



Artisan Global Equity Fund

MONTHLY
Commentary

Investor Class: ARTHX

As of 31 December 2016

Commentary

2016 was a challenging year for the team's investment approach. Not only was our investment style emphasizing sustainable growth out of favor, but we were also poorly positioned for an improving backdrop for the global economy and commodity markets.

We began the year with a cautious, even bearish view of the world outside of the US, struggling to find growth opportunities in most regions. At that time, we believed multiple influences contributed to a risk-off climate for equity markets—the Fed had just raised rates for the first time in many years, credit markets were selling off driven by the collapse in commodities, and China's economy appeared to be slowing materially. There was capital flight out of emerging markets, and the renminbi was under pressure due to foreign exchange flows. Though the economic backdrop improved in subsequent months as oil prices rose and China engineered a recovery, interest rates reached all-time lows and concerns lingered around Brexit, the US election and the European banking system.

While top-line growth was difficult to find, we were particularly attracted to companies with strong cash flow and earnings visibility. That bottom-up search for sustainable growth contributed to above-benchmark weightings in defensive sectors (e.g., consumer staples, health care), which proved a headwind as sentiment improved and interest rates moved sharply higher. We also missed out on some of the stronger-performing areas of the market as we had little exposure to cyclical commodities (i.e. energy and metals & mining). We generally avoid cyclical commodity companies that are largely dependent on forces outside of company control. By contrast, we seek high value-added companies that can innovate or provide a unique solution—however, this was a hindrance in a commodities-led rally.

We also had a larger-than-usual number of stock-specific upsets and fewer big gainers among our top holdings. Ginko International cost the portfolio almost 1% of performance YTD, starting the year as the fifth-largest holding. We remain investors in the company as we're still attracted to Ginko's market-share dominance in the fast-growing Chinese contact lens market, but have pared our position as the company contends with heightened competition online. Other large holdings, such as Liberty Global, Cognizant and Delphi also detracted, and we reduced or sold all three as we reassessed their outlooks.

Toward the end of the summer we became more constructive in our growth outlook—when long bond yields began to signal that higher inflation was expected—and even more so after the US election when we identified fundamental underpinnings for a likely reacceleration in global growth. This is evident in recent activity. During October, we began to add to financials, and more recently have added some European banks as we believe the potential for alleviation of regulatory headwinds against a backdrop of widening spreads make these holdings more attractive now. At the same time, we reduced or sold a number of our consumer staples names, principally on valuation grounds.

We are disappointed in our recent results and the sharpness of the underperformance. However, previous periods of underperformance and subsequent recoveries in our 20-plus years of investing have reinforced upon us the importance of adhering to our disciplined process. We continue to believe that by investing in good quality companies with strong earnings growth and being disciplined about valuation, we will deliver superior results over the long term.

Portfolio Details

Net Asset Value (NAV)	\$15.75
ARTHX Inception	29 March 2010
Expense Ratios	
Annual Report 30 Sep 2016	1.37%
Prospectus 30 Sep 2015	1.37%

Top 10 Holdings (% of total portfolio)

Alphabet Inc (United States)	4.4
MasterCard Inc (United States)	3.9
Amazon.com Inc (United States)	3.2
Deutsche Boerse AG (Germany)	3.2
Canadian Pacific Railway Ltd (Canada)	2.9
ING Groep NV (Netherlands)	2.9
Comcast Corp (United States)	2.7
Celgene Corp (United States)	2.7
Vallourec SA (France)	2.7
The Home Depot Inc (United States)	2.5
TOTAL	31.2%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	ACWI ¹
Consumer Discretionary	22.3	12.1
Consumer Staples	5.2	9.5
Energy	2.7	7.3
Financials	28.0	18.7
Health Care	8.6	11.1
Industrials	5.4	10.6
Information Technology	22.4	15.5
Materials	2.0	5.3
Real Estate	1.9	3.1
Telecommunication Services	1.5	3.6
Utilities	0.0	3.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 1.9% of the total portfolio. ¹MSCI All Country World Index.

Investment Results (%)

As of 31 December 2016	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTHX	-0.25	-4.78	-1.87	-1.87	0.84	11.59	—	9.72
MSCI All Country World Index	2.16	1.19	7.86	7.86	3.13	9.36	—	7.05

Source: Artisan Partners/MSCI. ¹Returns for periods less than one year are not annualized.

Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect. The Fund's investments in initial public offerings (IPOs) made a material contribution to the Fund's performance. IPO investments are not an integral component of the Fund's investment process and may not be available in the future.

Region/Country Allocation (% of total portfolio equities)

REGION	Fund	ACWI ¹
AMERICAS	56.2	57.1
United States	53.2	53.8
Canada	3.0	3.3
EUROPE	27.4	20.5
Germany	8.9	3.0
France	6.9	3.3
Netherlands	5.5	1.1
Switzerland	2.8	2.8
Denmark	2.1	0.5
Italy	1.3	0.7
PACIFIC BASIN	10.2	11.7
Japan	7.2	7.8
Hong Kong	1.8	1.1
Australia	1.2	2.4
EMERGING MARKETS	6.2	10.5
Taiwan	4.3	1.3
China	1.7	2.8
Thailand	0.1	0.2
MIDDLE EAST	—	0.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (MSCI). ¹MSCI All Country World Index. Countries held in the index, but not held in the portfolio, are not listed.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Mark L. Yockey, CFA	36
Charles-Henri Hamker	27
Andrew J. Euretig	13

Carefully consider the Fund's investment objective, risks and charges and expenses. This and other important information is contained in the Fund's prospectus and summary prospectus, which can be obtained by calling 800.344.1770. Read carefully before investing.

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.

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.

For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The discussion of portfolio holdings does not constitute a recommendation of any individual security. These holdings comprise the following percentages of the Fund's total net assets as of 31 Dec 2016: Ginko International Co Ltd 2.4%; Liberty Global PLC 0.8%. Securities named in the Commentary, but not listed as a Top Ten Holding or not listed here are not held in the Fund as of the date of this report. The portfolio managers' views and portfolio holdings are subject to change and the Fund disclaims any obligation to advise investors of such changes.

All information in this report includes all classes of shares, except performance and expense ratio information and as otherwise indicated, and is as of the date shown in the upper right hand corner unless otherwise indicated. Totals may not sum due to rounding.

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