



### Investment Process

We seek to invest in companies that possess franchise characteristics, are benefiting from an accelerating profit cycle and are trading at a discount to our estimate of private market value. Our investment process focuses on two distinct elements—security selection and capital allocation. We overlay our investment process with broad knowledge of the global economy.

#### Security Selection

We seek to identify companies that have franchise characteristics (e.g., low-cost production capability, possession of a proprietary asset, dominant market share or a defensible brand name), are benefiting from an accelerating profit cycle and are trading at a discount to our estimate of private market value. We also assess key environmental, social and governance (ESG) issues that could impact future stock returns. We look for companies that are well positioned for long-term growth, which is driven by demand for their products and services, at an early enough stage in their profit cycle to benefit from the increased cash flows produced by the emerging profit cycle.

#### Capital Allocation

Based on our fundamental analysis of a company's profit cycle, we divide the portfolio into three parts. Garden<sup>SM</sup> investments are small positions in the early part of their profit cycle that may warrant more sizeable allocations as their profit cycle accelerates. Crop<sup>SM</sup> investments are positions that are being increased to a full weight because they are moving through the strongest part of their profit cycles. Harvest<sup>SM</sup> investments are positions that are being reduced as they near our estimates of full valuation or their profit cycles begin to decelerate.

#### Broad Knowledge

We overlay the security selection and capital allocation elements of our investment process with a desire to invest opportunistically across the entire global economy. We seek broad knowledge of the global economy in order to find growth wherever it occurs.

### Team Overview

We believe deep industry expertise, broad investment knowledge, a highly collaborative decision-making process and individual accountability are a powerful combination. Since the inception of the team, we have been committed to building a team of growth investors that retains these attributes and is solely dedicated to our process and approach.

### Portfolio Management



Jason White, CFA  
Portfolio Manager (Lead)



James Hamel, CFA  
Portfolio Manager



Matthew Kamm, CFA  
Portfolio Manager



Craig Cepukenas, CFA  
Portfolio Manager



Jay Warner, CFA  
Portfolio Manager

### Investment Results (% USD)

As of 30 September 2024	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception <sup>1</sup>
<b>Composite — Gross</b>	<b>7.78</b>	<b>14.13</b>	<b>26.24</b>	<b>0.10</b>	<b>12.71</b>	—	<b>13.59</b>
<b>Composite — Net</b>	<b>7.53</b>	<b>13.32</b>	<b>25.04</b>	<b>-0.86</b>	<b>11.64</b>	—	<b>12.51</b>
MSCI All Country World Small Mid Index	9.37	12.47	25.55	3.08	9.19	—	7.55
MSCI All Country World Index	6.61	18.66	31.76	8.08	12.18	—	10.40

### Annual Returns (% USD) Trailing 12 months ended 30 September

	2020	2021	2022	2023	2024
<b>Composite — Net</b>	<b>38.04</b>	<b>29.02</b>	<b>-33.29</b>	<b>16.79</b>	<b>25.04</b>

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. <sup>1</sup>Composite inception: 1 September 2017.

Past performance does not guarantee and is not a reliable indicator of future results. Current performance may be lower or higher than the performance shown. Composite performance has been presented in both gross and net of investment management fees.

**Investment Risks:** Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in strategies denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. These risks, among others, are further described near the back of this document, which should be read in conjunction with this material.



## Investing Environment

Investors went into Q3 waiting for an all-clear sign on inflation that would let the Fed finally cut interest rates. Economic data during the period pointed in that direction, with soft readings on employment and inflation.

Consumer price index (CPI) data generally trended lower over the quarter, with the most recent August core CPI reading showing a 3.2% year-over-year increase, the lowest since 2021. Meanwhile, non-farm payrolls rose by just 114,000 jobs in July, well below the consensus expectation of 175,000, and the unemployment rate rose to 4.3%. The jobs report sparked fears that the Fed may have waited too long to cut interest rates and risked damaging the economy. Fed Chair Jerome Powell used his Jackson Hole speech to signal an interest rate cut in September, and the Federal Open Market Committee followed through with a 50bps cut.

