Artisan Global Value Fund

Fund Report 30 September 2026

Performance*

At quarter end (%) (A$)	1m	3m	6m	1 Year	3 Yrs	5 Yrs	Inception p.a.
Artisan Global Value Fund (Net)	-1.8	-2.1	9.9	10.1	-	-	16.4
MCSCI All Country World Index NTR in AUD	1.9	1.2	15.0	11.2	-	-	15.7
Outperformance	-3.6	-3.3	-5.1	-1.1			0.7

Source: Copia/Artisan Partners/BofA. * Inception of the Fund for performance calculation purposes is November 2024. Performance shown represents that of the Artisan Global Value Fund (net of 0.95% management fee) for periods thereafter. Returns reflect reinvestment of dividends, interest, and other proceeds from transactions along with the deduction of financing costs and operational and transaction expenses. All performance information is subject to revision and may vary from the official fund books and records. Past performance is not a reliable indicator of future performance.

Quarterly Commentary

Misery acquaints a man with strange bedfellows.
— William Shakespeare, The Tempest

With stock markets at or near all-time highs, misery seems an odd descriptor. But the market is currently defined by unusual pairings. Looking at bond yields, the word misery certainly rings true. The US 10-year yield is now the highest in more than 20 years. And the 30-year is well above its prior 20-year high at 5.7%. So, while the equity market seems sanguine, the bond market is on red alert.

The bond market's alarm is not without merit. US government debt-to-GDP exceeds 120%, while annual interest payments now surpass the budget for national defense. This is a real concern, especially given a persistent US deficit of more than 6% of GDP. That's a level we would expect to see in a crisis. But the US is at full employment, and the economy is growing.

Strangely, bond yields in Europe remain lower than those in the US, though they too have been rising. Debt-to-GDP in France is not far behind US levels; the deficit is 5% of GDP, but economic growth is and has been persistently lower than that of the US. The French economy might grow 1% this year. At a yield of 4.8%, about 45bps below the US 10-year, the yield on French 10-year sovereign debt seems too low, though it is now the highest in the euro zone. Riots are breaking out in France as we write because, well, some citizens believe that the government isn't spending enough money—money it doesn't have given that the deficit is already too high, taxes are 50% of GDP and the economy is stagnant.

One of the candidates for the French presidency is calling for France's debt to be canceled. The road to fiscal sanity in France is likely to be a long one. And France is not alone. Unsustainable levels of government spending are pervasive across the globe, and we can't help but wonder if what is happening in France is a sign of things to come across the developed world.

We would expect to see interest rate sensitive sectors perform badly in this environment. And utilities, real estate and housing-related stocks followed the script. But others did not. Valuation theory would suggest that expensive stocks should suffer from rising interest rates: Distant earnings are worth less as rates rise. But information technology (IT) was the second-best performing sector in the MSCI All Country World Index. The best performing was energy, understandably so given what is happening in the Middle East. We can't remember another quarter where energy and IT outperformance coincided. Strange bedfellows indeed.

The environment is currently rife with other glaring contradictions. We have record housing prices, despite mortgage rates now piercing 7% and housing affordability at record lows. The largest contributor to the MSCI All Country World Value Index this quarter was Microsoft at 26X P/E. We could go on.

On a more positive note, consumers in the US seem to be doing just fine. Or are they? Consumer spending levels remain robust, and a recent report from the Mastercard Economics Institute estimates that this holiday season will be the best in four years. Despite this, consumer sentiment surveys and polls paint a bleak picture that suggests the mood doesn't fit the reality, broadly speaking. There is a political element to this, since the results of consumer sentiment surveys inexplicably diverge materially along partisan lines. Beyond the partisan impact, there are legitimate reasons for consumers to feel downbeat including the conflict in the Middle East and, of course, the related inflation. Rising energy prices are contributing meaningfully to inflation, and high prices at the pump are a daily reminder for many of the erosion of their spending power. Corporate earnings have not yet signaled consumer distress, but Q3 earnings will start to come out over the coming weeks, and all eyes will certainly be on the lookout for signs of weakness.

In the end, the alliance of strange bedfellows in Shakespeare's Tempest fell apart. We suspect that these unusual market conditions eventually will as well. The big question is whether the bond market or the stock market is right. Conventional wisdom would tell you to trust the bond market. But rather than guessing, our goal is to remain sober and rational and to look through the fog to make sensible investments in high-quality businesses at reasonable prices—a pairing that, in today's environment, might just be the strangest bedfellow of all.

Portfolio Discussion

Our three best performing stocks this quarter were Meta, IQVIA and Shell.

