



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 19

**MEETING DATE:** May 18, 2022

**SUBJECT:** Global Equity Manager Recommendations

**SUBMITTED FOR:**  Consent  **Deliberation and Action**  **Receive and File**

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### **RECOMMENDATION**

Staff recommends the Board:

- Invest approximately \$125 million with Artisan Partners (Global Opportunities strategy) and \$125 million with Nikko Asset Management (Global Equity strategy), and authorize the Chief Executive Officer to execute necessary documents and agreements for each mandate;
- Authorize Staff to determine the most effective method for transitioning assets and execute any necessary documents or agreements to effectuate the transition of assets.

### **PURPOSE**

This item provides a recommendation for the global equity mandate for which the Board previously authorized Staff and Verus to conduct an investment manager search. This item complies with SCERS' Growth asset category Investment Policy Statement implementation protocols for public equity investment managers to have Staff and Consultant perform due diligence and make investment manager recommendations to the Board for consideration and approval.

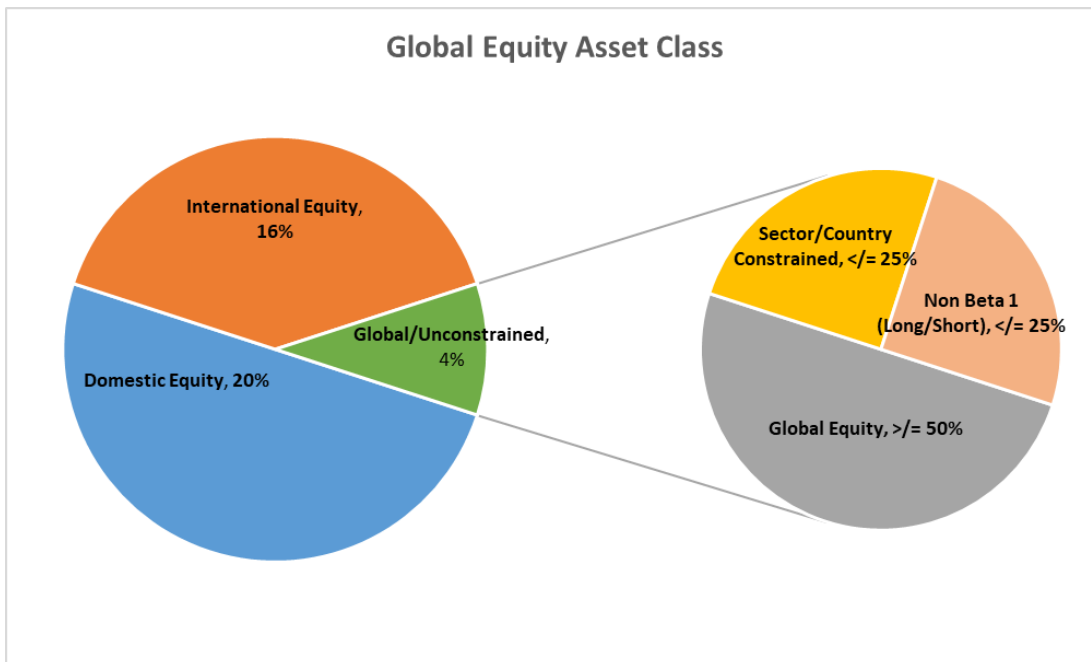
### **BACKGROUND**

The investment objectives of the Global Equity asset class, which resides within the Growth asset category, include the following:

- Enhance total fund performance
- Invest in a diversified portfolio of domestic and international equity securities, across investment styles and market capitalizations, through externally managed strategies.
- Earn net returns in excess of equity index benchmarks, primarily from the selection of investment managers
- Maintain reasonable levels of aggregate risk, as measured through standard deviation and tracking error.

At the December 2021 Board meeting, the Board approved a 40% target allocation to the revised Global Equity asset class within the Growth asset category, which includes a 4% target allocation to the Global/Unconstrained segment of the portfolio. Within the Global/Unconstrained segment, 50% is targeted for global equity strategies, with the other 50% allocated to non-beta 1 or country/sector specific strategies. As of March 31, 2022, the allocation to Global Equity was below the 40% target allocation at approximately 37.4%.

Asset Class	Target %	Range
Global Equity	40%	36% - 44%
Sub-Asset Class	Target %	Range
Domestic Equity	20%	18% - 22%
International Equity	16%	14% - 20%
Global/Unconstrained Equity	4%	1% - 6%



Also at the December 2021 Board meeting, the Board approved initiating an investment manager search to fill the global equity allocation within Global/Unconstrained. The target investment amount for this search is approximately \$250 million, which is 2% of SCERS' estimated total portfolio value of \$12.5 billion. As noted when the search was approved, the search could result in recommending a single manager or multiple managers, depending on the outcome of the search process.

As discussed during the December Board meeting, adding global strategies to SCERS' public equity structure allows SCERS to invest in strategies that have the ability to potentially generate excess returns above the broad public equity benchmark (MSCI ACWI IMI). These strategies have flexibility to allocate across the full spectrum of global equity markets, including U.S.,

developed international, and emerging markets. These strategies are actively managed and have demonstrated the ability to earn excess returns above the global equity benchmark.

### **MANAGER SEARCH SUMMARY**

For the global equity manager search, Staff and Verus performed extensive due diligence, which included screening the global equity manager universe through various investment manager databases and leveraging Verus' resources to help construct an initial list of potential candidates. In addition to reviewing available materials on investment manager databases, Staff and Verus also reviewed presentations and materials provided directly from the managers. This evaluation process took the following criteria into consideration: sufficient levels of institutional infrastructure; a minimum amount of assets under management; organizational stability; differentiated investment philosophy and process; and performance record.

The following managers were selected to interview with Staff and Verus (via videoconference) in March:

- Artisan Partners
- Comgest Global Investors
- Nikko Asset Management
- Ninety One
- Sands Capital

Following the interviews, Staff and Verus continued the due diligence process, which included additional data requested from the managers and follow-up communications via call or email. Staff and Verus also had multiple conversations to evaluate the managers being considered.

### **RECOMMENDATION**

Based on extensive analysis, Staff and Verus recommend adding two global equity managers as the core allocations within the Global/Unconstrained segment. The two managers recommended are Artisan Partners (Global Opportunities strategy) and Nikko Asset Management (Global Equity strategy). Both managers recommended run highly active and concentrated portfolios, typically between 25 and 50 securities, with high active share<sup>1</sup> and moderate levels of tracking error<sup>2</sup> versus the benchmark. The concentrated nature of the portfolios compared to the benchmark, which includes more than 9,000 constituents, emphasize security selection with the objective of generating meaningful excess returns. Each manager utilizes a fundamental, bottom-up approach to research and security selection. Artisan and Nikko each have a unique investment process, starting from identifying and researching stock ideas through to portfolio construction and monitoring. The differences in investment process between

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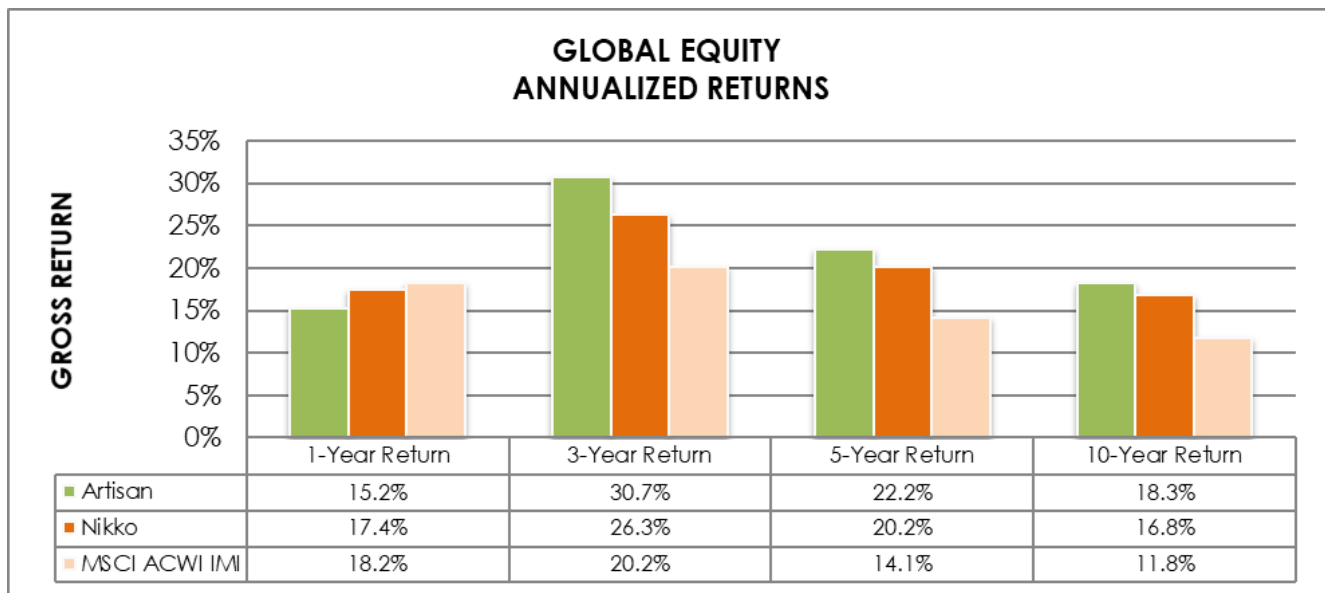
<sup>1</sup> Active Share: Measures the percentage of stock holdings in a manager's portfolio that differs from the benchmark index.

<sup>2</sup> Tracking error: Measure of how a portfolios returns differ compared to the benchmark, calculated as the standard deviation of the difference in returns between a portfolio and the benchmark.

the managers result in unique portfolios with minimal overlap between securities and varying sector and geographic exposure.

Staff and Verus recommend equal weighting the allocation between Artisan and Nikko, with each manager allocation approximately \$125 million, which equates to half the targeted allocation for global equity strategies within the Global/Unconstrained segment. Allocating to two managers (versus a single manager) will help provide diversification to the portfolio and minimize risk by dampening overall volatility for this segment of the portfolio. As part of the analysis performed, SCERS and Verus examined the calendar year returns for each manager, including the combined returns for various manager combinations. This analysis provided additional information on how the combination of managers would potentially result in improved risk-adjusted returns for the portfolio.

While all manager candidates were highly qualified, this memo will focus on the recommendation of Artisan and Nikko, and the factors that differentiated these firms from the other managers. Both Artisan and Nikko have a strong history of generating outperformance over the MSCI ACWI IMI benchmark. Additionally, the outperformance has been generated over both the short and longer-term periods, with each manager showing the ability to outperform during both up and down markets for the benchmark.

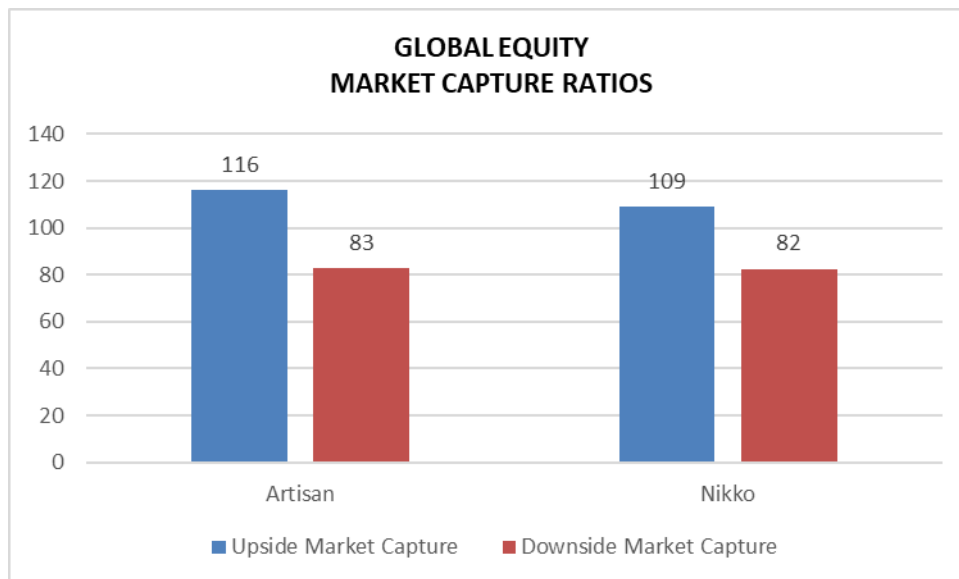
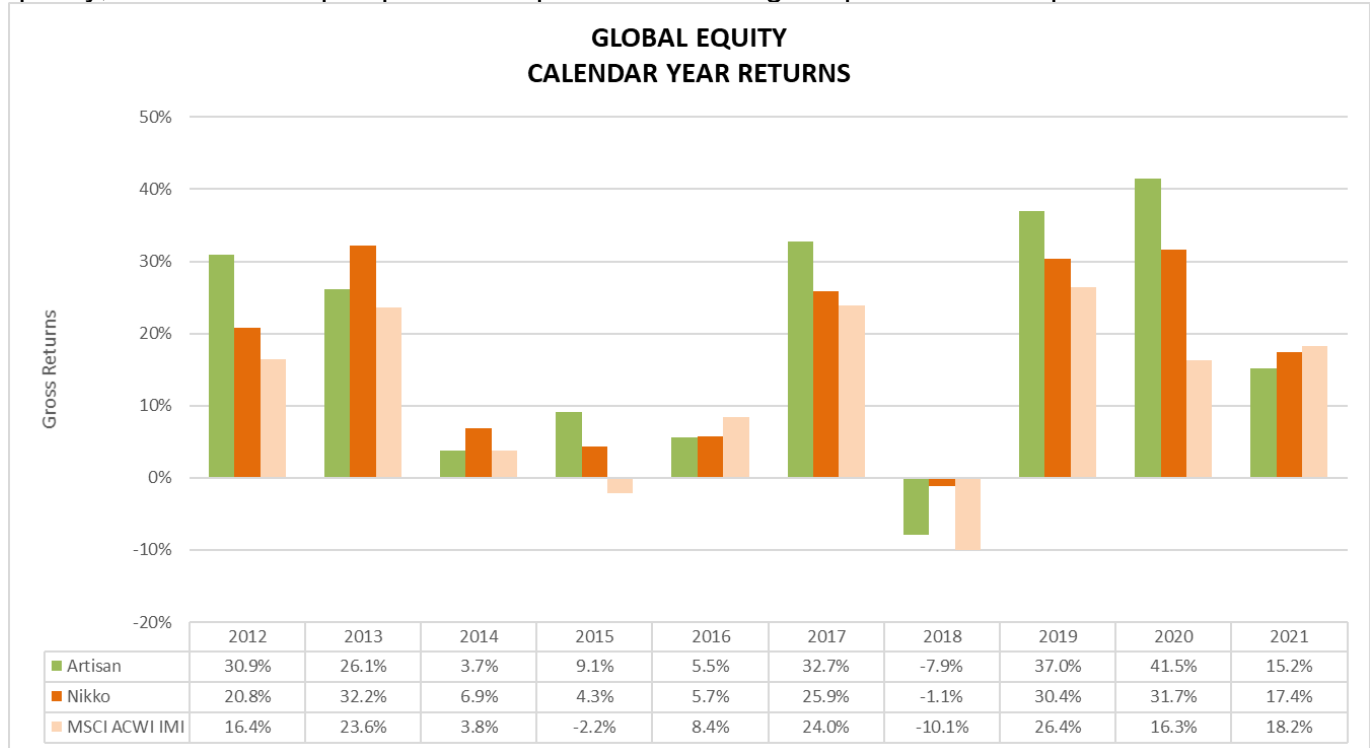


*As of December 31, 2021*

Both Artisan and Nikko have a high upside capture ratio and low downside capture ratio<sup>3</sup>, as shown below. Additionally, the historical calendar year performance shows that Artisan and Nikko have complementary return patterns, with each manager outperforming the other five out of the past ten years. From a style perspective, the Artisan portfolio has historically tilted towards

<sup>3</sup> The upside/downside capture ratio measures the ratio of the upside and downside of an investment vs a benchmark. Measured on a scale of 100, the statistics show you whether a given fund has outperformed--gained more or lost less than--a broad market benchmark during periods of market strength and weakness.

large cap growth exposure. While the Nikko portfolio also has exposure to the growth factor, its overall style is more balanced between growth and value, reflecting the strategy emphasis on quality, and market cap exposure is spread across large cap and small cap securities.



*Ten Years Ending December 2021 versus MSCI ACWI IMI Benchmark*

Both Artisan and Nikko offer commingled funds for investment, which is the preferred option for SCERS in strategies that include emerging markets. Investing in a commingled fund allows SCERS to receive identical performance returns for the strategy without the regulatory burdens necessary to gain market access and hold custody of securities across international and

emerging markets. Staff has had discussions with the staff of Artisan and Nikko on the terms and structure of their commingled funds. If the Board approves the selection of these managers, funding will be contingent on successful negotiation of the legal terms and agreements.

## **MANAGER REVIEWS**

The Verus report has detailed review of each manager. Below is summary review of each manager by Staff.

### **ARTISAN PARTNERS – GLOBAL OPPORTUNITIES STRATEGY:**

#### **Firm and Team:**

Artisan Partners (Artisan or the Firm) was founded in 1994 with corporate headquarters in Milwaukee, Wisconsin. Artisan was established to take advantage of what the founders saw as two secular trends, talent acquisition and open architecture, which shaped the Firm's growth strategy. Artisan focused on a talent acquisition strategy to attract investment talent and high-quality investors to the firm. The open architecture framework allowed the investment talent the platform to execute their investment process with limited distractions. The structure provided the infrastructure to assist with operations and management, alongside a distribution platform through consultants and mutual funds. The business model, focused on investment talent and structured as a hybrid of a boutique and fully integrated firm, allows autonomous investment teams to manage a range of active strategies, diversified by market capitalization, region, and investment style.

Artisan Partners Asset Management is a public company, with the initial public offering occurring in 2013. The Firm has offices across the globe, including Milwaukee, San Francisco, New York, London, Hong Kong, and Singapore. Employees own approximately 15-20% of the Firm, with overall ownership held predominately by institutional investors. The total firm assets under management (AUM) are approximately \$175 billion<sup>4</sup>, spread across multiple investment teams and strategies. Institutional investors make up over 60% of Firm AUM, with over 600 institutional clients and investors. The Firm has approximately 500 employees, with 28 dedicated to the Growth team, which manages the Global Opportunities strategy that is being considered for investment. The Growth team at Artisan manages approximately \$52.5 billion in assets, with the Global Opportunities strategy being just over half the assets, at approximately \$27.6 billion.

The Global Opportunities strategy was launched in 2007. James Hamel, who joined Artisan in 1997 and has 25 years' experience, is a Managing Director and the Lead Portfolio Manager for Global Opportunities. In addition to Mr. Hamel, the Growth team at Artisan includes four other portfolio managers, who collectively average over 24 years' experience. They are supported by a team of analysts and research associates, who are sector focused specialists, providing in-depth coverage of sectors on a global basis.

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<sup>4</sup> As of December 31, 2021

**Investment Strategy:**

The Artisan Global Opportunities strategy provides a growth-oriented approach with a fundamental belief that stock market values follow profits, and that following profit cycles can lead to significant asset growth. The investment team seeks to invest in companies with franchise characteristics that are benefiting from an accelerating profit cycle and are trading at a discount to private market value. The investment process seeks to implement a disciplined and repeatable approach, emphasizing security selection and capital allocation, to build a portfolio that can grow and compound over time.

The Artisan team uses fundamental analysis for security selection, with idea generation often coming from team members and their knowledge of franchise companies within their area of specialty (sector specialists). Artisan defines franchise companies as those with dominant market share, have proprietary assets, and/or defensible brand names. The team looks to find great businesses, with defensible characteristics, and the ability to capitalize on their strengths. These companies typically have positive earnings and cash flow, which can compound over time. They also look for reasonably financed businesses that do not require excess leverage (i.e. asset light businesses). From a global perspective, Artisan estimates there are roughly 350 companies that meet their franchise characteristics.

From a valuation perspective, Artisan looks to purchase stocks at a discount to private market value. To determine private market value, the team creates financial models for the company, detailing expectations for revenue growth, margins, and cash flows, including sensitivity analysis and probability weighting different potential outcomes. The future cash flows are discounted back at a conservative rate. The team looks to purchase companies at reasonable discounts, typically 60-80% of private market value. As noted during our conversations with Artisan, they try to put themselves in the mindset of a private market investor, if they had control of operations, and then take a discount to account for a control premium that a private market investor would have.

As noted above, Artisan believes that stock values follow profits. Therefore, they look to identify companies with the ability to grow profits over time, and invest in companies with emerging profit cycles. The investment process begins with taking smaller positions in companies early in the profit cycle, or shifting through investment cycles, with a runway for growth. They evaluate what a company's earnings and cash flow may be several years out, recognizing they could be early when making the investment. Artisan calls these "Garden Positions", allocating less capital (smaller position sizes) to reduce risk. As companies move forward where the expected profit cycle is being realized, the position sizes typically increase. These "Crop Positions" generally constitute the majority of capital in the portfolio. Artisan seeks to reduce positions when the profit cycle is near completion or when a company is approaching full valuation ("Harvest Positions").

**Portfolio Construction:**

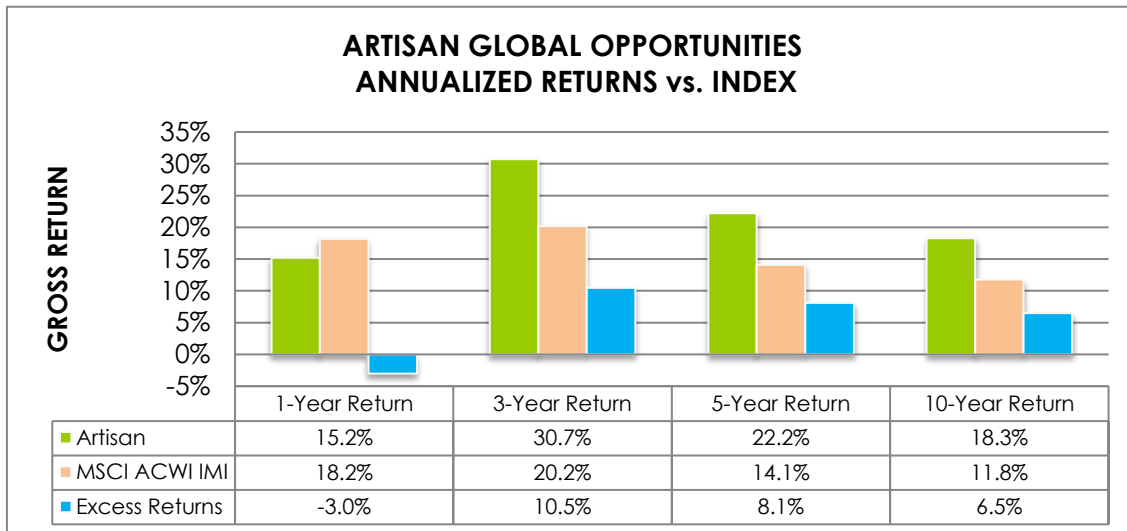
The Global Opportunities portfolio is typically invested in 30 to 50 stocks, with diversification across countries and regions. As with all managers included in the search, the portfolio has relatively high concentration compared to the global equity universe, concentrating investments in Artisan's highest conviction ideas. At the end of December 2021, the portfolio held 46 securities across 13 countries, with active share of 91%, and 38% of the portfolio invested in the top ten positions.

Position sizes typically range from 2% to 8%, with a maximum position size limit of 10%. Over time, portfolio turnover has averaged around 40%.

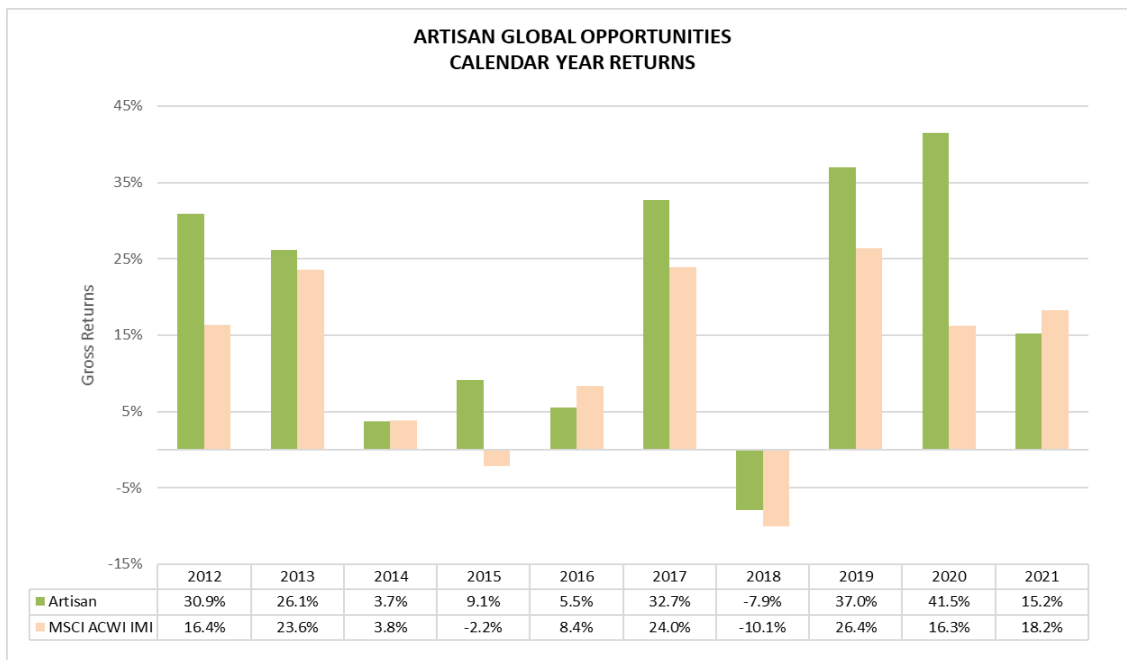
Mr. Hammel, as lead portfolio manager, ultimately has discretion over investment decisions. However, as noted during discussions with the team, Artisan employs a collaborative process with the portfolio managers and investment analysts, emphasizing discussion and collaboration among the investment team. The team operates on a meritocracy, rewarding team members for their contributions. Analysts also run their own portfolios, with full transparency around outcomes, including full documentation and measurement of outcomes.

The portfolio is constructed on a benchmark agnostic basis, emphasizing bottom-up stock selection, versus selecting securities based on sector or geographic weights (relative to the benchmark). Over time, the portfolio is driven by the types of companies that fit Artisan’s investment criteria, which naturally has led to overweight positions in technology, healthcare, and communication services. The portfolio tends to have less exposure to slower growing, GDP sensitive businesses. Additionally, the portfolio has limited exposure to emerging market companies, as the investment team has a higher risk weighting for emerging markets, making it harder to find suitable investments that meet their criteria.

**Performance:**







*As of December 31, 2021*

Artisan Global Opportunities has delivered strong relative performance since inception and across multiple time periods. Performance is in the top decile over the 3-, 5-, and 10-year time periods. While the standard deviation and tracking error are at the high end compared to other managers being considered, the level of outperformance more than compensates for the slightly higher risk profile, with Artisan delivering strong risk-adjusted performance, as measured by Sharpe Ratio and Information Ratio. Additionally, the fund has outperformed the benchmark seven out of the last ten years, during both up and down markets, with strong upside and downside capture ratios.

With a portfolio tilted toward growth-oriented securities, the Artisan portfolio has underperformed in the first quarter of 2022. During the first quarter, growth oriented strategies faced significant headwinds and underperformed broad market indices. Despite the recent underperformance, Staff and Verus remain confident in Artisan’s ability to outperform the benchmark index over the long term.

**NIKKO ASSET MANAGEMENT – GLOBAL EQUITY STRATEGY:**

**Firm and Team:**

Nikko Asset Management (Nikko) was established in 1999 from the merger of Nikko Securities Investment Trust and Nikko International Management Company, which both had several decades of investment history prior to the merger. Since its formation in 1999, Nikko has gone through several mergers, ultimately resulting in Nikko being 100% owned by Sumitomo Trust and Banking Company. Nikko is now one of Asia’s largest asset managers, with over 800 employees worldwide and over \$270 billion in assets under management.

The Global Equity team joined Nikko in 2014 as a result of an acquisition, previously working together at the Scottish Widows Investment Partnership (SWIP). The team has been working together for over a decade (since 2011) and came to Nikko as the firm's only global equity strategy following Nikko's decision to expand its expertise to global equities (versus being more regionally focused). The team is based in Edinburgh and operates as a boutique unit within the larger Nikko platform. The Global Equity strategy AUM is approximately \$4.1 billion as of December 2021.

The Global Equity strategy is led by a team of five portfolio managers and two analysts. The five portfolio managers all worked together at SWIP and collectively average over 24 years industry experience. The two analysts joined Nikko in 2019 to add depth and additional resources, performing thematic research in addition to stock coverage. The PMs have sector expertise and work on identifying and researching their own investment ideas. The team functions with a flat organization structure – no lead PM – applying a team approach to managing the portfolio. The process is designed to hold each PM accountable for their individual investment ideas, within a team structure that allows for rigorous debate and review of individual positions and the total portfolio.

### **Investment Strategy:**

The Nikko Global Equity strategy is self-defined as investing in “Future Quality”, which signifies the focus on the forward outlook for a company. The “Future Quality” strategy is built around four pillars that Nikko uses to define quality, which include: Franchise Quality, Management, Balance Sheet Quality, and Valuation. Franchise quality focuses on companies that have sustainable competitive advantages, with strong market share positioning in a healthy and growing addressable market. Management quality emphasizes a stable and strong management team, with a long-term focus on the business, and evidence of sound capital allocation decisions. Balance sheet quality helps to ensure that growth is appropriately financed. The team looks for companies without excess leverage that can internally finance future growth. Finally, valuation is evaluated to ensure stocks are purchased at reasonable levels that allow for future alpha generation. Valuation is examined across multiple levels including discounted cash flow (DCF) analysis, valuation multiples, implied discounted return on capital, and incorporates sensitivity analysis around model assumptions. Ultimately, the “Future Quality” approach seeks to identify companies that have the ability to attain and sustain high returns on investment, as defined by cash returns on invested capital (CROIC).

The investment process for Nikko begins with idea generation, which is driven by the PMs and analysts. Based on the investment philosophy, the team estimates there are approximately 500 companies that meet their investment standards and criteria. Based on fundamental research performed by the team, which leverages their historical sector and industry experience, the 500 stock “watch list” is narrowed down to approximately 100 companies which are identified as approved for investment. To be approved for investment, the portfolio manager or analyst prepares the investment thesis on why a company fits as a potential investment, which is debated and critiqued by the entire team. Each company must be approved by all portfolio managers to be included on the approved list. Finally, of the companies on the approved list, the top 40-50 companies are ultimately included in the portfolio.

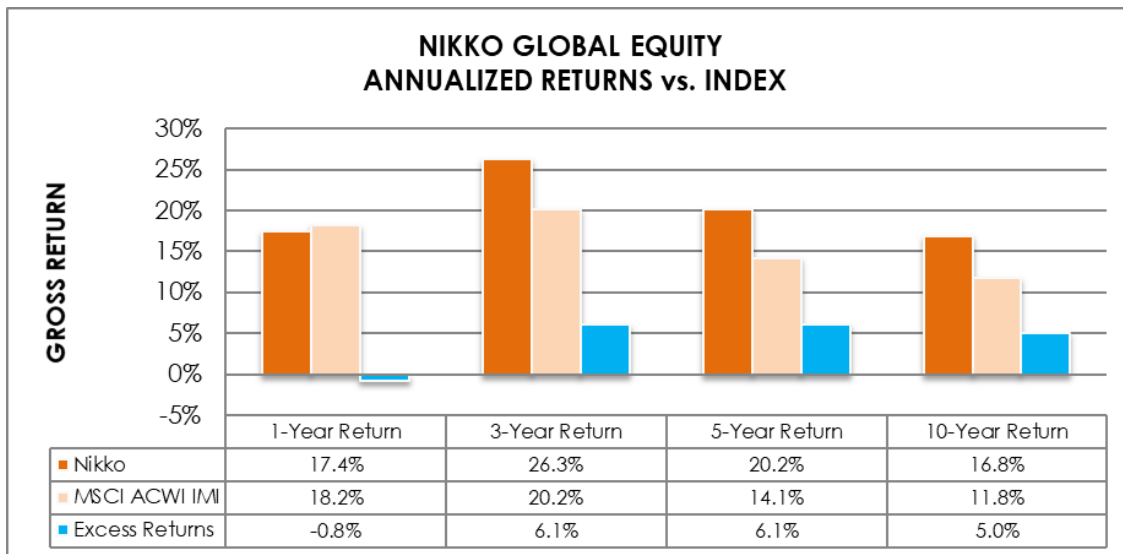
### **Portfolio Construction:**

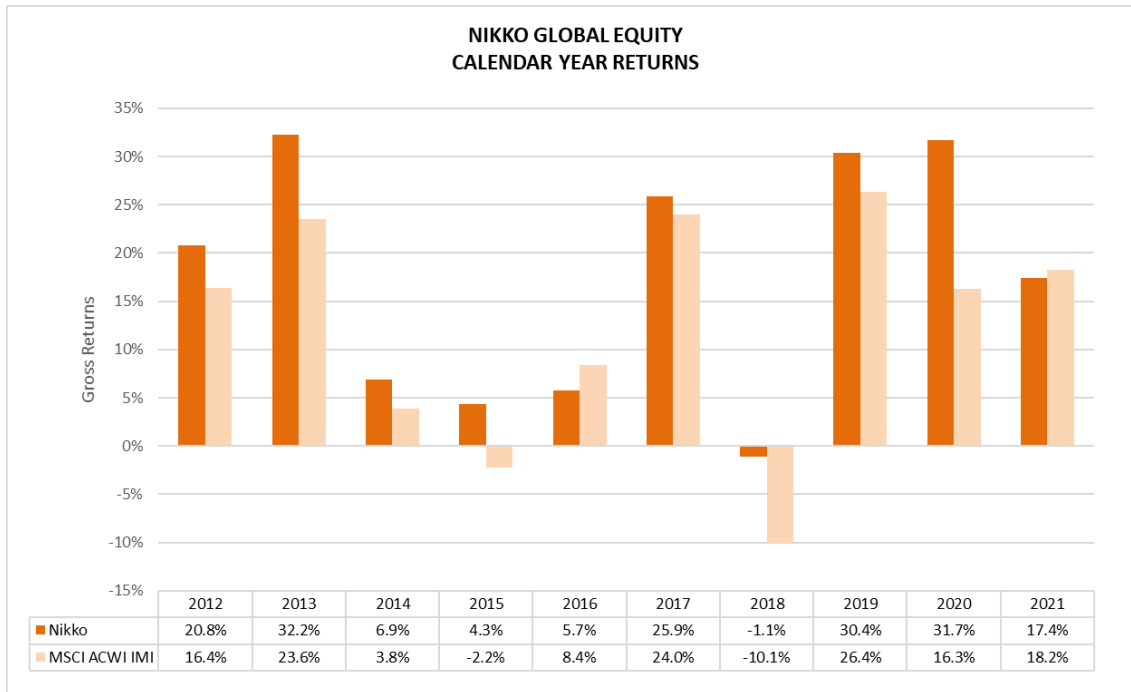
Nikko utilizes a stock ranking tool for all companies on the approved list. The ranking tool includes various factors to evaluate each company including alpha opportunity, conviction levels, and drivers of alpha upside (i.e. stock specific, sector, geography, or thematic). The preference is for the majority of portfolio alpha to be driven by stock specific factors. The ranking tool ultimately provides a total alpha score for each company. Typically, the stocks included in the portfolio are the highest ranking in the list. The team has utilized the ranking tool for many years and it helps to provide a consistent and disciplined approach to investing in the highest conviction ideas.

In addition to the ranking tool, the team independently provides commentary on increasing or reducing existing positions, or adding new positions to the portfolio. These “team challenges” are performed independently, with the results then fully disclosed to the entire team, to further help spur debate and conversations among the team around portfolio construction. The result of the process is a portfolio of approximately 40-50 positions, weighted toward the positions with the highest estimated Alpha and greatest conviction by the team.

Relative to the benchmark, the Nikko portfolio tends to be slightly tilted toward mid-cap versus large cap securities, which is a result of their investment process and focusing on companies that are likely to improve going forward. While security analysis and selection is performed on a bottom-up basis, focusing on investing in the highest alpha opportunities, the portfolio construction is “benchmark aware” from a risk management perspective. In general, the portfolio tends to have a natural diversification of ideas based on sector coverage from the PMs.

**Performance:**





*As of December 31, 2021*

Nikko has produced strong performance versus the benchmark, outperforming eight of the last ten years. Additionally, compared to other finalist managers considered, Nikko has the lowest tracking error over the trailing five and ten-year periods, resulting in the highest Information Ratio versus peers. Nikko has also delivered outperformance in both up and down markets, resulting in both good upside and downside capture ratios. However, with the lower tracking error, the Beta for the portfolio is at the higher end (compared to peers) at 0.91 for the trailing ten-year period. The portfolio also had a slightly higher standard deviation and maximum drawdown versus peers; however, both of these measures were still lower than the benchmark.

Global equity markets declined during the first quarter of 2021 and the Nikko portfolio slightly underperformed the benchmark. As noted above, the Nikko portfolio emphasizes quality, but does also look for companies with growth prospects. The underperformance in the first quarter versus the benchmark is not out of line with expectations, with the portfolio outperforming growth indices and underperforming value indices, which were led higher due to the strong performance of the energy sector. Nikko tends not to have exposure to the energy and materials sectors, as companies within these sectors generally do not meet their quality guidelines.

