amazon has maintained its lead in this market by growing revenue and improving operating margins. Finally, AWS' recent investment in AI startup Anthropic, a company founded by former staffers of OpenAI, shows that Amazon intends to keep up with rivals Microsoft and Alphabet in developing large language models to support transformative cloud services for customers. We believe AWS will continue to provide upside support to Amazon's stock, especially as more customers adopt AI and machine learning capabilities.

Stock selection in financials also contributed to relative returns. Outside of Aon, most of our other holdings added excess returns. Shares of UBS rose on higher revenues of $11.7 billion, up sharply from the $9.5 billion in the previous quarter. The increase largely reflects the consolidated revenues of Credit Suisse and UBS. Operating expenses also surged given $1.2 billion in one-time costs associated with the merger. Nevertheless, adjusted earnings before taxes of $844 million were higher than consensus estimates. By 2026, UBS expects an additional $10 billion in cost reduction through streamlining its organization and achieving synergies. We have high regard for the company's global strategy and talented management team as it continues to strengthen the company's already formidable competitive advantages in retail and commercial banking, asset management, wealth management and investment banking. We are especially attracted to UBS' growing wealth management business. Additionally, Deutsche Boerse, one of the largest financial exchange operators in Europe, reached an inflection point after it presented its new strategy and plan to achieve 10% annual revenue growth and 11% annual earnings per share through 2026. These targets exceeded consensus expectations. The company continues to shift its business mix away from transactional trading and clearing services toward more secular growth opportunities found in its investment management solutions and market data and services businesses. As regulators increasingly require more data and transparency in on-exchange trading, we believe Deutsche Boerse is well positioned to leverage its formidable competitive advantages over other exchanges. This also provides it opportunities to grow revenues and earnings more durably across multiple market environments.

Industrials also added to relative performance through positive stock selection and allocation effects. Shares of Ryanair rebounded after the discount airline reported a half-year profit of €2.18 billion, a 59% year-over-year increase. It also reported that bookings for the first half of 2024 are already up 11% from 2023 with load factors holding steady above 90%. Load factors indicate the percentage of seats that are filled with paying passengers and are a key operating profit statistic for airlines. In May, Ryanair announced the purchase of 300 new Boeing 737 Max-10 jets, at a cost of $40 billion. The investment will allow it to almost double its capacity of larger, more fuel-efficient planes over the next 10 years, while potentially reducing its cost per passenger. 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.

In materials, industrial gas leader Air Liquide had a banner quarter after it inaugurated a joint venture with partner Siemens to mass produce industrial electrolyzers, large-scale equipment used to produce hydrogen through electrolysis. When using a renewable energy source as a feedstock—such as wind or solar power—electrolysis is a zero-emission process. Hydrogen is an energy source that has the potential to decarbonize large portions of the economy, particularly in heavy industry. In addition, Air Liquide was named as a key partner in most of the hydrogen hubs being scaled up in the US supported by the Department of Energy. These developments help move Air Liquide forward on its path to execute its backlog of green energy investment opportunities worth several billion euro.

Finally, as mentioned, our health care stocks contributed to positive relative performance this quarter despite negative allocation effects. Ascendis Pharma rose on news that the company entered into an exclusive licensing agreement with Teijin Pharma to commercialize TransCon PTH, TransCon hGH and TransCon CNP in Japan. TransCon is Ascendis Pharma's platform that combines known biology with sustained-release prodrugs that optimize how drugs are released into the body. Under the agreement, Teijin will pay Ascendis $70 million upfront and $175 million at various development milestones on top of a 25% royalty on future sales. We believe this partnership allows Ascendis to focus its attention on European and US markets while leveraging a reputable partner to commercialize TransCon in Japan. Overall, we are excited about this company's strong pipeline of new therapies that we believe will pay off in the coming year.

Positioning Activity

Our recent stock selection highlights some of the newer structural growth areas of the global economy, particularly within our infrastructure and environment themes.

In our infrastructure theme, we increased our positions in companies benefiting from the growing demand for air travel. Since the end of COVID, airlines have ramped up supply to meet this demand but are doing so in a way that supports net-zero carbon emissions by 2050. Given this trend, we leaned into growth companies like Ryanair, which, as mentioned in the Portfolio Activity section, is a leader in sustainable aviation. It recently purchased 500 metric tons of sustainable aviation fuel (SAF), saving over 1,250 metric tons of CO_2 emissions. SAF is produced from non-petroleum feedstock, including food and yard waste. It can reduce up to 80% of carbon emissions over the lifecycle of the fuel compared to regular jet fuel. We also increased our position in Safran, a French company that develops and manufactures aerospace and defense equipment. It works with General Electric to produce jet engines for narrow-body jets for Boeing and Airbus. Safran is also at the forefront of developing lighter aircraft designs and ultra-efficient engines that can help lower carbon emissions by 20%. Lastly, we added aviation leasing leader AerCap to the portfolio. AerCap provides a wide variety of aircraft leasing and financing services to owners, financiers and investors. Driven by the quality of its fleet, we are attracted to the strong demand we see in its core business. In recent years, the company has benefited from supply disruptions in the industry that have increased demand for its services.