Meta shares rose 29% after the company launched a new AI product called Muse, which is designed to make agentic AI capabilities accessible to ordinary consumers. Until now, most consumers have experienced AI as a form of enhanced search to answer questions. But AI is capable of far more than just replacing the search engine, and Muse is designed to help mainstream consumers leverage more of AI's capabilities to do things like book dinner reservations, shop, manage email, etc. Tech-savvy people have been doing this for months with products like OpenClaw. Meta's Muse simply packaged them in a user-friendly format, making the capabilities available to ordinary people. Muse quickly climbed to the top of Apple's App Store, demonstrating that Meta is making some tangible progress with its massive investments in AI. The stock market applauded.

We continue to believe Meta remains well positioned to be a leader in AI. It has compute, AI research capabilities and broad consumer distribution. Perhaps more importantly, it also has the ability to generate an immediate ROI on its investments by using AI internally to improve its core advertising business. The initial success of Muse gives a glimpse into the potential for it to develop incremental business lines related to AI—Muse (e-commerce), wearables and enterprise. The shares are trading at around 20X forward earnings, despite massive losses still flowing through the P&L. Given the strength of the core business and the optionality created by its broad investments across AI, we continue to view the shares as attractive.

IQVIA shares were up 39% as industry demand trends improved in drug development and the notion that the company was AI roadkill lost a bit of steam.

Biotech funding, a leading indicator of development spending for this customer cohort, rose 60% year over year in Q3. Drug development activity at large pharma is also improving. Together, these lifted book-to-bill ratios across the contract research organization (CRO) space, pointing to accelerating revenue growth.

The AI bear case for companies like IQVIA seems to be losing momentum. Pharma sponsors have indicated the primary uses of AI will be in drug discovery rather than in clinical trials, implying the CRO model is durable. At the same time, IQVIA expects AI to be a tailwind and is using its data assets to roll out AI tools that management believes are already lifting win rates.

We expect revenue growth to return to IQVIA's mid-to-high single-digit target. Modest operating leverage and ongoing buybacks should drive double-digit EPS growth in the medium term. The shares have responded to the improving industry fundamentals and now trade at 20X forward earnings. We view this as a fair price and trimmed our position during the quarter.

Shell shares increased 22% in USD terms. The share price performance was primarily due to the price of oil, which increased 34% during the quarter from $72 to $98 per barrel. While the ongoing conflict in the Middle East is the primary driver, Shell is also doing very well operationally.

It has maintained stable liquefied natural gas (LNG) production levels despite the shutdown of its Qatar LNG plant (8% of its LNG capacity) due to drone and missile attacks. It is running its refineries at record utilization rates to take advantage of the current high-margin environment and is making further progress in its structural cost-reduction plan.

Shell is well positioned to take advantage of a volatile energy market. The business is well run, and the valuation is modest at 8X current year earnings, though we note that current oil prices and refining margins are likely unsustainable.

Our three largest detractors this quarter were Danone, Heidelberg and Samsung Electronics.

Danone shares declined 19%. Part of this decline was simply due to the uncertain political situation in France, which has pressured the country's stock prices and bond yields. Danone's underlying business is performing reasonably well. In the most recent earnings, all three business lines posted healthy revenue growth, nicely balanced between volume and price. Profit margins are steadily improving (albeit not as quickly as we would like). The one area of concern was the deceleration of growth in the Chinese infant formula business—the company's largest single profit pool, representing 25%-30% of group profits. While this is an area that we watch closely, the deceleration was not a surprise. It came after a period of exceptional growth due to elevated birth rates in China during the Year of the Dragon, an auspicious time for Chinese families to have children. Danone shares have derated and are now trading at 13X-14X P/E, which is an attractive level for a company that is performing well and should still have meaningful opportunities to improve its margins.

Heidelberg Materials' share price declined 15%. While the company modestly reduced its full-year profit outlook due to inflationary headwinds, the business is not performing poorly. Its Q2 results were decent, with profits increasing and volumes growing for the first time in four years. It has been able to successfully pass through price increases in Europe but is having a harder time taking enough price in the US due to the weak construction environment. Management is optimistic that the pricing environment will improve in the second half of the year, but the deteriorating macro environment is likely to put some pressure on construction activity.

The shares now trade at 11X 2026 EPS, offering a compelling value. We are optimistic that the relationship between price and cost normalizes either through higher pricing or lower costs. Longer term, we believe Heidelberg is well positioned to grow profits due to a rebound in construction demand, structural cost saving opportunities and a decarbonization advantage over peers in Europe.