**MANAGEMENT FEES**

Both Artisan and Nikko offer a commingled fund structure for investment (see details below), which offer a flat fee for investors. Artisan’s fee is 85 basis points for assets under \$150 million, with the fee reduced to 75 basis points for assets over \$150 million. Nikko is currently launching their commingled fund, which provides SCERS the opportunity to invest in the founders share class at 45 basis points. The combined management fee for both mandates, at the estimated \$250 million total amount, is approximately 65 basis points.

**ACCOUNT STRUCTURE AND TRANSITION**

Both Nikko and Artisan offer a commingled fund structure for investment (Collective Investment Trust or CIT). The CIT structure simplifies the investment process, particularly for emerging market countries, as it does not require SCERS to separately meet legal requirements necessary to invest across multiple countries and equity markets. The legal requirements for investing in foreign countries are handled by the CIT and administrator for the fund. The limitations of investing through a CIT include not having direct custody of assets and not being able to construct investment guidelines that would be unique to SCERS. However, global equities is a liquid asset class and the CIT structures allow for daily liquidity, with some limitations. Overall, Staff and Verus believe the benefits of investing through a CIT outweigh the limitations, and recommend investing through the commingled fund structure for global equities. SCERS typically allocates to equity investment strategies with emerging markets exposure through a commingled fund structure, to avoid the legal requirements referenced above.

As mentioned previously, SCERS’ Global Equity portfolio is below the target 40% allocation, at approximately 37.4% as of March 31, 2022. The table below shows the current and target allocation for Global Equity, including the sub-asset class targets, as approved at the December 2021 Board meeting.

Asset Class	Target %	Range	Current <sup>1</sup>
Global Equity	40%	36% - 44%	37.4%
Sub-Asset Class	Target	Range	Current <sup>1</sup>
Domestic Equity	20%	18% - 22%	19.8%
International Equity	16%	14% - 20%	17.0%
Global/Unconstrained Equity	4%	1% - 6%	0.6%

1: As of March 31, 2022. Includes Absolute Return fund reclassified to Global/Unconstrained

With the Domestic and International sub-asset classes near their target allocations, and the overall Global Equity portfolio below the target allocation, the new investments in global equity strategies doesn’t require SCERS to rebalance other parts of the equity portfolio to fill the allocation. The 2% target allocation to global equity strategies will bring both the Global/Unconstrained sub asset class, and SCERS’ Global Equity portfolio, closer to their target allocations. Based on SCERS’ estimated portfolio value of \$12.4 billion as of March 31, 2022, the new mandates with Artisan and Nikko would be approximately \$125 million for each mandate. The funding for the two mandates will come from cash raised through recent rebalancing activity within the Domestic Equity and Growth Absolute Return asset classes.

Staff requests that the Board authorize Staff to determine the most effective method for transitioning the assets and execute any necessary documents or agreements to effectuate the transition of assets. Staff does not anticipate needing to rebalance other parts of SCERS’ investment portfolio to fund the new mandates. Additionally, because the recommended investment structure for the global equity mandates is through commingled funds, the transition of assets should be relatively simple, with the transfer of assets used to purchase shares in the

commingled funds. As noted previously, the funding of the new mandates is contingent upon completion of legal review of fund documents and negotiation of a SCERS specific side letter, as appropriate. Staff is targeting the end of the second quarter or beginning of third quarter to fund the new mandates. Staff will also work with the Overlay Program manager, State Street Global Advisors (SSGA), to adjust overlay exposures as the transition is taking place.

### **SUMMARY**

Staff and Verus believe that adding investments with Artisan and Nikko will add value to SCERS' Global Equity asset class. Both managers implement unique global equity investment strategies that have delivered strong returns, including outperformance versus the benchmark in both up and down markets.

The Board will have the opportunity to hear from both Artisan and Nikko directly at the May Board meeting and ask any questions, prior to considering the recommendations.

Pending Board approval, and the successful legal review of fund documents and negotiation of side letters, Staff will target funding the new mandates at the end of the second quarter. Staff also seeks Board approval for the CEO to execute any necessary documents or agreements to effectuate the transition.

### **ATTACHMENTS**

- Board Order
- Verus Global Equity Manager Search and Recommendation Report
- Staff/Verus presentation
- Artisan Partners Presentation
- Nikko Asset Management Presentation

Prepared by:

/S/

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Steve Davis  
Chief Investment Officer

Reviewed by:

/S/

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Eric Stern  
Chief Executive Officer

/S/

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Brian Miller  
Senior Investment Officer



# Retirement Board Order

## Sacramento County Employees' Retirement System

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Before the Board of Retirement  
May 18, 2022

AGENDA ITEM:

### Global Equity Manager Recommendations

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to:

- Invest approximately \$125 million with Artisan Partners (Global Opportunities strategy) and \$125 million with Nikko Asset Management (Global Equity strategy), and authorize the Chief Executive Officer to execute necessary documents and agreements for each mandate;
- Authorize Staff to determine the most effective method for transitioning assets and execute any necessary documents or agreements to effectuate the transition of assets.

I HEREBY CERTIFY that the above order was passed and adopted on May 18, 2022 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

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Richard B. Fowler II  
Board President

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Eric Stern  
Chief Executive Officer and  
Board Secretary



# Global Equity Manager Recommendations

May 18, 2022



# Introduction

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- Global Equity manager recommendations
  - Recommending two managers for allocations within the Global/Unconstrained segment of SCERS' Global Equity asset class
- Both recommended managers, Artisan and Nikko, will be presenting today
- Prior to manager presentations, summary of the search and Global Equity asset allocation

# Global Equity Objectives

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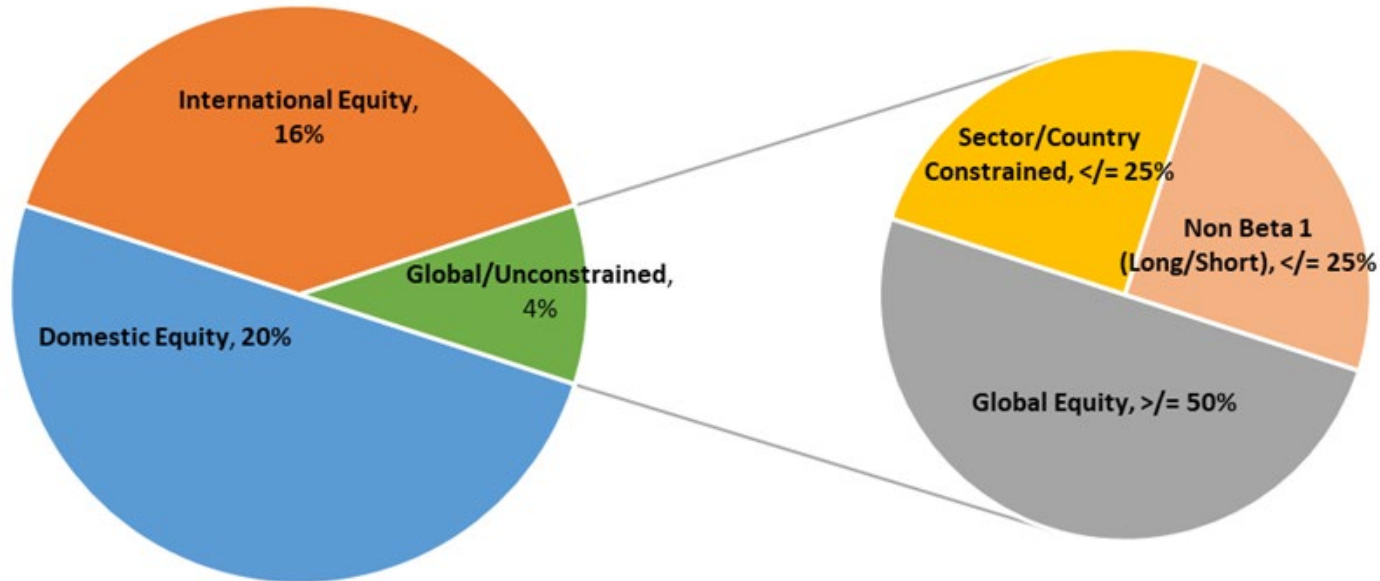
- Objective of Global Equity
  - Enhance total fund performance
  - Generate returns in excess of equity index benchmarks, primarily through the selection of investment managers
  - Invest in a diversified portfolio of domestic and international equity securities, across investment styles and market capitalizations
  - Maintain reasonable levels of aggregate risk

# Global Equity Structure

Asset Class	Target %	Range
Global Equity	40%	36% - 44%
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Domestic Equity	20%	18% - 22%
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Global/Unconstrained Equity	4%	1% - 6%

- Added Global/Unconstrained segment with 4% target
- Reduced International Equity to 16% target
  - Restructured International Equity, which included adjusting existing Developed International mandate and increasing target allocation for Emerging Markets

# Global/Unconstrained Segment



- Global Equity targeted at 50% of Global/Unconstrained
- Re-allocated existing Absolute Return manager to Non-Beta 1 segment of the portfolio, effective April 2022
- Future allocation recommendations still to be determined

# Search Process

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- Initial screen of global manager universe based on a number of factors including manager style and investment process, track record, and AUM
- Narrowed list of potential candidates based on qualitative and quantitative of each manager by Staff and Verus, resulting in five finalist candidates
- Performed thorough due diligence on each finalist candidate, including multiple video calls and review of additional materials provided by the managers
- Staff and Verus reviewed materials and had multiple follow up discussions, resulting in the final recommendation

# Recommendations

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- Recommend committing \$125 million to Artisan Partners Global Opportunities strategy and \$125 million to Nikko Asset Management Global Equity strategy
  - Funding for the two mandates will come from cash raised through recent rebalancing within Domestic Equity and Growth Absolute Return asset classes
- Authorize CEO to execute any necessary documents or agreements for each mandate and for the transition of assets
- Funding of the new mandates will be dependent on the successful legal review of fund documents and negotiations of side letters

# Memorandum

**To:** Sacramento County Employees' Retirement System (SCERS) Board  
**From:** John Nicolini, Senior Consultant  
 Brian Kwan, Senior Consultant  
 Garrett Dinsmore, Associate Director  
**Date:** May 18<sup>th</sup>, 2022  
**RE:** Global Equity Manager Search and Recommendation

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**Executive Summary**

*In December 2021, SCERS Board approved a new Global Unconstrained equity allocation within the Global Equity asset class. As part of the build-out of the Global Unconstrained portfolio within SCERS' public equity allocation, Staff and Verus are recommending the Board approve the hiring of two complimentary long-only global equity strategies, Artisan Global Opportunities and Nikko AM Global Equity. Artisan Global Opportunities is a growth-oriented strategy with a 15-year track record of delivering high excess returns and outperformance in both up and down markets. Nikko Global Equity is less investment style focused and more oriented towards companies with high quality businesses that should deliver above average long-term returns. Staff and Verus were purposeful in not picking a traditional growth/value style split as we wanted to find the best managers in global equity and avoid constraining the universe to a style box. In the case of Nikko and Artisan, we believe both managers have demonstrated a track record of outperforming the global benchmark with investment approaches that are distinct from one another. Given the purpose of the Global Unconstrained portfolio is to be an alpha driver in public equities, we believe these two managers fill that mandate.*

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Sub-Asset Class Target Allocation</b>
<b>Global/Unconstrained Equity</b>	<b>100%</b>	
Global Equity		>/= 50%
Sector or Country Specialist		</= 25%
Long/Short (Beta < 1.0 strategy)		</= 25%

*Over the past four months, Staff and Verus, together, initiated and completed a comprehensive search process for one or more global equity managers for the SCERS portfolio which included interviews and detailed due diligence on 5 finalist candidates, and a final recommendation to the SCERS Board to commit ~\$125 million to Artisan Global Opportunities and ~\$125 million to Nikko AM Global Equity.*

**Search Process**

- 1) Initial search screen criteria were identified based on benchmark objective/manager style, investment process, track record, and minimum AUM. Twenty-two managers met the initial criteria for further analysis.
- 2) Staff and Verus prepared and reviewed both quantitative, as well as qualitative information on each strategy including the manager's investment approach and process, organization, team stability and alignment of interests. Based on additional data and analysis, and through a series of internal meetings and discussions, 5 managers were identified and agreed upon for further consideration and additional due diligence:
  - a. Artisan Partners – Global Opportunities
  - b. Comgest Global Investors – Global Equity
  - c. Nikko AM Management – Global Equity
  - d. Ninety-One – Global Franchise
  - e. Sands Capital – Global Leaders
- 3) Supplemental information was requested from each of the finalists including additional performance and attribution information. SCERS Staff and Verus further reviewed and discussed the additional information and developed an agenda and process for conducting virtual interviews with the portfolio managers for each of the strategies. Online interviews were held with each of the managers with a focus on better understanding the organization and team structure, investment strategy, decision making process and attribution of performance over different market environments.
- 4) SCERS' staff and Verus reviewed due diligence materials, followed by meetings to discuss the finalists, and agreed Artisan and Nikko stood out among the other finalists as having the right attributes for delivering excess returns and offered complimentary investment styles.

#### **Verus Summary and Recommendation**

Verus and staff have performed and completed a thorough review of each of the global equity finalists and are recommending to the SCERS Board an investment of 2% of the total fund, or roughly \$250 million split evenly between Artisan Global Opportunities and Nikko AM Global Equity.





# **PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS**



April 2022  
Global Equity  
**SCERS**

# Manager overview

# Manager comparison

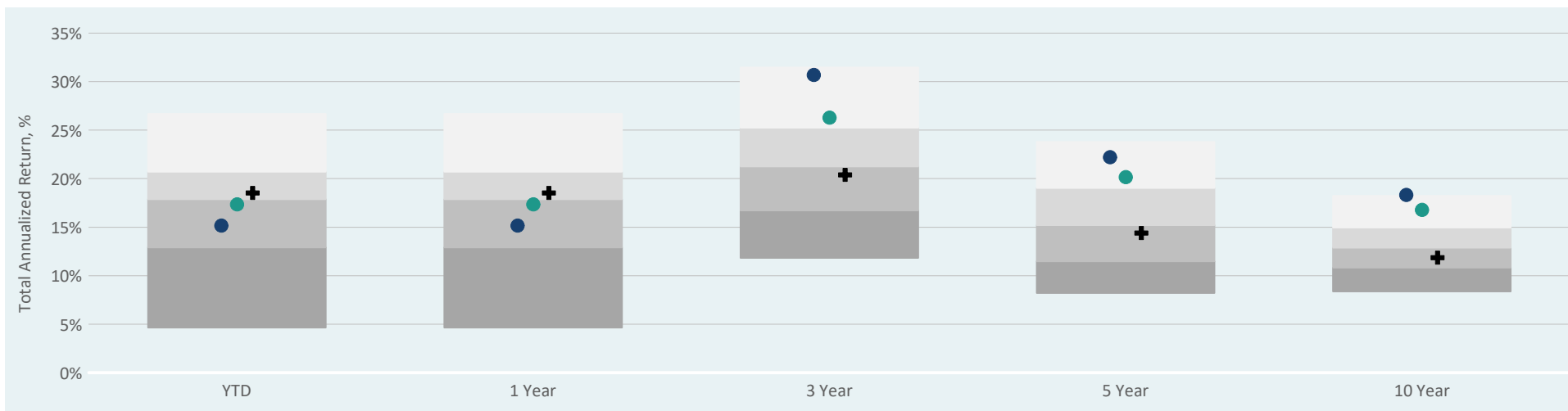
	Artisan	Nikko
FIRM OWNERSHIP	29% employee, 50% public, 21% private	100% owned by parent firm: Sumitomo Mitsui Trust
FIRM NAME	Artisan Partners Limited Partnership	Nikko Asset Management Co., Ltd.
PRODUCT NAME	Artisan Global Opportunities	Nikko AM Global Equity
FIRM TOTAL AUM (\$MM)	\$174,754	\$271,552
STRATEGY AUM (\$MM)	\$27,578	\$3,346
INCEPTION DATE	Feb-07	Mar-11
PREFERRED BENCHMARK	MSCI ACWI-ND	MSCI ACWI-ND
INVESTMENT APPROACH	Fundamental	Fundamental
SCREENING APPROACH	Bottom-Up	Bottom-Up

# Performance Analysis

# Performance comparison - as of December 2021

● Artisan ● Nikko + MSCI ACWI

## PERFORMANCE TO DATE

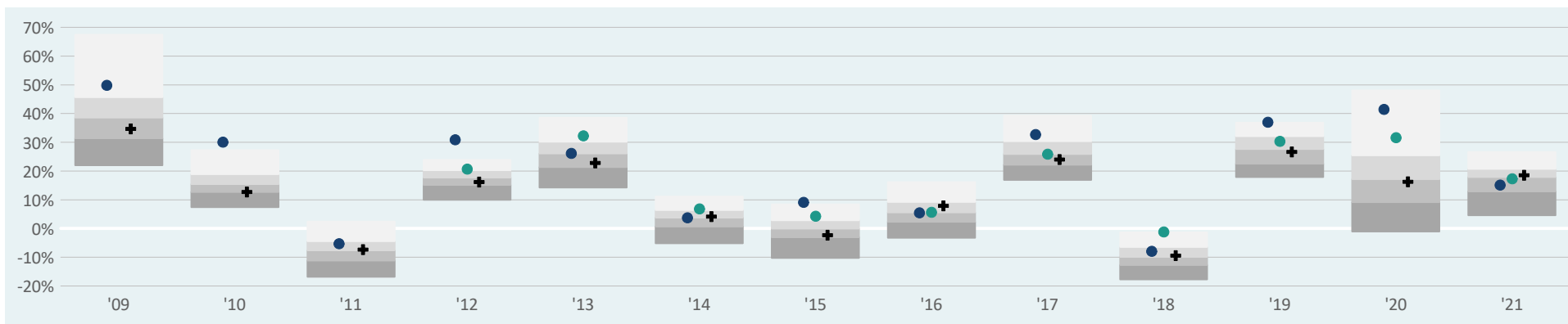


EXCESS RETURNS + RANKING	1 Year	3 Years	5 Years	7 Years	10 Years
Artisan	-3.4	10.3	7.8	6.9	6.5
Rank	64	6	8	6	5
Nikko	-1.2	5.9	5.8	4.7	4.9
Rank	53	19	19	14	9

# Calendar year performance

● Artisan ● Nikko + MSCI ACWI

## ANNUAL PERFORMANCE



ANNUAL PERFORMANCE + RANKING	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
Artisan	49.8	30.1	-5.3	30.9	26.1	3.7	9.1	5.5	32.7	-7.9	37.0	41.5	15.2
Rank	18	2	30	0	49	50	4	50	17	32	5	9	64
Nikko				20.8	32.2	6.9	4.3	5.7	25.9	-1.1	30.4	31.7	17.4
Rank				21	17	21	17	49	51	5	33	17	53
MSCI ACWI	34.6	12.7	-7.3	16.1	22.8	4.2	-2.4	7.9	24.0	-9.4	26.6	16.3	18.5
Rank	62	75	47	66	69	46	71	32	63	46	54	53	44

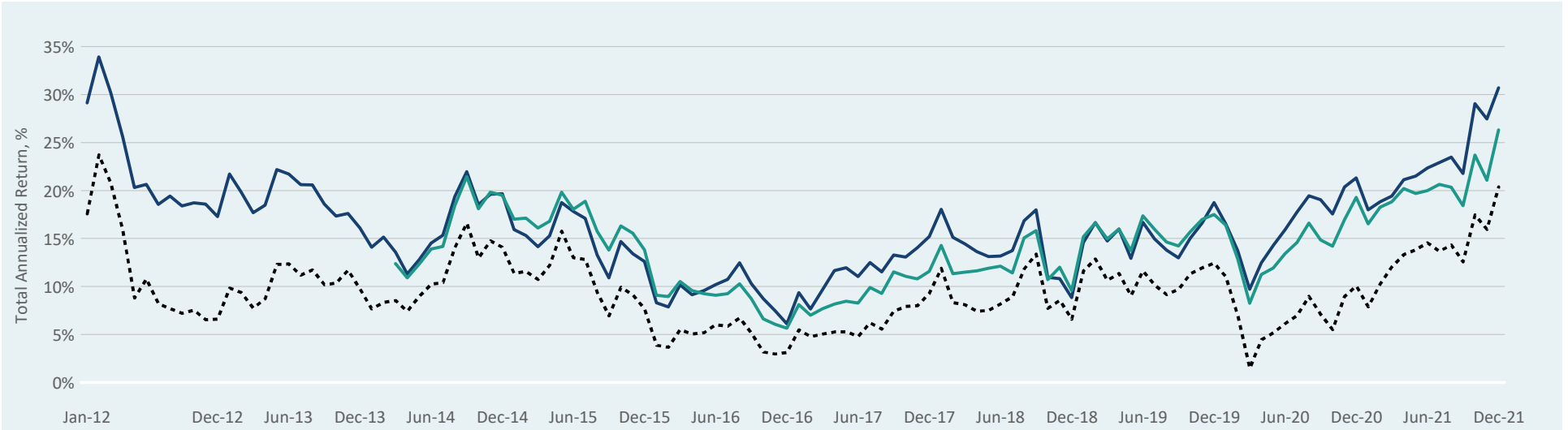
# Performance summary - as of December 2021

	Artisan	Nikko	MSCI ACWI
<b>PERFORMANCE ANALYSIS - (3 Years)</b>			
Alpha %	11.29	6.41	0.00
Beta	0.83	0.91	1.00
R-squared %	83.54	93.01	100.00
Sharpe Ratio	1.89	1.56	1.13
Treynor Ratio	0.36	0.28	0.19
Tracking Error %	6.98	4.56	0.00
Annualized Std Dev %	15.60	16.14	17.08
Information Ratio	1.21	1.08	---
Max Drawdown %	-13.19	-17.27	-21.37
Calmar Ratio	2.33	1.52	0.95
Excess Ann. Return %	10.31	5.92	0.00
<b>PERFORMANCE TO DATE</b>			
1 Year	15.17	17.36	18.54
3 Year	30.70	26.30	20.38
5 Year	22.23	20.18	14.40
7 Year	17.77	15.65	10.90
10 Year	18.33	16.79	11.85
Common Inception (Apr-11)	15.63	14.28	9.75
<b>CALENDAR YEAR RETURNS</b>			
2021	15.17	17.36	18.54
2020	41.48	31.68	16.25
2019	37.01	30.37	26.60
2018	-7.92	-1.13	-9.41
2017	32.73	25.88	23.97
2016	5.53	5.73	7.86
2015	9.12	4.35	-2.36
2014	3.75	6.88	4.16
2013	26.15	32.25	22.80
2012	30.94	20.76	16.13

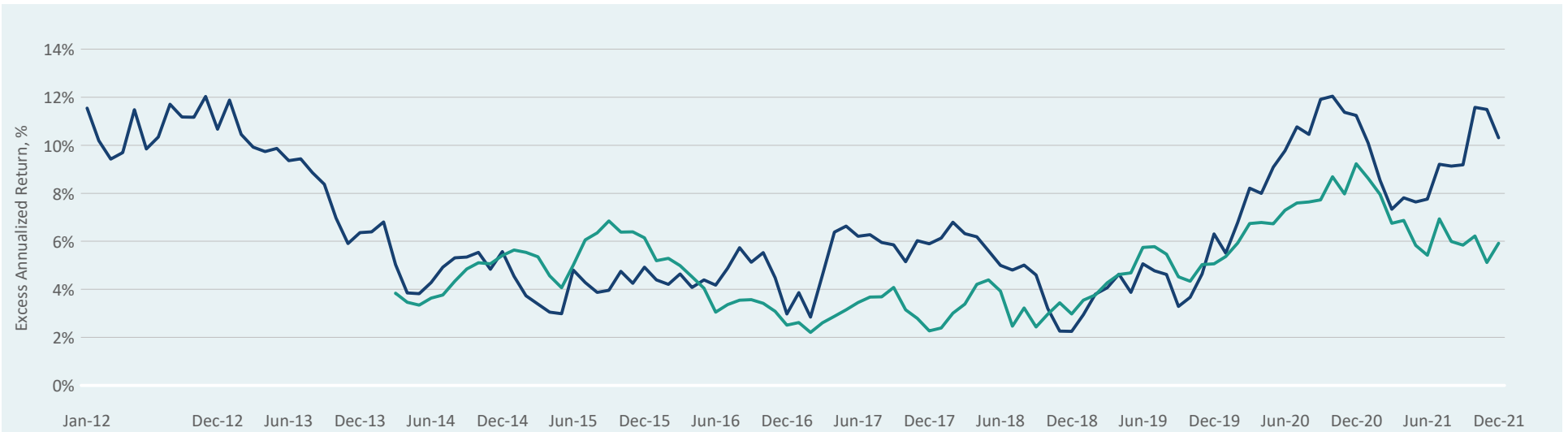
# Rolling performance

● Artisan ● Nikko + MSCI ACWI

## TOTAL 36 MONTH ROLLING PERFORMANCE



## EXCESS 36 MONTH ROLLING PERFORMANCE





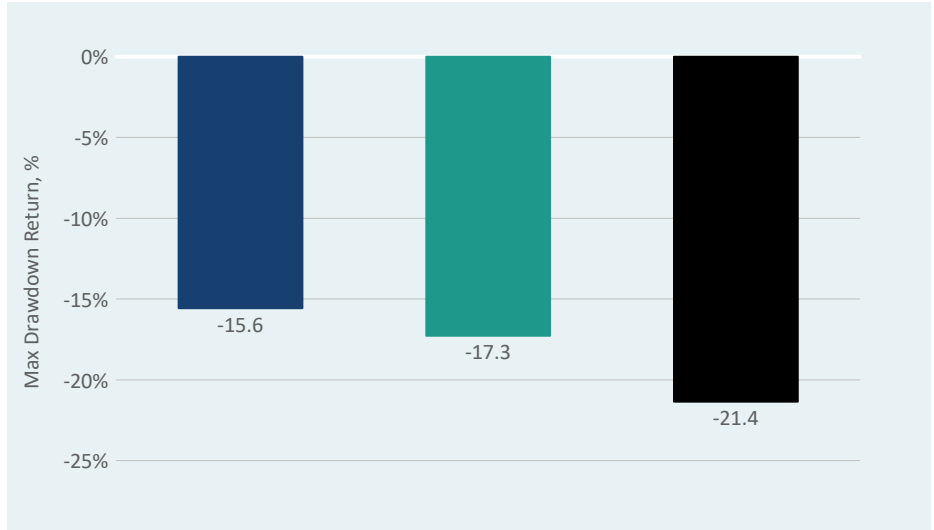
# Performance statistics

● Artisan ● Nikko + MSCI ACWI

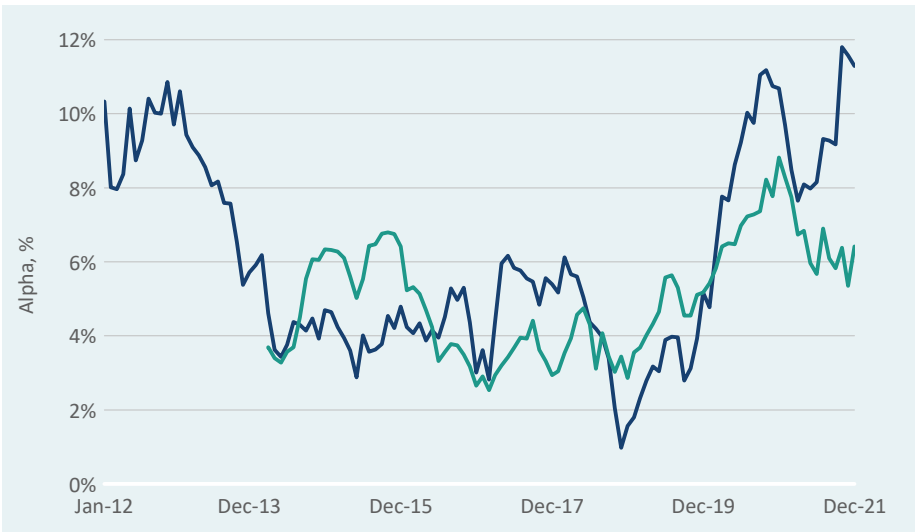
EXCESS PERFORMANCE VS. RISK, JAN-17 TO DEC-21



MAX DRAWDOWN RETURN, JAN-17 TO DEC-21



36 MONTH ROLLING ALPHA



36 MONTH ROLLING BETA

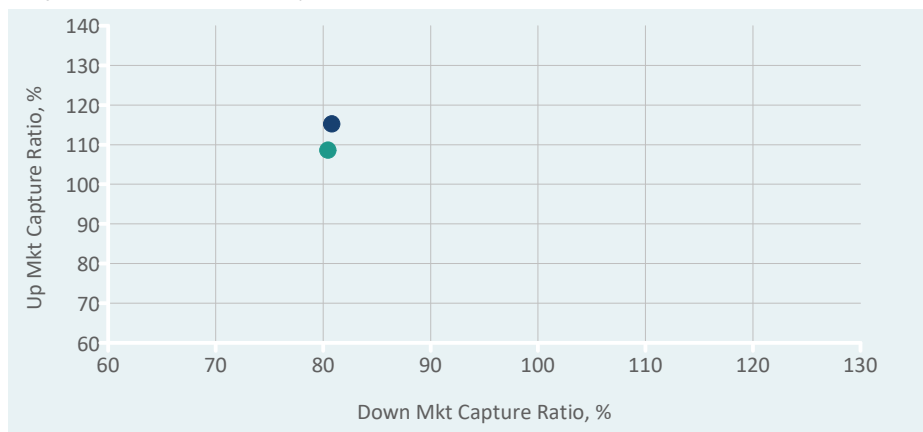


# Style Analysis and Portfolio Analytics

# Style and portfolio comparison

● Artisan ● Nikko

UP/DOWN MARKET CAPTURE, JAN-12 TO DEC-21



MSCI AC WORLD STYLE, JAN-12 TO DEC-21



	Artisan	Nikko
% HOLDINGS IN 10 LARGEST STOCKS	37.7%	38.2%
ANNUAL TURNOVER	40.6%	32.0%
CASH	3.6%	1.3%
CURRENT DIVIDEND YIELD	0.6%	0.8%
CURRENT P/E	31.4	28.5
CURRENT P/B	9.9	4.8
PORTFOLIO HOLDINGS	46	41
WGTD. AVG. MKT. CAP	\$ 206,044	\$ 343,341
MAX CASH POSITION	15.0	5.0
MAX POSITION SIZE	10.0	5.0

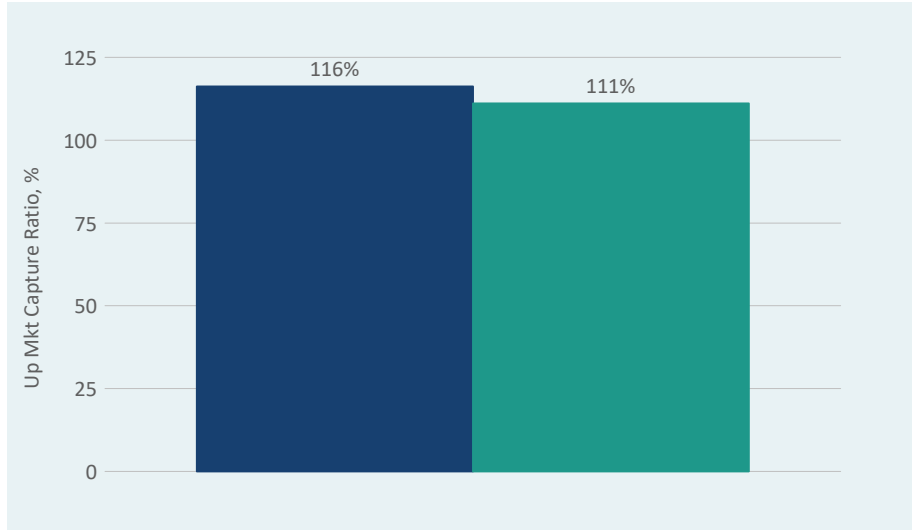
# Up & down market analysis

● Artisan ● Nikko

36 MONTH ROLLING UP MKT CAPTURE RATIO



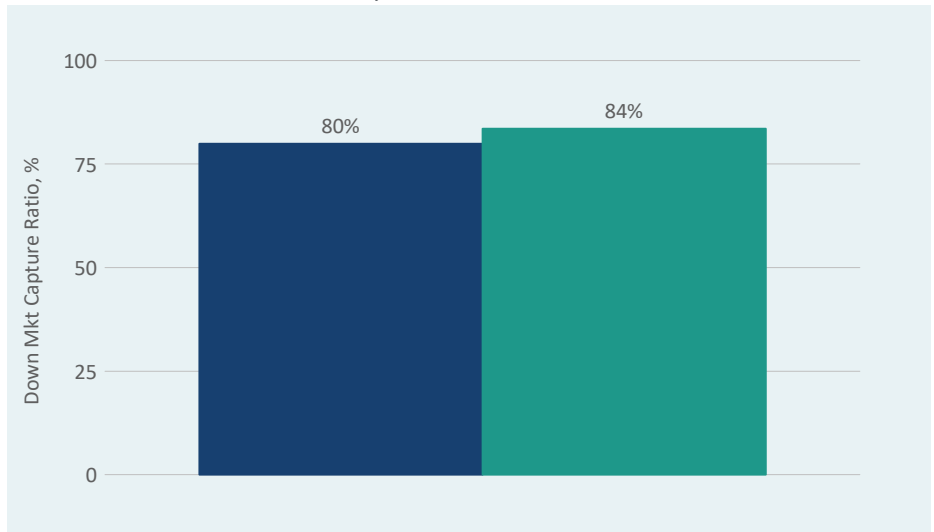
UP MARKET CAPTURE RATIO, JAN-17 TO DEC-21



36 MONTH ROLLING DOWN MKT CAPTURE RATIO



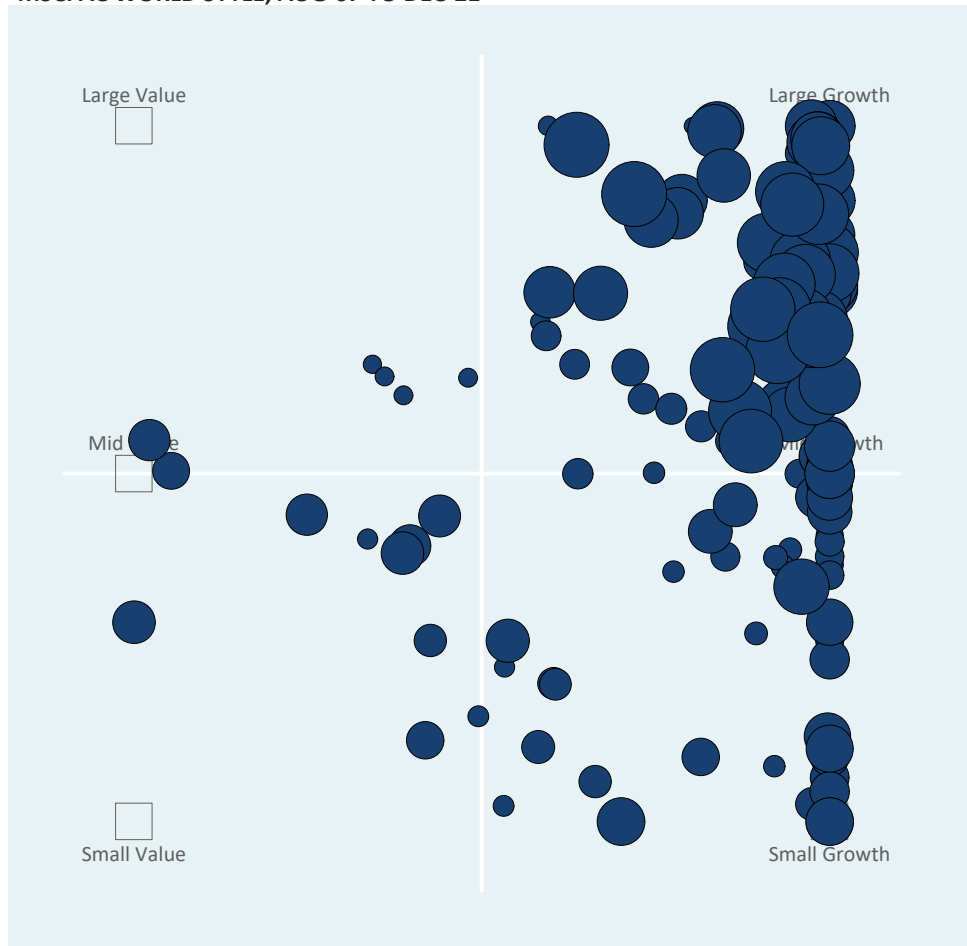
DOWN MARKET CAPTURE RATIO, JAN-17 TO DEC-21