We also increased our position in building materials and infrastructure development by adding to our holding in Ireland-based CRH. Like other stocks in the portfolio, CRH benefits from the secular tailwinds generated by the Infrastructure Investment and Jobs Act, Inflation Reduction Act and the CHIPS Act. It manufactures and distributes a wide range of architectural, infrastructure and construction products. We like its strong balance sheet and leadership position in the US, where we see the possibility of increased demand in the commercial and residential markets. After buying $3 billion in its own shares in 2023, we think the environment is favorable for the company to continue share buybacks in 2024.

In our environment theme, we added to our positions in companies that are investing in the transition to a lower carbon future while providing the energy needed to power economies today. In this vein, we added global energy giant Petrobras to the portfolio, one of the lowest greenhouse gas producers among all energy companies. We are attracted to the company's new strategic plan that calls for increasing exploration and oil production while investing in lower carbon and renewable energy sources. We think this strategy will lead to increased free cash flow, dividends and share buybacks.

In our demographics theme, we continued to reduce our exposure to the slowing demand for luxury goods and discretionary brands. For example, we trimmed Swiss luxury firm Richemont given its exposure to China, where the outlook for luxury goods remains muted. A shrinking property market, rising debt and an aging population have resulted in decelerating revenues for luxury watches, leather goods and apparel. Nonetheless, we still value Richemont's ability to generate profit growth, particularly in hard luxury (e.g., jewelry and watches) and believe it will rebound. Also, we exited our position in global consumer products giant Unilever due to slowing sales volumes. Sales growth this year has been supported mainly by price increases. The company now anticipates softer consumer spending in the coming months with fewer price increases. We also trimmed consumer staples company Reckitt Benckiser on slowing like-for-like sales growth.

In health care, where the nexus of aging populations, strong patient needs and biotech innovation creates long-term growth opportunities, we trimmed positions in Daiichi Sankyo, a Japanese biotech company, and that of its North American partner, AstraZeneca, while we await further developments in their antibody-drug conjugate (ADC) pipeline. The two companies have a 50/50 partnership to develop Dato-DXd, a promising ADC to treat a certain type of breast cancer. And HER3-Dxd, an ADC developed in collaboration with Merck to treat a metastatic non-small lung cancer, was recently granted priority review by the Food and Drug Administration with a mid-2024 decision date. On the other hand, we added to our position in Novo Nordisk. We believe the Danish biotech company will continue to ramp up supplies to meet the mushrooming demand for its GLP-1 drugs, Ozempic and Wegovy. These drugs improve blood sugar control and weight loss for diabetes and obesity patients. Together they generated $4.7 billion in revenue in Q3 2023, more than half of the company's total revenues. We value Novo Nordisk's large market opportunity and long growth runway, making it a durable grower for years to come, in our view.

In our financial services theme, we see increased opportunities for companies with durable earnings in asset management, exchanges and data services and fewer opportunities for banking and insurance. In particular, we are positioning for volume growth in interest rate derivatives by adding to our position in financial exchange operator Deutsche Boerse. We also added to UBS, our largest position. Its wealth management business is the biggest revenue driver for the firm, and many think it could also be its fastest growing unit as well going forward. Alternatively, we trimmed shares of BNP Paribas given its relatively high valuation, average capital return and falling deposits in some key European markets. We also trimmed our position in global insurance broker Aon. In addition to its expensive NFP acquisition, moderating inflation may diminish some of the pricing tailwinds it has enjoyed this year.

Within the technology theme, we invested in what we believe will be the next semiconductor cycle by adding ASML back to the portfolio. ASML Holding is a leading manufacturer of semiconductor equipment, including lithography systems that are critical to making the most advanced chips in the world. The Netherlands-based company has a natural monopoly in harnessing extreme ultraviolet light used to etch ever more powerful and smaller integrated circuits onto silicon wafers. We think the market's 2024 expectations for the company are too low and that near-term share buybacks will support a higher valuation.

Outlook

With inflation declining, interest rates falling and continued employment, most signs point to a market environment with moderating risks in 2024. However, transitioning economies, increased geopolitical risk, inflation volatility and increasingly uncorrelated central bank policies could lead to a period of increased volatility as well. Whatever happens in 2024, we strongly believe that investing in a portfolio of high-quality companies—well diversified across sectors, industries and regions—should continue to play a significant role for investors' portfolios. As always, our consistent approach to investing is designed to help investors meet their financial goals.

For more information: Visit www.artisanpartners.com

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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 Non-U.S. Growth Strategy Composite's total net assets as of 31 Dec 2023: Argenx SE 1.8%, Reckitt Benckiser Group PLC 1.4%, Aon PLC 1.8%, Amazon.com Inc 4.8%, UBS Group AG 6.8%, Deutsche Boerse AG 3.3%, Ryanair Holdings PLC 3.0%, Air Liquide SA 5.1%, Ascendis Pharma A/S 1.3%, Safran SA 2.0%, Airbus SE 1.6%, AerCap Holdings NV 1.0%, CRH PLC 1.9%, Petroleo Brasileiro SA 1.7%, Cie Financiere Richemont SA 1.6%, Daiichi Sankyo Co Ltd 1.3%, AstraZeneca PLC 1.6%, Novo Nordisk A/S 5.1%, BNP Paribas SA 1.1%, ASML Holding NV 0.9%. As of 3 Mar 2022, Russian holdings were 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 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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