



Artisan Emerging Markets Fund

MONTHLY
Commentary

Investor Class: ARTZX

As of 31 December 2016

Commentary

Emerging markets equities sold off in the fourth quarter, but rebounded modestly in December. While global markets had been hampered by pre-election jitters in the US, the Fed's increased interest rates and a strong USD, stocks edged up in the final month. In emerging markets, Russian stocks led as the prospect of improved US relations and a surge in oil prices drew record inflows. South African assets were also strong due to a late-year surge in gold prices. Conversely, Chinese equities suffered as the country's regulators suspended investing rights for several large insurance companies.

Our portfolio closed out the year on a strong note, outpacing the MSCI Emerging Markets Index by a decent margin, despite pulling back in concert with the MSCI Emerging Markets Index during the fourth quarter.

In a recap of Q4, we benefited from solid stock selection in Korea, Brazil and Greece while our South African, Taiwanese and Chinese holdings detracted. Two of our top individual contributors were Russia's largest bank, Sberbank of Russia and Greek toy retailer Jumbo. Sberbank experienced meaningful growth in its retail loans portfolio and client funds, aided by an uptick in Russia's economy. The bank's cost-cutting and operational efficiency programs have also helped drive profit growth. We remain attracted to the company's dominant distribution network and strong capital base, and believe it's well-positioned to leverage the long-term expansion of the Russian banking sector. Jumbo's shares advanced more than 30% during the quarter, as its leading market position, high margins and controlled costs have allowed it to sustain earnings growth despite a challenging macro environment. It has also benefited from increased penetration in foreign markets, namely Jumbo has experienced strong sales growth in its Bulgarian and Romanian stores. Jumbo is a best-in-class retailer, and we believe its strong management, improved operational efficiency and stable dividend outlook will allow it to weather Greece's tough economy.

Conversely, Indian tile manufacturer Kajaria Ceramics was one of our bottom performers in the fourth quarter. The company's shares have largely been penalized by negative investor sentiment following PM Modi's demonetization policy. We believe the impact is short term, however, and took an opportunity to add to our position. In our view, the company is uniquely positioned to capitalize on India's secular trend of home improvement.

We recently sold our position in Turkish vehicle manufacturer Ford Otomotiv and instead purchased one of Turkey's largest privately-owned domestic banks, Akbank. Recent geopolitical events in Turkey, such as the failed coup attempt, have pressured both the lira and stock valuations, and have made valuations for domestically-oriented stocks relatively attractive. We believe Akbank will be able to deliver strong loan and income growth while controlling costs, despite a tough macro environment. As investor fear subsides, we believe the bank will reach a valuation that reflects the true earnings power of the franchise.

Investment Results (%)

	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception ³
As of 31 December 2016									
Investor Class: ARTZX	-0.08	-4.42	16.39	16.39	-0.90	1.59	—	-3.38	
Linked Institutional and Investor Class²						0.40			2.97
MSCI Emerging Markets Index	0.22	-4.16	11.19	11.19	-2.55	1.28	1.84	-1.48	4.45

Source: Artisan Partners/MSCI. ¹Returns for periods less than one year are not annualized. ²Linked performance data shown relates to the Investor Shares from 2 June 2008 forward and for Institutional Shares prior to 2 June 2008.

³Institutional Class inception: 26 June 2006.

Performance of the Institutional Shares does not reflect higher expenses associated with the Investor Shares, and if reflected, would reduce the performance quoted. 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.

Portfolio Details

Net Asset Value (NAV)	\$12.06	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net ¹
Annual Report 30 Sep 2016 ²	1.85%	1.50%
Prospectus 30 Sep 2015	1.79%	1.50%

¹Reflects a contractual Fund expense reimbursement agreement in effect through 31 Jan 2018. ²Expense ratio of 0.94% reflects a one-time reimbursement estimate offered by the Fund's custodian for prior-period expenses inaccurately charged to the Fund. Refer to Note 16 of Funds' financial statements for further details.

Top 10 Holdings (% of total portfolio)

Samsung Electronics Co Ltd (Korea)	6.5
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	5.4
Alibaba Group Holding Ltd (China)	3.5
Naspers Ltd (South Africa)	2.3
Sberbank of Russia PJSC (Russia)	2.2
Zhuzhou CRRC Times Electric Co Ltd (China)	1.9
Hon Hai Precision Industry Co Ltd (Taiwan)	1.8
Itau Unibanco Holding SA (Brazil)	1.8
Baidu Inc (China)	1.7
ICICI Bank Ltd (India)	1.7
TOTAL	29.0%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	MSCI EM ¹
Consumer Discretionary	13.6	10.3
Consumer Staples	5.2	7.2
Energy	6.2	7.9
Financials	21.8	24.4
Health Care	8.0	2.5
Industrials	7.2	5.8
Information Technology	24.4	23.3
Materials	7.8	7.4
Real Estate	0.0	2.6
Telecommunication Services	2.2	5.9
Utilities	3.7	2.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 2.2% of the total portfolio. ¹MSCI Emerging Markets Index.

Average Annual Total Returns

	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception ³
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Region/Country Allocation (% of total portfolio equities)

REGION	Fund	MSCI EM ¹
EMERGING ASIA	56.6	70.1
China	19.7	26.5
Korea	13.3	14.4
Taiwan	10.0	12.2
India	7.3	8.3
Indonesia	4.9	2.6
Thailand	0.8	2.3
Malaysia	0.6	2.5
EUROPE, MIDDLE EAST AND AFRICA	19.6	16.6
Russia	7.5	4.5
South Africa	4.6	7.1
Turkey	2.2	1.0
United Arab Emirates	1.3	0.9
Czech Republic	1.0	0.2
Greece	0.9	0.4
Poland	0.9	1.1
Kenya	0.8	—
Kazakhstan	0.5	—
LATIN AMERICA	19.6	13.3
Brazil	9.6	7.7
Mexico	3.0	3.5
Argentina	2.9	—
Chile	2.2	1.2
Peru	1.9	0.4
DEVELOPED MARKETS	4.3	—
United Kingdom	1.7	—
Hong Kong	1.3	—
Switzerland	0.8	—
Germany	0.4	—
TOTAL	100.0%	100.0%

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

Team Leadership

Portfolio Manager

Maria Negrete-Gruson, CFA

Years of Investment Experience

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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. Such risks include new and rapidly changing political and economic structures, which may cause instability; underdeveloped securities markets; and higher likelihood of high levels of inflation, deflation or currency devaluations. 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.

MSCI Emerging Markets Index measures the performance of 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: Akbank TAS 1.1%; JUMBO SA 0.9%; Kajaria Ceramics Ltd 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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