# Style analysis (MSCI AC World Style)

● Artisan ● Nikko

MSCI AC WORLD STYLE, AUG-07 TO DEC-21

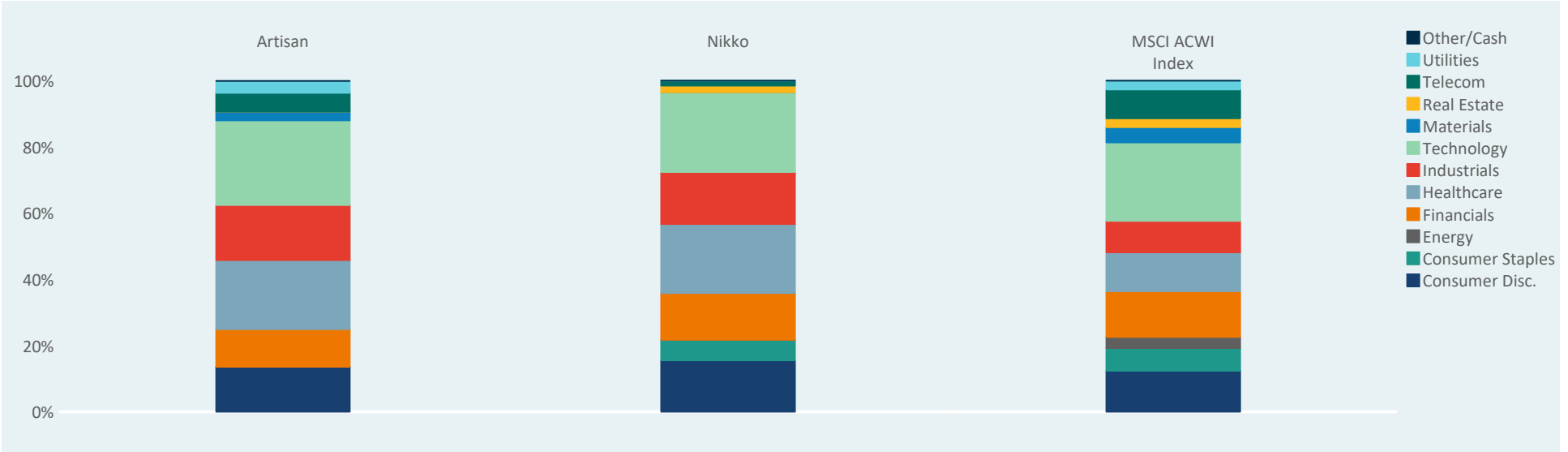


MSCI AC WORLD STYLE, OCT-11 TO DEC-21

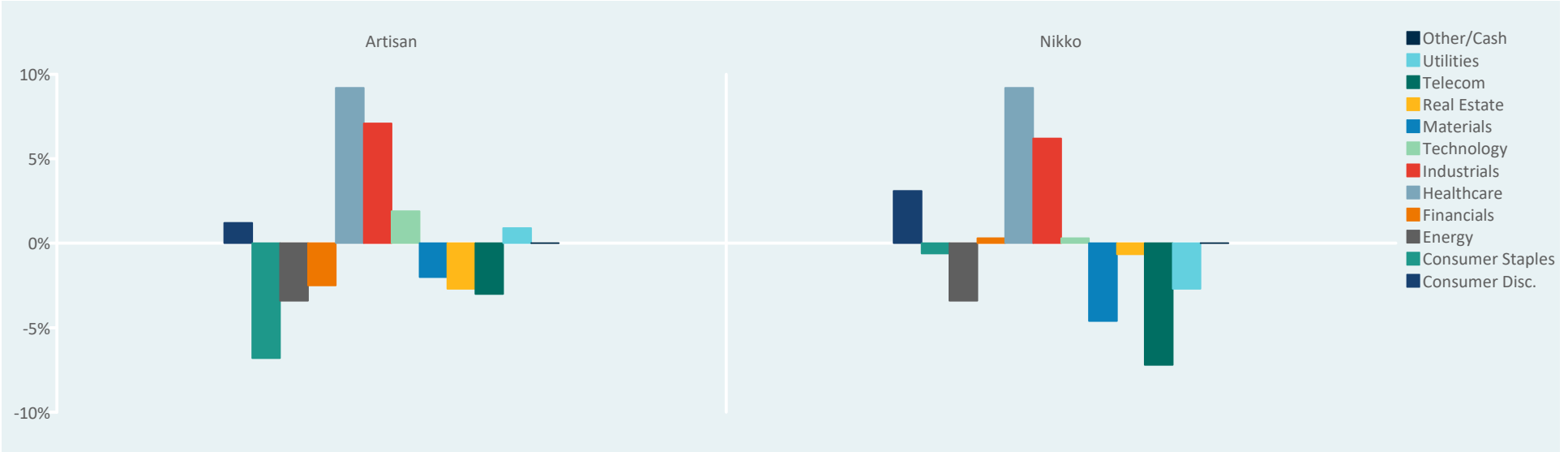


# Equity sector exposure

CURRENT SECTOR POSITION, AS OF DEC-21

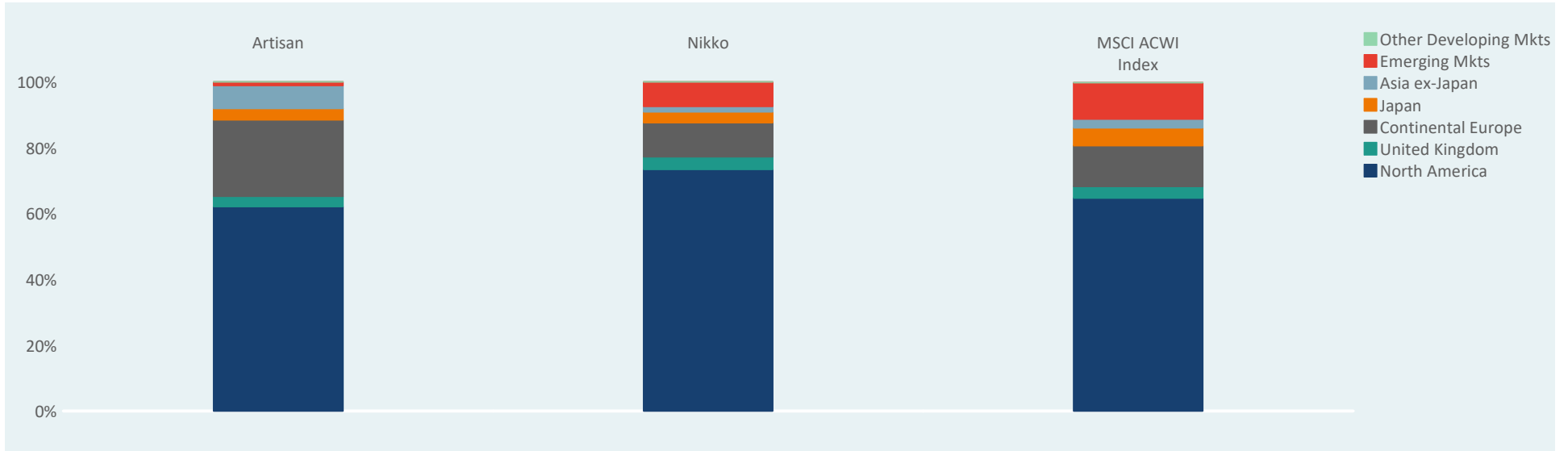


RELATIVE TO MSCI ACWI, AS OF DEC-21

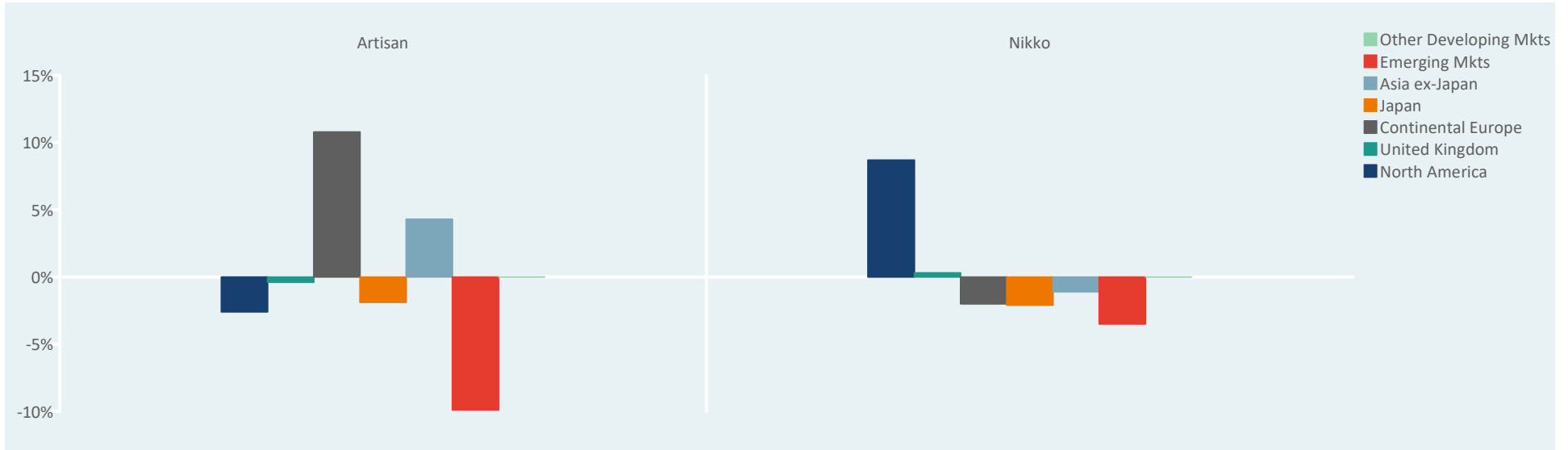


# Regional exposure

CURRENT REGIONAL EXPOSURE, AS OF DEC-21



RELATIVE TO MSCI ACWI, AS OF DEC-21



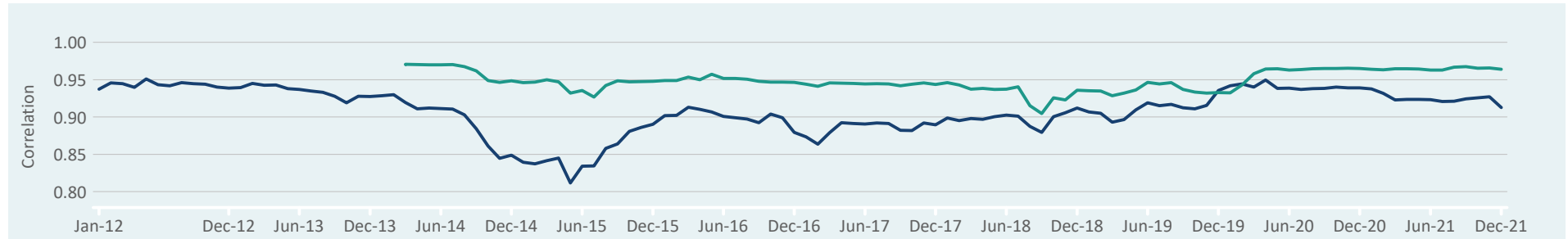
# Risk Analysis



# Correlations

● Artisan ● Nikko

## CORRELATION - 3 YEAR ROLLING vs. MSCI ACWI NR USD



### 3 YEAR ENDING 12/2021

	Artisan	Nikko
Artisan	1.00	0.94
Nikko	0.94	1.00

### 5 YEARS ENDING 12/2021

	Artisan	Nikko
Artisan	1.00	0.93
Nikko	0.93	1.00

### 10 YEARS ENDING 12/2021

	Artisan	Nikko
Artisan	1.00	0.92
Nikko	0.92	1.00

# Excess return correlations

## 3 YEAR ENDING 12/2021

	Artisan	Nikko
Artisan	1.00	0.62
Nikko	0.62	1.00

## 5 YEARS ENDING 12/2021

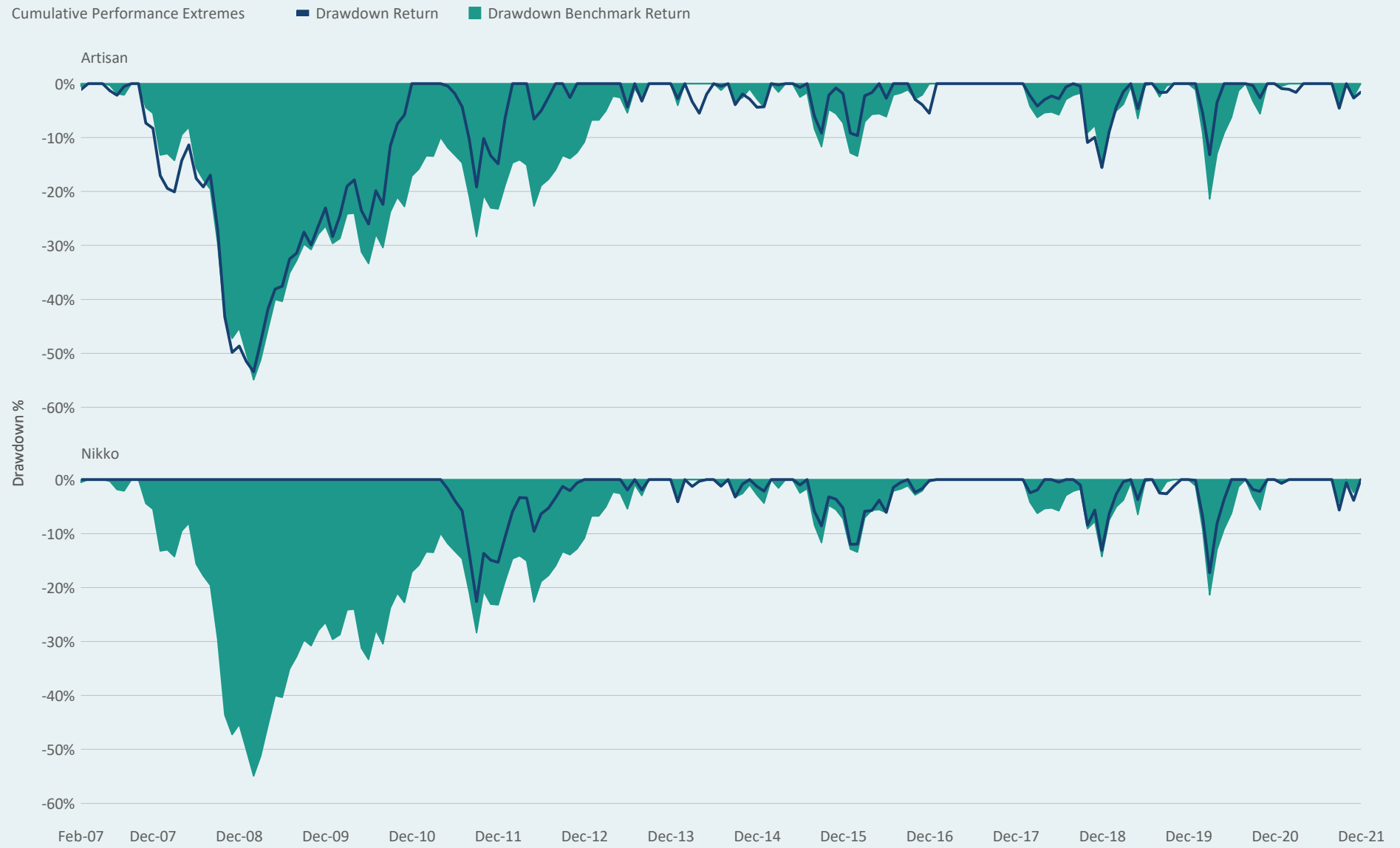
	Artisan	Nikko
Artisan	1.00	0.51
Nikko	0.51	1.00

## 10 YEAR ENDING 12/2021

	Artisan	Nikko
Artisan	1.00	0.48
Nikko	0.48	1.00

# Historical drawdowns

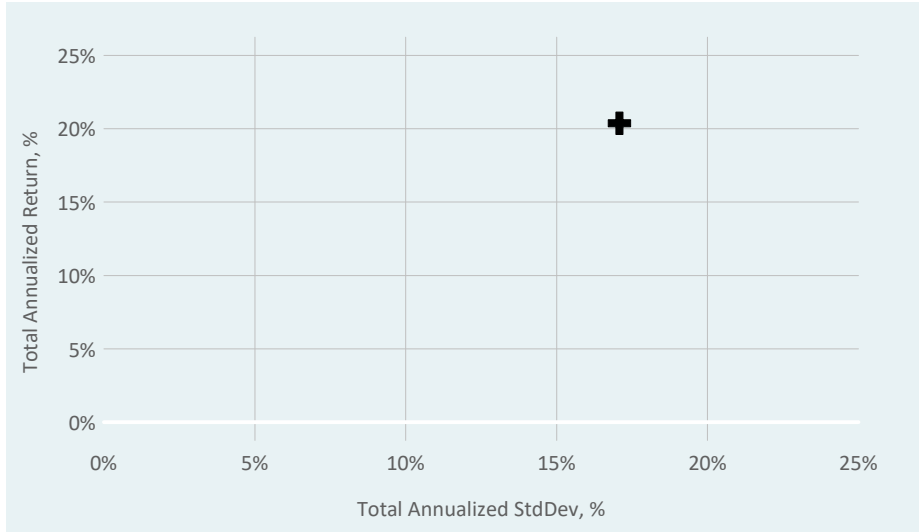
## CUMULATIVE PERFORMANCE EXTREMES



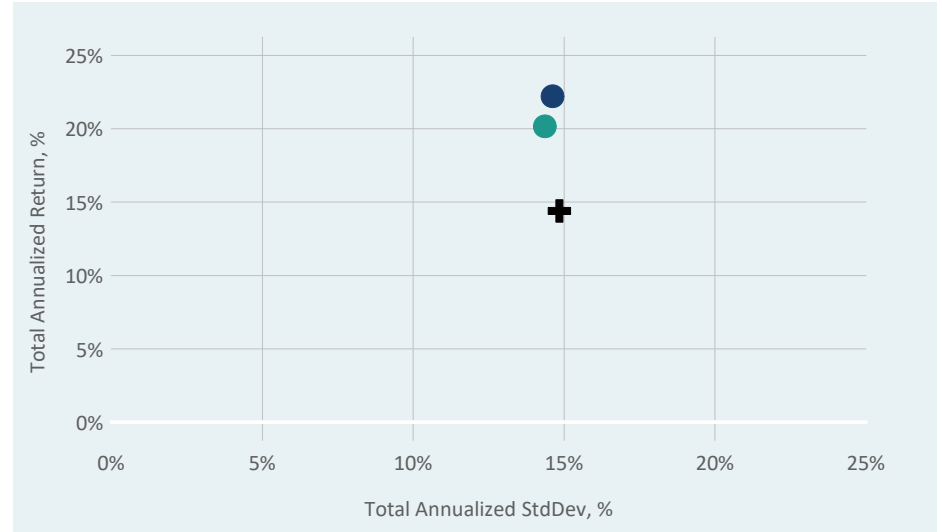
# Risk vs. return

● Artisan ● Nikko + MSCI ACWI

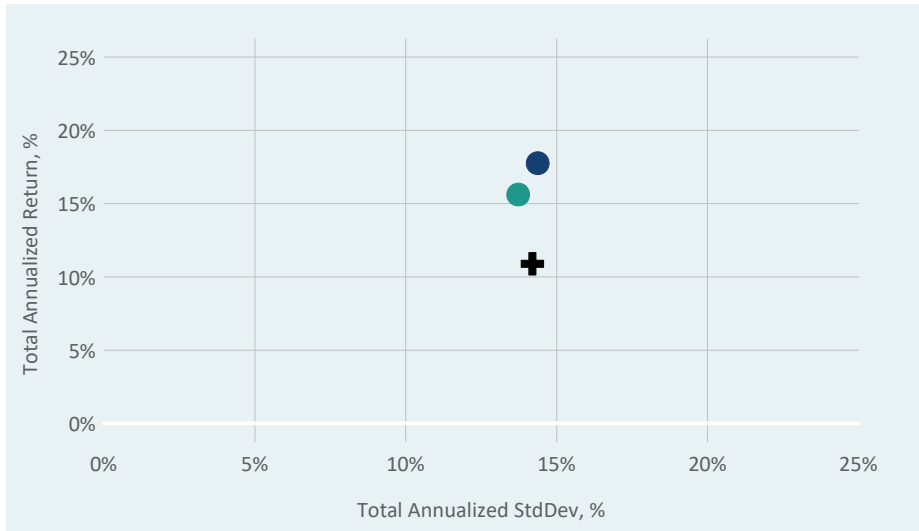
TOTAL PERFORMANCE VS. RISK, JAN-19 TO DEC-21



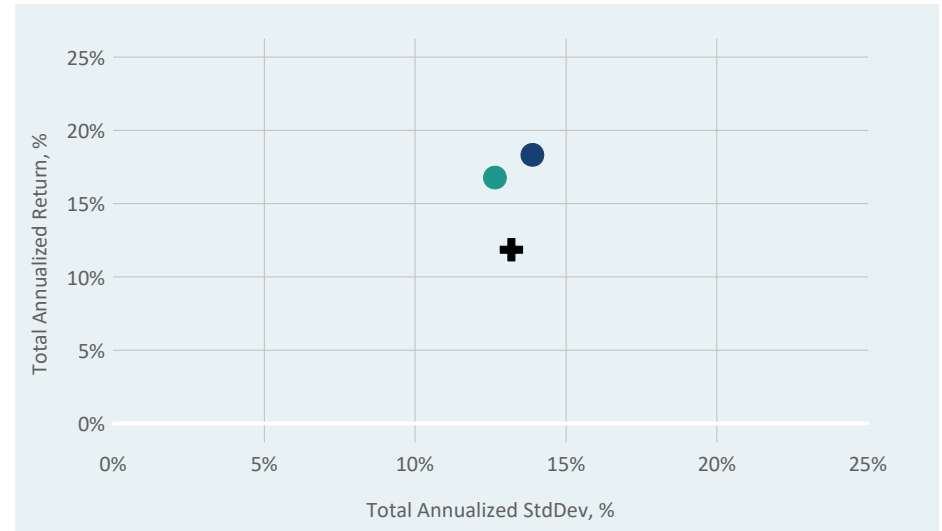
TOTAL PERFORMANCE VS. RISK, JAN-17 TO DEC-21



TOTAL PERFORMANCE VS. RISK, JAN-15 TO DEC-21



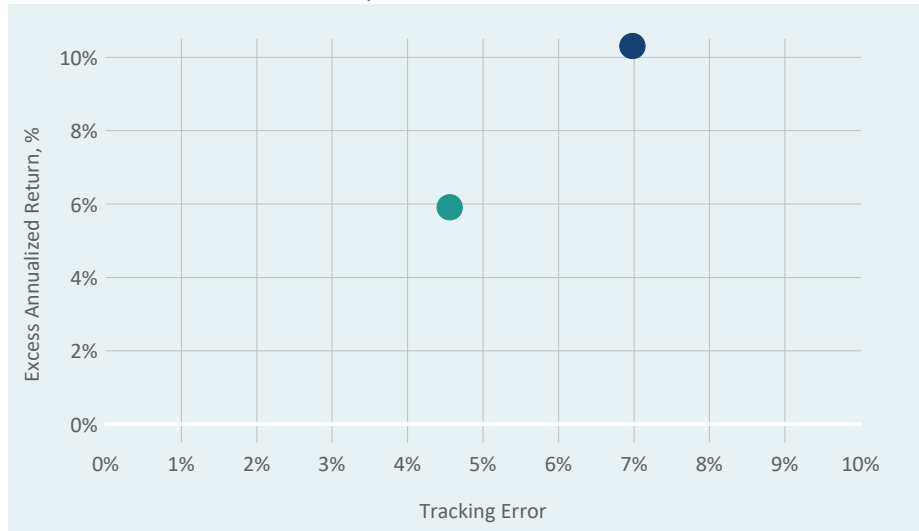
TOTAL PERFORMANCE VS. RISK, JAN-12 TO DEC-21



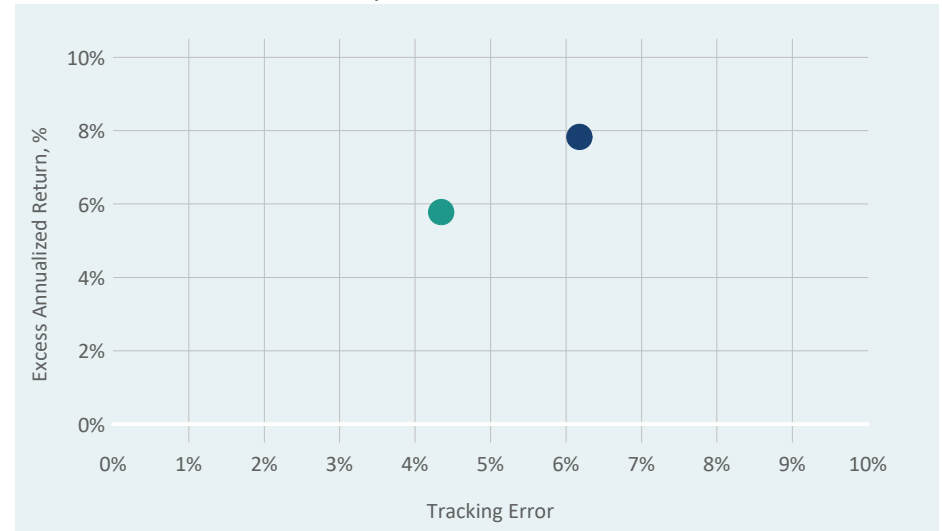
# Performance efficiency

● Artisan ● Nikko

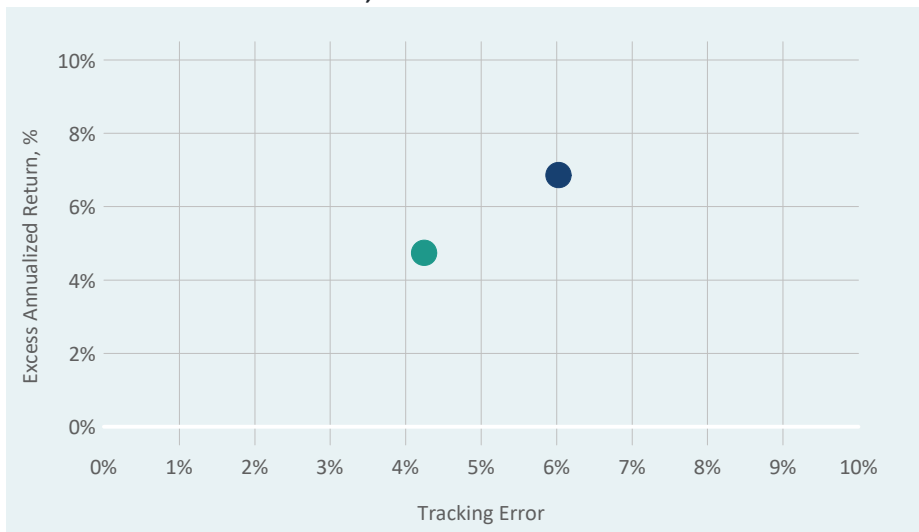
EXCESS PERFORMANCE VS. RISK, JAN-19 TO DEC-21



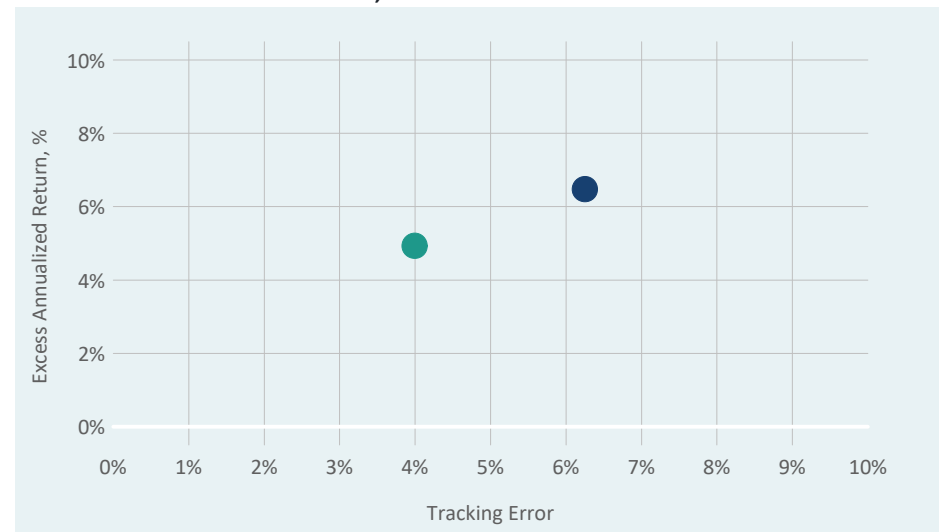
EXCESS PERFORMANCE VS. RISK, JAN-17 TO DEC-21



EXCESS PERFORMANCE VS. RISK, JAN-15 TO DEC-21



EXCESS PERFORMANCE VS. RISK, JAN-12 TO DEC-21

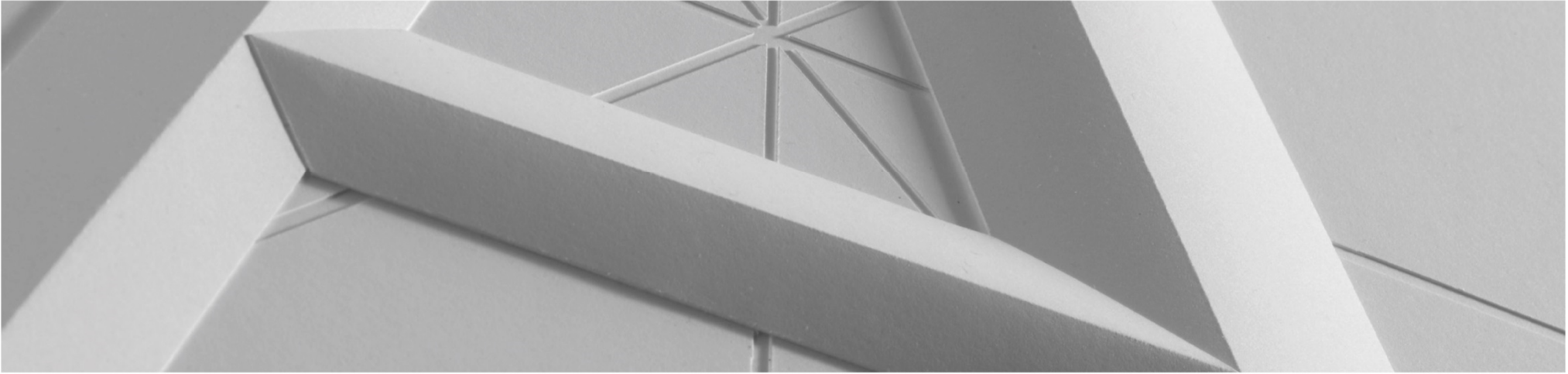


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Q1 2022

## Artisan Global Opportunities Trust

The Artisan Global Opportunities Trust is a trust for the collective investment of assets of participating tax qualified pension and profit sharing plans and related trusts, and governmental plans, as more fully described in the Declaration of Trust for the Artisan Global Opportunities Trust. The Artisan Global Opportunities Trust is managed by SEI Trust Company based on the investment advice of Artisan Partners Limited Partnership. As a bank collective trust, Artisan Global Opportunities Trust is exempt from registration as an investment company.

**For Institutional Investors Only — Not for Onward Distribution**  
GIPS Composite Report included in appendix



ARTISAN PARTNERS

# Contents

- I. Firm Overview
- II. Investment Team, Philosophy and Process
- III. Portfolio Statistics

## Appendix

Performance

Biographies

Notes and Disclosures

### Client Service Team

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## About Artisan Partners

- Founded in 1994; solely focused on providing high value-added investment strategies to sophisticated investors
- Autonomous investment teams oversee a range of investment strategies across multiple asset classes
- Primary offices in Atlanta, Boston, Chicago, Denver, Dublin, Hong Kong, London, Milwaukee, New York, San Francisco, Singapore, Sydney and Wilmington, with 520 associates
- Approximately \$159.6 billion under management as of 31 March 2022

### Growth Team

Global Opportunities  
Global Discovery  
U.S. Mid-Cap Growth  
U.S. Small-Cap Growth

### Global Equity Team

Global Equity  
Non-U.S. Growth  
Non-U.S. Small-Mid Growth  
China Post-Venture

### U.S. Value Team

Value Equity  
U.S. Mid-Cap Value  
Value Income

### International Value Team

International Value  
International Explorer

### Global Value Team

Global Value  
Select Equity

### Sustainable Emerging Markets Team

Sustainable Emerging Markets

### Credit Team

High Income  
Credit Opportunities  
Floating Rate

### Developing World Team

Developing World

### Antero Peak Group

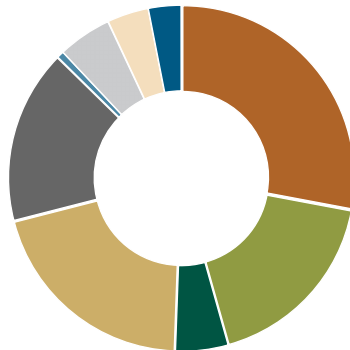
Antero Peak  
Antero Peak Hedge

### EMsights Capital Group

Global Unconstrained  
Emerging Markets Debt Opportunities

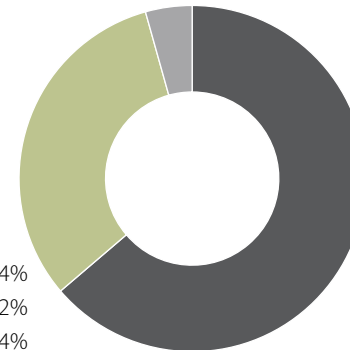
### AUM by Investment Team

Growth	28%
Global Equity	18%
U.S. Value	5%
International Value	20%
Global Value	16%
Emerging Markets	1%
Credit	5%
Developing World	4%
Antero Peak Group	3%
EMsights Capital Group	<1%



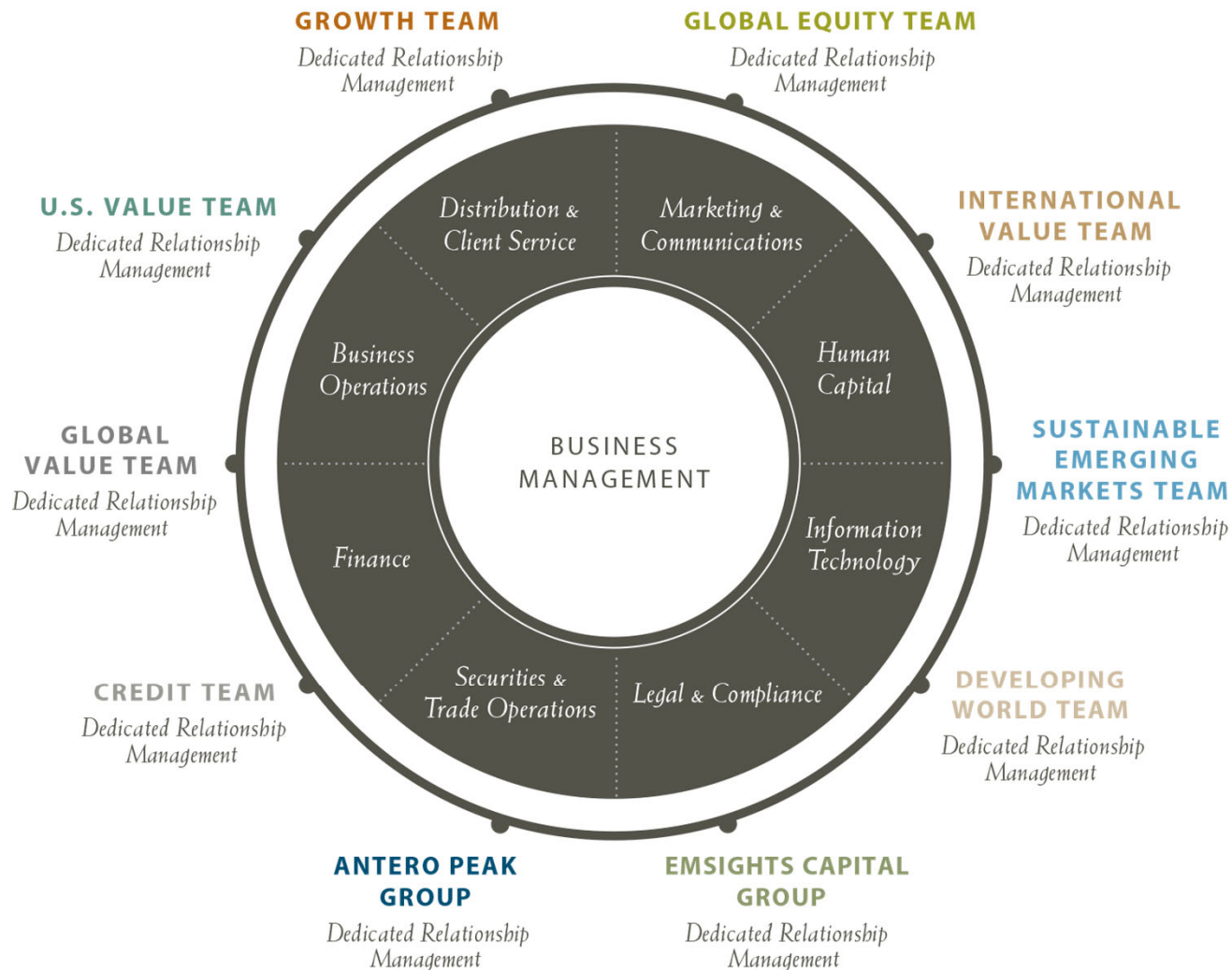
### AUM by Client Type

Institutional	64%
Intermediary	32%
Retail	4%



As of 31 Mar 2022.

# Talent-Driven Business Model



Our investment teams focus on generating results for our clients in a distraction-free environment

## Representative Clients

Artisan Partners has over 600 institutional investors as clients and fund shareholders. While the firm does not release its entire client list, selected representative clients and fund shareholders are listed below.

### Corporate

International Paper  
Marshfield Clinic  
The New York Times Company  
Ontario Power Generation Inc.  
Pfizer, Inc.

