



Artisan Global Value Fund

Fund Report 31 March 2026

Performance*

At quarter end (%) (A\$)	1m	3m	6m	1 Year	3 Yrs	5 Yrs	Inception
Artisan Global Value Fund (Net)	-4.4	-6.1	0.2	8.1	-	-	14.9
MCSCI All Country World Index NTR in AUD	-3.4	-5.8	-3.3	9.2	-	-	10.3
Outperformance	-1.0	-0.4	3.5	-1.1			4.6

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

"The future ain't what it used to be."—Yogi Berra

This was one of the more eventful quarters in recent memory.

Artificial intelligence (AI) continues to give us plenty to think and write about. We have done so in recent quarterly letters, focusing mostly on the enormous levels of investment dedicated to AI and whether those investments will bear fruit outside of those companies that directly benefit from the dollars spent (i.e., NVIDIA that makes the chips, Samsung Electronics that provides the memory and Lam Research that makes the equipment to manufacture the chips). And this quarter, we saw evidence in the results of both Alphabet and Meta that their historic levels of capital spending are generating returns. We saw revenue acceleration across a number of their businesses, which we believe is a function of these investments. This is clearly a positive sign for us as shareholders of both companies.

But this quarter, we saw some evidence of AI's darker side, what might be lost rather than what might be gained. In February, Square, a publicly listed payment services provider, announced that it was reducing its employee base by 40%. Because of AI productivity gains, it just doesn't need as many employees. This announcement generated a lot of headlines and a lot of fear about what AI means for white-collar employment and society in general. But there was some other data that caught our eye, which was not reported on. We refer to Exhibit 1, which shows revenue and full-time equivalent (FTE) employee numbers at four large tech firms in 2021 and 2025.

Exhibit 1: Revenues and Full-time Employee Counts of Major Tech Companies

	2022	2025	2025 vs 2022
Full-Time Employees (FTE):			
Alphabet	190,234	190,820	586
Meta	86,482	78,865	(7,617)
Amazon	1,541,000	1,576,000	35,000
Microsoft	221,000	228,000	7,000
Revenue (\$ blns):			
Alphabet	283	403	120
Meta	117	201	84
Amazon	514	717	203
Microsoft*	198	282	83

Source: Company 10k filings. As of calendar year end. *As of June fiscal year end.

Over this three-year period, Alphabet added \$120 billion of annual revenue. This is incredible in itself. The average S&P 500® Index company generates about \$37 billion a year in revenue. Alphabet added three times that amount in just three years. But that's not the punch line. It did so while adding a net of only 586 FTEs. We should pause right here and let that sink in. It took Alphabet 20 years to go from zero revenue at its founding in 1998 to \$136.8 billion of revenue in 2018, and it ended that year with 99,000 FTEs. But revenues grew almost as much over the past three years while needing 99.5% fewer marginal employees to do so. We certainly believe that no other company in history has added so much revenue with so few additional employees. Or said another way, has there ever been such an example of human productivity?

Meta's revenue and employee count tell a similar story. In Meta's case, the employee count actually declined over the period, despite

adding \$84 billion in revenue. Amazon and Microsoft also demonstrated incredible revenue generation with modest FTE growth.

One can argue that tech companies simply over hired during COVID-19. Perhaps the past three years reflect a period of normalizing productivity: Employees went from being underutilized to more fully utilized. We believe this is the case at Square, which was overstaffed regardless of AI. We think it is also true at Meta to a large degree. Meta has too many employees in general, and specifically in its Metaverse initiative, which has turned into one of the largest financial dead ends we have ever seen—the Metaverse is losing about \$15 billion a year without even the fumes of commercial viability. So, the over hiring argument has some truth to it. But these four large tech companies added almost half a trillion dollars in revenue over three years. Half a trillion! In any other time period, that kind of revenue creation would have required an enormous amount of human labor to achieve. Think about how many employees it would take to sell \$500 billion of just about anything.

It's quite clear to us that AI is helping drive a shift from labor to capital. We don't believe it is a coincidence that Alphabet and Meta are growing without adding employees at the same time they spent a combined \$160 billion in capex in 2025. Alphabet, Meta, Amazon and Microsoft collectively invested \$416 billion last year and are projected to invest another \$645 billion in 2026. Here are some comparisons to put that single-year number into context. The cost of building the US interstate highway system was between \$650 billion and \$700 billion in today's dollars. And those dollars were spent over decades. The Louisiana Purchase, which nearly doubled the land area of the US, cost about \$425 million in today's dollars.