Elsewhere, the Bank of England and the European Central Bank also cut rates by 25bps in the quarter. In contrast, the Bank of Japan surprised the market by raising rates, resulting in a stronger yen and triggering an unwinding of a popular US dollar-Japanese yen carry trade, which caused a short-lived spike in volatility.

Markets experienced a style and sector performance rotation in Q3. Looking at the Russell 1000® Index, performance in the first half of the year was dominated by a narrow set of US mega-cap winners (the Magnificent Seven). To put this into context, if you were to remove the Magnificent Seven companies from the Russell 1000® Index, the total return would fall from 14.0% to 7.8%. This narrow leadership meant growth outperformed value, large caps outperformed small caps, and sector performance was led by information technology and communication services. Results in Q3 were the opposite: value outperformed growth, small caps outperformed large caps, and previously shunned sectors, such as utilities and real estate, gained renewed favor with investors.

Although US markets were robust, non-US markets also saw gains, most notably emerging markets. Late in the quarter, the People's Bank of China announced a major stimulus package that led to one of the sharpest and most concentrated rallies in Chinese market history as investors hoped the measures would reinvigorate the world's second-largest economy.

## Exhibit 1: Index Returns

	Q3 2024
Russell 1000® Index	6.1%
Russell 1000® Growth Index	3.2%
Russell 1000® Value Index	9.4%
Russell Midcap® Index	9.2%
Russell Midcap® Growth Index	6.5%
Russell Midcap® Value Index	10.1%
Russell 2000® Index	9.3%
Russell 2000® Growth Index	8.4%
Russell 2000® Value Index	10.2%
MSCI EAFE Index	0.9%
MSCI AC World Small Mid Cap Index	7.0%
MSCI EM Index	6.8%
MSCI ACWI	5.0%

Source: Artisan Partners/FactSet/MSCI/Russell. As of 30 Sep 2024. **Past performance does not guarantee and is not a reliable indicator of future results.** An investment cannot be made directly in an index.

## Performance Discussion

Our portfolio underperformed the MSCI AC World SMID Index in Q3 but remains ahead for the YTD period. Underperformance was led by a negative allocation impact, while security selection was positive.

From an allocation perspective, the portfolio's overweight positioning in information technology along with its underweight to real estate, utilities and financials detracted from relative results. Meanwhile, our lack of exposure to energy, which was the only sector to produce a negative return in the index for the quarter, was a tailwind to relative performance.

The positive security selection was driven by outperformance within information technology, communication services and consumer discretionary. Within information technology, the portfolio benefited from the outperformance of several software companies, including Clearwater Analytics, Guidewire and Tyler Technologies. This was partially offset, however, by underperformance within health care and industrials. Within health care, several holdings, including West Pharmaceutical Services, Gerresheimer and iRhythm, experienced idiosyncratic challenges. However, the drag on performance from

those holdings was partially offset by our biotechnology holdings, as Argenx and Veracyte had strong quarters.

Among our top detractors were iRhythm, Elastic and Trex. iRhythm develops and markets the Zio, a small, wearable patch that monitors suspected heartbeat arrhythmias. We believe the company's superior technology will be widely adopted as physicians and payors look to detect and treat atrial fibrillation before patients experience strokes. And we expect to see strong execution toward these goals by the relatively new management team. Unfortunately, several regulatory issues have emerged over the last year, with roots going back to the company's earlier years. We believe these are all fixable (with progress to be seen soon), but these developments have clearly weighed on the stock's performance. We remain patient in a Garden<sup>SM</sup> position.

Elastic is a software company that specializes in search and data analysis solutions. Elastic's search, observability and security solutions are built on the Elastic Search AI Platform, which thousands of companies use, including more than 50% of the Fortune 500. Customers use the software to gain visibility into their data, reduce mean time to resolution and drive actionable outcomes. We believe the company will benefit from the rise of generative artificial intelligence (AI). It provides a differentiated offering due to the combination of a unique pricing model based on consumption, products that handle numerous data types and volumes, and an open architecture environment that offers generative AI development flexibility. Shares declined after the company reported disappointing earnings results, which seems to have been due to a lack of execution on shifting sales coverage that led to extended sales cycles. We are remaining patient with a Garden<sup>SM</sup> position.