### Public

Kansas City Police Employees' Retirement System  
NSW Treasury Corporation (TCorp)  
Public Employees' Retirement System of Mississippi  
State Board of Administration of Florida  
State Retirement and Pension System of Maryland  
Teachers' Retirement System of Louisiana

### Superannuation

Aware Super  
H.E.S.T. Australia Ltd  
REST Industry Super  
Telstra Superannuation Scheme

### Endowment/Foundation/Family Office

ALPS Advisory (HK) Limited  
Indiana University Foundation  
Texas A&M Foundation

### Taft-Hartley

Greater Pennsylvania Regional Carpenters Pension Plan  
Laborers' District Council and Contractors' Pension Fund of Ohio  
New York State Nurses Association  
Screen Actors Guild–Producers Pension Plan

### Financial Intermediaries/Other

Bank of America/Merrill Lynch  
Canadian Medical Protective Association (CMPA)  
Copia Investment Partners  
Korea Investment & Securities  
Perpetual Investment Management Ltd  
Woori Global Asset Management

The Representative Client list contains a sampling of advisory clients and shareholders in one or more funds sponsored by Artisan Partners, including strategies other than what is being presented herein, that have allowed us to identify their relationship to Artisan. This listing does not constitute a testimonial and it is not known whether the institutions listed approve or disapprove of Artisan Partners, its products or services.

## Investment Performance (USD)

(% as of 31 Mar 2022)	Strategy (Inception)	Status	Average Annual Total Returns					Value Added	
			1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Inception	Since Inception (bps)
<b>Growth Team</b>	<b>Global Opportunities</b> (1 Feb 2007)	Open	<b>1.60</b>	<b>18.42</b>	<b>16.42</b>	<b>14.57</b>	<b>14.44</b>	<b>12.00</b>	<b>548</b>
	MSCI All Country World Index		7.28	13.74	11.64	9.67	9.99	6.51	
	<b>Global Discovery</b> (1 Sep 2017)	Open	<b>1.78</b>	<b>20.89</b>	---	---	---	<b>18.62</b>	<b>764</b>
	MSCI All Country World Index		7.28	13.74	---	---	---	10.98	
	<b>U.S. Mid-Cap Growth</b> (1 Apr 1997)	Open	<b>-3.42</b>	<b>20.05</b>	<b>18.28</b>	<b>13.96</b>	<b>14.45</b>	<b>15.64</b>	<b>562</b>
	Russell Midcap® Growth Index		-0.89	14.79	15.09	11.88	13.51	10.01	
<b>Global Equity Team</b>	<b>U.S. Small-Cap Growth</b> (1 Apr 1995)	Open	<b>-20.39</b>	<b>12.42</b>	<b>16.23</b>	<b>13.76</b>	<b>14.09</b>	<b>11.26</b>	<b>321</b>
	Russell 2000® Growth Index		-14.33	9.87	10.32	8.52	11.20	8.04	
	<b>Global Equity</b> (1 Apr 2010)	Open	<b>-7.85</b>	<b>11.68</b>	<b>13.94</b>	<b>10.37</b>	<b>12.58</b>	<b>12.32</b>	<b>294</b>
	MSCI All Country World Index		7.28	13.74	11.64	9.67	9.99	9.38	
	<b>Non-U.S. Growth</b> (1 Jan 1996)	Open	<b>-4.02</b>	<b>7.40</b>	<b>8.43</b>	<b>4.88</b>	<b>7.35</b>	<b>9.64</b>	<b>468</b>
	MSCI EAFE Index		1.16	7.78	6.71	5.11	6.27	4.96	
<b>U.S. Value Team</b>	<b>Non-U.S. Small-Mid Growth</b> (1 Jan 2019)	Closed <sup>1</sup>	<b>-6.72</b>	<b>14.33</b>	---	---	---	<b>18.35</b>	<b>720</b>
	MSCI All Country World ex USA SMID Index		-1.31	8.53	---	---	---	11.15	
	<b>China Post-Venture</b> (1 Apr 2021)	Open	---	---	---	---	---	<b>-23.33</b>	---
	<b>Value Equity</b> (1 Jul 2005)	Open	<b>11.61</b>	<b>16.73</b>	<b>11.90</b>	<b>11.33</b>	<b>11.59</b>	<b>9.50</b>	<b>124</b>
	Russell 1000® Value Index		11.67	13.01	10.28	9.72	11.69	8.26	
	<b>U.S. Mid-Cap Value</b> (1 Apr 1999)	Open	<b>8.57</b>	<b>14.20</b>	<b>10.03</b>	<b>9.06</b>	<b>10.54</b>	<b>12.74</b>	<b>266</b>
<b>International Value Team</b>	Russell Midcap® Value Index		11.45	13.67	9.99	9.29	12.01	10.08	
	<b>Value Income</b> (1 Mar 2022)	Open	---	---	---	---	---	<b>0.52</b>	<b>-319</b>
	S&P 500® Index		---	---	---	---	---	3.71	
	<b>International Value</b> (1 Jul 2002)	Closed <sup>1</sup>	<b>6.02</b>	<b>12.91</b>	<b>9.70</b>	<b>8.19</b>	<b>10.29</b>	<b>11.80</b>	<b>562</b>
	MSCI EAFE Index		1.16	7.78	6.71	5.11	6.27	6.17	
	<b>International Explorer</b> (1 Nov 2020)	Open	<b>10.04</b>	---	---	---	---	<b>32.20</b>	<b>1,274</b>
	MSCI All Country World ex USA Small Cap Index		0.03	---	---	---	---	19.46	

Source: Artisan Partners/MSCI/Russell/S&P. Past performance does not guarantee and is not a reliable indicator of future results. Composite gross-of-fees performance shown, unless otherwise noted. Current performance may be lower or higher than performance shown. Investment returns and principal values will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. Returns less than one year are not annualized. Value added is the difference between the portfolio and the index performance since inception. The Artisan Value Income Strategy's returns may vary greatly over short periods due to the limited operating period since inception. <sup>1</sup>Closed to most new investors.

## Investment Performance (USD)

(% as of 31 Mar 2022)	Strategy (Inception)	Status	Average Annual Total Returns					Value Added	
			1 Yr	3 Yr	5 Yr	7 Yr	10 Yr	Inception	Since Inception (bps)
<b>Global Value Team</b>	<b>Global Value</b> (1 Jul 2007)	Open	4.47	11.53	9.66	9.01	11.12	8.87	278
	MSCI All Country World Index		7.28	13.74	11.64	9.67	9.99	6.09	
	<b>Select Equity</b> (1 Mar 2020)	Open	2.61	---	---	---	---	16.73	-799
	S&P 500® Index		15.65	---	---	---	---	24.71	
<b>Sustainable Emerging Markets Team</b>	<b>Sustainable Emerging Markets</b> (1 Jul 2006)	Open	-15.93	4.61	6.62	6.89	4.46	5.58	44
	MSCI Emerging Markets Index		-11.37	4.93	5.97	4.69	3.36	5.14	
<b>Credit Team</b>	<b>High Income</b> (1 Apr 2014)	Open	3.17	8.13	7.35	7.71	---	7.49	291
	ICE BofA US High Yield Master II Index		-0.29	4.39	4.56	4.95	---	4.58	
	<b>Credit Opportunities</b> (1 Jul 2017)	Open	11.99	18.51	---	---	---	14.09	---
	<b>Floating Rate</b> (1 Jan 2022)	Open	---	---	---	---	---	-0.47	-37
	Credit Suisse Leveraged Loan Index		---	---	---	---	---	-0.10	
<b>Developing World Team</b>	<b>Developing World</b> (1 Jul 2015)	Open	-24.25	16.47	15.24	---	---	12.93	817
	MSCI Emerging Markets Index		-11.37	4.93	5.97	---	---	4.76	
<b>Antero Peak Group</b>	<b>Antero Peak</b> (1 May 2017)	Open	9.41	20.05	---	---	---	23.74	771
	S&P 500® Index		15.65	18.91	---	---	---	16.03	
	<b>Antero Peak Hedge—Rep. Performance</b> (1 Nov 2017) <sup>1</sup>	Open	6.33	15.82	---	---	---	16.74	103
	S&P 500® Index		15.65	18.91	---	---	---	15.71	

Source: Artisan Partners/MSCI/ICE BofA/S&P/Credit Suisse. Past performance does not guarantee and is not a reliable indicator of future results. Composite gross-of-fees performance shown, unless otherwise noted. Current performance may be lower or higher than performance shown. Investment returns and principal values will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. Returns less than one year are not annualized. Value added is the difference between the portfolio and the index performance since inception. The Artisan Floating Rate Strategy's returns may vary greatly over short periods due to the limited operating period since inception. Unlike the Index, Artisan High Income Strategy may hold loans and other security types. At times, this causes material differences in relative performance. Unlike the index, Artisan Credit Opportunities Strategy can hold loans, derivative securities and take both long and short positions, which leads to material differences in relative performance. <sup>1</sup>Antero Peak Hedge - Representative Performance illustrates the returns that an unrestricted investor would have experienced in an account managed by Artisan Partners, assuming no inflows or outflows, since the Strategy's inception and has been presented gross of investment advisory and performance-based fees and other expenses applicable to the account (for example, custody and accounting costs). Representative Performance varies from returns of its Composite due to the Composite containing a portion of its assets restricted from investment in IPOs, which made a material contribution to an unrestricted investor's returns. IPO investments may contribute significantly to a small portfolio's return, an effect that will generally decrease as assets grow. IPO investments may be unavailable in the future. Information related to Artisan's Composites, including performance, is available upon request.

## Artisan Partners Growth Team

Team approach leverages high degrees of experience and knowledge within a disciplined investment process

### Leadership

<p><b>James D. Hamel, CFA</b> Portfolio Manager Lead Portfolio Manager— Global Opportunities 25 Years Investment Experience</p>	<p><b>Matthew H. Kamm, CFA</b> Portfolio Manager Lead Portfolio Manager— U.S. Mid-Cap Growth 22 Years Investment Experience</p>	<p><b>Craig A. Cepukenas, CFA</b> Portfolio Manager Lead Portfolio Manager— U.S. Small-Cap Growth 33 Years Investment Experience</p>	<p><b>Jason L. White, CFA</b> Portfolio Manager Lead Portfolio Manager— Global Discovery 22 Years Investment Experience</p>	<p><b>Jay C. Warner, CFA</b> Portfolio Manager Financials 20 Years Investment Experience</p>	<p><b>Pratik S. Patel</b> Chief Operating Officer Talent Generalist 21 Years</p>
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## Portfolio leadership has been working together for 19 years

### Analysts

<p><b>Aashish S. Rao</b> Associate Portfolio Manager Technology 14 Years</p>	<p><b>Cindy Mu, CFA</b> Associate Portfolio Manager Consumer 16 Years</p>	<p><b>Michael A. Schneider, CFA</b> Associate Portfolio Manager Industrials and Energy 24 Years</p>	<p><b>Martin Jochmann</b> Associate Portfolio Manager Health Care 21 Years</p>	<p><b>Roderick M. Brower</b> Head of ESG Integration Internet, Media and Consumer 23 Years</p>
<p><b>Alexander Braid, CFA</b> Financials 17 Years</p>	<p><b>Stan Buncher, CFA</b> Internet, Media and Consumer 13 Years</p>	<p><b>Fischer Van Handel</b> Industrials and Energy 10 Years</p>	<p><b>Ryan Tochiara</b> Health Care 14 Years</p>	<p><b>Robin Johnson</b> ESG 16 Years</p>

### Research Associates

<p><b>Matt Lemenager, CFA</b> Technology 9 Years</p>	<p><b>Bolu Ajayi</b> Generalist 5 Years</p>
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### Traders

<p><b>Jay B. Peters</b> 30 Years</p>	<p><b>Bryan P. Schultz</b> 20 Years</p>
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### Client Service Team

<p><b>Chip Ridley, CFA</b> Managing Director Business Leader</p>	<p><b>Ting Rattanaphasouk, CFA</b> Account Coordinator</p>
<p><b>Floyd Dukes, CFA</b> Portfolio Specialist</p>	<p><b>Lisa Sturm</b> Account Coordinator</p>

### Coordinators

<p><b>Cristal Lieungh</b> 27 Years</p>	<p><b>Heather Dow</b> 22 Years</p>	<p><b>Kelly Kaminski</b> &lt;1 Year</p>
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## Investment Philosophy—Overview

We seek to compound assets through a disciplined, repeatable process that exposes portfolios to growth while avoiding permanent capital impairment

We believe stocks follow profits, and following profit cycles can lead to significant asset growth

Broad Knowledge

Find growth wherever growth occurs across the global economy

Security Selection

Be right more often than we're wrong

Capital Allocation

Be right in a bigger way than when we're wrong

## Investment Process—Security Selection

Three key elements to the security selection process

Franchise Companies

- Dominant market share
- Low-cost producer
- Proprietary asset
- Defensible brand name

Attractive Valuations

- Purchase stocks at a discount to private market value; sell stocks as they approach full valuation

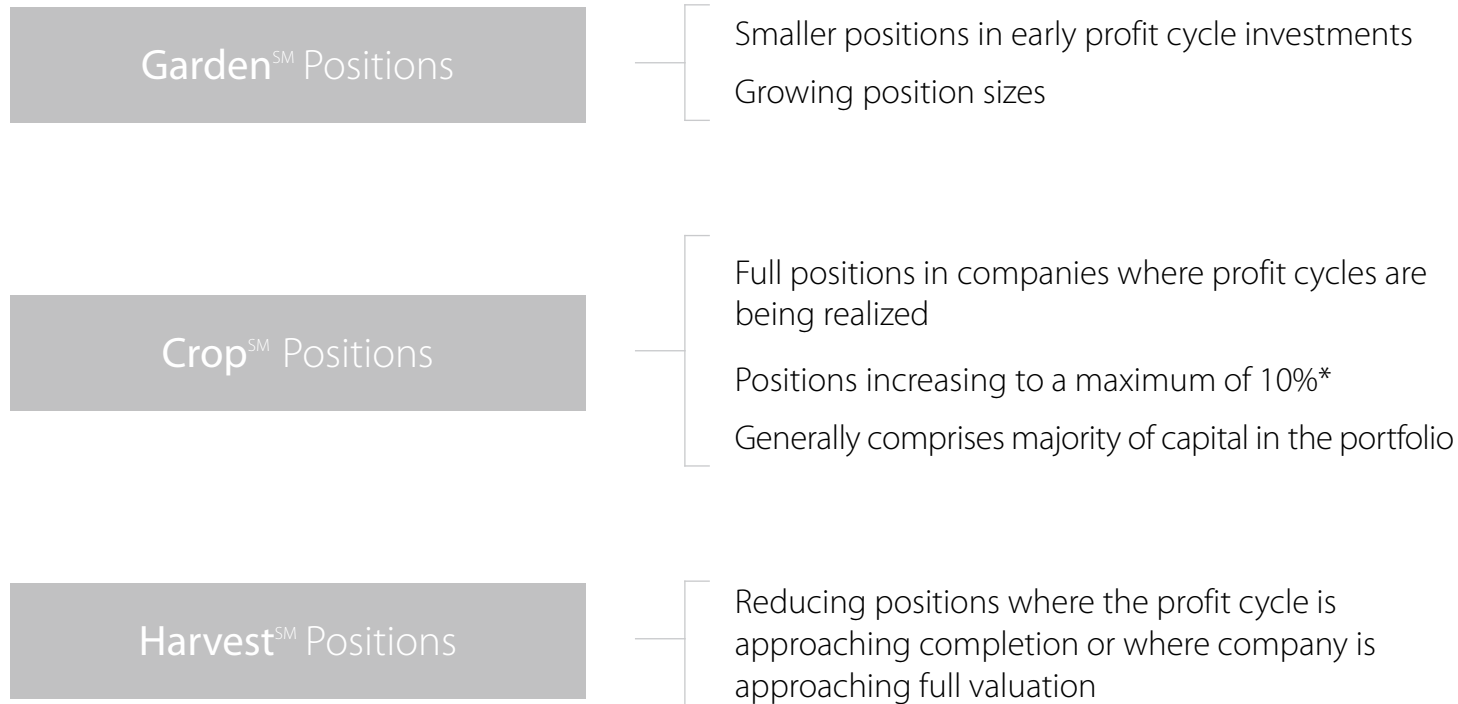
Accelerating Profit Cycles

- Invest in an emerging profit cycle



## Investment Process—Capital Allocation

Portfolio holdings develop through three stages

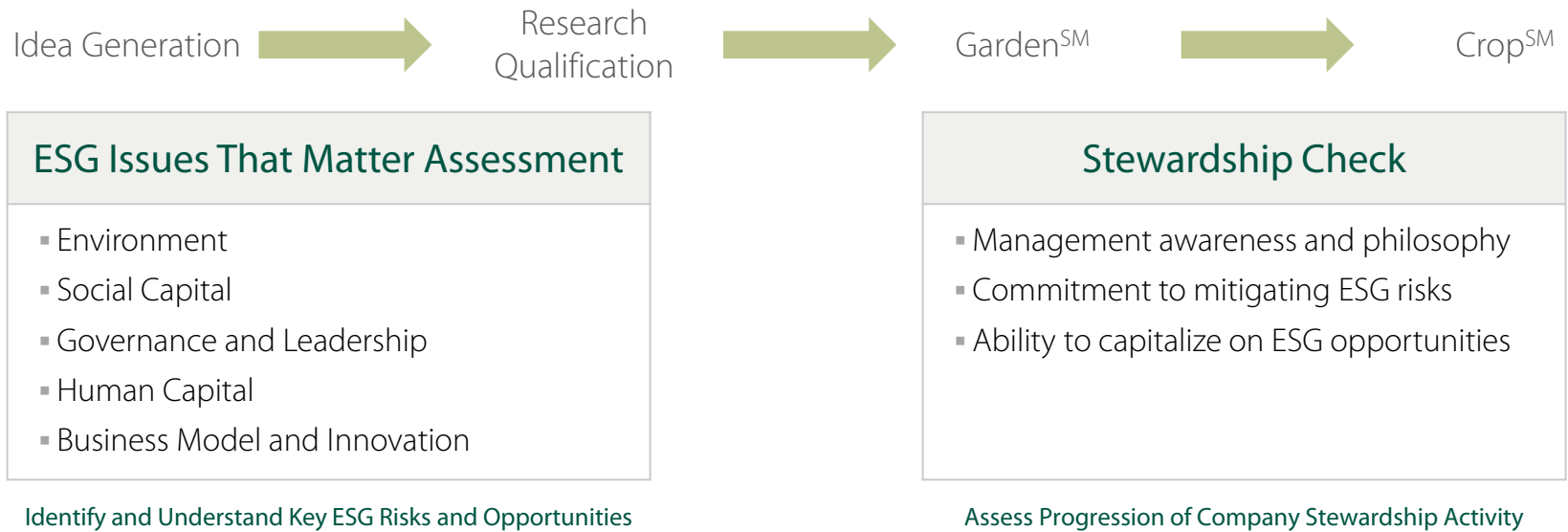


We build position size according to our conviction in order to maximize exposure to companies undergoing profit acceleration

\*Limitations apply at the time of purchase. With respect to 75% of total assets, the portfolio limits individual position sizes to 5%; as to the other 25%, the portfolio may invest up to 10% in a single issuer.

# Investment Process—ESG Integration Framework\*

Assessing ESG Risks and Opportunities Through a Stewardship Lens



## Engagement

Ongoing engagement related to profit cycle progression and stewardship of ESG-related issues

\*This material represents a simplified presentation of a complex process and is subject to change.

## Portfolio Construction

High degree of flexibility constrained by investment discipline designed to produce value-added results

### Global Opportunity Set

- Find growth where it exists globally
- Maximum 35% in any country other than the US\*
- Maximum 25% in any industry\*

### Focused Portfolio

- Usually 30-50 holdings
- Maximum position size up to 10%\*

### Flexible Market Capitalization

- Mid/Large cap emphasis

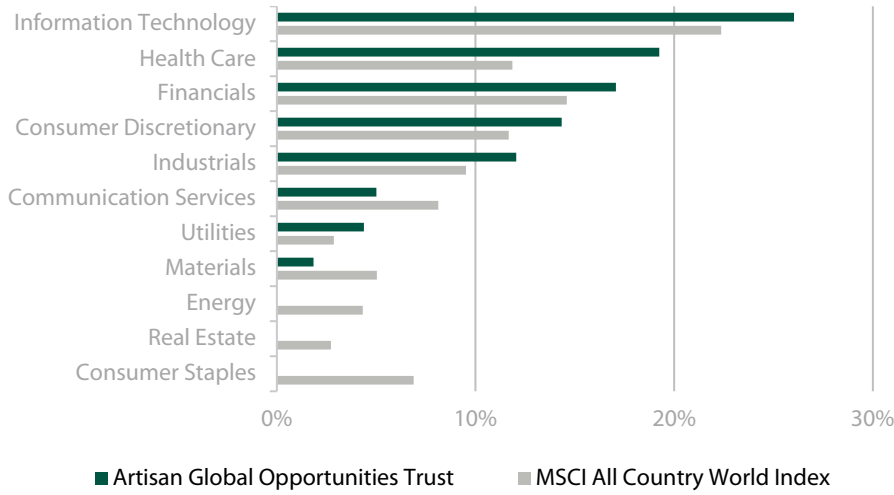
### Cash Positions

- Typically less than 15% cash

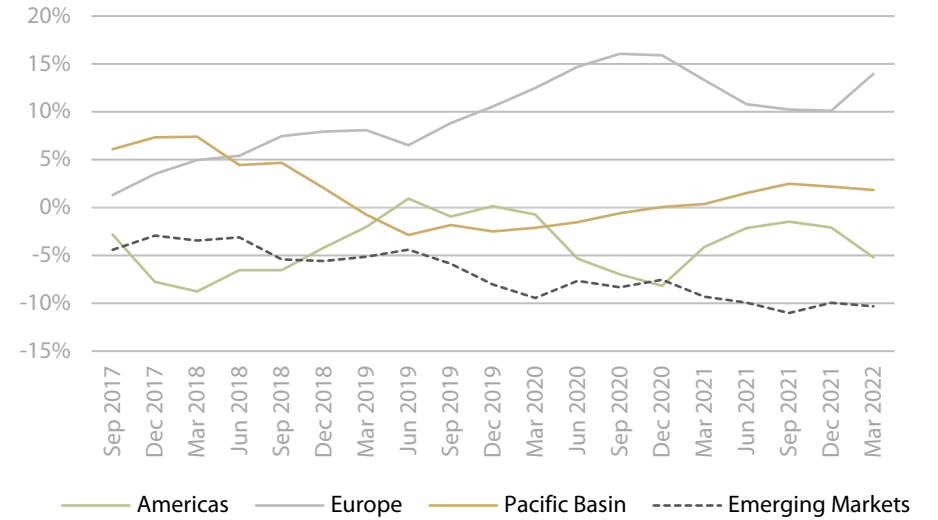
\*Limitations apply at the time of purchase. With respect to 75% of total assets, the portfolio limits individual position sizes to 5%; as to the other 25%, the portfolio may invest up to 10% in a single issuer.

## Current Positioning

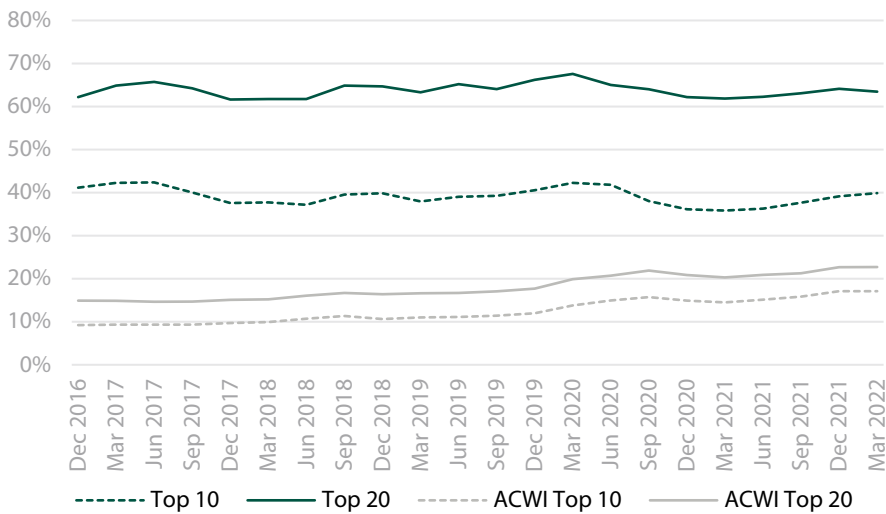
### Sector Weights



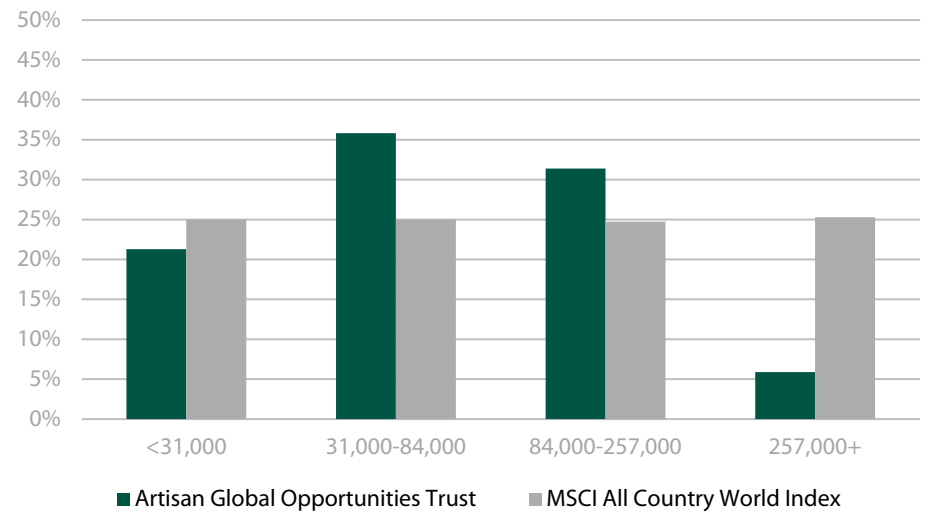
### Relative Region Weights (by Risk Country) vs. MSCI ACWI



### Concentration in Top 10 / 20 Largest Holdings



### Relative Market Cap Breakdown (in Millions) vs. MSCI ACWI



Source: FactSet/GICS/MSCI. As of 31 Mar 2022. All weights shown as a percentage of portfolio equities, except the Top 10 / 20, which are shown as a percentage of the total portfolio (including cash). Cash represented 5.6% of the total portfolio.

## Where We Are Finding Potential Growth

	Global Opportunities	Global Discovery	Mid Cap Growth	Small Cap Growth
<b>Health Care Innovation</b> New drugs, devices, diagnostics and delivery models that make health care more effective and efficient	Novo Nordisk AstraZeneca Lonza Group Danaher	Genmab Gerresheimer Ascendis Pharma	Dexcom Genmab Catalent Ascendis Pharma BioNTech	Halozyme Ascendis Pharma Veracyte
<b>Industrial Process Innovation</b> Precision technologies and systems that increase quality, synchronize information streams and speed throughput to lower production costs	Hexagon Keyence CNH Industrial	Teledyne Technologies Novanta	Fortive Cognex Trimble	Novanta Valmont Ingersoll Rand
<b>Internal Change</b> New management teams, new products, strategic acquisitions and other changes that can unlock growth and margin opportunities	Burlington Charles Schwab London Stock Exchange Group	Burlington Puma Metso Outotec	Burlington Chipotle Ingersoll Rand Nasdaq	Novanta Chegg Valmont
<b>Transforming How We Work</b> The development and use of modern software tools to facilitate a more collaborative, efficient, mobile and secure work environment	Atlassian Veeva Systems Techtronic HubSpot	Zscaler Obic Veeva Systems Techtronic	Zscaler Atlassian Veeva Systems HubSpot	Blackline Guidewire Software Workiva
<b>Digital Payments</b> Differentiated technology solutions are transforming digital payments, enabling the processing of secure transactions in increasingly complex and global settings	Fidelity National NU Holdings	Global Payments	Global Payments Bill.com Global-e Online	Q2 Holdings BigCommerce Olo
<b>The Rise of ESG</b> Beyond power generation and transportation methods, environmental, social and governance considerations are broadly impacting how companies think about and measure environmental footprints and benchmark social outcomes	Vestas Wind Systems NextEra Energy Volkswagen Aptiv Tesla	Vestas Wind Systems Valmont Morningstar Workiva	MSCI Aptiv Ball Corp Generac	Lattice Semiconductor Yeti Wolfspeed Morningstar Valmont

Source: Artisan Partners. As of 31 Mar 2022. For illustrative purposes only. The investment themes and security examples listed are not representative of the entire portfolios and are subject to change without notice. Refer to Notes and Disclosures for security weights in each strategy.

## Market Review

- With inflation readings elevated, the Fed pointing to policy tightening ahead and the outbreak of war between Russia and Ukraine, many market participants positioned for higher interest rates. Companies whose valuations are dependent on profits further into the future (growth companies) underperformed with Internet, information technology and health care innovation among the weakest sectors. Energy stocks moved sharply higher along with spiking commodity prices, while more defensive sectors such as utilities, big pharma and consumer staples outperformed as investors hedged their bets regarding the future direction of global GDP growth.
- The late February outbreak of war between Ukraine and Russia is giving the post-Cold War order its greatest test. The US, Europe, Australia and Japan, among other countries, levied varying degrees of sanctions against Russia's economy—blocking Russian banks' access to the SWIFT international payment system, restricting aircraft travel, stymying transactions with the Russian central bank and targeting Russian oligarchs through travel bans and asset freezes, among many others. Not only have the war and these sanctions impacted Russia's equity market directly (iShares MSCI Russia ETF declined over 80% in Q1), but they have also had reverberating effects across the global economy—further stressing global supply chains and contributing to a 39% rise in Brent crude oil's price in Q1.
- Inflation readings in the US remain elevated, and the Federal Open Market Committee kicked off what the market believes will be a rate hike cycle. Consumer Price Index accelerated to 8.5% YoY in March, the largest increase since the early 1980s. The FOMC's 25bps rate hike in March is the first since 2018, and the market expects 175bps of increases by year end. Rising prices in energy (oil and gasoline), used cars and trucks, electricity and food were all contributors to YOY inflation in March.
- The rising cost of basic goods is weighing on US consumers' purchasing power (household spending makes up approximately 70% of GDP). In addition to the inflation drivers mentioned above, other notable indicators include a declining personal savings rate (falling from its pandemic peak of ~34% to ~6%) as well as rapidly rising mortgage rates and home prices. The recent 158bps spike in 30-year mortgages over the past 90 days, to 4.95%, is the fastest rise since the early 1990s, and home prices have climbed ~10% and ~19% in each of the last two years.

	Q1 2022
S&P 500® Index	-4.6%
DJIA	-4.1%
Russell 1000® Index	-5.1%
Russell 1000® Growth Index	-9.0%
Russell 1000® Value Index	-0.7%
Russell Midcap® Index	-5.7%
Russell Midcap® Growth Index	-12.6%
Russell Midcap® Value Index	-1.8%
Russell 2000® Index	-7.5%
Russell 2000® Growth Index	-12.6%
Russell 2000® Value Index	-2.4%
MSCI EAFE Index	-3.6%
MSCI AC World Small Cap Index	-5.6%
MSCI EM Index	-6.1%
MSCI ACWI	-4.6%
Gold	6.7%
Brent Crude Oil	39.7%
US Dollar Index	2.4%
Bloomberg Barclays US Aggregate	-5.9%
ICE BofA US High Yield	-6.2%

Source: Artisan Partners/FactSet/MSCI/Russell/S&P/ICE BofA/Bloomberg/GICS. As of 31 Mar 2022. Past performance does not guarantee and is not a reliable indicator of future results. An investment cannot be made directly in an index. Artisan Partners is not affiliated with iShares and this commentary is not an offering of any products or services other than those offered by Artisan Partners.

## Stock Example—Advanced Micro Devices



As of 31 Mar 2022

% Portfolio	5.4%
Market Capitalization	\$132bn
FY22 EPS Est.	\$4.01
FY23 EPS Est.	\$4.75
Long-Term EPS Growth Est.	26.3%
Blended PMV <sup>1</sup>	\$190

### Franchise Elements

- A leading provider of processors for PCs and servers, graphics processors, and processors for several game consoles.

### Investment Thesis

- Solid product execution in data center (EPYC) and client PCs (Ryzen) combined with an expanding customer set of cloud, enterprise and PC vendors has driven AMD's market share to ~20% today (vs <5% in data center and <10% in client PCs in 2018). We see a path to >30% over the next 2-3 years.
- The company's second-generation data center graphics processors when deployed in parallel with EPYC computer processors are beginning to show significant performance gains and adoption in cloud and high-performance computing applications—a market dominated by Nvidia in recent years.
- The company's mix shift towards newer margin accretive products combined with leverage from topline growth have driven gross and operating margins meaningfully higher. We see strong potential for further upside over the next couple of years.
- AMD has made substantial market share gains in recent years, particularly in data centers, given its superior pricing and performance over Intel, deepening relationship with TSMC and Intel's product and manufacturing execution struggles. We believe further market share can be captured from Intel given our belief AMD's superior pricing and performance advantages will persist at least over the near-term.

Source: Artisan Partners/FactSet. As of 31 Mar 2022. Past performance does not guarantee and is not a reliable indicator of future results. Purchases after the initial purchase date in the portfolio may continue for an extended period of time, and the difference between the price at the initial purchase date and the current price may not be an accurate indication of the gain or loss in the portfolio. <sup>1</sup>The blended PMV is a blend of the team's current and forward year PMV estimates.

## Stock Example—NextEra Energy

NextEra Energy, Inc.

31-Dec-2018 to 31-Mar-2022

USD

High: 93.36 Low: 42.35 Last: 84.71



As of 31 Mar 2022

% Portfolio	4.3%
Market Capitalization	\$166bn
FY22 EPS Est.	\$2.82
FY23 EPS Est.	\$3.04
Long-Term EPS Growth Est.	8.6%
Blended PMV <sup>1</sup>	\$104

### Franchise Elements

- In addition to operating a top-tier regulated utility business in Florida, NextEra is one of the largest developers, producers and distributors of renewable power across the US.

### Investment Thesis

- We are in the very early innings of the global power grid transitioning to alternative energy sources and expect the industry to ramp very quickly in the coming years.
- While already more economical today than nuclear, coal and natural gas, producing wind and solar power should get cheaper with declining equipment, financing and development costs and more efficiencies in the power-generation process.
- The addressable market for renewables is expected to grow in the coming years. Battery electric vehicles reaching price parity with internal combustion engine vehicles is an important catalyst which will place increased demand on the power grid.
- As the third-largest investor in US infrastructure and the expectation to expand its renewable power generation capacity by 50% over the next 5 years, NextEra is well-positioned to be one of the leading providers of sustainable power for the US utilities sector as it transitions toward a more environmentally friendly and sustainable power-generation fleet over the coming decades.

Source: Artisan Partners/FactSet. As of 31 Mar 2022. Past performance does not guarantee and is not a reliable indicator of future results. Purchases after the initial purchase date in the portfolio may continue for an extended period of time, and the difference between the price at the initial purchase date and the current price may not be an accurate indication of the gain or loss in the portfolio. <sup>1</sup>The blended PMV is a blend of the team's current and forward year PMV estimates.



## Portfolio Statistics

	Trust	MSCI All Country World Index
Weighted Avg. Market Cap (Billions)	\$196.0	\$415.0
Median Market Cap (Billions)	\$61.2	\$12.1
Number of Companies	45	2,939
Weighted Avg. LT EPS Growth Rate (3-5 Yr)	18.7%	16.9%
Weighted Avg. P/E Ratio (FY1) <sup>1</sup>	22.2X	17.0X
Weighted Avg. P/E Ratio (FY2) <sup>1</sup>	19.4X	15.9X
Active Share	90.6%	—
Weighted Avg. LT Debt/Capital	29.1%	37.9%
Annual Turnover <sup>2</sup>	40.1%	—

Source: FactSet/MSCI. As of 31 Mar 2022. Number of companies in the portfolio is aggregated at the issuer level and may include multiple securities of the same issuer; index number of companies is shown at the security level. <sup>1</sup>Harmonic; excluding negative earners. <sup>2</sup>For the calendar year ended 31 Dec 2021.

## Sector Weights

(% of portfolio securities)	Trust			MSCI All Country World Index
	31 Mar 2021	31 Dec 2021	31 Mar 2022	31 Mar 2022
Communication Services	8.2	5.7	5.0	8.1
Consumer Discretionary	10.7	13.6	14.3	11.7
Consumer Staples	0.7	0.0	0.0	6.9
Energy	0.0	0.0	0.0	4.3
Financials	9.0	11.3	17.1	14.6
Health Care	24.1	20.9	19.3	11.9
Industrials	14.6	16.6	12.1	9.5
Information Technology	21.7	25.7	26.0	22.4
Materials	4.0	2.6	1.9	5.0
Real Estate	0.0	0.0	0.0	2.7
Utilities	7.0	3.6	4.4	2.9

Source: GICS/MSCI. Cash represented 1.9% of the total portfolio at 31 Mar 2021, 3.5% at 31 Dec 2021 and 5.6% at 31 Mar 2022.

