

Everything Everywhere All at Once: Exploring the International Small-Cap Alphaverse

Beini Zhou and Anand Vasagiri | Artisan International Explorer Strategy



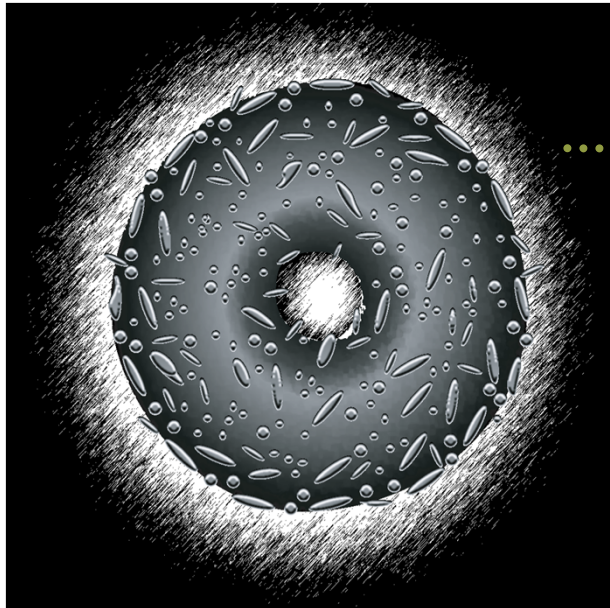
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Getting Googly Eyed: Idiosyncrasy Rules in our Alphaverse

Dabbling in the international small-cap universe can be simultaneously fun and scary

- Can feel like walking through a minefield versus investing in S&P 500® Index
- Discovering hidden gems with little—or often no—love from Wall Street is the fun part



- High-conviction portfolio with less than 40 names
- Not seeking superficial value factors
- High bar for ownership = no trade-offs

Connecting Dots Across the Multiverse

Analyzing businesses across all industries and geographies has yielded a rich mental database

- We can connect dots and **recognize patterns** more efficiently
 - Management is often more focused on running the company than telling a story
 - Lack of local comps makes it harder to understand or appreciate the value

- Our **global perspective** on how similar companies have evolved lends itself to better appreciating a company's potential
- Renders it easier to find attractively priced, **long-term compounders**



Sui Generis: Hot Dog Fingers, Raccacoonie & Martial Arts

What is quality? It depends—for almost every rule or pattern, there are exceptions



- High return vs. low return?
- High market share vs. low market share?
- High switching cost vs. low switching cost?
- Asset light vs. asset heavy?
- IP vs. process know-how?
- Founder run vs. professional CEO run?

What Could Go Wrong?

Mitigating the impact of our inherent biases



Disclose relevant biases (good or bad)

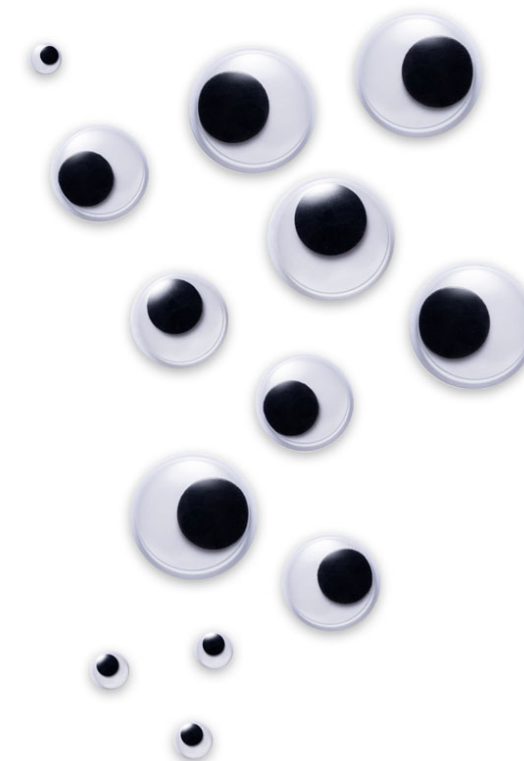
Devise company-specific plan
to compensate for biases

Bull vs. Bear



Top 10 Holdings

Company	Description	% of total portfolio
M&C Saatchi PLC (United Kingdom)	A full-service advertising agency with worldwide locations.	9.8
Despegar.com Corp (Argentina)	The “Expedia” of Latin America—a leading online travel agency in Latin America.	5.2
ATS Automation Tooling Systems Inc (Canada)	Offers automation solutions for companies, primarily as a systems integrator.	5.2
Glenveagh Properties PLC (Ireland)	A homebuilder focused on the development of single- and multi-family houses and apartments.	4.9
Sato Holdings Corp (Japan)	Company focused on manufacturing and sales of auto-identity technology products.	4.2
Steadfast Group Ltd (Australia)	A service provider to insurance broker businesses across Australia, New Zealand and Singapore.	4.1
Mitra Adiperkasa Tbk PT (Indonesia)	Indonesian-based retailer with a franchise portfolio of over 150 international brands such as Starbucks, Zara, Adidas, Calvin Klein and Disney.	3.5
Zuken Inc (Japan)	Software company participating in the global electronic design automation market.	3.5
Impro Precision Industries, Ltd (Hong Kong)	Leading global manufacturer of high-precision, high-complexity, and mission-critical casting and machining components.	3.4
Qualitas Controladora SAB de CV (Mexico)	Leading auto insurer – the “Geico” of Mexico.	3.3
Total		47.1%





Questions?

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