Samsung shares declined 20% in local currency terms but only 8% in USD. The share price simply retraced a bit of the meteoric 178% rise in the first half of the year. The fundamental outlook for the memory business remains exceptional, with profits on pace to grow over 8X this year to an all-time high. While the company is making efforts to dampen the industry's notorious cyclicality, we are under no illusion that the current level of profitability will be sustained forever. That said, Samsung and other memory manufacturers do seem well positioned to enjoy several years of excellent profits, which are not reflected in the current valuation of below 4X P/E.

Conclusion

Investors appear to be clustering into a few themes that seem obvious—namely energy and AI.

It is impossible to get the timing right in any given quarter, but in our experience, it's generally a good idea to zig when everyone else is zagging and to look to deploy capital outside of the consensus trades.

While we made no new meaningful investments this quarter, the market's focus on a few industries and themes has started to provide some interesting opportunities in other areas. Our work lists are filling up, and we look forward to reporting back next quarter on our progress.

Sincerely,

Daniel J. O'Keefe
Managing Director, Lead Portfolio Manager

Michael J. McKinnon, CFA
Managing Director, Portfolio Manager

Portfolio Statistics

Median Market Cap (AUD Billions)	98.3
Weighted Avg. Market Cap (AUD Billions)	732.8
Weighted Harmonic Avg. P/E (FY1)	13.5X
Weighted Harmonic Avg. P/E (FY2)	12.0X
WeightedAvg.NetDebt/Capital	17.10%
MedianPrice/Book Value	2.9X
Weighted Avg. ROA	7.9%
Active Share	90.8%
Annual Turnover1	23.7%
Number of Securities	36
Number of Countries	9

Top 10 Countries (% of portfolio securities)

United States	49.2
United Kingdom	18.0
Switzerland	9.0
Netherlands	7.5
France	4.6
Germany	3.9
Ireland	1.2
Belgium	0.8
Korea	5.8
TOTAL	**100.0**

Sector Diversification (% of portfolio securities)

Communication Services	11.8
Consumer Discretionary	5.9
Consumer Staples	9.5
Energy	5.3
Financials	35.1
Health Care	15.2
Industrials	6.4
Information Technology	5.8
Materials	5.0
Real Estate	0.0
Utilities	0.0
Other	—
Total	**100.0**

Top 10 Holdings (% of total portfolio)

Samsung Electronics Co Ltd (Korea)	5.4%
Alphabet Inc (US)	4.8%
The Bank of New York Mellon Corp (US)	4.7%
The Charles Schwab Corp (US)	4.7%
Meta Platforms Inc (US)	4.6%
Elevance Health Inc (US)	4.4%
Shell PLC (UK)	3.7%
Berkshire Hathaway Inc (US)	3.6%
Citigroup Inc (US)	3.5%
American Express Co (US)	3.5%
TOTAL	**42.9%**

Investment Process Highlights

The investment team seeks to invest in high-quality, undervalued businesses that offer the potential for superior risk/reward outcomes.

Undervaluation

- Determine the intrinsic value of the business
- Invest at a significant discount to intrinsic value

Business Quality

- Strong free cash flow
- High/improving returns on capital
- Strong competitive positions

Financial Strength

- Strong balance sheets reduce potential for capital risk
- Provides management ability to build value

Shareholder-Oriented Management

- History of building shareholder value

Key Facts

Fund Established	Fund established by deed in November 2024
Manager	Copia Investment Partners
Underlying Fund Manager	Artisan Partners Limited Partnership
Investment Process	The investment team employs a fundamental investment process to construct a diversified portfolio of securities of undervalued US and non-US companies. The team seeks to invest in what it considers to be high quality, undervalued companies with strong balance sheets and shareholder-oriented management teams.
Fund Structure	The Fund is an unlisted wholesale managed investment scheme governed by the constitution of the Fund. The Fund seeks to invest in high-quality, undervalued businesses that offer the potential for superior risk/reward outcomes.
Management Fee	0.95% of the net asset value of the Fund (inclusive of GST and net of RITC).
Distributions	Annual
Performance Fee	Nil
Fund Domicile	Australia
Minimum Initial and Additional Investment	A$100,000 or A$20,000 respectively, or lesser amount approved by the Trustee
Redemption	Investors must retain at least one hundred thousand dollars ($100,000) in the Fund after redemption or a lesser amount approved by the Trustee.
Portfolio Construction	• Typically 30-50 holdings • Maximum position size generally 5%[1] • Maximum of 30% in emerging markets[1] • Typically a minimum of US$2 billion market capitalization[1] • Typically less than 15% cash

For further information, please contact
Copia Investment Partners

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