## Region/Country Weights

(%) as of 31 Mar 2022	Trust	MSCI All Country World Index
<b>EUROPE</b>	<b>29.7</b>	<b>15.7</b>
Denmark	3.8	0.7
Germany	1.6	2.0
Italy	2.5	0.6
Netherlands	1.9	1.1
Spain	1.9	0.6
Sweden	4.7	0.9
Switzerland	9.2	2.5
United Kingdom	4.2	3.7
<b>PACIFIC BASIN</b>	<b>10.4</b>	<b>8.5</b>
Hong Kong	7.2	0.7
Japan	3.2	5.4
<b>EMERGING MARKETS</b>	<b>0.6</b>	<b>11.1</b>
Brazil	0.6	0.6
<b>MIDDLE EAST</b>	<b>0.0</b>	<b>0.2</b>
<b>AMERICAS</b>	<b>59.3</b>	<b>64.6</b>
Canada	1.5	3.2
United States	57.8	61.4

Source: MSCI. Percentages shown are of the portfolio securities. Cash represented 5.6% of the total portfolio at 31 Mar 2022. Countries held in the index but not in the portfolio are not listed.

## Top Holdings

### Top 5 Non-US Holdings

		% of total portfolio
<b>Techtronic Industries Co Ltd</b> (Industrials)	The global leader in power tools with well-established and fast-growing brands, including Milwaukee, Ryobi and Hart.	5.2
<b>UBS Group AG</b> (Financials)	A Swiss multinational bank and financial services company that is the largest wealth manager in the world.	4.1
<b>Lonza Group AG</b> (Health Care)	One of the largest manufacturers and producers of active pharmaceutical ingredients for biologic and small molecule drugs as well as cell and gene therapies for the pharmaceutical and biotech industries.	3.1
<b>Telefonaktiebolaget LM Ericsson</b> (Information Technology)	The second-largest wireless equipment vendor in the world with a product portfolio that supplies parts to wireless towers.	2.4
<b>CNH Industrial NV</b> (Industrials)	A designer, producer, and seller of agricultural equipment and commercial vehicles.	2.4

### Top 5 US Holdings

<b>Advanced Micro Devices Inc</b> (Information Technology)	A leading provider of microprocessors for PCs and servers, graphics processors, and processors for several game consoles.	5.4
<b>NextEra Energy Inc</b> (Utilities)	An electric power and energy infrastructure company.	4.1
<b>Veeva Systems Inc</b> (Health Care)	A leading provider of cloud-based SaaS solutions for the pharmaceutical and life sciences industries.	3.6
<b>Alphabet Inc</b> (Communication Services)	The parent company of Google, the world's largest Internet company and the global leader in search advertising.	3.3
<b>Boston Scientific Corp</b> (Health Care)	Develops, manufactures and markets minimally invasive medical devices.	3.2

Source: Artisan Partners/FactSet/GICS/MSCI. As of 31 Mar 2022. Securities of the same issuer are aggregated to determine the weight in the portfolio. Companies categorized as US or non-US based on MSCI country classifications.

## Portfolio Holdings—By Sector (% of total portfolio)

### Communication Services

- 3.3 Alphabet Inc
- 1.5 Netflix Inc

### Consumer Discretionary

- 2.2 Aptiv PLC
- 2.2 Airbnb Inc
- 2.0 Lowe's Cos Inc
- 1.8 lululemon athletica inc
- 1.5 Cie Financiere Richemont SA
- 1.5 Volkswagen AG
- 1.2 Burlington Stores Inc
- 0.6 Tesla Inc
- 0.5 Chipotle Mexican Grill Inc

### Financials

- 4.1 UBS Group AG
- 3.0 The Charles Schwab Corp
- 2.0 S&P Global Inc
- 1.8 Banco Bilbao Vizcaya Argentaria SA
- 1.7 London Stock Exchange Group PLC
- 1.6 AIA Group Ltd
- 1.3 The Progressive Corp
- 0.6 NU Holdings Ltd

### Health Care

- 3.6 Veeva Systems Inc
- 3.2 Boston Scientific Corp
- 3.1 Lonza Group AG
- 2.5 Danaher Corp
- 2.2 AstraZeneca PLC
- 1.6 Genmab A/S
- 1.4 Hoya Corp
- 0.7 Novo Nordisk A/S

### Industrials

- 5.2 Techtronic Industries Co Ltd
- 2.4 CNH Industrial NV
- 2.0 Ingersoll Rand Inc
- 1.3 Vestas Wind Systems A/S
- 0.5 Fortive Corp

### Information Technology

- 5.4 Advanced Micro Devices Inc
- 2.7 Atlassian Corp PLC
- 2.4 Telefonaktiebolaget LM Ericsson
- 2.3 Fidelity National Information Services Inc
- 2.0 Hexagon AB
- 2.0 Microsoft Corp
- 1.6 ON Semiconductor Corp
- 1.6 Keyence Corp
- 1.6 Arista Networks Inc
- 1.4 Shopify Inc
- 1.4 HubSpot Inc

### Materials

- 1.7 Koninklijke DSM NV

### Utilities

- 4.1 NextEra Energy Inc

Source: GICS. As of 31 Mar 2022. Cash represented 5.6% of the total portfolio at 31 Mar 2022. Securities of the same issuer are aggregated to determine the weight in the portfolio.

## Portfolio Holdings—By Country (% of total portfolio)

### Brazil

0.6 NU Holdings Ltd

### Canada

1.4 Shopify Inc

### Denmark

1.6 Genmab A/S

1.3 Vestas Wind Systems A/S

0.7 Novo Nordisk A/S

### Germany

1.5 Volkswagen AG

### Hong Kong

5.2 Techtronic Industries Co Ltd

1.6 AIA Group Ltd

### Italy

2.4 CNH Industrial NV

### Japan

1.6 Keyence Corp

1.4 Hoya Corp

### Netherlands

1.7 Koninklijke DSM NV

### Spain

1.8 Banco Bilbao Vizcaya Argentaria SA

### Sweden

2.4 Telefonaktiebolaget LM Ericsson

2.0 Hexagon AB

### Switzerland

4.1 UBS Group AG

3.1 Lonza Group AG

1.5 Cie Financiere Richemont SA

### United Kingdom

2.2 AstraZeneca PLC

1.7 London Stock Exchange Group PLC

### United States

5.4 Advanced Micro Devices Inc

4.1 NextEra Energy Inc

3.6 Veeva Systems Inc

3.3 Alphabet Inc

3.2 Boston Scientific Corp

3.0 The Charles Schwab Corp

2.7 Atlassian Corp PLC

2.5 Danaher Corp

2.3 Fidelity National Information Services Inc

2.2 Aptiv PLC

2.2 Airbnb Inc

2.0 Microsoft Corp

2.0 Ingersoll Rand Inc

2.0 S&P Global Inc

2.0 Lowe's Cos Inc

1.8 lululemon athletica inc

1.6 ON Semiconductor Corp

1.6 Arista Networks Inc

1.5 Netflix Inc

1.4 HubSpot Inc

1.3 The Progressive Corp

1.2 Burlington Stores Inc

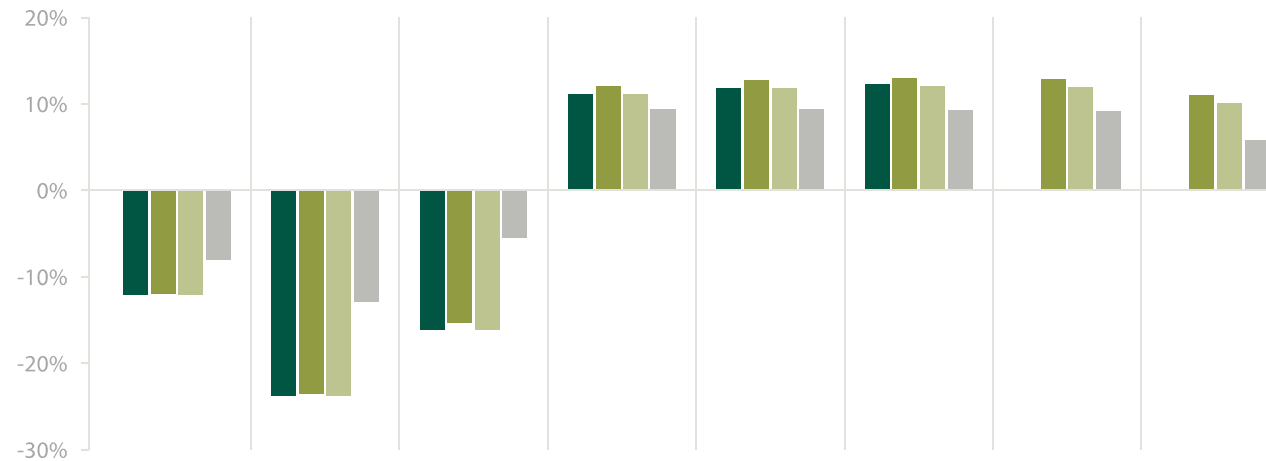
0.6 Tesla Inc

0.5 Chipotle Mexican Grill Inc

0.5 Fortive Corp

Source: MSCI. As of 31 Mar 2022. Cash represented 5.6% of the total portfolio at 31 Mar 2022. Securities of the same issuer are aggregated to determine the weight in the portfolio.

## Investment Results—Average Annual Total Returns



(%) as of 30 Apr 2022

	MTD	YTD	1 Yr	3 Yr	5 Yr	Trust Inception	10 Yr	Inception
■ Artisan Global Opportunities Trust (Tier 1)	-12.04	-23.74	-16.17	11.13	11.85	12.34	—	—
■ Artisan Global Opportunities Composite: Gross	-11.96	-23.56	-15.36	12.07	12.78	13.00	12.95	11.00
■ Artisan Global Opportunities Composite: Net	-12.03	-23.79	-16.07	11.15	11.85	12.05	11.99	10.08
■ MSCI All Country World Index	-8.00	-12.94	-5.44	9.40	9.45	9.28	9.20	5.90

Source: SEI/Artisan Partners/MSCI. Past performance does not guarantee and is not a reliable indicator of future results. Net-of-fees performance shown for the Trust. The principal value and investment return of the Trust will fluctuate, so you may have a gain or loss when you sell your units. Current performance may be lower or higher than that shown. Trust returns were calculated net of total Trust fees and expenses (0.85% annually) which are incurred by each participating Tier 1 plan in the Trust. The Composite includes all accounts managed by Artisan Partners in the investment strategy, including the Collective Investment Trust. Composite performance is presented for informational purposes only and represents gross and net of investment management fees performance. Composite performance varies from Trust performance based on individual account restrictions and applicable fees and does not represent past or present Trust returns. Net-of-fees Composite returns were calculated using the highest fee applicable to portfolios within the Composite and does not reflect fees and expenses associated with the Trust. Returns less than one year are not annualized. Trust inception: 3 May 2012. Composite inception: 1 Feb 2007.

## Buys/Sells—Q1 2022

New Positions	Sector	Description and Investment Thesis
The Progressive Corp	Financials	Progressive is a leading insurance company in the US. The company's data and operational advantages position it well to gain profitable share of the personal and commercial auto and homeowners insurance markets. We anticipate these advantages to once again come to the forefront as the industry continues to work through rising costs via higher prices. We initiated a Garden <sup>SM</sup> position at an attractive discount to our PMV estimate.
Novo Nordisk	Health Care	Novo is the global leader in insulin production and diabetes treatment. We believe the company's Wegovy drug, an injectable prescription medication for overweight and obese adults, can drive a compelling profit cycle in the periods ahead. Wegovy is the only commercially approved weigh loss drug and has the potential to capture meaningful share of a potential \$10 billion market.
Tesla Inc	Consumer Discretionary	Tesla is the leading designer, manufacturer, and seller of electric vehicles (EVs). The company has a commanding 20% market share globally with structurally higher margins than its competitors due to simpler design, fewer models, more automation and vertical integration. As an early mover in EVs, we believe the company is well positioned to benefit from an economic and regulatory incentivized penetration ramp—which is still in the very early stages—over the next several years.
Chipotle Mexican Grill Inc	Consumer Discretionary	Chipotle Mexican Grill owns and operates fast-casual restaurants. The company's food is prepared on-site in a transparent, made-to-order and efficient retail format, generating impressive sales productivity and attractive store-level margins. The company is led by an impressive management team that has rolled out value creating strategies, including its investment in secondary "digital make lines" to boost in-store production capacity, which allow Chipotle to effectively fulfill growing demand from digital and delivery channels. This strategy has enabled the new, higher-returning Chipotlane drive thru format to emerge without compromising its core in-store customer experience. Combined with menu innovation and enhanced marketing initiatives, we believe this premier restaurant concept is poised to realize improving unit economics and returns on capital, which should lead to a doubling of its store base over time. While food inflation poses a potential headwind, we believe the company can pass along higher input costs to customers with quite modest price increases.

Source: Artisan Partners/FactSet/GICS. As of 31 Mar 2022. Refer to Portfolio Holdings for security weights.



## Buys/Sells—Q1 2022

Sold Positions	Sector	Reason(s) for Sale
Dexcom Inc	Health Care	Exited as shares approached our PMV estimate and in favor of more attractive opportunities.
Magazine Luiza	Consumer Discretionary	This Garden <sup>SM</sup> holding's thesis did not develop as anticipated, and we sold the stock in favor of more attractive alternatives.
Spotify Technology SA	Communication Services	A recent step up in investments this year runs counter to our belief Spotify was on the cusp of realizing its margin expansion objectives. We exited our position in favor of more attractive opportunities.
Uber Technologies Inc	Industrial	Exited our position amid several headwinds that make other profit cycles in our portfolio relatively more attractive: a driver supply shortage, regulatory obstacles and inflation (wages, gas).

Source: Artisan Partners/FactSet/GICS. As of 31 Mar 2022.

# Contribution to Return and Attribution—Q1 2022

## Contribution to Return

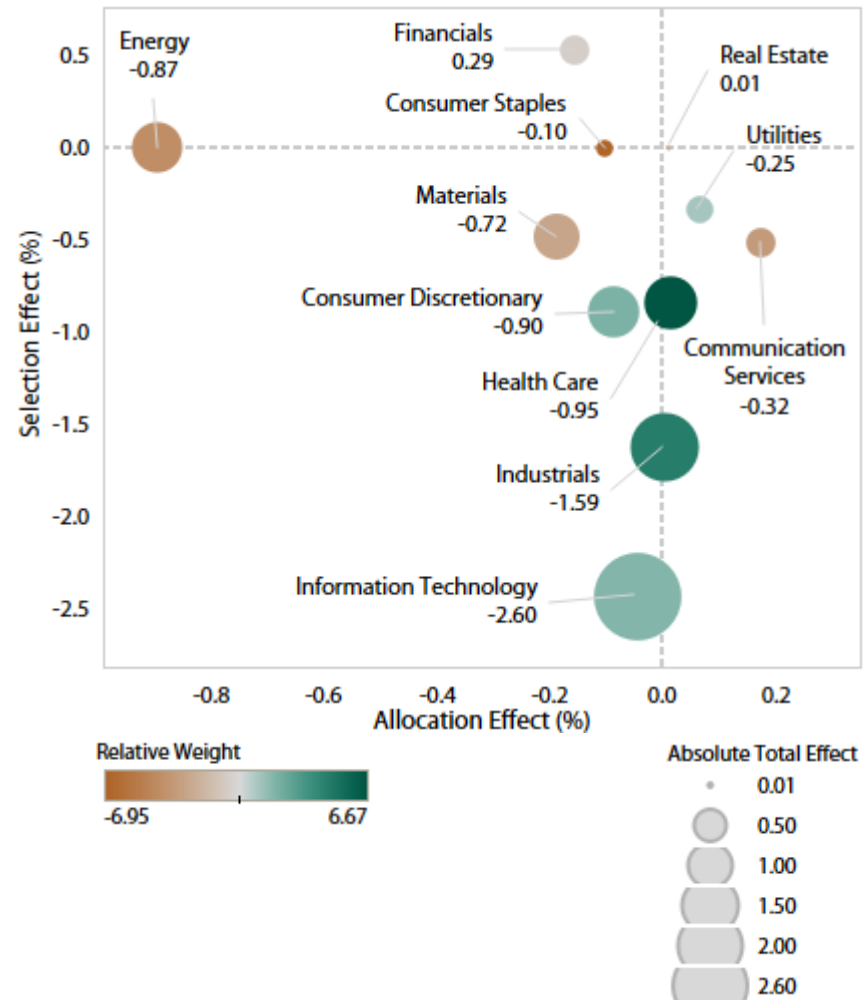
### Top

AstraZeneca	Health Care
UBS Group	Financials
London Stock Exchange	Financials
Tesla	Consumer Discretionary
Boston Scientific	Health Care

### Bottom

Advanced Micro Devices	Information Technology
Techtronic Industries	Industrials
Shopify	Information Technology
Aptiv	Consumer Discretionary
Netflix	Communication Services

## Attribution



Source: Artisan Partners/FactSet/GICS/MSCI. As of 31 Mar 2022. Past performance does not guarantee and is not a reliable indicator of future results. These securities made the greatest contribution to, or detracted most from, performance during the period. This is not a complete listing of portfolio activity. Upon request, Artisan will provide: (i) the calculation methodology and/or (ii) a list showing the contribution of each holding to overall performance during the measurement period. Securities of the same issuer are aggregated to determine the weight in the portfolio. Refer to Portfolio Holdings for security weights. The holdings mentioned above comprised the following average weights in the portfolio during the time period indicated: AstraZeneca PLC 1.9%, UBS Group AG 3.7%, London Stock Exchange Group PLC 1.5%, Tesla Inc 0.1%, Boston Scientific Corp 3.3%, Netflix Inc 1.6%, Aptiv PLC 2.7%, Shopify Inc 1.5%, Techtronic Industries Co Ltd 5.3%, Advanced Micro Devices Inc 5.6%. Refer to Notes and Disclosures for attribution information. Color illustrated in the graph indicates Relative Weight which is the portfolio sector average weight vs. MSCI All Country World Index sector average weight. Circle size represents the absolute total effect. Impact of cash in the portfolio is not depicted in the graph.

# Contribution to Return and Attribution—1 Yr

## Contribution to Return

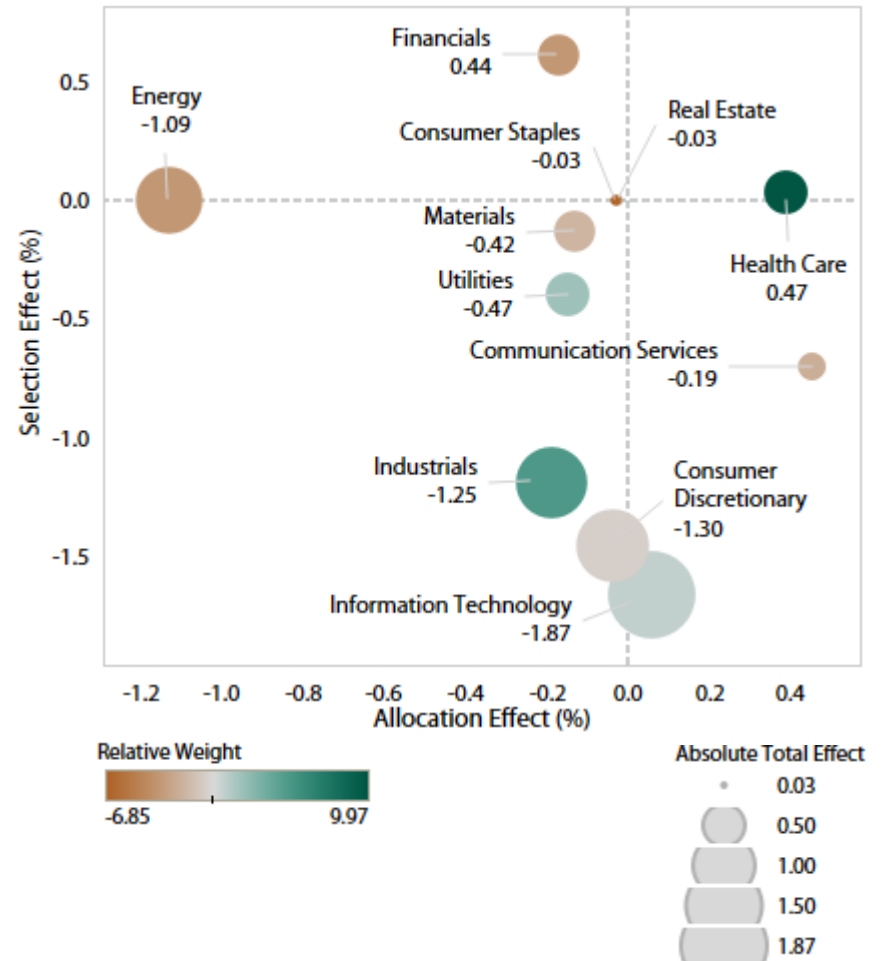
Top

Advanced Micro Devices	Information Technology
Arista Networks	Information Technology
AstraZeneca	Health Care
Lonza	Health Care
Atlassian	Information Technology

Bottom

Ericsson	Information Technology
Shopify	Information Technology
Activision Blizzard (sold)	Communication Services
Veeva Systems	Health Care
Burlington Stores	Consumer Discretionary

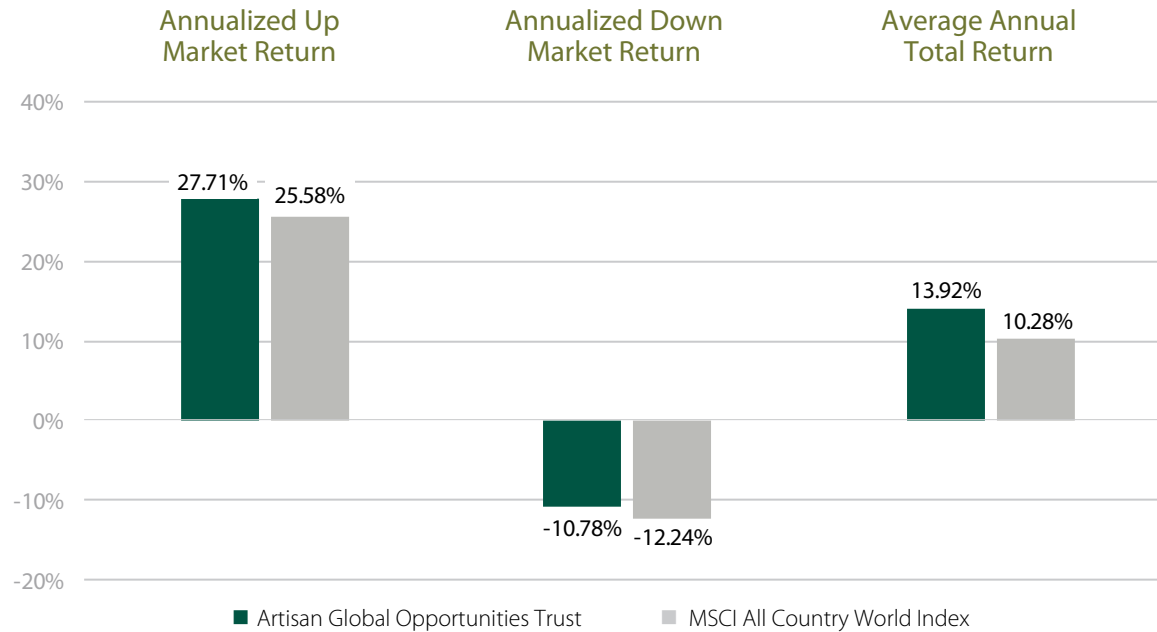
## Attribution



Source: Artisan Partners/FactSet/GICS/MSCI. As of 31 Mar 2022. Past performance does not guarantee and is not a reliable indicator of future results. These securities made the greatest contribution to, or detracted most from, performance during the period. This is not a complete listing of portfolio activity. Upon request, Artisan will provide: (i) the calculation methodology and/or (ii) a list showing the contribution of each holding to overall performance during the measurement period. Securities of the same issuer are aggregated to determine the weight in the portfolio. Refer to Portfolio Holdings for security weights. The holdings mentioned above comprised the following average weights in the portfolio during the one-year time period: Advanced Micro Devices Inc 4.6%, Arista Networks Inc 1.4%, AstraZeneca PLC 2.5%, Lonza Group AG 3.5%, Atlassian Corp PLC 2.6%, Burlington Stores Inc 1.1%, Veeva Systems Inc 3.5%, Activision Blizzard Inc 1.9%, Shopify Inc 2.0%, Telefonaktiebolaget LM Ericsson 2.6%. Refer to Notes and Disclosures for attribution information. Color illustrated in the graph indicates Relative Weight which is the portfolio sector average weight vs. MSCI All Country World Index sector average weight. Circle size represents the absolute total effect. Impact of cash in the portfolio is not depicted in the graph.

## Relative Performance

Artisan Global Opportunities Trust Relative to MSCI All Country World Index  
Performance in Up/Down Markets Since Inception Through 31 March 2022



Source: SEI/Artisan Partners/FactSet/MSCI. Past performance does not guarantee and is not a reliable indicator of future results. Net-of-fees performance shown. The principal value and investment return of the Trust will fluctuate, so that you may have a gain or loss when you sell your units. Current performance may be lower or higher than performance shown. The Up/Down Market Analysis compares the performance of the Artisan Global Opportunities Trust ("Trust") to the MSCI All Country World Index ("Index") in periods when the Index return was up (greater than 0%) in isolation from periods when the Index return was down (less than 0%) and vice versa since inception (3 May 2012) through 31 Mar 2022. Annualized Up Market Return is calculated by taking the monthly performance of the Trust and the Index, for each month in which the Index was up (whether or not the performance of the Trust was greater than 0%), and geometrically linking the returns to compute a cumulative total return earned during periods when the Index was up (the "up period cumulative return"). This calculation effectively assumes a return of 0% in each month in which the performance of the Index was negative. Annualized Up Market Return is equivalent to the annual rate of return that, if earned in each year included in this calculation would produce the up period cumulative return over the same timeframe. Annualized Down Market Return is calculated in the same way for periods in which the Index was down, and also effectively assumes a return of 0% in each month in which the performance of the index was positive. The Average Annual Total Return shown is equivalent to the annual rate of return that, if earned by the Trust in each year, would produce the cumulative total return achieved by the Trust.

## Investment Results—Total Returns (%)

### Tier 1

	Trust	MSCI All Country World Index
<b>Year 2022</b>		
Q1	-13.30	-5.36
<b>Year 2021</b>	<b>14.09</b>	<b>18.54</b>
Q4	4.56	6.68
Q3	2.03	-1.05
Q2	8.89	7.39
Q1	-1.79	4.57
<b>Year 2020</b>	<b>40.34</b>	<b>16.25</b>
Q4	10.49	14.68
Q3	14.17	8.13
Q2	27.68	19.22
Q1	-12.86	-21.37
<b>Year 2019</b>	<b>35.89</b>	<b>26.60</b>
Q4	9.49	8.95
Q3	0.42	-0.03
Q2	6.15	3.61
Q1	16.44	12.18
<b>Year 2018</b>	<b>-8.67</b>	<b>-9.41</b>
Q4	-15.36	-12.75
Q3	3.50	4.28
Q2	1.20	0.53
Q1	3.03	-0.96

	Trust	MSCI All Country World Index
<b>Year 2017</b>	<b>31.69</b>	<b>23.97</b>
Q4	4.45	5.73
Q3	5.32	5.18
Q2	8.36	4.27
Q1	10.48	6.91
<b>Year 2016</b>	<b>4.77</b>	<b>7.86</b>
Q4	-5.71	1.19
Q3	10.75	5.30
Q2	0.92	0.99
Q1	-0.59	0.24
<b>Year 2015</b>	<b>8.28</b>	<b>-2.36</b>
Q4	7.59	5.03
Q3	-8.55	-9.45
Q2	4.71	0.35
Q1	5.10	2.31
<b>Year 2014</b>	<b>3.06</b>	<b>4.16</b>
Q4	-0.70	0.41
Q3	-0.77	-2.31
Q2	4.44	5.04
Q1	0.15	1.08
<b>Year 2013</b>	<b>24.98</b>	<b>22.80</b>
Q4	5.87	7.31
Q3	10.31	7.90
Q2	0.77	-0.42
Q1	6.20	6.50

	Trust	MSCI All Country World Index
<b>Year 2012*</b>	<b>9.70</b>	<b>5.67</b>
Q4	3.00	2.88
Q3	9.46	6.84

Source: SEI/MSCI. \*Represents partial year performance from inception of portfolio through calendar year end. Past performance does not guarantee and is not a reliable indicator of future results. Net-of-fees performance shown. The principal value and investment return of the Trust will fluctuate, so you may have a gain or loss when you sell your units. Current performance may be lower or higher than that shown. Returns less than one year are not annualized. Trust inception: 3 May 2012.

## Growth Investment Team Turnover

### Additions

Year	Name	Role	Start
2017	Stan Buncher	Analyst <sup>1</sup>	May 2017
	Alexander Braid	Analyst <sup>1</sup>	Jun 2017
2018	Ryan Tochihara	Analyst	May 2018
2019	Yian Yu	Research Associate	Jun 2019
2020	Matt Lemenager	Research Associate	Oct 2020
2021	Bolu Ajayi	Research Associate	Apr 2021

### Departures

Year	Name	Role	Start	Departure
2017	Vickram Mohan	Research Associate	May 2015	May 2017
	Richard E. Herbst	Research Associate	Jun 2014	Sep 2017
2018	Andrew C. Stephens	Managing Director	Mar 1997 <sup>2</sup>	Mar 2018
2019	Yian Yu	Research Associate	Jun 2019	Mar 2020

Source: Artisan Partners. Begins Apr 2017 and includes portfolio managers, analysts and research associates. <sup>1</sup>Stan Buncher began as a research associate and was named as an analyst in Apr 2019. Alexander Braid began as a research associate and was named as an analyst in Apr 2020. <sup>2</sup>Andrew Stephens, Managing Director for the Artisan Partners Growth Team, retired in March 2018. Mr. Stephens announced his intent to retire in March 2017.

## Biographies — Artisan Partners Growth Team

**James D. Hamel, CFA**, is a managing director of Artisan Partners and a portfolio manager on the Growth team. In this role, he is the lead portfolio manager for the Artisan Global Opportunities Strategy and a portfolio manager for the Artisan U.S. Mid-Cap Growth, U.S. Small-Cap Growth and Global Discovery Strategies. Prior to joining Artisan Partners in May 1997, Mr. Hamel was a financial associate, cost analyst and operations manager of Kimberly-Clark Corporation from March 1990 through May 1997. He began his career at Carlson, Posten & Associates. Mr. Hamel holds a bachelor's degree in finance from the University of Minnesota-Minneapolis where he was a three-time Academic All-American.

**Craigh A. Cepukenas, CFA**, is a managing director of Artisan Partners and a portfolio manager on the Growth team. In this role, he is the lead portfolio manager for the Artisan U.S. Small-Cap Growth Strategy and a portfolio manager for the Artisan Global Opportunities, U.S. Mid-Cap Growth and Global Discovery Strategies. Prior to joining Artisan Partners in November 1995 as an analyst, Mr. Cepukenas was an equity research associate at Stein Roe & Farnham, where he began his career in 1989. Mr. Cepukenas holds a bachelor's degree in economics from the University of Wisconsin-Madison and a master's degree in business administration from The University of Chicago Booth School of Business.

**Matthew H. Kamm, CFA**, is a managing director of Artisan Partners and a portfolio manager on the Growth team. In this role, he is the lead portfolio manager for the Artisan U.S. Mid-Cap Growth Strategy and a portfolio manager for the Artisan Global Opportunities, U.S. Small-Cap Growth and Global Discovery Strategies. Prior to joining Artisan Partners in May 2003, Mr. Kamm was an associate equity research analyst at Banc of America Securities. Earlier in his career, he was a senior operations analyst for NYU Medical Center. Mr. Kamm holds a bachelor's degree in public policy from Duke University and a master's degree in business administration, with a specialty in finance and operations management, from New York University.

**Jason L. White, CFA**, is a managing director of Artisan Partners and a portfolio manager on the Growth team. In this role, he is the lead portfolio manager for the Artisan Global Discovery Strategy and a portfolio manager for the Artisan Global Opportunities, U.S. Mid-Cap Growth and U.S. Small-Cap Growth Strategies. Prior to joining Artisan Partners in June 2000, Mr. White was a Lieutenant in the U.S. Navy, serving aboard the USS Lake Erie as the ship's fire control officer. Mr. White holds a bachelor's degree in history from the United States Naval Academy, where he graduated with distinction.

**Jay C. Warner, CFA**, is a portfolio manager on the Artisan Partners Growth Team. In this role, he supports the lead portfolio managers of the Artisan U.S. Mid-Cap Growth, U.S. Small-Cap Growth, Global Opportunities and Global Discovery Strategies. Mr. Warner also conducts fundamental research, primarily focusing on financial companies. Prior to joining Artisan Partners in May 2003, Mr. Warner attended the Graduate School of Business at the University of Wisconsin-Madison and graduated from the Applied Security Analysis Program. From 1997 through 2001, Mr. Warner was a senior accountant specializing in auditing, reviewing and compiling financial statements. Mr. Warner holds a bachelor's degree in accounting and a master's degree in finance, investment and banking from the University of Wisconsin-Madison. Mr. Warner is a licensed Certified Public Accountant.

**Pratik S. Patel** is a managing director of Artisan Partners and the chief operating officer of the Growth team. In this role, he is responsible for the continuous improvement of the research process, facilitating effective communication across the team, and the sourcing, onboarding and early development of investment talent. Mr. Patel also conducts fundamental research as a generalist. He joined Artisan Partners in August 2008 as an analyst after serving as an MBA intern in Summer 2007. Earlier in his career, Mr. Patel was a sales associate for Backstop Solutions Group, a cloud-based software company, and a financial analyst for Goldman Sachs. Mr. Patel holds a bachelor's degree in economics from Northwestern University and a master's degree in business administration from The University of Chicago Booth School of Business.

**Aashish S. Rao** is an associate portfolio manager on the Artisan Partners Growth Team. In this role, he conducts fundamental research, primarily focusing on technology companies. Prior to joining Artisan Partners in June 2014, Mr. Rao was a vice president in equity research, covering technology and semiconductors at Bank of America Merrill Lynch. Earlier in his career, Mr. Rao held positions at Credit Suisse and the Intel Corporation. Mr. Rao holds a bachelor's degree in electrical and electronics engineering from Birla Institute of Technology and Science in India, a master's degree in electrical engineering from the University of Minnesota-Twin Cities and a master's degree in business administration from Duke University Fuqua School of Business.

## Biographies — Artisan Partners Growth Team

**Michael A. Schneider, CFA**, is an associate portfolio manager on the Artisan Partners Growth Team. In this role, he conducts fundamental research, primarily focusing on companies within the industrials and energy sectors. Prior to joining Artisan Partners in March 2010, Mr. Schneider was managing director and senior equity analyst at Robert W. Baird & Co., Inc. Earlier in his career, he was a mergers and acquisitions attorney at Godfrey & Kahn S.C. Mr. Schneider holds a bachelor's degree in finance from the University of Wisconsin-Madison, and a master's degree in business administration and a Juris Doctor (magna cum laude) from the University of Minnesota.

**Martin Jochmann** is an associate portfolio manager on the Artisan Partners Growth Team. In this role, he conducts fundamental research, primarily focusing on health care companies. Prior to joining Artisan Partners in July 2006, Mr. Jochmann was a partner and equity analyst for Monitor Group, where he co-founded a small-cap hedge fund. He also conducted analysis for a Monitor Group buyout fund, venture capital fund and business valuation operation. Mr. Jochmann holds a bachelor's degree in mechanical engineering from Mauá Engineering School in São Paulo, Brazil, and a master's degree in business administration from Harvard Business School.

**Cindy Mu, CFA**, is an associate portfolio manager on the Artisan Partners Growth Team. In this role, she conducts fundamental research, primarily focusing on consumer companies. Prior to joining Artisan Partners in July 2013, Ms. Mu was an associate director of the public fixed income group at Sun Life Financial. Ms. Mu holds a bachelor's degree in scientific computing from Sun Yat-Sen University, a master's degree in mathematical finance from Boston University and a master's degree in business administration from The University of Chicago Booth School of Business.

**Roderick M. Brower** is the head of ESG integration and an analyst on the Artisan Partners Growth Team. In this role, he leads the integration of ESG into the team's investment process and conducts fundamental research, primarily focusing on Internet, media and consumer companies. Prior to joining Artisan Partners in September 2006, Mr. Brower was a vice president and principal at PRIMECAP Management. Earlier in his career, Mr. Brower was in institutional research sales in the equity division at Goldman Sachs. Mr. Brower holds a bachelor's degree in economics from the University of California-Irvine and a master's degree in business administration from Harvard Business School.

**Ryan Tochiara** is an analyst on the Artisan Partners Growth Team. In this role, he conducts fundamental research, primarily focusing on health care companies. Prior to joining Artisan Partners in May 2018, Mr. Tochiara was a vice president in equity research at J.P. Morgan where he focused on small/mid biotechnology companies. Before that, he was an analyst on a long/short equity hedge fund at Veda Healthcare Partners. Earlier in his career, Mr. Tochiara was co-founder and partner of First Choice Dialysis, LLC. Mr. Tochiara holds a bachelor's degree in biology from Colgate University and a master's degree in biochemistry and molecular biology from Georgetown University.

**Stan Buncher, CFA**, is an analyst on the Artisan Partners Growth Team. In this role, he conducts fundamental research, primarily focusing on Internet, media and consumer companies. Prior to joining Artisan Partners in May 2017, Mr. Buncher was an international equity analyst at Geneva Advisors. Before that, he was a founding member and senior analyst at Xingtai Capital Management in China. Mr. Buncher holds a bachelor's degree in history from Princeton University.