This shift from labor to capital has been going on for a while, as the following chart demonstrates. But if the results of these four companies at the forefront of AI investment are any indication, this trend seems likely to continue, or even accelerate.

Exhibit 2: Corporate Profits and Labor Compensation as Share of US Gross Domestic Income



Source: U.S. Commerce Department. As of 31 Dec 2025.

If AI can disrupt the labor and capital relationship to the degree we are seeing at Alphabet and Meta, what other disruptions lie in its path? We saw a wave of AI disruption fear hit software companies this quarter. And that fear does not seem unfounded. We believe that low employee-intensity revenue growth at Alphabet and Meta must be at least partially a function of AI performing the work that would have otherwise been done by human software engineers.

Software share prices dropped left and right. Tax-prep software? You won't need Intuit's software anymore. AI can replace it. Intuit shares dropped to a three-year low, down almost 50% from its 2025 peak. Workday, Salesforce, ServiceNow and Adobe all fell 30% to 40% this quarter as the "software is dead" narrative spread. Mind you, none of these businesses are seeing an impact from AI disruption, yet. But the market is a discounting machine, and the future it now sees is less certain and less attractive than in the past. The fear spread to many other industries. Some say corporations won't need insurance brokers as AI will analyze, price and procure insurance coverage. Others say individuals won't need brokerage accounts as AI will replace trading and investment advice. The list of industries sold down on AI disruption fears seemed to expand by the day.

It is worth noting that, until recently, investors seemed concerned that the massive capital spending on AI, particularly at the large tech companies, was unlikely to generate sufficient returns on capital to justify the investment. It cannot be simultaneously true that AI's returns will be poor AND AI will swallow entire industries. Which version of the future is more likely? Do the recent results at Alphabet and Meta provide an answer?

Predictions, of course, are difficult to make, as Yogi Berra reminds us.

This is especially true for war. Our predictions about what will happen in the Middle East are as good or as bad as anyone else's. One of the great absurdities of investing is that, while the value of any business is a function of future earnings, recognizing the impossibility of predicting the future is a requisite for investing success.

Before the war started, oil prices hovered near \$70 per barrel, and commentators worried about oversupply. Now, it's around \$95, from a recent peak of \$118, and the concern is clearly about undersupply. So much for predictions. About 20% of the world's oil and liquefied natural gas goes through the Strait of Hormuz, which has been mostly closed since the war started. Oil isn't getting to market. Oil infrastructure has been shut down. We believe it will take six months to a year for oil supplies to normalize if the war ends

today. The longer the war goes on, the longer that normalization will take. Interest rates, which a few months ago seemed likely to fall, have spiked. When and if they will decline is impossible to predict. To what degree the economy wobbles from this energy shock is unknowable. The economy is an enormous, complex mechanism. The war might be a few grains of sand in the gears, or it could be a wrench. The longer it goes on, the more likely it becomes the wrench scenario.

The markets overall have largely taken the war—and AI fears—in stride. The US market was down 5% for the quarter. International markets were up slightly in local currency, though down around 1% in US dollar terms as the dollar strengthened versus most currencies. This is counterintuitive at first blush. The economies of Europe and Japan are far more exposed to the pain of an energy shock than the US. They do not have large energy resource bases and must import energy, whereas the US is energy independent. This is a key, durable competitive advantage of the US (among others) that makes its economy so dominant.

International equities outperformed simply because of the mix of companies listed there. Information technology and communication services (basically tech) performed poorly this quarter. These two sectors make up about 45% of the US market, as measured by the S&P 500® Index. They make up only about 13% of international markets, as measured by the MSCI EAFE Index. Within tech, software was the worst performing component. Software companies, which make up about 9% of the S&P 500® Index, but only 1.5% of the MSCI EAFE Index, were down nearly 30% on average this quarter. Industrials was one of the better performing areas. It makes up 20% of MSCI EAFE Index and only 9% of the S&P 500® Index.

Portfolio Discussion

Our top-performing stocks this quarter were Samsung Electronics, Shell and Novartis.