Trex manufactures non-wood decking products. Our view has been that Trex would be able to withstand the cyclical slowdown in housing-related spending as it has been gaining market share thanks to greater consumer awareness of composite decking's low-to-no maintenance features and new lower priced options to broaden its potential customer base. Unfortunately, recent earnings results displayed elevated inventory levels and disappointing sales in its lower priced options. We are evaluating our position.

Among our top Q3 contributors were Argenx, Clearwater Analytics and Techtronic. Shares of Argenx have rallied this year due to multiple positive developments. The company recently received FDA approval to promote VYVGART<sup>®</sup> for chronic inflammatory demyelinating polyradiculoneuropathy (CIDP). We expect this to be the drug's second blockbuster indication since it is the first meaningful advance in CIDP treatment in decades. Meanwhile, VYVGART<sup>®</sup>'s first approved indication in myasthenia gravis continues to shine. With sales beating analyst expectations, we believe the size of the myasthenia gravis opportunity will continue to yield upside longer term. Lastly, the company is investing in clinical trials studying VYVGART<sup>®</sup> in numerous other rare autoimmune disorders and is making good progress in advancing its second breakthrough medicine.

Clearwater Analytics provides automated investment accounting, compliance and risk reporting for insurance companies, corporations and asset managers. The company's key differentiator is its master security identifier list, which consolidates and standardizes identifiers from various sources and enables best-in-class accuracy, data integration, reporting and analytics. Its cloud software offerings allow clients to simplify their investment accounting operations, enabling them to focus on higher value business functions such as asset allocation strategy and investment selection. We view the company's market as lightly penetrated with a long runway to capture additional share, particularly within the asset management, US insurance and European markets. Shares rallied after the company reported strong earnings results, including growth of 19% for revenue, 22% for recurring revenue and 35% for earnings. We trimmed our position due to our valuation discipline.

Techtronic is the global leader in power tools with well-established brands, including Milwaukee, Ryobi and Hart. Growth within its more consumer-related categories (Ryobi) has experienced weakness due to macro headwinds and elevated inventory levels, but recent earnings results showed a stabilization of this headwind. Meanwhile, we continue to witness strong professional demand for its Milwaukee products (~60% of the company's revenue and ~75% of its profits) and believe this product portfolio is well positioned to benefit from growth in global infrastructure spending along with continued new product innovation.

### Portfolio Activity

During the quarter, we initiated new Garden<sup>SM</sup> positions in Sandoz Group, Trip.com and Tetra Tech. Sandoz is a global leader in generics and biosimilars, serving more than 100 markets and providing off-patent medication to more than 500 million people. The company was the first to introduce oral penicillin (in 1951), the first to introduce a biosimilar (human growth hormone) and is a key player in the antibiotics market worldwide. We believe that Sandoz will be a key beneficiary of overall industry growth in biosimilars. Not only will it improve the company's growth profile, but it will also drive improving profitability given its higher margin profile.

Trip.com is a market leader in the online travel business in China with a portfolio of online travel brands, including Ctrip, Qunar, Trip.com and Skyscanner. The travel segment in China has historically been an e-commerce laggard versus the rest of the world, but the pandemic acted as a market share accelerant as many offline travel companies were shut down. We believe the company's strengthened domestic positioning will support strong growth as China outbound travel returns to normal levels. This domestic strength will enable it to further invest and accelerate global share gains, beginning in greater Asia, as it invests in marketing.

Tetra Tech is a leader in the water, renewable energy and sustainable infrastructure end markets. The company provides exposure to an

ongoing sustainability trend and funding renaissance around water. For example, the Environmental Protection Agency (EPA) recently finalized the National Primary Drinking Water Regulation, which states that public water systems must monitor and limit per- and polyfluoroalkyl substances (PFAS) in drinking water. Coupled with an experienced management team, established client relationships and key capabilities, we believe Tetra Tech should be a long-term beneficiary of the transformational federal funding and secular tailwinds of global investment into water infrastructure.