**Alexander Braid, CFA**, is an analyst on the Artisan Partners Growth Team. In this role, he conducts fundamental research, primarily focusing on financial companies. Prior to joining Artisan Partners in June 2017, he was a vice president of the foreign exchange joint venture division and chief operating officer of advanced markets for Macquarie Bank, where he also served as a foreign exchange trader earlier in his career. Mr. Braid holds a bachelor's degree in economics from the University of Sydney and a master's degree in business administration from the SC Johnson School of Management at Cornell University.

**Fischer Van Handel** is an analyst on the Artisan Partners Growth Team. In this role, he conducts fundamental research, primarily focusing on companies within the industrials and energy sectors. Prior to joining Artisan Partners in June 2016, Mr. Van Handel was an equity research analyst covering energy at Robert W. Baird & Co. Mr. Van Handel holds a bachelor's degree in finance and a certificate in investment management from the University of Wisconsin-Milwaukee.

**Robin Johnson** is an ESG analyst on the Artisan Partners Growth Team. In this role, she helps lead the integration of ESG into the team's investment process. Prior to joining Artisan Partners in January 2006, Ms. Johnson worked as an urban planning consultant. Ms. Johnson holds a bachelor's degree in geography from the University of Wisconsin-Madison.



## Biographies — Artisan Partners Growth Team

**Matt Lemenager, CFA**, is a research associate on the Artisan Partners Growth Team. Prior to joining Artisan Partners in October 2020, he was a senior associate in equity research at Robert W. Baird & Co. Mr. Lemenager holds a bachelor's degree in finance from the College of Business at the University of Illinois at Urbana-Champaign and a master's degree in business administration from The University of Chicago Booth School of Business.

**Bolu Ajayi** is a research associate on the Artisan Partners Growth Team. Prior to joining Artisan Partners in April 2021, he was a global equity analyst at Thornburg Investment Management. Earlier in his career, Mr. Ajayi served as an equity summer research analyst at Wellington Management Company and as an analyst with both Entergy Services Inc. and Accenture. Mr. Ajayi holds a bachelor's degree in electrical engineering from Texas A&M University and a master's degree in business administration from The University of Chicago Booth School of Business.

**Jay B. Peters** is the lead trader for the Artisan Partners Growth Team. Prior to joining Artisan Partners in March 2001, Mr. Peters was the equity trader at JLF Asset Management in New York. He began his career at Chicago Mercantile Exchange working for SMW Trading Co. in 1992. Mr. Peters holds a bachelor's degree in finance from the University of Wisconsin-Madison.

**Bryan P. Schultz** is an assistant trader for the Artisan Partners Growth Team. Prior to joining the team in June 2013, Mr. Schultz was an associate on Artisan Partners' settlements team. Previously, he was a business operations specialist at US Bancorp Fund Services and held trading roles at Midtown Capital Group and Crabel Capital Management. Mr. Schultz holds a bachelor's degree in finance from the University of Wisconsin-Whitewater.

**Heather Dow** is a coordinator on the Artisan Partners Growth Team with responsibility for the day-to-day coordination of the research process, systems and information flow among the members of the investment team. Prior to joining Artisan Partners in April 2000, Ms. Dow worked on the technical support desk at Safeway. Ms. Dow holds a bachelor's degree in business administration from the University of Wisconsin-Stevens Point.

**Cristal Lieungh** is a coordinator on the Artisan Partners Growth Team with responsibility for the day-to-day coordination of the research process, systems and information flow among the members of the investment team. Prior to joining Artisan Partners in July 2013 as an executive assistant, Ms. Lieungh worked in administration at various firms. She began her career in the investment management industry at Strong Capital Management in 1995.

**Kelly Kaminski** is a coordinator on the Artisan Partners Growth Team with responsibility for coordination of research travel. Prior to joining Artisan Partners in December 2021, Ms. Kaminski worked in various sales and project management roles in the group and corporate travel industry. Ms. Kaminski holds a bachelor's degree in Spanish and communication studies from the University of Wisconsin-La Crosse.

## Biographies — Client Service Team

**Chip Ridley, CFA**, is a managing director of Artisan Partners and the business leader for the firm's Growth team. Prior to joining Artisan Partners in June 2006, Mr. Ridley was a director of business development and consultant relations for Grantham Mayo Van Otterloo & Co. LLC, where he managed the institutional marketing efforts for western North America and served as product manager for the Emerging Markets strategy. Before that, he was a corporate vice president and principal at Montgomery Asset Management. Mr. Ridley also spent nine years as an aviator in the United States Navy, where he flew and instructed in various types of fighter aircraft. Mr. Ridley holds a bachelor's degree in economics and history from Duke University and a master's degree in business administration from Mississippi State University.

**Floyd M. Dukes, CFA**, is a director on the institutional client services team at Artisan Partners with responsibility for institutional marketing and client service of the strategies managed by the firm's Growth team. Prior to joining Artisan Partners in January 2001, Mr. Dukes was a senior portfolio analyst and consultant with William Mercer Investment Consulting. Mr. Dukes holds a bachelor's degree in political science from Georgia State University.

**J. Cameron Griffin, CFA**, is a director on the institutional client services team at Artisan Partners with responsibility for institutional marketing and client service of the strategies managed by the firm's Growth team. Previously, Mr. Griffin was a member of the intermediary services group at Artisan Partners with responsibility for managing relationships with financial advisors and other third-party providers that offer Artisan Funds. Prior to joining Artisan Partners in December 2010, Mr. Griffin was a sales analyst at Lender Processing Services, Inc. Mr. Griffin holds a bachelor's degree in economics from Davidson College.

**Ting Rattanaphasouk, CFA**, is an associate director on the institutional client services team at Artisan Partners with responsibility for client support for the strategies managed by the firm's Growth team. Prior to joining Artisan Partners in June 2010, Ms. Rattanaphasouk worked in institutional equity sales for BMO Capital Markets. Earlier in her career, she worked in marketing for Morgan Stanley. Ms. Rattanaphasouk holds a bachelor's degree in human development from Cornell University.

**Lisa M. Sturm** is an associate director on the institutional client services team at Artisan Partners with responsibility for client support for the strategies managed by the firm's Growth team. Prior to joining Artisan Partners in July 2007, Ms. Sturm was a product specialist at Robert W. Baird & Co., Inc. She began her career at Strong Capital Management in 2000. Ms. Sturm holds a bachelor's degree in marketing and information technology from Marquette University.

## Fee Schedule

### Artisan Global Opportunities Trust

#### Tier 1

Total Trust Fees and Expenses (%)*	0.85
Minimum Account Size	None

#### Tier 3

Total Trust Fees and Expenses (%)*	0.75
Minimum Account Size	\$150 Million (Per Individual Account)

\*Schedule of fees dated 23 Nov 2020.

## Notes and Disclosures

**This section of this presentation contains information important to a complete understanding of the material presented. Please review it carefully.**

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.

Form ADV: Additional information about APLP or APUK, the firms, its partners, ownership, investment strategies, fees and expenses and policies is contained in each firm's respective Form ADV. Each firm will supply a copy of its Form ADV upon request.

SEI Trust Company: The collective investment trust is a trust for the collective investment of assets of participating tax qualified pension and profit sharing plans and related trusts, and governmental plans, as more fully described in the Declaration of Trust. The Trust is managed by SEI Trust Company based on the investment advice of Artisan Partners Limited Partnership. As a bank collective trust, the Trust is exempt from registration as an investment company.

### Artisan Global Opportunities Trust

**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 markets. 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. Growth securities may underperform other asset types during a given period.**

This material may include the views of the portfolio manager and other information relating to the portfolio and portfolio securities. While we believe the data accurately reflects the investment process, this information is presented as of the date indicated and will change over time.

Composite Performance: All performance results are net of commissions and transaction costs, and have been presented gross or net of investment advisory fees. For performance presented net of fees, fees may be higher for certain pooled vehicles and the composite may include accounts with performance-based 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. The Antero Peak Strategy's investments in initial public offerings (IPOs) made a material contribution to performance. IPO investments may contribute significantly to a small portfolio's return, an effect that will generally decrease as assets grow. IPO investments may be unavailable in the future. A client's returns will be reduced by the advisory fees and other expenses it may incur in the management of its account. For example, an actively managed account of \$20 million with an annual rate of return of 10% compounded over a 10-year period that was charged an advisory fee of 1.05%, would achieve a net-of-fee return of 135.65%; compared to a gross-of-fee return of 159.4% based on the same assumptions.

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

Totals may not sum due to rounding. All data shown is in USD unless otherwise indicated.

Assets Under Management (AUM) refers to the assets of pooled vehicles and accounts to which Artisan Partners provides investment services. Artisan Partners' AUM as reported here includes assets for which Artisan Partners does not have investment discretion, including certain assets for which we earn only investment-related service fees. Non-discretionary assets are reported on a one-month lag. Artisan's definition of AUM is not based on any definition of Assets Under Management contained in the ADV or in any of Artisan's fund management agreements.

Country Allocation: Historical country exposure percentages reflect country designations as classified by MSCI as of the date shown. Securities not classified by MSCI reflect country designations as of the date the report was generated.

Sector Allocation: Unless otherwise noted, sector exposure percentages reflect sector designations as currently classified by GICS. The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

Portfolio Statistics: Portfolio statistics are intended to provide a general view of the entire portfolio, or Index, at a certain point in time. Statistics are calculated using information obtained from various data sources. Artisan Partners excludes outliers when calculating portfolio statistics. If information is unavailable for a particular security Artisan may use data from a related security to calculate portfolio statistics.

Security Examples: The security examples provided do not constitute recommendations to buy or sell investments. The examples present information about the companies believed to be accurate and are the views of the portfolio managers as of the date indicated.

## Notes and Disclosures

**Attribution:** Performance attribution quantifies the relationship between a portfolio's relative returns and the active management decisions differentiating the portfolio from the benchmark. Attribution excludes account fees and expenses and does not represent an investor's total return. Allocation Effect examines the relative return attributable to group (e.g., asset class, sector, region) allocations. Selection Effect examines the relative return attributable to security selections. For international portfolios, Currency Effect examines the relative return attributable to currency exposures. **Attribution is not exact, but should be considered an approximation of the relative contribution the factors considered.**

**Portfolio Holdings:** For the purpose of determining the portfolio's holdings, securities of the same issuer are aggregated to determine the weight in the portfolio. For an index, the largest holdings are calculated at the security level and do not aggregate securities held by an issuer. Holdings information is not intended to represent or predict portfolio investment performance or as a recommendation of any individual security. A complete list of the securities held by portfolio, other than cash and cash equivalents unless otherwise noted, as of the date indicated is included. Securities named in this material, but not listed within the portfolio holdings page were not held as of the date reported. Portfolio holdings are subject to change without notice.

**Where We Are Finding Growth:** The holdings mentioned comprised the following weights as of 31 Mar 2022: Artisan Global Opportunities Trust: Novo Nordisk A/S 0.7%, AstraZeneca PLC 2.2%, Lonza Group AG 3.1%, Danaher Corp 2.5%, Hexagon AB 2.0%, Keyence Corp 1.6%, CNH Industrial NV 2.4%, Burlington Stores Inc 1.2%, The Charles Schwab Corp 3.0%, London Stock Exchange Group PLC 1.7%, Atlassian Corp PLC 2.7%, Veeva Systems Inc 3.6%, Techtronic Industries Co Ltd 5.2%, HubSpot Inc 1.4%, Fidelity National Information Services Inc 2.3%, NU Holdings Ltd 0.6%, Vestas Wind Systems A/S 1.3%, NextEra Energy Inc 4.1%, Volkswagen AG 1.5%, Aptiv PLC 2.2%, Tesla Inc 0.6%; Artisan Mid Cap Growth Trust: Dexcom Inc 1.6%, Genmab A/S 1.6%, Catalent Inc 3.0%, Ascendis Pharma A/S 2.8%, BioNTech SE 0.5%, Fortive Corp 1.5%, Cognex Corp 0.9%, Trimble Inc 1.3%, Burlington Stores Inc 1.6%, Chipotle Mexican Grill Inc 2.2%, Ingersoll Rand Inc 2.6%, Nasdaq Inc 2.2%, Zscaler Inc 2.3%, Atlassian Corp PLC 3.2%, Veeva Systems Inc 3.3%, HubSpot Inc 4.1%, Global Payments Inc 3.0%, Bill.com Holdings Inc 1.2%, Global-e Online Ltd 0.8%, MSCI Inc 1.9%, Aptiv PLC 1.5%, Ball Corp 1.4%, Generac Holdings Inc 1.8%; Artisan Small Cap Growth Trust: Halozyme Therapeutics Inc 6.2%, Ascendis Pharma A/S 3.8%, Veracyte Inc 2.7%, Novanta Inc 3.1%, Valmont Industries Inc 3.3%, Ingersoll Rand Inc 3.0%, Chegg Inc 2.6%, Blackline Inc 3.3%, Guidewire Software Inc 2.5%, Workiva Inc 2.8%, Q2 Holdings Inc 2.8%, BigCommerce Holdings Inc 0.9%, Olo Inc 0.6%, Lattice Semiconductor Corp 5.2%, YETI Holdings Inc 0.9%, Wolfspeed Inc 1.6%, Morningstar Inc 1.7%; Artisan Global Discovery Trust: Genmab A/S 1.3%, Gerresheimer AG 2.2%, Ascendis Pharma A/S 2.8%, Teledyne Technologies Inc 2.8%, Novanta Inc 0.8%, Burlington Stores Inc 1.5%, Puma SE 1.8%, Metso Outotec Oyj 1.2%, Zscaler Inc 1.1%, Obic Co Ltd 1.8%, Veeva Systems Inc 3.7%, Techtronic Industries Co Ltd 3.3%, Global Payments Inc 2.3%, Vestas Wind Systems A/S 1.3%, Valmont Industries Inc 2.6%, Morningstar Inc 1.7%, Workiva Inc 1.3%. This material is not intended as a recommendation of any investment theme or security example listed and there is no guarantee that an investment in any security example or investment theme will result in profit.

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# Composite Performance Presentation

## Artisan Global Opportunities Composite

### Schedule of Performance Results—1 February 2007 (inception) through 31 December 2021

	Number of Portfolios	Composite Assets (\$ millions)	Total Firm Assets (\$ millions)	Percentage of Composite Assets to Total Firm Assets	Gross-of-Fees Composite Performance	Net-of-Fees Composite Performance	MSCI AC World Index Performance <sup>2</sup>	Measure of Internal Dispersion <sup>3</sup>	Percent Non-Fee Paying Portfolios
31 Dec 2021 <sup>1</sup>	36	\$24,913.1	\$174,655.4	14.3%	15.17%	14.23%	18.54%	0.34	0.0%
31 Dec 2020	35	\$24,303.7	\$157,776.2	15.4%	41.48%	40.34%	16.25%	0.55	0.0%
31 Dec 2019	35	\$17,214.8	\$121,016.6	14.2%	37.01%	35.90%	26.60%	0.18	0.0%
31 Dec 2018	35	\$12,974.8	\$96,224.0	13.5%	-7.92%	-8.71%	-9.41%	0.07	0.0%
31 Dec 2017	33	\$12,930.1	\$115,494.4	11.2%	32.73%	31.63%	23.97%	0.39	0.0%
31 Dec 2016	24	\$8,249.7	\$96,845.1	8.5%	5.53%	4.62%	7.86%	0.36	0.0%
31 Dec 2015	19	\$6,491.5	\$99,847.8	6.5%	9.12%	8.18%	-2.36%	0.30	0.0%
31 Dec 2014	15	\$4,469.2	\$107,915.4	4.1%	3.75%	2.84%	4.16%	0.09	0.0%
31 Dec 2013	7	\$2,702.1	\$105,477.3	2.6%	26.15%	25.05%	22.80%	0.12	0.0%
31 Dec 2012	7	\$1,307.5	\$74,334.3	1.8%	30.94%	29.80%	16.13%	N/M	0.0%
31 Dec 2011	3	\$193.3	\$57,103.7	0.3%	-5.27%	-6.12%	-7.35%	N/M	0.0%
31 Dec 2010	1	\$103.2	\$57,432.7	0.2%	30.09%	28.95%	12.67%	N/M	0.0%
31 Dec 2009	1	\$56.4	\$46,788.0	0.1%	49.83%	48.52%	34.63%	N/M	0.0%
31 Dec 2008	2	\$72.8	\$30,576.7	0.2%	-44.02%	-44.41%	-42.19%	N/M	0.0%
31 Dec 2007	1	\$124.3	\$55,467.6	0.2%	15.48% <sup>4</sup>	14.88% <sup>4</sup>	10.56% <sup>4</sup>	N/M	0.0%

Past performance does not guarantee and is not a reliable indicator of future results. <sup>1</sup>Information related to this time period is unaudited. <sup>2</sup>Returns not covered by the report of independent accountants. <sup>3</sup>Artisan has presented an asset weighted standard deviation as a measure of internal dispersion based on gross-of-fees returns. A statistical measure of internal dispersion for composites with five or fewer portfolios included for the entire year is not considered meaningful. N/M - Not considered meaningful. <sup>4</sup>Returns for the period from 1 Feb 2007 through 31 Dec 2007 are not annualized.

The MSCI AC World Index is an unmanaged, market-weighted index of global developed and emerging markets. Performance results for the MSCI AC World 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 index.

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The three-year annualized ex-post standard deviation of the Composite and benchmark is as follows:

	Composite (Gross of Fees)	MSCI AC World Index <sup>2</sup>		Composite (Gross of Fees)	MSCI AC World Index <sup>2</sup>
31 Dec 2021 <sup>1</sup>	15.4%	16.8%	31 Dec 2015	11.9%	10.8%
31 Dec 2020	17.2%	18.1%	31 Dec 2014	12.7%	10.5%
31 Dec 2019	12.6%	11.2%	31 Dec 2013	15.3%	13.9%
31 Dec 2018	13.1%	10.5%	31 Dec 2012	18.6%	17.1%
31 Dec 2017	11.7%	10.4%	31 Dec 2011	20.4%	20.6%
31 Dec 2016	12.7%	11.1%			

<sup>1</sup>Information related to this time period is unaudited. <sup>2</sup>Three-year annualized ex-post standard deviation not covered by the report of independent accountants.

# Composite Performance Presentation

## General Information

The firm is defined as Artisan Partners (“Artisan” or the “Firm”) which includes all assets managed by Artisan Partners Limited Partnership and Artisan Partners UK LLP (Artisan UK), investment advisers registered with the United States Securities and Exchange Commission. Artisan UK is also authorized and regulated by the Financial Conduct Authority in the United Kingdom. The Firm is an independent, multi-product investment management firm that focuses exclusively on high value-added investment strategies.

Artisan claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Artisan has been independently verified for the periods April 1, 1995, through December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Artisan Global Opportunities Composite has had a performance examination for the periods February 1, 2007, through December 31, 2020. The verification and performance examination reports are available upon request.

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A list of composite descriptions, a list of limited distribution pooled fund descriptions and a list of broad distribution pooled funds are available upon request. The firm’s policies for valuing investments, calculating performance and preparing GIPS Reports are also available upon request.

The Artisan Global Opportunities Composite (the “Composite”), created February 2007, includes all accounts managed by Artisan in US dollars in the Artisan Global Opportunities Strategy. Artisan invests Global Opportunities accounts in a diversified portfolio of global equities across a broad capitalization range. US companies generally have a market capitalization of at least \$3 billion at the time of initial purchase while there are no market capitalization restrictions on the size of non-US companies. The strategy uses an investment process that (i) identifies companies that possess franchise characteristics that are selling at attractive valuations and benefiting from an accelerating profit cycle, and (ii) allocates capital among those companies depending on the stage of their profit cycles. The benchmark is the MSCI All Country World Index (“MSCI AC World Index”).

Certain portfolios in the Composite may invest up to 10% of net assets measured at the time of purchase in equity-linked participation certificates and, in limited circumstances, may use forward agreements to hedge a particular currency that Artisan believes is overvalued if the portfolio has, or is initiating positions in, securities traded in that currency. An investment in an equity-linked participation certificate provides economic exposure to a security of a non-US company without a direct investment in that security and creates exposure to the credit risk of the issuing financial institution, as well as to the market risk of the underlying security. The use of forward agreements may reduce the risk of loss from currency revaluations but also may reduce or limit the opportunity for gain and involves counterparty risk, which is the risk that the counterparty will not fulfill its contractual obligation to deliver the currency contracted for at the agreed upon price.

## Calculation Methodology

The returns provided represent the investment performance results for the Artisan Global Opportunities Composite. The Composite consists of all discretionary client accounts (“accounts” or “portfolios”) managed by Artisan in the Global Opportunities strategy described above. 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 nonreclaimable foreign withholding taxes on ex-dividend date or as soon after the ex-dividend date as the information becomes available to Artisan. Interest income is recorded on the accrual basis. The MSCI AC World Index uses the WM/Reuters closing spot rates taken at 4:00 p.m. London time to translate values to US dollars. The Composite translates non-US dollar denominated values to US dollars using the WM/Reuters 4:00 p.m. Eastern Time spot rates. All valuations are stated, and returns are computed, in US dollars. Securities transactions are accounted for on trade date. Investment performance results represent time-weighted portfolio returns and are based on daily valuations of portfolios.

Portfolio securities are valued at the closing price on the exchange or market designated by Artisan or its pricing vendor as the principal exchange, as of the time of closing of the principal exchange or, for those markets that are open at the time of delivery of the vendor quotation feed, the last traded price at the time of delivery of the vendor quotation feed (the “time of valuation”). Absent closing price information from the principal exchange as of the time of valuation, a security is valued using the closing price on another exchange on which the security is traded (if such price is made available by the pricing vendor) or the most recent bid quotation on the principal exchange or, if not available, a secondary exchange or in the over-the-counter market. When reliable market quotations are not readily available, securities are valued according to procedures adopted by Artisan.

## Composite Performance Presentation

### Calculation Methodology (continued)

From February 2007 through December 2008, Artisan used fair value pricing, if, in the opinion of Artisan, the value of a security was materially affected by events occurring after the close of the primary market or exchange on which the security was traded but before the time of valuation (which was the close of regular session trading on the New York Stock Exchange, usually 4:00 p.m. Eastern Time, but sometimes earlier). Artisan used estimates of fair values for foreign securities obtained from a third-party service provider. This service utilized statistical data based on historical performance of securities, markets and other data in developing factors used to estimate a fair value. When fair value pricing was employed, the value of a portfolio security may have differed from quoted or published prices for the same security. Estimates of fair value utilized by Artisan as described above may have differed from the value realized on the sale of those securities, and the differences may have been material.

### Fees and Expenses

Net-of-fees composite returns were calculated by reducing monthly gross-of-fees composite returns by 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.

Investors in the Artisan Global Opportunities Trust pay an 'all in' annual expense per the table below. After trust operating expenses are paid a management fee is paid to Artisan resulting in an annual total expense ratio as follows:

	Tier 1	Tier 3	Tier 4
Total Trust Fees and Expenses	0.85%	0.75%	0.75%
Minimum Investment	N/A	\$150M	N/A



# SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM



NIKKO ASSET MANAGEMENT  
GLOBAL EQUITY STRATEGY

Investing in **Future Quality**

May 18<sup>th</sup>, 2022

FOR PROFESSIONAL INVESTORS ONLY

# NIKKO AM GLOBAL EQUITY CAPABILITY

---

## Capability

- Global Equity boutique
- Future Quality philosophy
- High conviction stock picking portfolios
- Backed by Nikko AM a global asset management company with AUM US\$271.5 billion (as at Dec 2021)

## Team

- Team formed March 2011
- Joined Nikko AM August 2014 from SWIP
- Portfolio managers together for over 10 years
- Revenue share incentive scheme

## Scale

- Notable client growth including pension funds, sovereign wealth and insurance mandates
- Current clients in UK, Europe, Asia, Japan, Australia, New Zealand, Middle East, Canada and USA
- AUM US\$3.8 billion (as at Mar 2022)

## Investments in Future Quality stocks

### Key Pillars:

- Franchise quality
- Management quality
- Balance-sheet quality
- Valuation discipline

## ESG Integration

- Promotion of ESG characteristics
- Engagement
- Stakeholder analysis
- Better-than-benchmark ESG scores

## Long-term, fundamental stock selection

- Long-term, fundamental, bottom-up stock selection
- Investments in both developed and emerging markets
- Minimum investible market cap: US\$1billion
- Daily traded liquidity: >US\$10 million

## Concentrated Portfolios

- High-conviction portfolio of best ideas
- High active share: 90-95%
- Target excess return: 3% p.a.

\* Target return is an expected level of return based on certain assumptions and/or simulations taking into account the strategy's risk components. There can be no assurance that any stated investment objective, including target return, will be achieved and therefore should not be relied upon.

## Experience

Team depth, balance and diversity helps us identify opportunities



## Future Quality

Investment opportunities that we believe will attain and sustain high return on investment



## Execution

Disciplined, repeatable investment process



# THE INVESTMENT TEAM

**25 YEARS**  
Average portfolio manager experience

INVESTMENT TEAM OF  
**Seven**  
Operating in a flat structure

ALL specialists + generalists

Cognitive diversity

	Greig Bryson	Iain Fulton	James Kinghorn	William Low	Johnny Russell	Michael Chen	Ellie Stephenson
							
	Portfolio Manager	Portfolio Manager	Portfolio Manager	Portfolio Manager	Portfolio Manager	Portfolio Analyst	Portfolio Analyst
Research Responsibilities	Healthcare, Materials	Consumer Staples, Consumer Discretionary, Communication Services	Financials, Real Estate, Information Technology	Information Technology, Communication Services	Energy, Utilities, Industrials	Thematic research	Thematic research
Academic Background	Law	History	MBA	Geology	Economics	Economics	History

Experience is for Portfolio Managers as at 31 December 2021

# GLOBAL EQUITIES TEAM

---



Greig  
Bryson



Iain  
Fulton



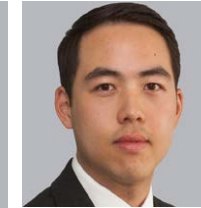
James  
Kinghorn



William  
Low



Johnny  
Russell



Michael  
Chen



Ellie  
Stephenson



Lisa  
Edmundson



Thomas  
Thomson



Vicky  
Murray



Cameron  
Kuwahara

We are:

## Diligent

We invest in companies we understand and trust.



## Respectful

We treat clients, colleagues and peers with mutual respect.



## Mindful

We always aim to do what is best for our clients.



## Open

We are transparent in everything we do.



These values form the foundation of our process

# OUR FUTURE QUALITY PHILOSOPHY

“**Future Quality** companies are those that will attain and sustain high returns on investment”

## Four Pillars of Future Quality

Franchise

Sustainable competitive advantage

Management

Sound strategic and capital allocation decisions

Balance Sheet

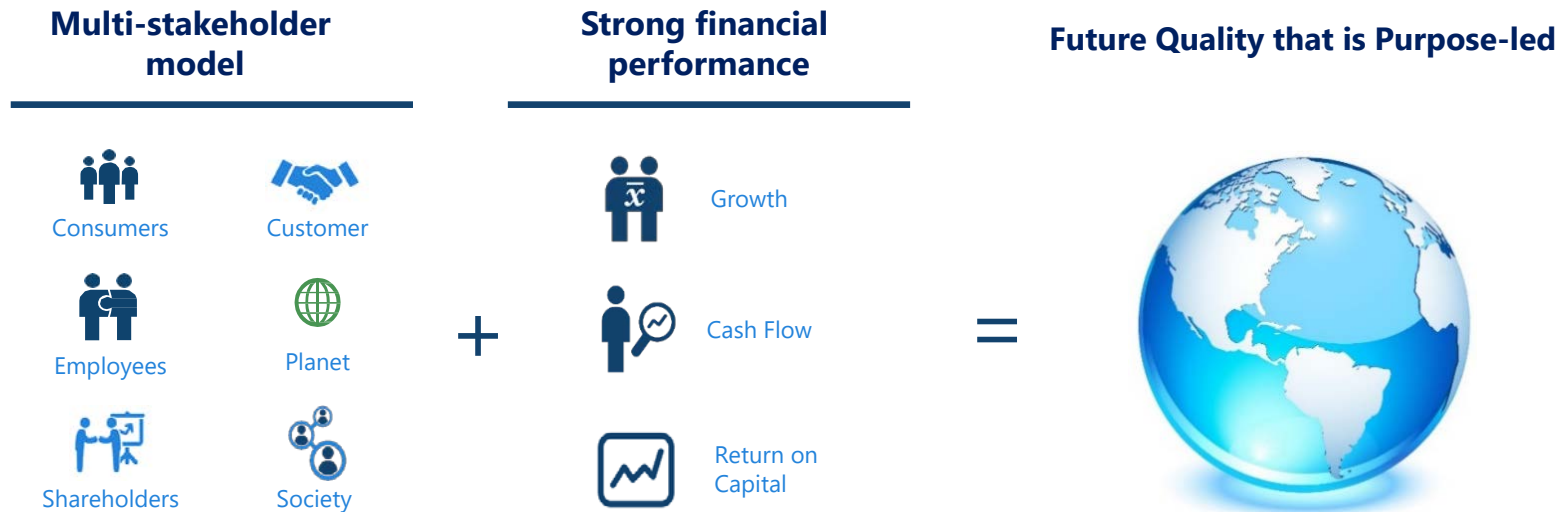
Growth is appropriately financed

Valuation

Disciplined approach

ESG is firmly embedded in our process



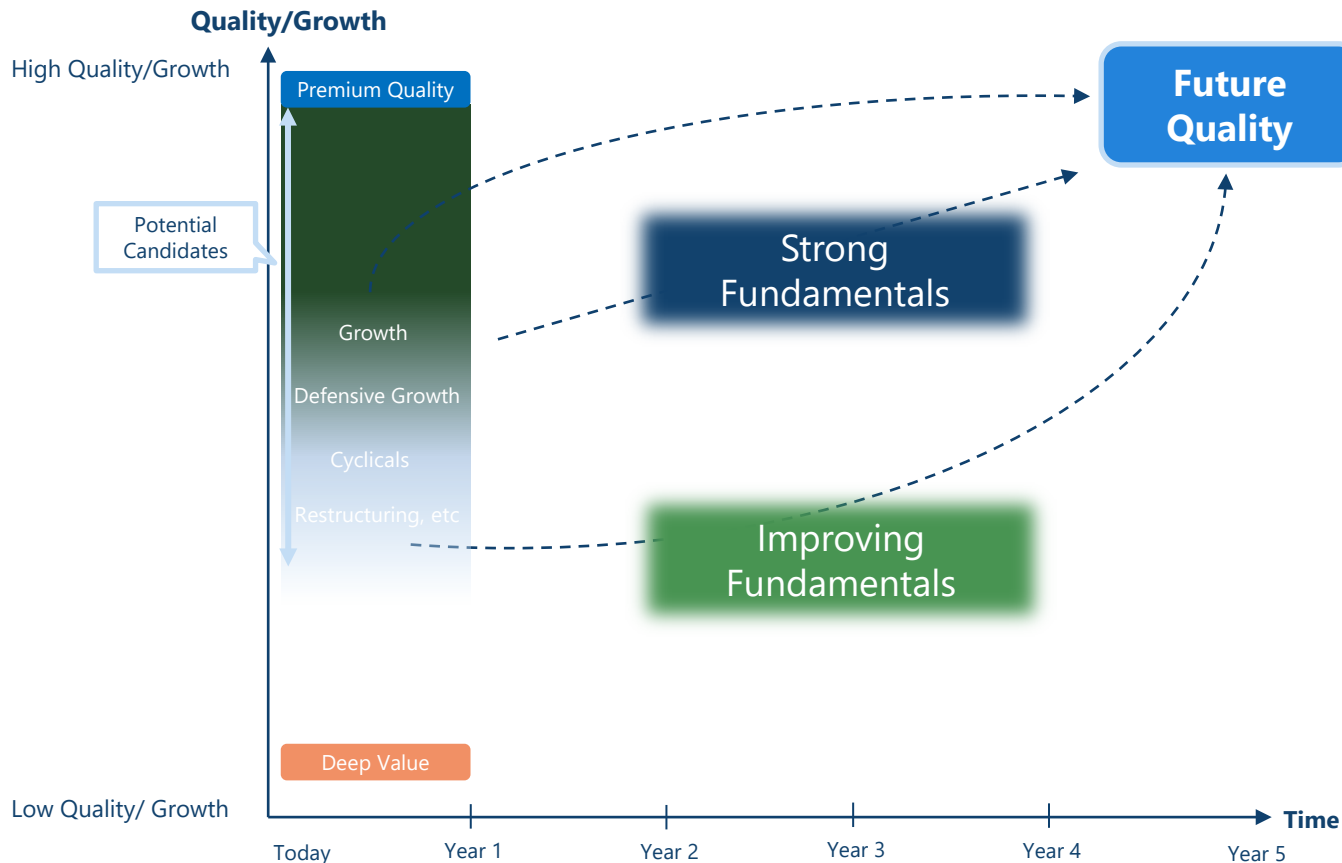


### With stakeholder analysis embedded in our research process we have observed the following:

- ▶ Good management teams have already identified the need to provide value for all stakeholders if they are to achieve and sustain high returns.
- ▶ Many companies are providing solutions to society's largest challenges, including expensive healthcare, water purity and pollution.
- ▶ Stakeholder analysis allows us to better **understand the risks and opportunities** faced by many management teams.
- ▶ ESG is a significant element of our search for Future Quality, as we believe those providing solutions to the world's problems and delivering stakeholder value are likely to be the long-term winners.
- ▶ Corporate involvement is crucial to achieving long-term solutions to many of the world's issues.

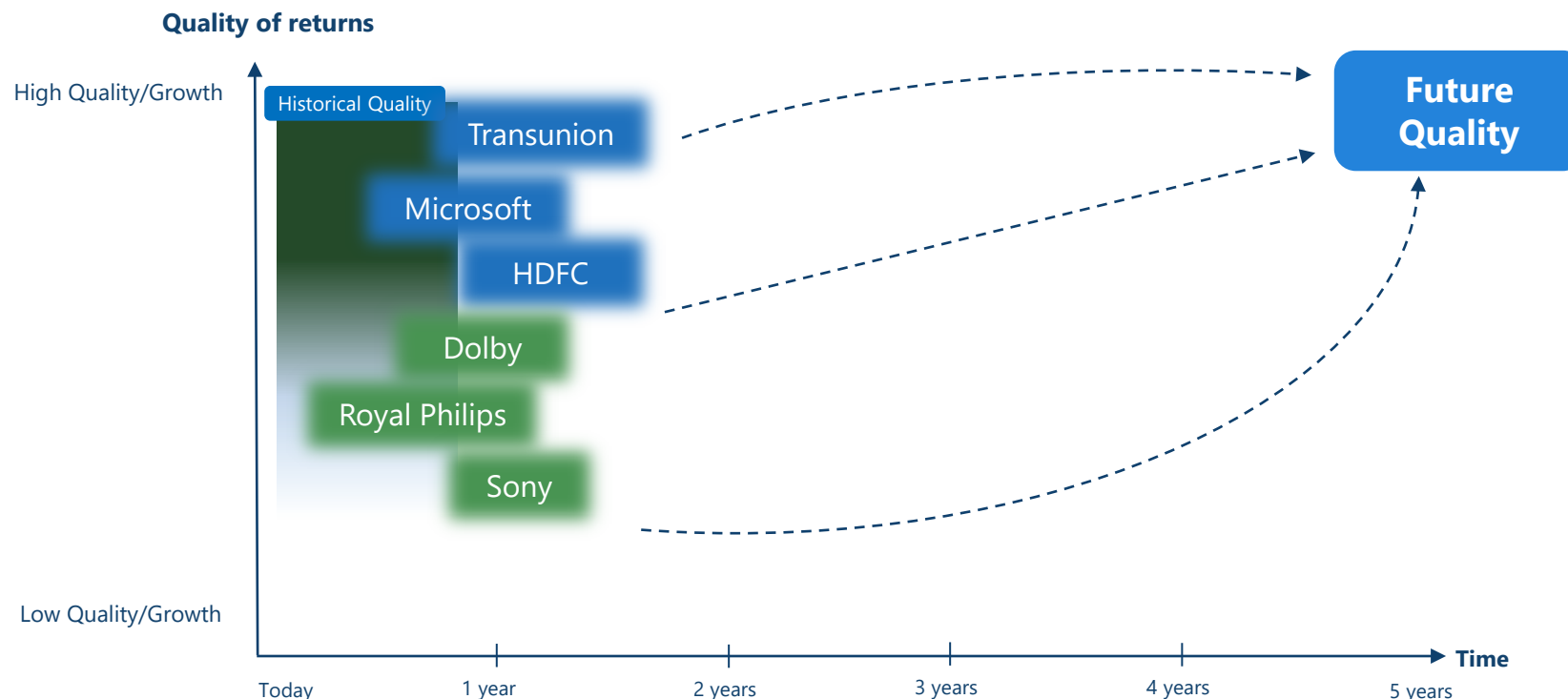
# THE PATH TO FUTURE QUALITY

Improving Returns on Investment



**Future Quality Companies generally have many of the following traits:**

- Strong competitive advantage
- Growing market share and/or a healthy and growing addressable market.
- Stable and strong management team
- Innovative and differentiated strategy
- Many Future Quality companies are actively providing solutions to ESG problems



Key metrics	MSCI AC World FY0 <sup>3</sup>	Nikko AM FY0 <sup>2</sup>	Nikko AM FY5 <sup>2 4</sup>
Sales growth (5y CAGR historical) <sup>1</sup>	1.4%	8.1%	7.2%
Total debt/capital <sup>1</sup>	47%	38%	27%
<b>Cash return on Investment</b>	<b>8.0%<sup>2</sup></b>	<b>17.6%</b>	<b>19.6%</b>

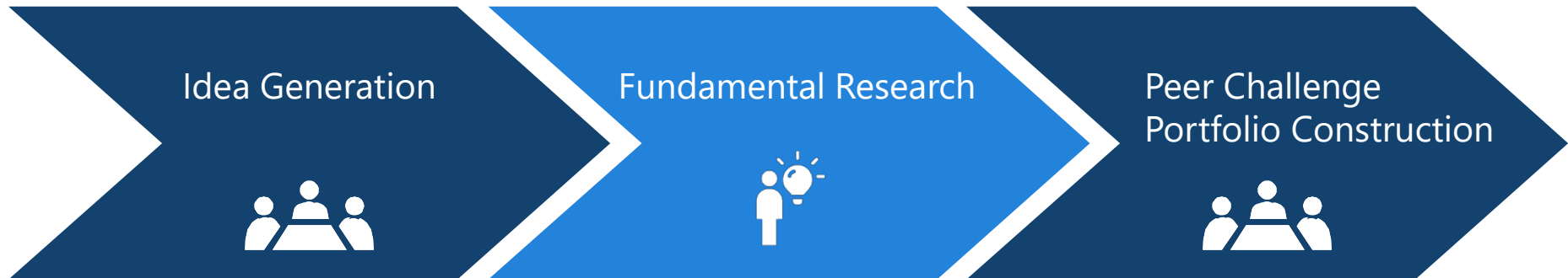
<sup>1</sup>Ex Financials , <sup>2</sup>Median, <sup>3</sup>Source: MSCI, FactSet, <sup>4</sup>Nikko AM forecasts FY0 December 2019. Nikko AM Global Equity refers to the Global Equity Strategy ex Australia. This is for illustrative purposes only. Any securities shown are not stock recommendations. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon.

