Artisan Emerging Markets Local Opportunities Strategy

QUARTERLY
Commentary

As of 31 March 2024

For Institutional Investors—Not for Onward Distribution

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.

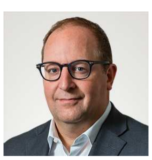
Portfolio Implementation

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.

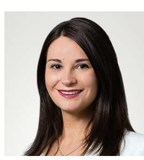
Team Overview

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 March 2024	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
			Average Annual Total Returns				
Composite—Gross	**-0.44**	**-0.44**	**8.18**	—	—	—	**11.53**
Composite—Net	**-0.61**	**-0.61**	**7.43**	—	—	—	**10.75**
J.P. Morgan GBI-EM Global Diversified Index (USD)	-2.12	-2.12	4.91	—	—	—	7.98

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

	2020	2021	2022	2023	2024
Composite — Net	—	—	—	—	**7.43**

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

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 lower for the quarter yet outperformed the J.P. Morgan GBI-EM Global Diversified Index for the period. Emerging markets currencies were broadly weaker throughout the quarter as the US dollar strengthened, serving as a headwind to emerging markets local debt.

Investing Environment

Following the market rally that closed out 2023, emerging markets debt had a mixed beginning to 2024. A resurgence of unfavorable US consumer price index prints and a resilient labor market led investors to once again price in the idea that interest rates may stay higher for longer. In reaction, the US dollar strengthened, and US Treasury yields gyrated upward, both weighing on emerging markets debt performance. Countering these headwinds, strong fundamentals and resilient economic growth drove credit spreads to their tightest levels since January 2022, boosting risk assets broadly, including emerging markets debt.

Developed market central banks remained hawkish throughout Q1. The Fed held rates steady for its fourth and fifth consecutive meetings in January and March, respectively. Chair Jerome Powell reiterated the Fed's commitment to bringing inflation down to its 2% target yet relayed a surprisingly dovish tone after the March meeting and still forecasts three rate cuts in 2024. The ECB and BOE also held rates steady throughout the quarter, though the ECB suggested a rate cut is likely in June assuming data continues to meet expectations. Elsewhere, the BOJ ended its era of negative interest rates when it raised borrowing costs for the first time since 2007.

Central banks in emerging markets are increasingly diverging from their developed market counterparts. In response to the inflationary surge spurred by the COVID-19 pandemic, emerging markets nations swiftly implemented tight monetary and fiscal policies to curb inflation. As inflation in many countries subsides, emerging markets countries continue to evaluate financial conditions and are now finding themselves at varying stages of the monetary policy cycle. For instance, Brazil, Chile and Colombia all lowered interest rates; Serbia and Poland held interest rates; Nigeria, Egypt and Zambia hiked rates throughout the quarter.

Emerging markets currencies were broadly weaker as the US dollar strengthened on the heels of the market pricing in higher for longer expectations for US interest rates. Changes to local foreign exchange policies resulted in sharp selloffs in several countries. For instance, the Central Bank of Nigeria (CBN) devalued the naira in January, the second time in the past year, allowing the currency to float freely and converge with the parallel market rate. The CBN also raised interest rates twice during Q1, by 400bps in February and 200bps in March. In the past 12 months, the Nigerian naira has depreciated by 67%. Egypt allowed the pound to weaken by more than 30% in a devaluation, a policy pivot that led to the country securing a deal with the International Monetary Fund and is expected to attract the support of additional foreign investors.

While emerging markets debt remains at the mercy of an increasingly uncertain global macroeconomic backdrop, local events across the globe continue to shape idiosyncratic returns. Senegal was teetering on the brink of crisis after former President Macky Sall postponed the February presidential election and attempted to extend his final term. Yet Senegalese dollar bonds rebounded in March after Sall agreed to step down and Bassirou Diomaye Faye clinched the victory. Ecuador bonds jumped after President Daniel Noboa announced the country expects to reach a deal with the IMF and continued to crack down on violence. A new government in Pakistan, led once again by Prime Minister Shehbaz Sharif, boosted Pakistani dollar bonds. Zambia reached an agreement with bondholders, and Sri Lanka and Ghana made forward progress on their debt restructuring talks, lifting the sovereign bonds in each of those countries.

Portfolio Positioning

In our view, the portfolio remains conservatively positioned as geopolitical uncertainty persists, though the EMsights Capital Group continues to prudently add risk when opportunities arise. The team took advantage of the broad-based currency selloff and local policy changes to increase exposure to certain currency regimes, such as the Egyptian pound and Nigerian naira. Portfolio duration moderately increased during Q1, ending the quarter slightly overweight duration relative to the J.P. Morgan GBI-EM Global Diversified Index. The portfolio increased its underweight to local rates in Eastern Europe as differentiation of fiscal policy across the region grew during Q1. The portfolio remains long local rates in Latin America, where the disinflation process remains robust. Sovereign credit exposure was reduced throughout the quarter as credit spreads tightened; however, the portfolio maintains long credit exposure to countries with improving fundamental stories, specifically in Africa and Latin America.

EMsights Capital Group continues to search for countries with improving storylines where market prices are not fully reflecting fundamentals. The global economy continues to face challenges in 2024, many of which are serving as tailwinds that keep the emerging markets debt outlook strong. With one of the busiest election cycles on record, growing geopolitical tensions and fiscal consolidation continue to present exploitable volatility events.

In Q1 2024, the top contributing countries to returns for the J.P. Morgan GBI-EM Global Diversified Index were Mexico, Colombia and Uruguay. The top detracting countries were Romania, Peru and China.

Exhibit 1: Q1 2024 Attribution—Relative to the J.P. Morgan GBI-EM Global Diversified Index

Contributors
Overweight to Nigerian naira
Overweight to Uruguayan peso
Underweight to the South African rand and local rates
Detractors
Underweight to Mexican peso
Overweight to Czech koruna
Overweight to Hungarian forint

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.

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.

J.P. Morgan GBI-EM Global Diversified Index is an index of local-currency bonds with maturities of more than one year issued by EM governments. 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 31 Mar 2024. 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 adjusts for derivatives' exposures to the market value of a contract's underlying security, rather than the market value of the contract itself, and represents an approximation of the portfolio's economic and risk exposures at a point in time. Delta measures the sensitivity of a derivative contract to changes in price of its underlying security; the derivatives contract's value may be overstated or understated without delta-adjustment.

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