Notable adds in the quarter included Galderma, Novonesis and Hubbell. Galderma is a science-based dermatology business. The company is a leader in injectable aesthetics (neuromodulators, fillers and biostimulators), owns the Cetaphil skincare franchise (a brand that will do more than \$1 billion in revenue this year) and has a leading portfolio of drugs for acne/rosacea. We expect the global dermatology market to continue to grow at attractive levels and the company to outgrow the overall market by leveraging its scale, breadth and innovation in aesthetics while meaningfully expanding its margin profile. We added to the position due to increasing conviction, including the approval of Nemluvio, an atopic dermatitis biologic that treats prurigo nodularis, a chronic skin disease. We estimate this could be a \$2 billion opportunity. Meanwhile, margins should improve now that clinical trials are finished.

Novonesis was born out of the merger between Novozyme and Chr Hansen, creating a global biosolutions powerhouse that aims to transform consumer products and make industrial and agricultural processes more sustainable and efficient. The company has an unrivaled portfolio breadth and an industry leading R&D spend that should support continued innovation. We view the company as a sustainability enabler given most of its products either directly support healthy lives and well-being or are substitutes for traditional petrochemical-based ingredients. We believe the company will experience accelerating growth due to successful innovations and better commercialization execution led by a relatively new CEO. Furthermore, we believe the company's cost synergy expectations from the merger are conservative, implying potential margin upside. Earnings results were thesis affirming, and we added to the position.

Hubbell manufactures and sells electrical products for a wide range of utility, commercial, residential and industrial applications. The US electrical grid needs substantial investment to avoid outages and support the future proliferation of green energy installations. As a leading supplier of transmission and distribution components to utilities, Hubbell, we believe, is well positioned. We have continued to build our position based on our view that its valuation is reasonable, its profit cycle momentum is supported by the grid modernization trend, and its recent acquisition will be accretive to earnings.

We ended our investment campaigns in NU Holdings, Vestas Wind Systems and Wingstop. Through its subsidiaries, NU Holdings provides loans and digital banking services primarily in Brazil, and more recently in Mexico and Columbia. Nubank was created to

address the limited access to financial services and terrible customer service by Brazil's largest banks. Unlike the US, with over 4,000 banks, Brazil, Mexico and Columbia have highly concentrated banking systems. Not only do these legacy banks lag in terms of technology and innovation, but they also carry the high costs of physical branches and related staffing. Nubank is a completely digital online bank. Our research indicates that it has lower customer acquisition, customer servicing and credit costs than its large competitors. We believe Nubank will continue to generate attractive growth as it can add customers at high rates, not only from targeting legacy bank customers but also serving the populations that legacy banks can't or won't. Shares have rallied significantly this year, and we exited the position due to our valuation discipline.

Our thesis was that Vestas would be well positioned to capitalize on the secular trend toward a less carbon-intensive world, given its ability to produce onshore wind turbines at a low cost without relying on subsidies. Investors had been wary of the company due to challenging returns on capital as it struggled with supply chain instability and cost inflation in raw materials, transport and turbine components. However, we believed several of these headwinds would prove to be transitory, and the company was operating in a more benign competitive environment as key competitors faced company-specific issues. Unfortunately, recent earnings results continued to be disappointing, and we exited the position in favor of more attractive alternatives.

Similar to NU Holdings, Wingstop has been another strong performer for our portfolio since we initiated a position in Q3 2023. The company is in the early stages of growing its store count domestically and internationally, which we believe is supported by attractive economics for franchisees and growing brand awareness. We continue to be impressed by the company's earnings results, which benefit from strong same-store sales momentum driven by menu innovation, national branding efforts, integration of a second delivery provider (Uber Eats) and an ongoing value-based bundling strategy. We exited the position based on our valuation discipline.

Along with Clearwater Analytics, notable trims in the quarter included Guidewire Software and Veeva Systems. Guidewire is a market leader in next-generation software for the property and casualty insurance industry. The company's software enhances modern underwriting and claims operations by supporting workflows, external collaboration and rule-based decision-making. It recently transitioned away from a licensed software business model to a subscription-based cloud service. In an environment that has generally been challenging for software (see Veeva in the following paragraph), company shares have outperformed due to strong earnings results, including strong annual recurring revenue growth and continued signings of new cloud deals. We trimmed our position due to our valuation discipline.