As at end March 2020

Investing in **Future Quality**

# INVESTMENT PROCESS

## The Portfolio Managers' Dual Role



- Insights from experience
- Team discussions and research
- Thematic inputs (joining the dots)
- **Future Quality** = universe of approx. 500 companies

- Deep understanding of companies and industries
- Clear alpha investment case
- Long-term assessment of **Future Quality** via our four-pillar framework = approx. 100 companies researched
- Team well positioned to deliver detailed ESG analysis given their in-depth company and industry knowledge

- System of open critique based on mutual respect and a flat team structure
- Ideas scored and ranked
- Best ideas are given the highest weighting
- Portfolios consist of approx. 40 to 50 **Future Quality** companies

# FUTURE QUALITY IDEA GENERATION

Identifying Long-Term Winners

## Idea Generation

All stocks are viewed through the lens of **Future Quality**

### Franchise

Companies must be able to sustain high returns on investment

### Management

Management teams must have a sound strategy, robust governance and deliver stakeholder value

### Balance Sheet

A strong self-funding balance sheet is required

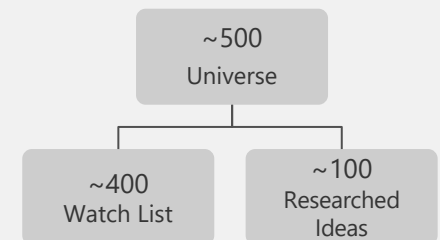
## Future Quality Universe

Idea generation produces an investable universe of **~500** stocks in total

### Valuation

Is the company underappreciated over the investment time horizon?

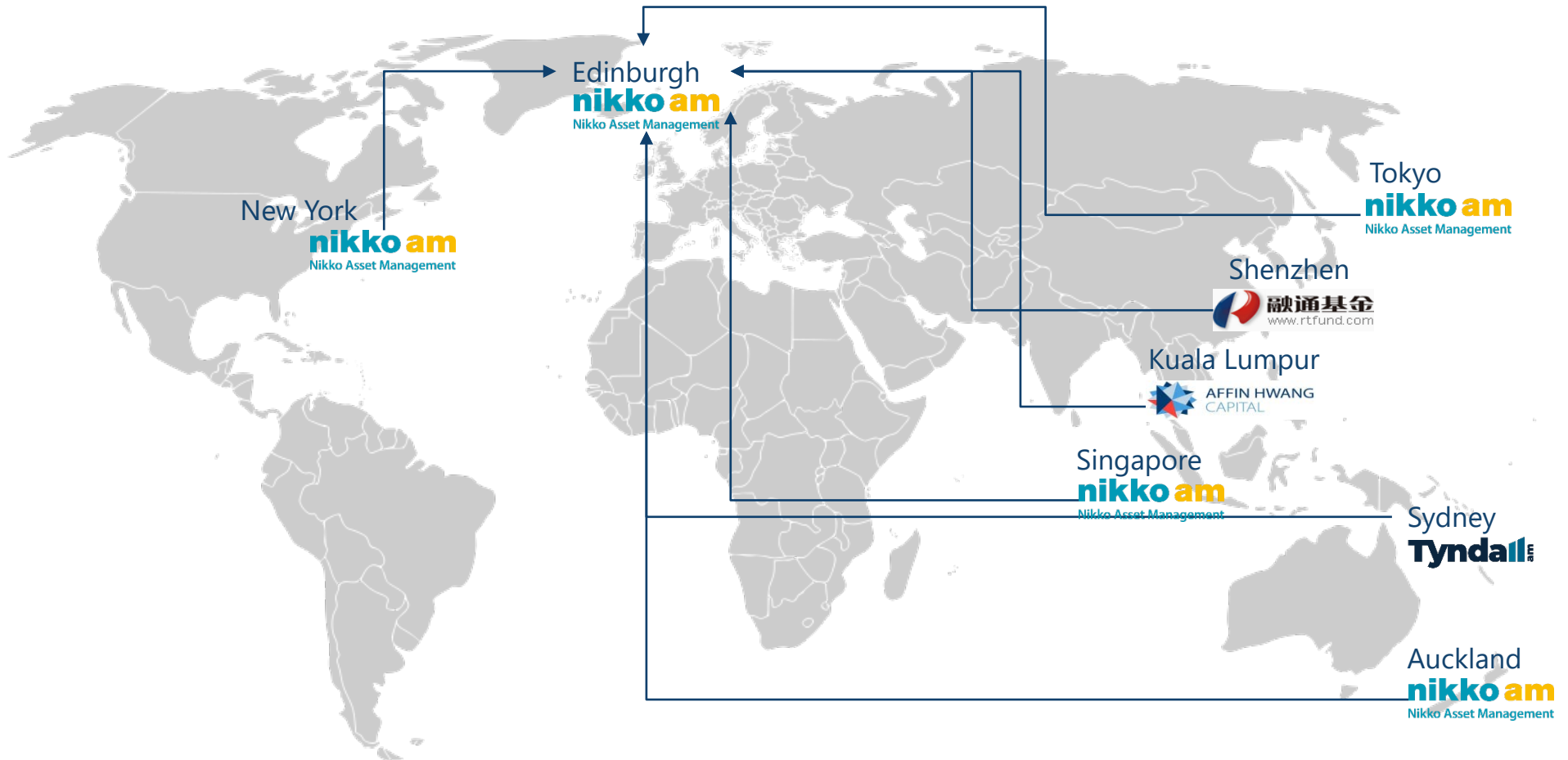
- Analyst experience
- Deep sector understanding
- Join the Dots/thematic inputs
- Team ideas meetings
- Firm-wide insights
- Conferences
- Company meetings
- Data tools



Source: Nikko AM

# NIKKO AM IDEA GENERATION PLATFORM

Nikko AM equity teams and strategists support idea generation



Purpose of research is to ascertain Future Quality

A Disciplined Focus to uncover stocks that can attain and sustain high Future Quality returns, while meeting ESG criteria

- Franchise
- Management
- Balance Sheet
- Valuation

Royal Philips NV Alpha expectation 10 to 20% rel to sector. Includes sections for Future Quality thesis, Franchise Quality & Stakeholders, Management Quality & Governance, and Risks & ESG. Features various financial tables and charts.

Detailed analysis to understand business, financials and ESG

This is for illustrative purposes only. Any securities shown are not stock recommendations.

All stock research is robustly reviewed and challenged by the team

**Weekly research meetings:**  
research templates presented by Portfolio Managers

**Ideas challenged:**  
detailed scrutiny of the investment thesis, model forecasts and assumptions

**Culture of open critique:**  
team experience and mutual respect is key

**Ownership:**  
mutual benefit of getting best portfolio outcomes

Research formally presented to team

Investment case challenged

Culture of open critique

Culture of mutual respect



If a stock is approved as meeting **Future Quality** criteria it is added to our ranking tool

**Stock-Ranking Tool:**  
highest-conviction best Future Quality ideas.

**Disciplined process:**  
proven platform to identify best opportunities within research ideas.

**Transparent agenda for discussion:**  
tool promotes debate among whole team.

**Weighting guidance:**  
ranking helps define stock weightings and portfolio changes.

Researched Idea	Research Process				Team Challenge							
	Alpha Upside	Alpha Confidence	Degree Stock Specific	Total Alpha Score	IE	WL	GB	JK	JR	ES	MC	
Palomar Holdings, Inc.	1.0	1.0	1.0	3.0								Add
Sony Corporation	1.0	1.0	1.0	3.0								Add
Compass Group PLC	1.0	1.0	1.0	3.0	Add		Add		Add			Add
LivaNova Plc	1.0	1.0	1.0	3.0		Add						Add
Dolby Laboratories, Inc. Class A	1.0	1.0	1.0	3.0								Add
Nintendo Co., Ltd.	1.0	1.0	1.0	3.0								Add
TJX Companies Inc	1.0	1.0	1.0	3.0	Add			Add				Add
TechnoPro Holdings Inc.	1.0	1.0	1.0	3.0								Add
TransUnion	1.0	1.0	1.0	3.0					Add			Add
HelloFresh SE	1.0	1.0	1.0	3.0	Buy						Buy	Add
Li Ning Company Limited	1.0	1.0	1.0	3.0								Add
CAE Inc.	1.0	1.0	1.0	3.0		Add			Add			Add
Woodward, Inc.	1.0	1.0	1.0	3.0	Add				Add	Add		Add
Coca-Cola Company	1.0	1.0	1.0	3.0								Add
AIA Group Limited	1.0	1.0	1.0	3.0								Add
Bio-Techne Corporation	1.0	1.0	1.0	3.0					Add			Add
Koninklijke Philips N.V.	1.0	1.0	1.0	3.0	Add							Add
Kingspan Group Plc	1.0	1.0	1.0	3.0								Add
Rentokil Initial plc	1.0	1.0	1.0	3.0								Add
Schneider Electric SE	1.0	1.0	1.0	3.0								Add
SVB Financial Group	1.0	1.0	1.0	3.0	Add							Add
Tencent Holdings Ltd.	1.0	1.0	1.0	3.0								Add
Starbucks Corporation	1.0	1.0	1.0	3.0	Add							Add
Allianz SE	1.0	1.0	1.0	3.0	Add		Buy		Add			Add
Hexagon AB Class B	1.0	1.0	1.0	3.0								Add
Lonza Group AG	1.0	1.0	1.0	3.0								Add

## Identify highest conviction **Future Quality** ideas

This is for illustrative purposes only. Any securities shown are not stock recommendations.

# PORTFOLIO CONSTRUCTION

Ensuring best-ranked ideas receive most committed weights

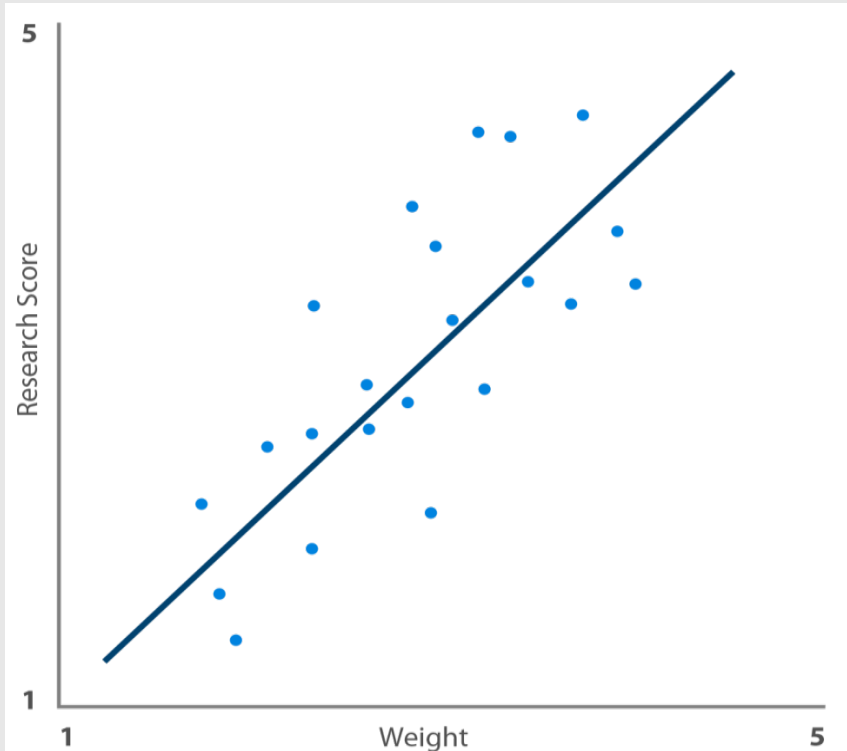
Best ideas identified

Ranking guides the stock-selection and weights

High-conviction weight in each holding

Diversification to ensure stock-picking dominates

### – Effective portfolio construction



This is for illustrative purposes only – graphic is a representation.

Investing in **Future Quality**



## Investment Risk

Investment Risk team  
Barra risk model  
Daily positioning data

Scenario analysis/stress testing  
Attribution analysis  
Pre-trade analysis

## ESG Risk

MSCI ESG database  
ESG embedded in research  
Portfolio monitoring of ESG scores

## Investment Team Risk

Independent risk monitoring  
Monthly review with CIO and CRO

Portfolio ESG risk monitoring  
Daily monitoring of client risk limits

**Team of  
experienced  
professionals**  
operating in a  
**flat** structure

**Disciplined,  
repeatable**  
investment process  
based on the search  
for **Future  
Quality**

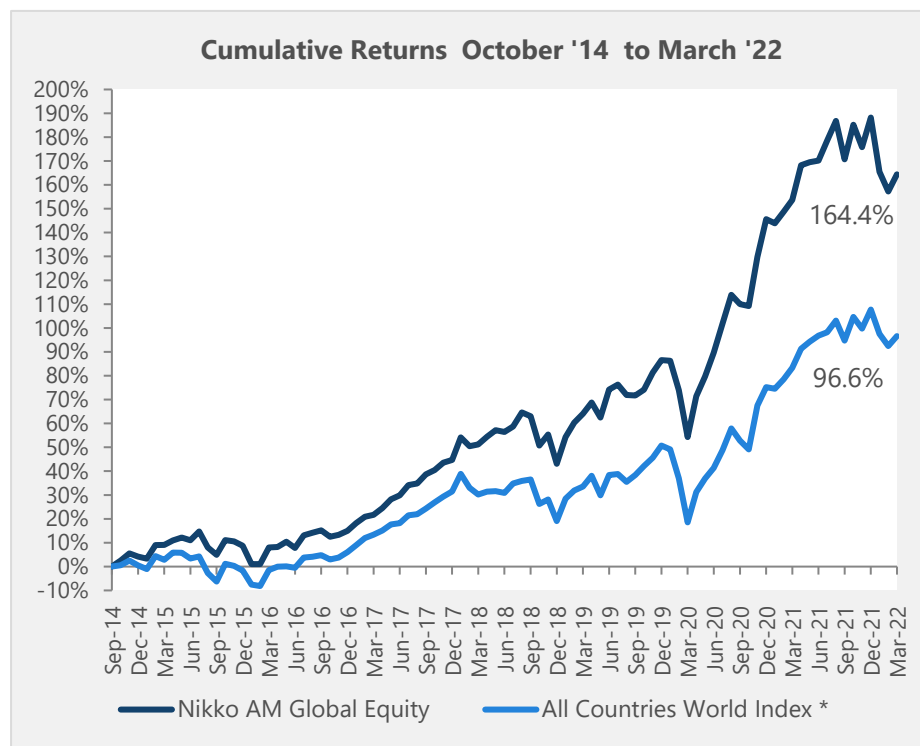
High-conviction,  
**best ideas**  
across client  
portfolios

PERFORMANCE



# GLOBAL EQUITY STRATEGY COMPOSITE PERFORMANCE

## Global Equity Strategy Composite Performance



### Performance Information

Past performance is not a guide to future returns. The benchmark for this composite is MSCI All Country World Index .

\*The benchmark was the MSCI All Country World Index ex AU since inception of the composite to 31 March 2016. Inception date for the composite is 01 October 2014.

Returns are based on Nikko AM's (hereafter referred to as the "Firm") Global Equity Strategy Composite returns. Returns for periods in excess of 1 year are annualized. The Firm claims compliance with the Global Investment Performance Standards (GIPS ®) and has prepared and presented this report in compliance with the GIPS. Returns are US Dollar based and are calculated gross of advisory and management fees, custodial fees and withholding taxes, but are net of transaction costs and include reinvestment of dividends and interest. Copyright © MSCI Inc. The copyright and intellectual rights to the index displayed above are the sole property of the index provider. GIPS is a registered trademark of the CFA Institute. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon. For more details, please refer to the performance disclosures found at the end of this document. For more details, please refer to the performance disclosures at the end of this document. Source: Capture Ratios: FactSet.

As at 31 March 2022

Investing in **Future Quality**

## 12 Month Performance Periods

Gross Annualised Returns (USD) %	1 year	3 years	5 years	Since Inception
Global Equity Strategy Composite	4.23	17.25	16.79	13.84
All Country World Index *	7.28	13.75	11.64	9.43
<b>Excess Return</b>	<b>-3.04</b>	<b>3.50</b>	<b>5.15</b>	<b>4.41</b>

Gross Annual Returns (USD) %	2017	2018	2019	2020	2021
<b>Strategy</b>	25.88	-1.13	30.37	31.68	17.36
<b>Benchmark *</b>	23.97	-9.42	26.60	16.25	18.54
<b>Active Return</b>	1.91	8.29	3.77	15.43	-1.18

Capture Ratios (USD) %	1 year	3 years	5 years	Since Inception
Upside Capture	117.65	107.92	121.49	122.21
Downside Capture	139.17	93.52	92.56	92.64

# APPENDIX I

Holdings Detail



# PORTFOLIO BY SECTOR

	Active Weight		Active Weight		Active Weight
<b>Defensive Sectors</b>	<b>-3.1</b>	<b>Cyclical sectors</b>	<b>10.5</b>	<b>Commodity Sectors</b>	<b>-9.3</b>
<b>Consumer Staples</b>	<b>-1.1</b>	<b>Consumer Discretionary</b>	<b>4.6</b>	<b>Energy</b>	<b>-4.3</b>
Coca-Cola Company	2.6	Compass Group Plc.	3.1	<b>Materials</b>	<b>-5.0</b>
Kerry Group Plc.	1.7	Sony Group Corporation	2.8	<b>Cash</b>	<b>2.0</b>
HelloFresh	1.0	Booking Holdings Inc.	2.2		
<b>Health Care</b>	<b>8.5</b>	Tractor Supply Company	2.1		
Encompass Health Corporation	3.1	LKQ Corporation	1.7		
LHC Group Inc.	2.9	Amazon.com Inc.	1.6		
LivaNova Plc.	2.3	<b>Financials</b>	<b>-0.4</b>		
Abbott Laboratories	2.2	Housing Dev Finance Corp Ltd.	2.6		
Anthem Inc.	2.2	Intercontinental Exchange Inc.	2.5		
Bio-Techne Corporation	1.8	Palomar Holdings Inc.	2.2		
AdaptHealth Corp.	1.5	Progressive Corporation	2.3		
Koninklijke Philips	1.2	SVB Financial Group	1.8		
Danaher Corporation	1.2	AIA Group Ltd.	1.7		
Masimo Corporation	1.1	Burford Capital Ltd.	0.6		
<b>Real Estate</b>	<b>-0.8</b>	<b>Industrials</b>	<b>7.2</b>		
American Tower Corporation	1.7	Emerson Electric Co.	3.1		
<b>Communication Services</b>	<b>-6.8</b>	Deere & Company	2.7		
Tencent Holdings Ltd.	0.9	Carlisle Companies Inc.	2.7		
<b>Utilities</b>	<b>-2.9</b>	Schneider Electric	2.2		
		TransUnion	1.9		
		KBR Inc.	1.9		
		Jacobs Engineering Group Inc.	1.8		
		<b>Information Technology</b>	<b>-0.9</b>		
		Microsoft Corporation	3.7		
		Accenture Plc.	3.0		
		Taiwan Semi Manufacturing Co. Ltd.	2.5		
		Adobe Inc.	1.9		
		Dolby Laboratories Inc.	1.5		
		SolarEdge Technologies Inc.	1.4		
		Hexagon	1.3		
		Global Payments Inc.	1.3		

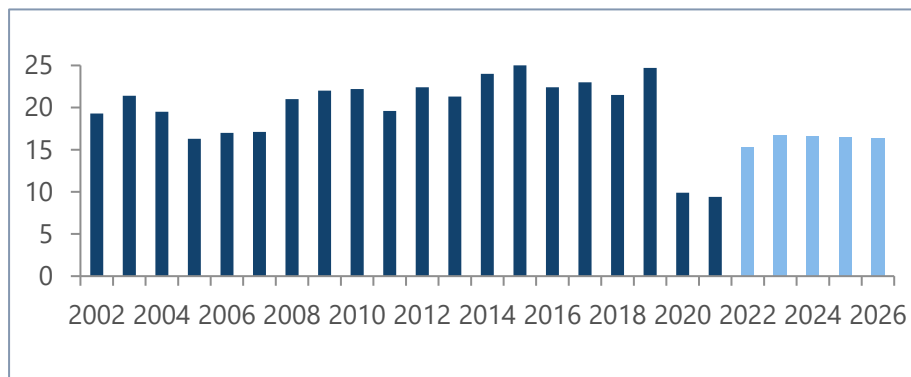
This is for illustrated purposes only.  
As at 31 March 2022 Source: FactSet

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**Our Future Quality thesis:** “Market opportunity remains underappreciated – we forecast strong organic growth as Compass Group win market share and recovery volumes come through”

**Cash return on investment (%)**



Source: Nikko AM estimates

**Capital Allocation Priorities**



Source: Compass Group FY2020 Factsheet

## Franchise Quality

- Having endured a difficult two years institutions in the US and beyond are outsourcing catering functions at a record rate.
- Emerging from pandemic with better growth and improving margins
- Highest quality business in the global contract catering market.

## Management Quality

- Strong track record and a keen focus on delivering profitable growth.
- Best quality management team in the industry corporate governance ratings which are typically ranked in the highest scoring range relative to peers.
- 70% of the board members are independent and 30% are female.

## Balance Sheet Quality

- Prudent fund raising at the start of the pandemic - net debt to total capital at lowest level since 2013.
- Strongest balance sheet in the industry – a key source of competitive advantage.
- Cash generation is strong. Working capital efficiency generates a ROIC of 20% through the cycle.

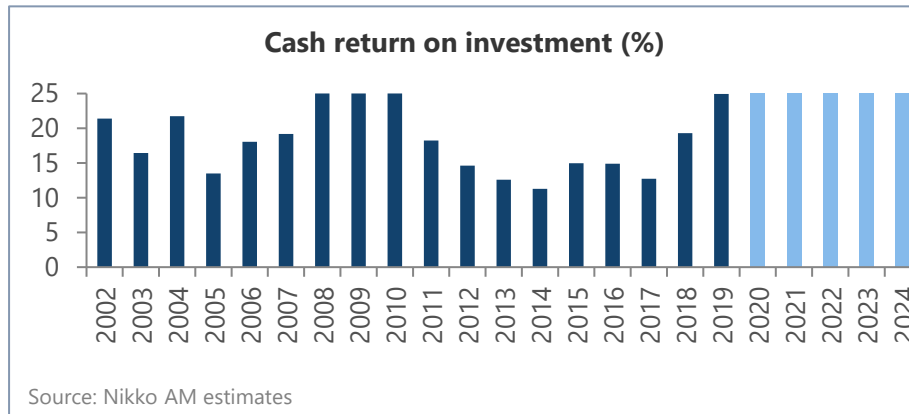
## Valuation

- Compass looks undervalued. Recovery prospects remain underappreciated.
- We forecast the business can earn a sustainable CFROI of over 10%.
- Larger contract wins expected, plus an increasing sports mix and efforts on emissions, food waste and packaging.

This is for illustrative purposes only. Any securities shown are not stock recommendations to buy or sell.

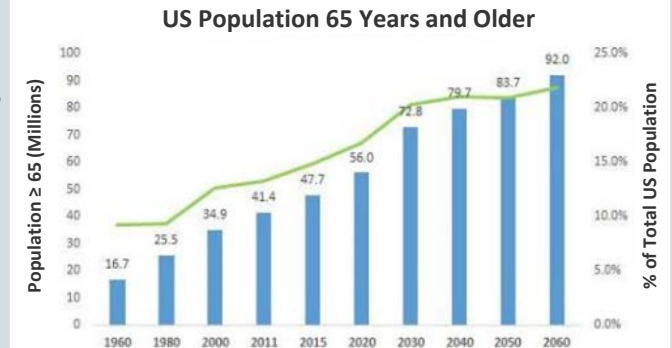
**What the company does:** LHC is a national provider of in-home healthcare services and innovations.

**Our Future Quality thesis:** “LHC is perfectly placed for the structural changes underway in US healthcare & will deliver strong long-term growth as a result.”



**The US population is aging and needs more care – US Population 65 Years and Older**

Source: US Census Bureau



## Franchise Quality

- Home-based healthcare is what patients want and is often cheaper and better than hospital-based care.
- LHC are 1 of the largest players in the market and recognized leaders in quality of care provided.
- Strong corporate culture.

## Management Quality

- Chairman founded the business with his wife (a nurse) 25 years ago.
- Experienced CEO and Chief Strategy Officer was the Chief Technology Officer for the US Dept. of Health.
- Strong employee engagement.

## Balance Sheet Quality

- Strong balance sheet, with net cash position on balance sheet.
- Capital light model supports high ROCE.

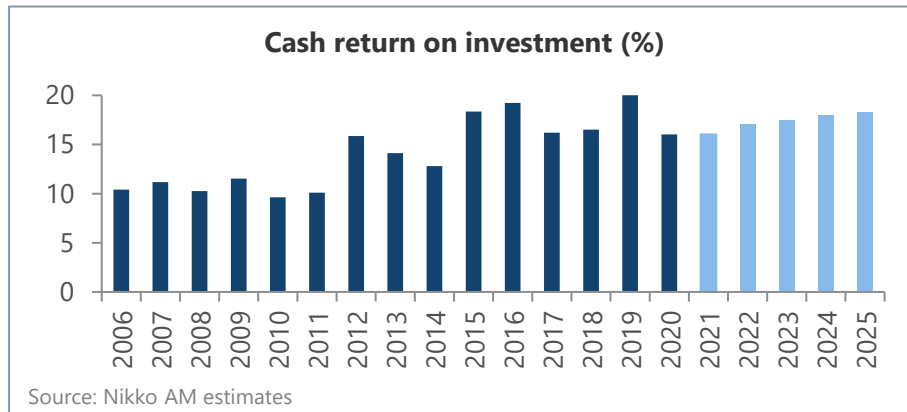
## Valuation

- Shares have de-rated meaningfully recently, on fears over slower admissions growth and margin pressure due to staff shortages..
- Longer-term valuation very attractive if staffing picture improves as COVID impact fades and new recruitment initiatives bear fruit

This is for illustrative purposes only. Any securities shown are not stock recommendations to buy or sell.

**What the company does:** A leading supplier of energy efficient solutions products for buildings

**Our Future Quality thesis:** Divesting non-core segments and allocating capital into higher return building products that solve customers environmental and energy challenges



### Carlisle Sustainability Highlights

DELIVERING THE CARLISLE EXPERIENCE FOR THE SUSTAINABLE BUILDING

- POLYISO WALL AND ROOFING INSULATION:** For every ton of CO<sub>2</sub> consumed in manufacturing our Polyiso product, our customers avoid emitting up to 34 tons of CO<sub>2</sub> over the life of the product.
- SINGLE PLY: TPO:** A standard 100,000 square foot single covered TPO roof installation in sunny, warm climates can save up to 125,000 kWh, or approximately 15,000 kWh of CO<sub>2</sub> emissions over a 40-year life of the roof.
- SINGLE PLY: EPDM:** A standard 100,000 square foot single covered EPDM roof installation for northern climates could save as much as 15,000 kWh of energy, or approximately 2,000 kWh of CO<sub>2</sub> emissions over a 40-year life of the roof.
- METAL ROOFING AND ACCESSORIES:** If every single-family home in U.S. installed a metal roof, there could be a potential of 100 kWh saved annually, or approximately \$100. Metal roofs are 100% recyclable.
- ROOF GARDEN ASSEMBLIES:** 10%-45% of an assembly assembly that falls on a Roof Garden is retained and not emitted into atmosphere.
- SPRAY FOAM INSULATION AND EQUIPMENT:** Spray foam insulation reduces energy usage of a building up to 40% compared to traditional insulation materials. We project a reduction of approximately 10 tons of carbon emissions from our install/Spray installed over the roof decade.

Source: Carlisle Companies

## Franchise Quality

- High returns business - return profile driven by strong position in the North American roofing industry.
- Roofing is 70% of group revenue but almost 100% of the returns.
- 2025 vision of \$15 eps while growing ROIC – streamlining of the business to add significant incremental value.

## Management Quality

- Management focus on sustainable building products.
- Allocating capital to areas where returns are highest - solutions for customers to solve energy efficiency and environmental challenges.
- Diverse board – launched first sustainability report. Evidence of change is clear.

## Balance Sheet Quality

- Balance sheet is important to achieve its 2025 Vision and deliver change.
- Expect further disposals which will provide further funding capacity.
- Capital intensity for the business is low and cash generation strong.

## Valuation

- Trades at discount to its sum of the parts.
- Divestment of the non-core divisions means discount should narrow. Expect re-rating towards the best-in-class peers, such as Kingspan.
- CFROI and DCF suggest the shares are significantly under valued. Current PE is also low versus peers.

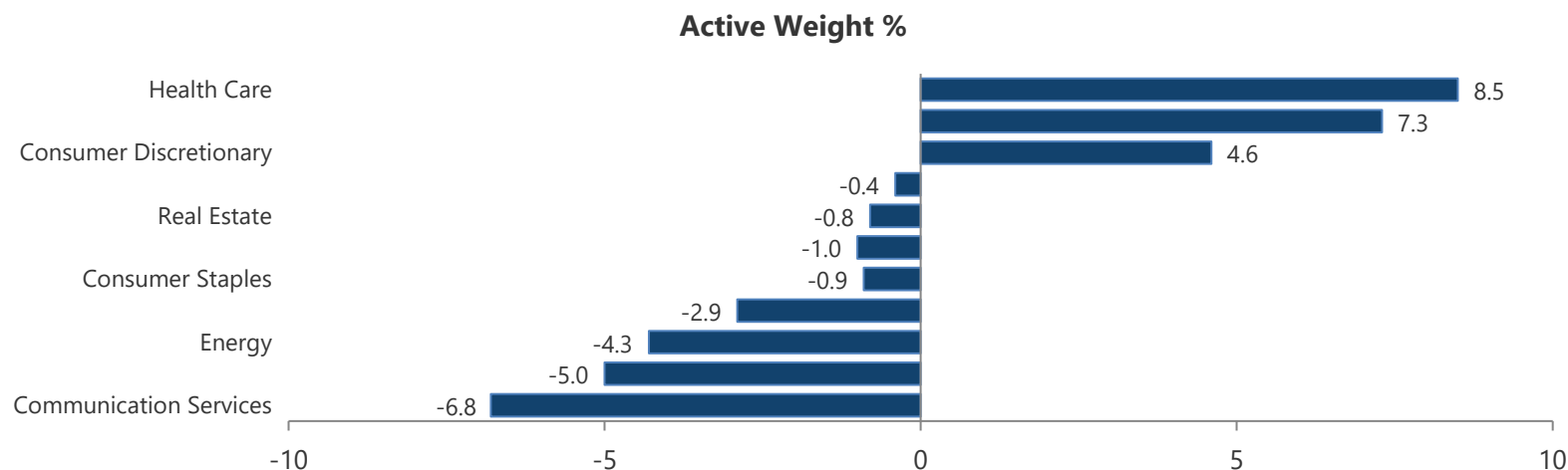
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# APPENDIX II

Portfolio Allocation & Characteristics



# SECTOR ALLOCATION

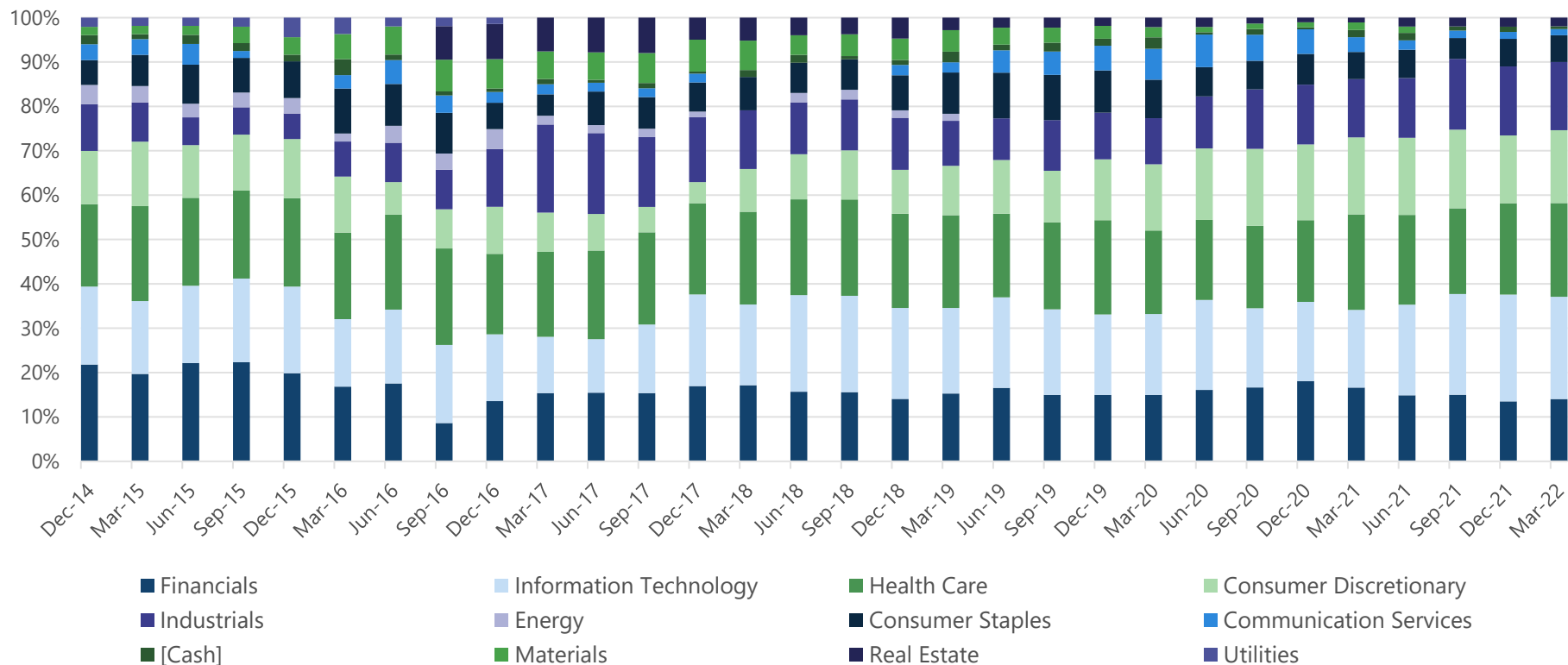


Sector	Portfolio%*	Index %	Active Weight %
Health Care	20.4	11.9	8.5
Industrials	16.8	9.5	7.3
Consumer Discretionary	16.3	11.7	4.6
Financials	14.2	14.6	-0.4
Real Estate	1.9	2.7	-0.8
Information Technology	21.4	22.4	-1.0
Consumer Staples	5.8	6.9	-1.1
Utilities	0.0	2.9	-2.9
Energy	0.0	4.3	-4.3
Materials	0.0	5.0	-5.0
Communication Services	1.3	8.1	-6.8
[Cash]	2.0	0.0	2.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

As at 31 March 2022. Source: FactSet

\*The above is a representative account of the Global Equity Strategy composite, and the benchmark is the MSCI AC World Index. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon. This is provided as supplementary information to the performance reports prepared and presented in compliance with the Global Investment Performance Standards (GIPS®). GIPS is a registered trademark of the CFA Institute. For more details, please refer to the performance disclosures at the end of this document.