Samsung's share price rose 35%. Business is booming. Dynamic random-access memory (DRAM) prices are up 80%–90% so far this year. The industry has allocated significant portions of manufacturing capacity away from traditional DRAM toward high-bandwidth memory (HBM) that is needed to power AI. Reallocation has created a shortage of DRAM and rising prices. In addition, Samsung has only recently been certified by NVIDIA to sell its HBM products, a market that Samsung ceded to competitors SK Hynix and Micron, which have had it all to themselves. Samsung is therefore benefiting not only on the DRAM side but also from selling into the large, rapidly growing and highly profitable HBM market. As the world's largest capacity manufacturer, Samsung should benefit enormously from taking its fair share of the HBM market. In Q1, Samsung earned approximately 55 trillion won (\$36.5 billion) of operating profit compared to its prior quarterly peak of 17.5 trillion won achieved in 2018. In 2018, Samsung's best full year ever, it earned nearly 60 trillion won of operating profit. In the past five years, Samsung cumulatively earned around 177 trillion won of operating profit. It is on pace to earn more than that in a single year.

The issue facing Samsung, and we as shareholders, is how long this boom will last. The memory industry has always been cyclical. The industry has previously responded to high prices with large capacity additions that subsequently end the upswing. We see signs that the industry is trying to prevent a repeat of this boom-bust cycle. The industry is rolling out longer term supply agreements with buyers in an attempt to better plan its capacity additions. This could have a meaningful impact on the amplitude of the cycle. In addition, we believe the driver of memory demand in this cycle is more durable than it has been in the past. AI strikes us as a long-term, structural change in the economy that will take years to play out. It seems more persistent than prior demand drivers, such as the PC and smartphone cycles, which have historically been shorter in duration. So far, we do not see any signs that the industry is adding worrisome amounts of capacity that could bring about a large downturn. But we are watching this very closely.

Shell's share price rose 28% in Q1 due to the spike in energy prices. Our other oil holding, TotalEnergies, which is a smaller position size than Shell, also had a great quarter, rising 43%. Taken together, the two stocks contributed 140bps gross of fees to our return during the quarter. We must note that we acquired Shell in 2021 and Total in 2022. At the time, European investors shunned oil stocks, leaving them at valuations that implied perpetually declining earnings streams. Since then, our collective investment in these companies has compounded at a rate greater than 20% annually. We must note also that despite strong balance sheets and excellent capital allocation, both Shell and TotalEnergies trade at meaningful and unjustified (in our opinion) discounts to US-listed integrated oil companies.

Novartis' share price increased 13% in Q1. Novartis has been reporting very strong results. The stock's outperformance was likely, at least partly, due to the stability of its diversified pharma model during this period of volatility. But we think the market is also finally recognizing the strength of its portfolio, which is generating good growth rates even in the face of patent expirations.

Our worst contributors were Heidelberg Materials, American Express and Elevance.

Heidelberg's share price declined 21% in US dollar terms. We believe there are two reasons for the decline. First, the EU appears to be examining its Emissions Trading Scheme (ETS). This is the mechanism by which companies will need to buy carbon credits on the open market to offset their own CO2 emissions. This system is a net positive for CO2-efficient cement manufacturers such as Heidelberg. The company has invested significant capital to reduce the CO2 intensity of its cement production over the past decade. This means it is expected to have lower CO2 costs per ton than many of Europe's small, inefficient and underinvested cement manufacturers. Cement prices will rise in the market to reflect the CO2 costs of the marginal producer. But Heidelberg, due to its

lower CO2 intensity per ton, should see a margin benefit, as the increase in euro price per ton exceeds its CO2 cost increase per ton.

If ETS is eliminated or significantly altered, Heidelberg could be negatively affected. Said another way, the future benefits not currently reflected in current earnings might not be as significant as previously assumed. We think meaningful changes to the ETS for cement companies are unlikely. If changes are made, they will likely be in the form of carve-outs for other industries that operate in global markets. European chemical companies would be meaningfully damaged by the higher costs of ETS. They make chemicals in Europe and will bear higher CO2 taxes, but they must compete with global players that are not subject to them. They won't be able to compete, or they will just move their operations out of Europe. Cement is a local business. Heidelberg is not competing with international players. Anyone who imports cement into the EU would have to pay the carbon taxes, same as the local players. Second, it is possible that the current free CO2 allowances will phase out more slowly. But this would be an issue in 2030 and beyond, and it simply means that prices might not rise as much in our years as some had previously assumed. Heidelberg is generating very good results today, and we expect it to continue doing so, even if free allowances expire more slowly.