Veeva Systems' shares have been under pressure since management slightly lowered its 2024 forward guidance due to macroeconomic uncertainty weighing on small- and medium-sized businesses and

disruption in large enterprises that are currently focused on artificial intelligence plans. The company is also transitioning its CRM software from Salesforce.com's infrastructure to its proprietary infrastructure. If the company can retain its customers, it will result in higher margins and more innovation. However, this transition increases the risk of customers choosing alternatives (like Salesforce.com). We believe it will likely retain a large percentage of these customers, but Salesforce.com will likely be aggressive in trying to win some of them. We continue to view Veeva as a premier franchise whose growth can reaccelerate over time as its clinical software and data products reach mass adoption by the pharmaceutical industry. While we continue to have conviction longer term, we decided to reduce the position until we have more clarity on these headwinds.

### Stewardship Update

In 2024, our team has been spending more time learning about key water sustainability issues—from not only the business risks presented by water challenges but also the opportunities for companies that help to address these challenges. One specific area we have been researching is water contamination from PFAS (per- and poly-fluoroalkyl substances) in drinking water. These chemicals were widely used in various industrial applications, including nonstick cookware, fire-fighting foams and stain repellents. The problem is that these chemicals do not break down easily and can contaminate water sources for many years, and studies have linked PFAS exposure to various health issues.

To combat this, governments are in the very early stages of implementing stricter regulations (and providing funding) to limit the use and release of PFAS and advocating for advanced water treatment technologies to remove PFAS from drinking water. As awareness and regulations regarding the health risks associated with PFAS contamination increase, the need for effective solutions to remove these chemicals from drinking water also grows. For example, recent news publications have pointed to the contamination of farmland due to the utilization of "sludge fertilizer" sourced from municipal sewage systems. When a fertilizer containing PFAS is applied to farmland, the chemicals get into the soil and water. This creates a market opportunity for companies that provide filtration systems, water treatment services, testing and monitoring equipment, and technical consulting services, such as Tetra Tech.

### Perspective

After months of speculation, the market received its much hoped-for first interest rate cut, justifying the year-to-date fall in the two-year US Treasury yield of -61bps (from 4.25% to 3.64%). It is still up for debate how far these cuts will go given the wide range of future possibilities, including an economic hard landing that brings a recession and aggressive Fed rate cutting, a soft landing with modest growth and controlled inflation, and a "no landing" where the Fed is unable to move much further due to stubborn inflationary pressures. We are not making a prediction but will monitor these trends closely.

In general, even if the rate-cutting cycle proves modest, we believe it is healthy for businesses exposed to construction and real estate. For example, Equifax has been pressured in recent years by high mortgage rates and challenging commercial real estate fundamentals, but we believe those dynamics are starting to ease, and we could be entering an attractive new cycle.

Of course, the looming US election will likely have at least some impact on markets, especially in areas such as renewable energy, antitrust regulation and corporate tax rates. While we believe certain portfolio holdings would be advantaged or disadvantaged by certain election outcomes, our experience has taught us not to position the portfolio for a specific result.

At a sector level, we think the most important market debate going forward is the strength of spending on AI. We will be closely watching to see if the large AI investments made by companies translate to productivity gains or competitive advantages. If they are, AI capital expenditures will likely continue to be strong. However, future spending could be at risk if these investments do not yield real results. We are focused on AI enablers that we believe remain well positioned to benefit from reasonable (not even best case) industry investment levels because they are gaining market share based on superior technologies (e.g., higher speed and/or lower power), such as Monolithic Power Systems, Onto Innovation, MACOM and Coherent. Within industrials, electrification enablers like Quanta Services and Hubbell are well placed to benefit from not only AI data center construction but also the national need for more extensive and reliable electrical grids to support the energy transition. While we expect some volatility in AI-exposed stocks given relatively lofty expectations, we are being disciplined on valuations and are optimistic these can be attractive investments over time.

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**Investment Risks:** International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging and less developed markets, including frontier markets. 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. These risks, among others, are further described in Artisan Partners Form ADV, which is available upon request.

Unless otherwise indicated, the Artisan Strategy characteristics relate to that of an investment composite or a representative account managed within a composite. It is intended to provide a general illustration of the investment strategy and considerations used by Artisan Partners in managing that strategy. Individual accounts may differ, at times significantly, from the reference data shown due to varying account restrictions, fees and expenses, and since-inception time periods, among others. Where applicable, this information is supplemental to, and not to be construed with, a current or prospective client's investment account information. References to individual security performance relate to a representative account in the composite. Individual holding periods may differ.