## Sector weights since inception

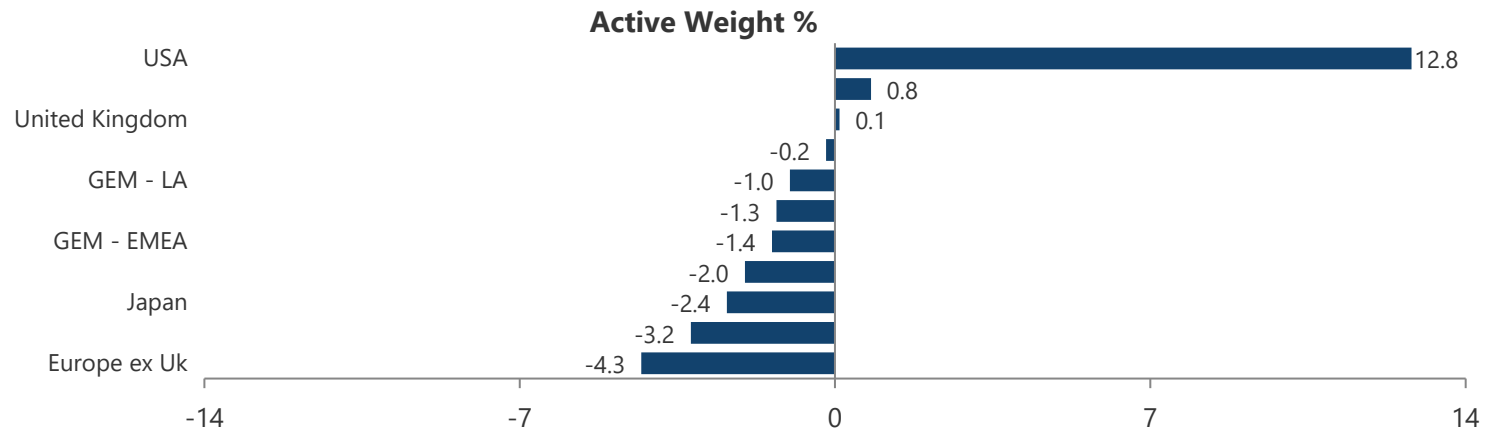


As at 31 March 2022. Source: FactSet

Inception date 1 October 2014.

The above is longest standing representative account of the Global Equity Strategy composite.

# REGIONAL ALLOCATION

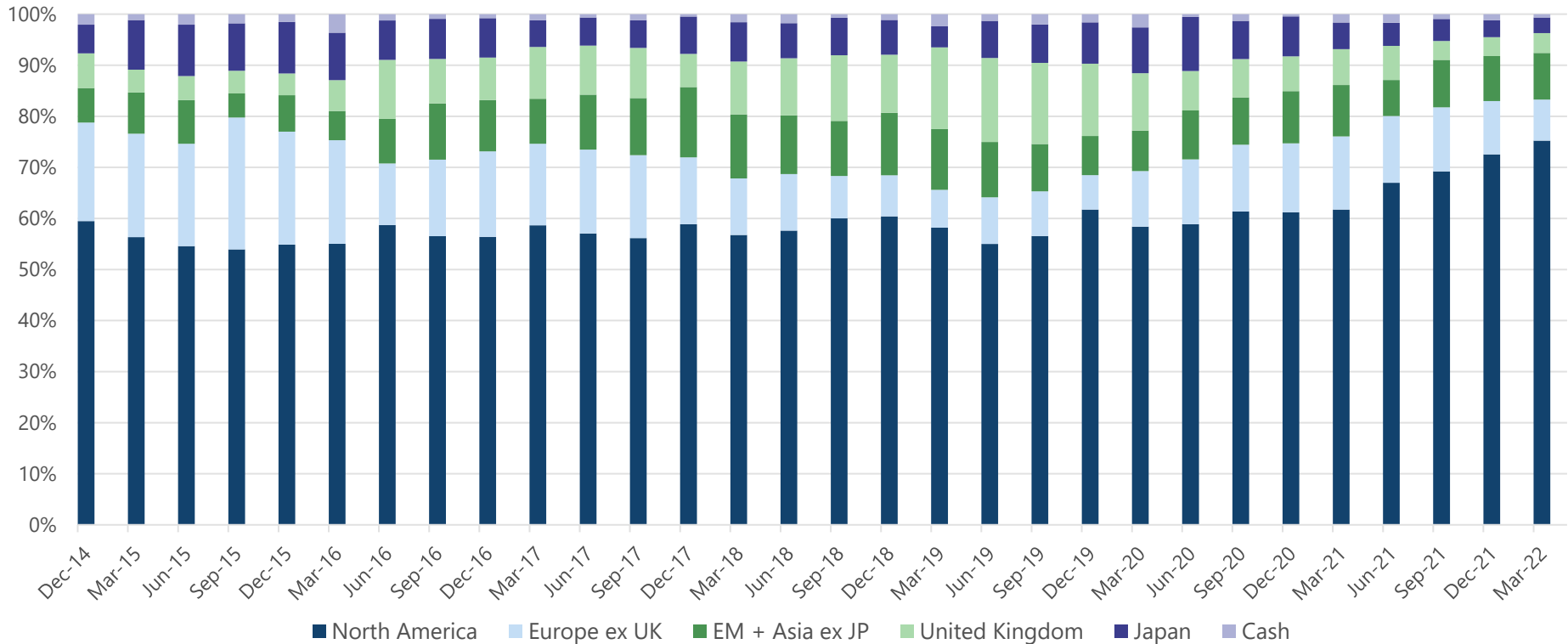


Region	Portfolio%*	Index %	Active Weight %
USA	74.2	61.4	12.8
HK/Sing	1.9	1.1	0.8
United Kingdom	3.8	3.7	0.1
Israel	0.0	0.2	-0.2
GEM - LA	0.0	1.0	-1.0
GEM - Asia	7.3	8.6	-1.3
GEM - EMEA	0.0	1.4	-1.4
Australasia	0.0	2.0	-2.0
Japan	3.0	5.4	-2.4
Canada	0.0	3.2	-3.2
Europe ex Uk	7.7	12.0	-4.3
[Cash]	2.0	0.0	2.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

As at 31 March 2022. Source: FactSet

\*The above is a representative account of the Global Equity Strategy composite, and the benchmark is the MSCI AC World Index. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon. This is provided as supplementary information to the performance reports prepared and presented in compliance with the Global Investment Performance Standards (GIPS®). GIPS is a registered trademark of the CFA Institute. For more details, please refer to the performance disclosures at the end of this document.

## Regional Weights since inception



As at 31 March 2022. Source: FactSet

Inception date 1 October 2014.

The above is longest standing representative account of the Global Equity Strategy composite.



# GLOBAL EQUITY STRATEGY POSITIONING

## Top 10 Active Weights

Stock	Portfolio %	Index %	Active Weight %
Microsoft Corporation	6.99	3.32	3.67
Compass Group Plc.	3.20	0.06	3.14
Emerson Electric Co.	3.22	0.09	3.13
Encompass Health Corporation	3.10	0.00	3.10
Accenture Plc.	3.28	0.32	2.96
LHC Group Inc.	2.91	0.00	2.91
Sony Group Corporation	3.02	0.20	2.82
Deere & Company	2.86	0.18	2.68
Carlisle Companies Incorporated	2.65	0.00	2.65
Housing Dev Finance Corp. Ltd.	2.70	0.08	2.62

## Top 10 Holdings

Stock	Portfolio %	Index %	Active Weight %
Microsoft Corporation	6.99	3.32	3.67
Amazon.com Inc.	3.86	2.25	1.61
Taiwan Semi Manufacturing Co. Ltd.	3.32	0.78	2.54
Accenture Plc.	3.28	0.32	2.96
Emerson Electric Co.	3.22	0.09	3.13
Compass Group Plc.	3.20	0.06	3.14
Encompass Health Corporation	3.10	0.00	3.10
Sony Group Corporation	3.02	0.20	2.82
Coca-Cola Company	2.99	0.38	2.61
LHC Group Inc.	2.91	0.00	2.91

## Portfolio Characteristics

Stock	Portfolio %	Index %	Difference
ROE (1 Year) (%)	20.8	15.3	5.5
P/E (FY1 Estimate)	23.5	16.8	6.7
P/B	4.2	2.9	1.3
Dividend Yield (%)	0.9	1.9	-1.0

## Risk Factors

As at 31 March 2022

Stock-Specific Risk	56.8
Risk Indices (Style)	14.1
Industry	17.6
Country	9.4
FX	2.8
Market	-0.7
<b>Total</b>	<b>100.0</b>

## Period

As at 31 March 2022

Number of Stocks	43
Weighted-Average Market Cap (USD m)	317,362
Beta	1.01
Portfolio Risk (%)	19.8
Benchmark Risk (%)	19.1
Active Risk	4.2
Active Share (%)	89.5

As at 31 March 2022. Source: FactSet

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# OUR COMMITMENTS

## Purpose Led Future Quality

### Purpose led Future Quality Companies:

- A focus on companies creating stakeholder value
- High and sustainable cash-flow returns delivered by management teams we trust
- We believe that those targeting solutions for today's problems are likely to be among the long-term winners

### Engagement:

- ESG ratings are imperfect – engagement helps us understand why
- ESG issues are aligned with our long term investment horizon
- We can help companies address their apparent weaknesses

### ESG Characteristics Promoted:

- A Portfolio of companies with a better-than-benchmark weighted-average ESG rating
- Carbon intensity of the portfolio which is substantially lower relative to benchmark
- Zero violations of the UN Global Compact
- Zero 'very severe' controversies on environment, human rights, customers, labour rights or governance (OECD guidelines)
- Zero controversial weapons
- Zero tobacco

### ESG Integration:

- ESG helps us find Future Quality companies
- We undertake ESG research directly and do not delegate ESG decisions to other teams
- ESG factors are analysed is at every stage of our investment

### Commitments & Resource:

- We invest for the future low carbon world
- We avoid controversies and UN Global compact violations
- Nikko AM's ESG resource helps us attain best practice
- Where appropriate ensure investment policy meets European Supervisory Authority's Article 8 Sustainable Financial Disclosure Regulations

### Important Sources & Links:

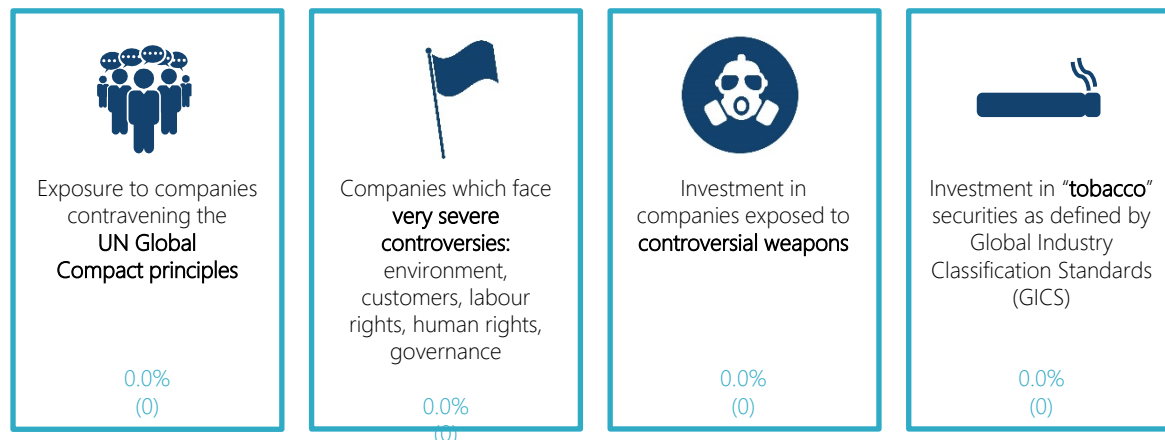
- [ESG White Paper](#)
- [Future Quality White Paper](#)
- [Nikko AM Sustainability Report 2022](#)
- Upon request: PRI; Article 8 SFDR; UN GlobalCompact

# OUR COMMITMENTS

	Strategy	Benchmark	Better than benchmark?
MSCI ESG portfolio rating	<b>AA</b>	<b>AA</b>	Yes
<i>Underlying score*</i>	8.09	7.92	
Carbon footprint (T CO <sub>2</sub> E/\$M Sales)	29.9	162.6	Yes

## Social safeguard screen

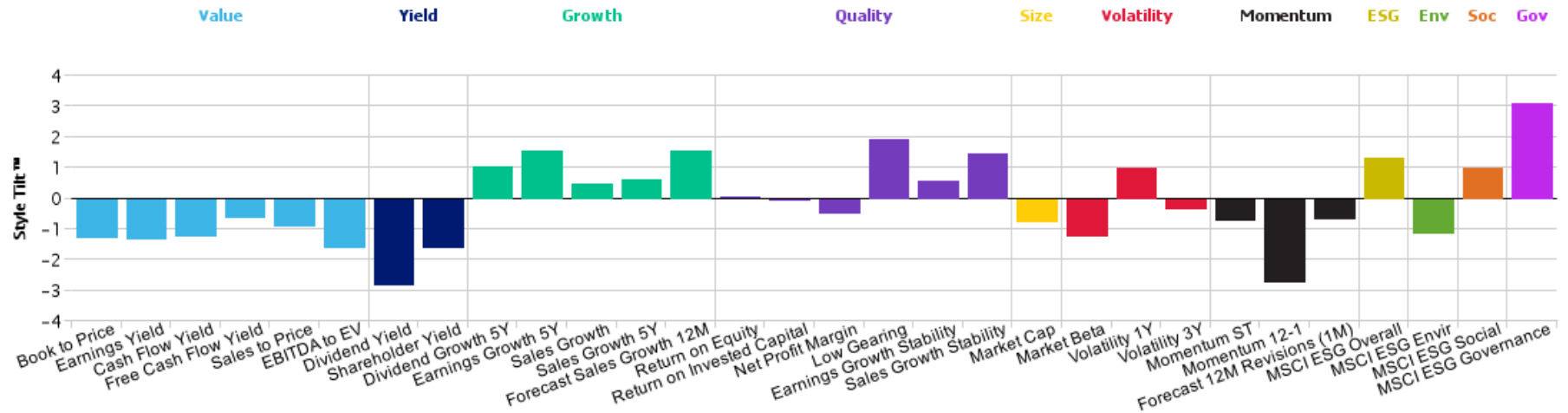
Fund exposure to companies flagged for certain frequently used social safeguard screens



Source: MSCI ESG Research, March 2022

\* Underlying score is the MSCI ESG Quality Score,. Carbon Footprint is Weighted Average Carbon Intensity  
 Fund is a representative account of the Nikko AM Global Equity Strategy. Benchmark is the MSCI ACWI. Data supplied as per the MSCI definitions.  
 Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon.

## STYLE SKYLINE™



Portfolio: Composite Rep Account  
 Benchmark: MSCI All Country World Ex-Australia  
 Snapshot Date: 31/Mar/2022  
 Currency: USD



The above is a representative account of the Global Equity Strategy, and the benchmark is the MSCI ACWI ex Australia Index. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon.

# APPENDIX III

Attribution



# ATTRIBUTION BY STOCK

## Year to Date

Top Stock	Portfolio Avg. Weight %	Indexing Weight %	Total Effect %
Deere & Company	2.69	0.17	0.55
LHC Group Inc.	1.89	0.00	0.55
Progressive Corporation	2.75	0.10	0.42
Encompass Health Corporation	2.78	0.00	0.38
Emerson Electric Co.	3.16	0.09	0.31
Anthem Inc.	2.67	0.17	0.28
Coca-Cola Company	3.04	0.38	0.26
SolarEdge Technologies Inc.	1.22	0.02	0.23
AIA Group Ltd.	1.99	0.20	0.16
Compass Group Plc.	3.37	0.06	0.10

Bottom Stock	Portfolio Avg. Weight %	Indexing Weight %	Total Effect %
SVB Financial Group	2.06	0.06	-0.24
Dolby Laboratories, Inc.	1.95	0.00	-0.25
Abbott Laboratories	3.08	0.34	-0.27
Sony Group Corporation	3.17	0.21	-0.34
Adobe Incorporated	2.88	0.35	-0.39
LKQ Corporation	1.97	0.02	-0.39
AdaptHealth Corp.	1.55	0.00	-0.50
Accenture Plc.	3.52	0.33	-0.50
HelloFresh	1.27	0.01	-0.56
Masimo Corporation	1.52	0.02	-0.94

## Since Inception

Top Stock	Portfolio Avg. Weight %	Indexing Weight %	Total Effect %
Microsoft Corporation	4.92	1.90	10.45
Li Ning Company Ltd.	0.64	0.01	6.81
SVB Financial Group	1.75	0.02	6.66
Progressive Corporation	2.62	0.08	6.35
Sony Group Corporation	2.66	0.14	5.12
Meta Platforms Inc.	1.48	0.90	4.18
Tencent Holdings Ltd.	2.51	0.51	3.85
TransUnion	1.96	0.02	3.65
Geely Automobile Holdings Ltd.	0.29	0.02	3.62
Estee Lauder Companies Inc.	0.91	0.08	3.39

Bottom Stock	Portfolio Avg. Weight %	Indexing Weight %	Total Effect %
Whitbread Plc.	0.84	0.02	-2.27
Compass Group Plc.	1.11	0.07	-2.28
Global Payments Inc.	0.23	0.05	-2.34
Alphabet Inc.	0.10	0.78	-2.69
Masimo Corporation	0.12	0.01	-2.70
Kerry Group Plc.	0.59	0.04	-2.86
Weir Group Plc.	0.78	0.01	-3.05
Johnson Matthey Plc.	1.74	0.02	-3.24
Burford Capital Ltd.	0.40	0.00	-4.42
Apple Inc.	0.62	2.45	-8.25

Source: FactSet as at 31 March 2022. Past performance is not necessarily indicative of future performance. Inception date 1 October 2014. The above is longest standing representative account of the Global Equity Strategy composite and the benchmark is the MSCI AC World ex Australia Index. We have used the representative account to demonstrate attribution only over a longer term. In terms of what a current portfolio would look like – the representative account with the ACWI benchmark provides the more realistic information. This is provided as supplementary information to the performance reports prepared and presented in compliance with the Global Investment Performance Standards (GIPS®). GIPS is a registered trademark of the CFA Institute. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon. For more details, please refer to the performance disclosures at the end of this document.

# ATTRIBUTION BY SECTOR

## Year to Date

Sector	Portfolio Avg. Weight %	Indexing Weight %	Allocation Effect %*	Selection Effect %*	Total Effect %
Industrials	15.20	9.69	0.12	0.34	0.47
Communication Services	1.62	8.46	0.35	-0.08	0.27
Consumer Discretionary	16.33	11.98	-0.13	0.32	0.19
Information Technology	23.26	22.77	0.00	-0.07	-0.07
Utilities	0.00	2.76	-0.17	0.00	-0.17
Real Estate	1.87	2.60	0.04	-0.21	-0.17
Financials	14.02	14.47	-0.05	-0.17	-0.22
Materials	0.00	4.56	-0.28	0.00	-0.28
Consumer Staples	6.28	6.98	0.04	-0.55	-0.50
Energy	0.00	4.14	-0.88	0.00	-0.88
Health Care	20.38	11.58	-0.44	-0.75	-1.19
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>-1.34</b>	<b>-1.17</b>	<b>-2.50</b>

\* Total includes cash

## Since Inception

Sector	Portfolio Avg. Weight %	Indexing Weight %	Allocation Effect %*	Selection Effect %*	Total Effect %
Consumer Discretionary	12.03	11.23	1.01	17.96	18.97
Industrials	10.85	10.38	-0.87	13.49	12.62
Financials	15.19	16.33	-0.77	11.56	10.79
Health Care	20.30	11.98	3.48	7.29	10.77
Energy	1.59	5.68	2.60	4.27	6.86
Real Estate	4.34	2.93	1.14	5.44	6.59
Energy	6.04	9.02	8.60	-2.52	6.08
Consumer Staples	8.04	8.54	-0.39	4.03	3.65
Utilities	0.73	3.23	2.42	-2.14	0.28
Information Technology	15.33	16.01	-1.12	0.50	-0.63
Materials	3.75	4.67	-1.51	0.20	-1.31
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>12.34</b>	<b>60.08</b>	<b>72.43</b>

\* Total includes cash

Source: FactSet as at 31 March 2022

Past performance is not necessarily indicative of future performance. Inception date 1 October 2014. The above is longest standing representative account of the Global Equity Strategy composite and the benchmark is the MSCI AC World ex Australia Index. We have used the representative account to demonstrate attribution only over a longer term. In terms of what a current portfolio would look like – the representative account with the ACWI benchmark provides the more realistic information. This is provided as supplementary information to the performance reports prepared and presented in compliance with the Global Investment Performance Standards (GIPS®). GIPS is a registered trademark of the CFA Institute. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon. For more details, please refer to the performance disclosures at the end of this document.

# ATTRIBUTION BY REGION

## Year to Date

Region	Portfolio Avg. Weight %	Indexing Weight %	Allocation Effect %*	Selection Effect %*	Total Effect %
HK/Sing	1.99	1.07	0.07	0.07	0.14
GEM – EMEA	0.00	1.66	0.12	0.00	0.12
GEM – Asia	7.71	9.13	0.02	0.07	0.08
Israel	0.00	0.18	0.00	0.00	0.00
Australasia	0.00	0.05	0.00	0.00	0.00
United Kingdom	4.02	3.84	-0.02	-0.20	-0.21
GEM – LA	0.00	0.90	-0.25	0.00	-0.25
Canada	0.00	3.14	-0.29	0.00	-0.29
Japan	3.17	5.70	0.18	-0.49	-0.31
Europe ex UK	8.82	12.51	0.45	-1.29	-0.85
USA	73.24	61.81	-0.05	-0.95	-1.00
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.29</b>	<b>-2.80</b>	<b>-2.50</b>

\* Total includes cash

## Since Inception

Region	Portfolio Avg. Weight %	Indexing Weight %	Allocation Effect %*	Selection Effect %*	Total Effect %
USA	57.66	56.06	2.01	41.57	43.59
GEM – Asia	7.53	8.60	-0.54	22.78	22.25
Japan	7.20	7.45	0.06	15.20	15.27
Europe ex UK	13.89	14.53	0.34	6.47	6.80
GEM – LA	0.00	1.32	2.07	0.00	2.07
GEM – EMEA	0.23	1.75	1.93	-0.33	1.59
HK/Sing	1.76	1.47	-0.56	1.37	0.81
Israel	0.00	0.19	0.30	0.00	0.30
Canada	0.87	3.11	0.46	-0.41	0.05
Australasia	0.00	0.06	0.04	0.00	0.04
United Kingdom	9.41	5.45	-12.47	-5.63	-18.10
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>-8.59</b>	<b>81.01</b>	<b>72.43</b>

\* Total includes cash

Source: FactSet as at 31 March 2022

\*Allocation effect calculation includes interaction effect

Past performance is not necessarily indicative of future performance. Inception date 1 October 2014. The above is longest standing representative account of the Global Equity Strategy composite and the benchmark is the MSCI AC World ex Australia Index. We have used the representative account to demonstrate attribution only over a longer term. In terms of what a current portfolio would look like – the representative account with the ACWI benchmark provides the more realistic information. This is provided as supplementary information to the performance reports prepared and presented in compliance with the Global Investment Performance Standards (GIPS®). GIPS is a registered trademark of the CFA Institute. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon. For more details, please refer to the performance disclosures at the end of this document.



# ATTRIBUTION BY MARKET CAP

## Year to Date

Market Cap (USD m)	Portfolio Avg. Weight %	Indexing Weight %	Allocation Effect %*	Selection Effect %*	Total Effect %
> 100,000	47.36	49.67	0.04	-0.83	-0.79
15,000 – 100,000	33.10	40.65	0.29	-1.86	-1.57
5,000.0 – 15,000	10.19	8.54	-0.09	-0.16	-0.25
1,000 - 5,000	8.31	1.08	0.07	-0.02	0.04
0.0 – 1,000	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>100.00</b>	<b>100.0</b>	<b>0.37</b>	<b>-2.87</b>	<b>-2.50</b>

\* Total includes cash

## Since Inception

Market Cap (USD m)	Portfolio Avg. Weight %	Indexing Weight %	Allocation Effect %*	Selection Effect %*	Total Effect %
> 100,000	25.57	36.78	-16.01	27.43	11.41
15,000 – 100,000	40.13	45.63	-2.96	33.79	30.84
5,000 – 15,000	23.86	14.81	5.27	21.96	27.23
1,000 – 5,000	9.01	2.74	1.53	2.43	3.96
0.0 – 1,000	0.01	0.01	0.97	0.07	1.04
<b>Total</b>	<b>100.00</b>	<b>100.0</b>	<b>-13.31</b>	<b>85.74</b>	<b>72.43</b>

\* Total includes cash

Source: FactSet as at 31 March 2022

\*Allocation effect calculation includes interaction effect

Past performance is not necessarily indicative of future performance. Inception date 1 October 2014. The above is longest standing representative account of the Global Equity Strategy composite and the benchmark is the MSCI AC World ex Australia Index. We have used the representative account to demonstrate attribution only over a longer term. In terms of what a current portfolio would look like – the representative account with the ACWI benchmark provides the more realistic information. This is provided as supplementary information to the performance reports prepared and presented in compliance with the Global Investment Performance Standards (GIPS®). GIPS is a registered trademark of the CFA Institute. Any comparison to a reference index or benchmark may have material inherent limitations and therefore should not be relied upon. For more details, please refer to the performance disclosures at the end of this document.

# APPENDIX IV

Investment Team Biographies



# NIKKO AM GLOBAL EQUITY TEAM

## Greig Bryson

**Total Industry Experience: 21 Years**



Greig joined Nikko AM in August 2014 as a Portfolio Manager for Global Equities. Before joining Nikko AM, Greig was an Investment Director at SWIP, primarily responsible for the management of European mandates for both institutional and retail investors. Greig joined SWIP in November 2007, as a member of the European Equity team from Pioneer Investments in Dublin, where he worked as a Research Analyst. Prior to joining Pioneer in 2004, Greig was an Investment Manager at SWIP, working as part of the European Equity team, managing institutional mandates. Greig holds an LL.B (Hons) from the University of Aberdeen.

## Iain Fulton

**Total Industry Experience: 25 Years**



Iain joined Nikko AM in August 2014 as a Portfolio Manager for Global Equities. Before joining Nikko AM, Iain was Investment Director and Head of Research at SWIP, responsible for the management of Global Select, Kokusai Select and Kokusai income mandates for both institutional and retail clients. Iain joined SWIP in June 2005 as a member of the Global Equity team from Kames Capital, where he was a Portfolio Manager on the US equities team. Prior to joining Kames in 2004, Iain worked as a global Portfolio Manager, Analyst and Head of Research with Alliance Trust. Iain holds a first-class M.A. Honours degree in Scottish History from the University of St Andrews.

## James Kinghorn

**Total Industry Experience: 22 Years**



James joined Nikko AM in August 2014 as a Portfolio Manager for Global Equities. Before joining Nikko AM, James was an Investment Director at SWIP and was responsible for managing global, regional and specialty funds. This included Global Kokusai (Global ex Japan), Global Kokusai Income, North American, Latin American and Global Financials funds. Prior to joining SWIP in March 2011, James was Senior Investment Manager at The Scottish Investment Trust, a global fund, where he was responsible for North American and Latin American research and stock selection. James holds a BSc from the University of Edinburgh, an MBA from the University of North Carolina at Charlotte and is a CFA® charterholder.

## William Low

**Total Industry Experience: 34 Years**



William Low joined Nikko AM in August 2014 as a Portfolio Manager with overall responsibility for the Global Equity team in its Edinburgh office. Prior to joining Nikko AM, he was Director of Equities at SWIP, where he reported directly to the CEO and had overall responsibility for the Global Equity, Specialist Equity, Dealing and Governance teams. William built a robust team and process that harnessed strengths in researching companies and constructing high-conviction investment portfolios. Portfolio-management responsibilities included selected Global and Global ex US mandates. William joined SWIP as Head of Global Equities in April 2011 and was promoted to Director of Equities in August 2012. He joined from BlackRock where he worked for 15 years as a Director and Portfolio Manager leading its EAFE portfolio team. Prior to joining BlackRock, William was an Investment Manager at Dunedin Fund Managers with responsibility for leading and managing key portfolios with both Pacific Basin and Asia ex Japan mandates. William holds a BSc (Hons) in Geology from the University of Edinburgh.

# NIKKO AM GLOBAL EQUITY TEAM

## Johnny Russell

**Total Industry Experience: 23 Years**



Johnny joined Nikko AM in August 2014 as a Portfolio Manager for Global Equities. Before joining Nikko AM, Johnny was an Investment Director at SWIP and was responsible for the management of Global Sustainable & Islamic mandates for both institutional and retail clients. Johnny joined SWIP in Dec 2002 as a member of the UK Equity team and transferred to the Global Equities team in 2010. He previously worked as a UK small-cap Fund Manager at Edinburgh Fund Managers, which he joined in 1998. Prior to that, he qualified as a chartered accountant with Coopers & Lybrand, working in Belfast, Edinburgh and Sydney. Johnny holds a MA (Hons) in Economics from the University of Edinburgh. He is also a chartered accountant and CFA® charterholder.

## Michael Chen

**Total Industry Experience: 6 Years**



Michael joined Nikko AM in February 2019 as a Portfolio Analyst for Global Equities. Before joining Nikko AM, Michael was member of the European Equities team at Schroders in London. Michael holds a BSc in Economics from the London School of Economics and is a CFA® charterholder.

## Ellie Stephenson

**Total Industry Experience: 2 Years**



Ellie joined Nikko AM in September 2019 as a Portfolio Analyst for Global Equities. Before joining Nikko AM, Ellie participated in a summer internship as a Research Analyst for Walter Scott and Partners Limited. Ellie holds a first-class MA degree in Modern History from the University of St Andrews.

# OVERVIEW: NIKKO ASSET MANAGEMENT

## Progressive Solutions

Japan's **1<sup>st</sup>** SRI fund<sup>^</sup>

Performance 

**205**  
highly experienced  
investment professionals

Global Citizen with  
Asian DNA 

Represented by  
around **25** nationalities

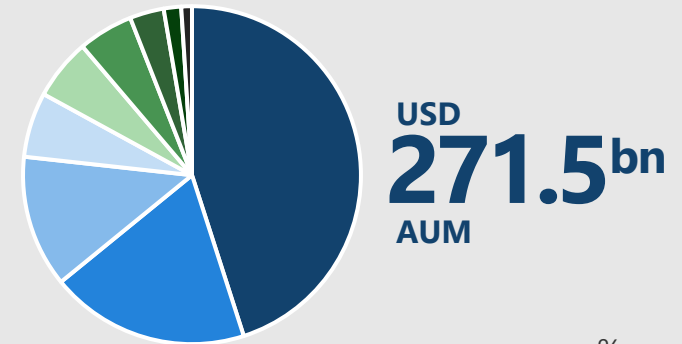
## Corporate Profile

- Established 1959\*, now one of Asia's largest asset managers
- Over 850 employees worldwide
- 205 investment professionals (including 103 portfolio managers and 56 analysts)
- Approximately 400 distributors
- Global resources across 11 countries/regions\*\*

## Commitment to ESG

- Signatory to UN-supported Principles for Responsible Investment since 2007
- A+ rating in PRI Assessment Report for Strategy & Governance and in-house listed equity / fixed income\*\*\*\*
- 1<sup>st</sup> Asia-based asset manager that supports all four areas under The Investor Agenda\*\*\*

## Total Assets Under Management



	%
Japanese Equity	45.0
Other Equities****	19.1
Cash Equivalent	12.6
Balanced	6.2
Alternative / Others	5.8
Other Fixed Income****	5.3
Asia Pacific ex-Japan Fixed Income	3.3
Japanese Fixed Income	1.7
Asia Pacific ex-Japan Equity	1.0

\*Nikko Securities Investment Trust & Management Co., Ltd. was established Dec. 1959. Nikko Securities Investment Trust & Management Co., Ltd. and Nikko International Capital Management Co., Ltd. merged in Apr. 1999 to form Nikko Asset Management Co. Ltd. \*\*Including overseas subsidiaries, affiliates and minority joint ventures. Includes Hong Kong. \*\*\*The Investor Agenda has been developed by seven partner organizations, including PRI and CDP, to aggregate climate change initiatives within the global investor community. Includes Climate Action 100+ and the Taskforce for Climate-Related Financial Disclosure. \*\*\*\*Excluding Japan and Asia Pacific. \*\*\*\*\*Applies to Nikko Asset Management Co., Ltd. (Japan-based entity) ^Source: Nikko AM.

AUM is based on consolidated assets under management and advice of Nikko AM, including subsidiaries, but excluding minority affiliates and minority joint ventures. Figures above may not sum up to 100% due to rounding.

# PERFORMANCE DISCLOSURES

## Global Equity Strategy Composite

AUAAER11AUDN002

Nikko AM Global (or the "Firm") claims compliance with the Global Investment Performance Standards (GIPS® or the "GIPS Standards") and has prepared and presented this report in compliance with the GIPS Standards. Nikko AM Global has been independently verified for the periods 1 January 2008 through 31 June 2021. A verification report is available upon request. Firms which express compliance with GIPS Standards must have policies and procedures in place to meet all necessary applicable requirements of the GIPS Standards. Verification provides assurance that the policies and procedures for maintaining the firm's composites and pooled funds and for calculating, presenting and releasing performance are designed in accordance with the GIPS Standards on a firm-wide basis. Verification does not guarantee the accuracy of any specific composite disclosure. For the purpose of compliance with GIPS from 1 January 2008, Nikko AM Global defines itself as all assets covered by and corresponding to investment management contracts and agreements in which any of the following entities are identified as the investment manager, or advisor (Collectively, Nikko AM Global): Nikko Asset Management Co., Ltd. (Nikko AM Japan), Nikko AM Europe Limited (Nikko AM Europe), Nikko AM Americas, Inc. (Nikko AM Americas), Nikko AM Asia Limited (Nikko AM Asia), and Nikko AM Limited which has altered its corporate name from Tyndall Investment Management Limited (Tyndall AM). The Firm had included Asian Islamic Investment Management Sdn. Bhd. (AIIMAN) from 1 January 2008 to 31 December 2013. Previously, Nikko AM Japan was independently defined as the Firm and was verified by a previous independent verifier for the periods 1 April 1996 through 31 December 2011; similarly, Nikko AM Europe was independently defined as the Firm and was verified by a previous independent verifier for the periods 1 July 1997 through 31 December 2011. Performance and other information from prior to 1 January 2008 have been inherited from the Firm's predecessor companies. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Period	Composite Gross Return (USD, %)	Composite Net Return (USD, %)	Benchmark Return (USD, %)	Composite 3-Yr St Dev (Ann, %)	Benchmark 3-Yr St Dev (Ann, %)	Number of Portfolios at End	Internal Dispersion (%)	% of Carve Outs (%)	Composite Assets (USD, M)	Total Firm Assets (USD, M)
Jan 2021 to Sep 2021	10.22		11.12	17.30	17.95	10	0.26		1,490	275,067
Jan 2020 to Dec 2020	31.68		16.25	17.07	18.13	9	0.71	10.09	1,491	277,561
Jan 2019 to Dec 2019	30.37		26.60	11.24	11.22	8	1.15	34.96	457	226,992
Jan 2018 to Dec 2018	-1.13		-9.42	11.21	10.44	6		56.49	214	184,408
Jan 2017 to Dec 2017	25.88		23.97	9.88	10.30	3		72.25	200	193,767
Jan 2016 to Dec 2016	5.72		7.82			2		79.57	199	155,794
Jan 2015 to Dec 2015	4.35		-2.17			1		100.00	164	140,154
Oct 2014 to Dec 2014	4.21		0.52			1		100.00	204	138,811

1. The composite aims to achieve investment returns of 3.0% p.a. in excess of the Benchmark index over rolling 36-month periods.
2. The benchmark for this composite was originally MSCI AC World ex-Australia Index (with net dividends reinvested) expressed in AUD (unhedged) to 31 March 2016. Thereafter it changed to the MSCI AC World Index to present date. The composite was created on 31 December 2014. Composite inception date is 1 October 2014.
3. Gross returns are presented gross of management fees, performance fees, custodial fees and withholding tax but net of all trading commissions. Net returns are not presented for this composite. The base currency for this performance is Australian Dollar (AUD). However, for this presentation we express the returns in USD.
4. The three-year standard deviation is not presented if the composite does not yet have 36 monthly returns at the end of each year. The dispersion of annual returns is measured by the standard deviation across asset-weighted portfolio returns represented within the Composite for the full year. Periods with five or fewer accounts are not deemed statistically representative and are not presented. If both gross and net returns are presented, gross returns are used to calculate the standard deviation and dispersion.
5. The standard fixed management fee before tax is 0.65% per annum.
6. The composite uses derivatives but not for speculative or gearing purposes.
7. Lists of composite descriptions, limited distribution pooled fund descriptions, and broad distribution pooled funds as well as policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

## Past performance is not a guide to future returns

**Emerging markets risk** – the risk arising from political and institutional factors which make investments in emerging markets less liquid and subject to potential difficulties in dealing, settlement, accounting and custody.

**Currency risk** – this exists when the strategy invests in assets denominated in a different currency. A devaluation of the asset's currency relative to the currency of the Sub-Fund will lead to a reduction in the value of the strategy.

**Operational risk** – due to issues such as natural disasters, technical problems and fraud.

**Liquidity risk** – investments that could have a lower level of liquidity due to (extreme) market conditions or issuer-specific factors and or large redemptions of shareholders. Liquidity risk is the risk that a position in the portfolio cannot be sold, liquidated or closed at limited cost in an adequately short time frame as required to meet liabilities of the Strategy.

**Sustainability risk** – The risk arising from any environmental, social or governance events or conditions that, were they to occur, could cause material negative impact on the value of the investment.

Specific sustainability risk can vary for each product and asset class, and include but are not limited to: Transition Risk, Physical Risk, Social Risk and Governance Risk.

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