The second issue is more immediate. The war in Iran has raised energy prices meaningfully in Europe. However, energy prices are only 9% of Heidelberg's revenue and 11% of its cost base. The most recent energy shock at the beginning of the Ukraine war demonstrated that Heidelberg and the rest of the industry simply passed along these higher costs to customers. We added to our Heidelberg position on weakness.

American Express' share price declined 18%. The company reported excellent quarterly results with revenue and EPS growing 9% and 16%, respectively. We suspect the share price weakness is a function of valuation getting a bit elevated after a strong run, fears of a possible US recession due to the war, which would cause credit costs to spike and earnings to fall meaningfully, and vague fears that AI will somehow replace credit cards. We are comfortable with our position in this fantastic, growing franchise.

Elevance's share price declined 16%. This weakness was due to concerns about its Medicare Advantage (MA) business. Centers for Medicare & Medicaid Services (CMS) sets the annual rates that MA plans receive in a two-step process: The first is a preliminary advance notice, and the second is a binding final notice. In January, CMS published a disappointing advance notice for 2027. The projected increase in industry rates was only 0.09%, far below the rate of medical cost inflation, increasing the risk of lower MA margins next year. However, shortly after Q1 ended, CMS published its final notice, which revised up industry rates to 2.5% for 2027. This improved outcome for next year was not reflected in Elevance's Q1 share price performance.

In addition to the industry-wide MA rate concern, Elevance disclosed in early March a company-specific dispute with CMS over historical risk adjustments. Managed care companies submit patient data to CMS to support reimbursement claims for sicker MA patients. CMS accused Elevance of inappropriately submitting risk codes for certain MA members from 2015 through 2023. Elevance believes its risk adjustments complied with CMS' guidelines. CMS initially threatened to suspend enrollment into Elevance's MA plans by the end of March. Following productive dialogue with CMS, the agency has moved the potential sanction date back to the end of May. While the outcome is uncertain, we believe Elevance will address CMS' concerns, avoid sanctions and fund any financial liabilities out of operating cash flow.

Currently, about half of Elevance's insurance premiums are not profitable. The largest factor here is the Medicaid business; it is loss-making due to unsustainably low reimbursement rates, which the state sponsors of Medicaid are obligated to increase to actuarially sound levels. States are increasing premium rates, and we believe Medicaid margins will normalize over the next two years. Even with half its premiums not making money, Elevance trades at only about 12X current-year earnings. Assuming more normal margins, the P/E would drop into the single digits. We added to our position this quarter.

We made no meaningful changes to the portfolio this quarter. Markets are at or near all-time highs as we write today. Earnings continue to be generally quite good, and valuations reflect this fact. The chaos in energy markets has not, with some exceptions, caused much damage. We hope the markets discounting mechanism on this point is correct.

Portfolio Statistics

Median Market Cap (AUD Billions)	102.9
Weighted Avg. Market Cap (AUD Billions)	575.1
Weighted Harmonic Avg. P/E (FY1)	14.2X
Weighted Harmonic Avg. P/E (FY2)	12.6X
Weighted Avg. Net Debt/Capital	16.1
Median Price/Book Value	2.7X
Weighted Avg. ROA	8.0%
Active Share	90.8
Annual Turnover ¹	16.17
Number of Securities	36
Number of Countries	9

Sector Diversification (% of portfolio securities)

Communication Services	10.8
Consumer Discretionary	5.9
Consumer Staples	9.9
Energy	6.7
Financials	34.4
Health Care	15.2
Industrials	3.5
Information Technology	7.7
Materials	5.9
Real Estate	0.0
Utilities	0.0
Other	—
Total	100.0

Top 10 Countries (% of portfolio securities)

United States	47.8
United Kingdom	15.5
Switzerland	9.4
Netherlands	8.4
France	6.2
Germany	5.2
Belgium	1.0
Ireland	0.9
Korea	5.5
TOTAL	100

Top 10 Holdings (% of total portfolio)

Samsung Electronics Co Ltd (US)	5.2
The Bank of New York Mellon Corp (US)	4.8
The Charles Schwab Corp (US)	4.6
Alphabet Inc (US)	4.5
Shell PLC (UK)	4.4
Novartis AG (Switzerland)	4.3
Heidelberg Materials AG (Germany)	3.9
American Express Co (US)	3.9
Meta Platforms Inc (US)	3.7
Elevance Health Inc (US)	3.7
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 markets¹
- Typically a minimum of US\$2 billion market capitalization¹
- Typically less than 15% cash

For further information, please contact
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In partnership with **COPIA**



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