For the purpose of determining the portfolio's holdings, securities of the same issuer are aggregated to determine the weight in the Strategy. The holdings mentioned above comprised the following percentages of a representative account within the Artisan Global Discovery Strategy Composite's total net assets as of 30 Sep 2024: Argenx SE 4.1%, Tyler Technologies Inc 4.0%, MACOM Technology Solutions Holdings Inc 2.9%, Techtronic Industries Co Ltd 2.8%, West Pharmaceutical Services Inc 2.1%, Guidewire Software Inc 2.1%, Clearwater Analytics Holdings Inc 2.1%, Hubbell Inc 1.8%, Quanta Services Inc 1.6%, Gerresheimer AG 1.5%, Galderma Group AG 1.5%, Equifax Inc 1.4%, Veeva Systems Inc 1.4%, Onto Innovation Inc 1.3%, iRhythm Technologies Inc 1.3%, Novonosis (Novozymes) B 1.2%, Trex Co Inc 1.2%, Verocyte Inc 1.2%, Monolithic Power Systems Inc 1.2%, Sandoz Group AG 1.0%, Trip.com Group Ltd 0.9%, Tetra Tech Inc 0.9%, Elastic NV 0.7%, Coherent Corp 0.4%. Securities named in the Commentary, but not listed here are not held in the portfolio as of the date of this report.

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ESG assessments represent one of many pieces of research available and the degree to which it impacts holdings may vary based on manager discretion.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

Net-of-fees composite returns were calculated using the highest model investment advisory fees applicable to portfolios within the composite. Fees may be higher for certain pooled vehicles and the composite may include accounts with performance-based fees. All performance results are net of commissions and transaction costs, and have been presented gross and net of investment advisory fees. Dividend income is recorded net of foreign withholding taxes on ex-dividend date or as soon after the ex-dividend date as the information becomes available to Artisan Partners. Interest income is recorded on the accrual basis. Performance results for the Index include reinvested dividends and are presented net of foreign withholding taxes but, unlike the portfolio's returns, do not reflect the payment of sales commissions or other expenses incurred in the purchase or sale of the securities included in the indices.

MSCI All Country World Small Mid Index measures the performance of small- and mid-cap companies in developed and emerging markets. MSCI EAFE Index measures the performance of developed markets, excluding the US and Canada. MSCI Emerging Markets Index measures the performance of emerging markets. Russell 1000<sup>®</sup> Index measures the performance of roughly 1,000 US large-cap companies. Russell 1000<sup>®</sup> Growth Index measures the performance of US large-cap companies with higher price/book ratios and forecasted growth values. Russell 1000<sup>®</sup> Value Index measures the performance of US large-cap companies with lower price/book ratios and forecasted growth values. Russell 2000<sup>®</sup> Index measures the performance of roughly 2,000 US small-cap companies. Russell 2000<sup>®</sup> Growth Index measures the performance of US small-cap companies with higher price/book ratios and forecasted growth values. Russell 2000<sup>®</sup> Value Index measures the performance of US small-cap companies with lower price/book ratios and forecasted growth values. Russell Midcap<sup>®</sup> Index measures the performance of roughly 800 US mid-cap companies. Russell Midcap<sup>®</sup> Growth Index measures the performance of US mid-cap companies with higher price/book ratios and forecasted growth values. Russell Midcap<sup>®</sup> Value Index measures the performance of US mid-cap companies with lower price/book ratios and forecasted growth values. MSCI All Country World Index measures the performance of developed and emerging markets. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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Our capital allocation process is designed to build position size according to our conviction. Portfolio holdings develop through three stages: Garden<sup>SM</sup>, Crop<sup>SM</sup> and Harvest<sup>SM</sup>. Garden<sup>SM</sup> investments are situations where we believe we are right, but there is not clear evidence that the profit cycle has taken hold, so positions are small. Crop<sup>SM</sup> investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest<sup>SM</sup> investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. Harvest<sup>SM</sup> investments are generally being reduced or sold from the portfolios.

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