David Samra, awarded for his stock-picking during and after the 2008 financial crisis, says he's buying again.

Samra, who oversees about $30 billion for Artisan Partners, says now's the time for a steady hand and no emotion as concern intensifies about the slowdown in China and the sliding price of oil. The winner of Morningstar Inc. international stock manager rankings in 2008 and 2013 says he's sticking to his investment approach: finding undervalued shares with strong balance sheets.

“We welcome these types of markets,” Samra said in a phone interview from San Francisco on Monday. “We weren't happy to see the potential social and economic disruption that happened during the financial crisis. It causes a lot of human misery. You're not existentially happy about what's going on. On the other hand, that turned out to be a market opportunity.”

Global equities erased $7.7 trillion in value this year through Monday as routs in commodities and Shanghai shares spread, taking global banks as the latest victim. Worldwide stocks neared a bear market on Tuesday as the yen surged and corporate bond risk jumped. The largest Samra oversees, lost 8.3 percent in 2016.

Markets had become “very greedy” over the past few years, according to Samra, which he says was time to take advantage and sell shares. In today's conditions, it's time to “aggressively buy,” he said. His main fund had 12.7 percent of its holdings in cash as of Jan. 31.

**UBS BET**

In UBS Group AG, which has plummeted 26 percent this year, Samra sees his preferred combination of cheapness and a safety buffer. The Swiss bank, the third-largest holding in Samra's biggest fund, has strong capital levels, a less complex balance sheet and a wealth-management business that's worth more than the lender's market value, says Samra, while declining to specify which stocks he's been buying amid the sell-off. Chairman Axel Weber is taking the right approach by prioritizing wealth management over investment banking, he said.

Earlier this month, Credit Suisse Group AG reported its biggest quarterly loss in seven years as it wrote off goodwill and set aside provisions for litigation, sending shares to a 25-year low. A slump in earnings at UBS's wealth-management and investment-banking divisions also sparked its biggest stock drop in more than a year.

UBS is "way ahead of their competitors, well ahead of Credit Suisse," Samra said. Short-term headwinds such as declines in assets under management and tougher regulations "don't undermine the franchise in the long term."

The International Value Fund had 42 holdings at the end of January, with Compass Group Plc and Samsung Electronics Co. the two biggest holdings, according to information on Artisan Partners’ website.

**CHINESE ECONOMY**

One area where Samra's not rushing to invest is China. He says the economy may have already stopped growing and valuations are "not even close" to enticing.

As for oil, the other obsession of global markets this year, Samra says it's probably time to get bullish. Growth in production has stopped and the lower prices will make substitute energy sources less attractive, he said. West Texas Intermediate traded near $30 a barrel on Tuesday, and has fallen more than 50 percent since June.

Samra's main fund, which he manages with Daniel O'Keefe, beat 92 percent of peers over the past five years, data compiled by Bloomberg show. Samra and O'Keefe ranked in the top percentile with a 31 percent gain when they won Morningstar's U.S. manager of the year for international stocks in 2013, according to the fund-ranking firm. They took top honors in the same segment in 2008 when the Artisan International Value Fund lost 30 percent.

**CREATING BUBBLES**

Samra says he's doubtful about central bank monetary policies after the financial crisis. Japan, already buying unprecedented amounts of bonds to stimulate its economy, said last month it would move to negative interest rates. European Central Bank President Mario Draghi says more easing could come as soon as March.

"The world is not right," Samra said. "You always run this balance between creating social unrest and creating bubbles, and we've erred on the side of creating bubbles," he said.

"We've had distortion after distortion. And we keep applying more aggressively the same remedies and causing more distortions."

Still, the former Harris Associates fund manager says his stocks are trading at high discounts to what he sees as their value, and the turmoil means it's time to make money.

"You need a personality that can take the emotion and noise out of the equation," he said.

"We've got the contrarian streak" of buying things others want to offload, he said. "And we've got the conservative nature that we want to make sure that if we don't get the analysis correct, we don't get slaughtered."
Clarification:
(1) The reference to Artisan International Value Fund’s (ARTKX) loss of 8.3% in 2016 refers to the year-to-date period ending 8 February 2016.

N. David Samra is the lead portfolio manager for Artisan International Value Fund. This article represents the views of Tom Redmond of Bloomberg Business and N. David Samra as of the date of publication and those views and opinions presented are their own. Artisan Partners is not responsible for and cannot guarantee the accuracy or completeness of any statement in the discussion. This material does not constitute investment advice or a solicitation of any specific investment product or service. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation. Prospective investors should consult their financial and tax adviser before making investments in order to determine whether an investment will be suitable for them.

Average annual total returns for the fund and benchmark as of 31 Dec 2015:

| Artisan International Value Fund – ARTKX (Inception 23 Sep 2002): |
|-----------------|----------------|----------------|----------------|
| 1 YR            | 3 YR           | 5 YR           | 10 YR          |
| -1.75%          | 8.42%          | 7.77%          | 7.97%          |
| 13.23%          |                |                |                |

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Source: Artisan Partners/ MSCI/Morningstar. ‘Category contains 793 funds (1 YR), 608 (5 YR) and 350 funds (10 YR). Morningstar Rankings represent a fund’s historical total-return percentile rank relative to all funds that have the same Morningstar Category. The highest percentile rank is 1 and the lowest is 100. The number of funds in the category may include several share classes of the same mutual fund which may have a material impact on the fund’s ranking within the category.

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