



# Artisan Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 28 February 2017

## Commentary

Emerging markets accelerated in February on an improving global growth and trade outlook. Jitters surrounding potential US protectionist policies seem to have subsided, and February marked the third straight month of inflows to emerging markets assets. Equities advanced in most EM countries this month; Russian stocks, on the other hand, were the biggest losers as initial optimism over a strong relationship with the Trump administration has waned. Several currencies, including the Turkish lira, Mexican peso and South African rand, recouped post-election losses this month, lifted by rising commodity prices.

Our portfolio did not keep pace with the MSCI Emerging Markets Index this month as our stocks in Mexico, Poland and Peru weighed on results. Our Chinese holdings also trailed the index, though they were among our top contributors on an absolute basis. Conversely, our stocks in Turkey and the UAE were positive contributors.

Among our detractors were Peruvian engineering and construction company Graña y Montero and Polish cash and carry retailer Eurocash. Graña's shares fell on testimony by a former Odebrecht employee that Graña's executives were aware that Odebrecht paid a bribe to former Peruvian President Toledo in an effort to win projects. The company has denied the allegations. We continue to monitor the news flow as we are mindful of the potentially negative impact these allegations may have on Graña's earnings power. Shares of Eurocash fell on competitive pressures that continue to hurt cash and carry store growth. Cost control headwinds, including wage increases and continued investment into incentive promotions, have also hampered profitability in the near term. However, we continue to believe the company is well-positioned to benefit from Poland's easing food deflation and consolidation of the wholesale food retail market.

Among our top contributors were Indian petrochemical and refining company Reliance Industries and Chinese wealth management services provider Noah Holdings. Shares rallied as investors reacted positively to Reliance Jio's (telecom branch) pricing announcement of new membership plans, which it had previously offered for free to gain subscribers. We believe the company has best-in-class assets in refining, and are confident that its scale, solid balance sheet and expansion-related projects will allow it to sustain growth in the long run. Noah's shares benefited from strong new-client growth in its wealth management business, effective cost control and improved loan payment collection. We remain attracted to Noah's ability to leverage its leading market position, strong brand name and high-quality personal service to fuel sustainable growth.

We had an active month, selling three names in favor of three others that have better upside potential. One new purchase was Colombian retail and commercial services bank Bancolombia, which benefits from strong loan growth, stable NPLs and controlled costs. We believe Colombia's improving economy and the bank's focus on operational efficiency will help propel long-term sustainable growth.

## Portfolio Details

Net Asset Value (NAV)	\$13.11	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net <sup>1</sup>
Annual Report 30 Sep 2016 <sup>2</sup>	1.85%	0.94%
Prospectus 30 Sep 2016 <sup>3</sup>	2.41%	1.50%

<sup>1</sup>Reflects a contractual Fund expense reimbursement agreement in effect through 31 Jan 2018. <sup>2</sup>The Fund's annual report expense ratios reflect a one-time reimbursement by the Fund's custodian recognized by the Fund in the fiscal year ended 30 September 2016, which reduced the Fund's expense ratios by approximately 0.56%. <sup>3</sup>See prospectus for more information.

## Top 10 Holdings (% of total portfolio)

Samsung Electronics Co Ltd (Korea)	6.5
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	5.2
Alibaba Group Holding Ltd (China)	3.7
Naspers Ltd (South Africa)	2.3
Sberbank of Russia PJSC (Russia)	1.9
Hon Hai Precision Industry Co Ltd (Taiwan)	1.9
Itau Unibanco Holding SA (Brazil)	1.9
Zhuzhou CRRC Times Electric Co Ltd (China)	1.9
Randgold Resources Ltd (United Kingdom)	1.8
ICICI Bank Ltd (India)	1.7
<b>TOTAL</b>	<b>28.8%</b>

Source: Artisan Partners/FactSet (MSCI).

## Sector Diversification (% of total portfolio equities)

	Fund	MSCI EM <sup>1</sup>
Consumer Discretionary	14.3	10.3
Consumer Staples	4.3	7.0
Energy	6.0	7.4
Financials	22.8	24.5
Health Care	8.4	2.5
Industrials	7.0	5.8
Information Technology	25.0	23.9
Materials	7.2	7.6
Real Estate	0.0	2.6
Telecommunication Services	1.3	5.6
Utilities	3.7	2.8
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 4.1% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

## Investment Results (%)

As of 28 February 2017	Average Annual Total Returns								
	MTD <sup>1</sup>	QTD <sup>1</sup>	YTD <sup>1</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception <sup>3</sup>
Investor Class: ARTZX	1.79	8.71	8.71	32.60	3.25	-0.17	—	-2.39	
Linked Institutional and Investor Class <sup>2</sup>							0.99		3.73
MSCI Emerging Markets Index	3.06	8.70	8.70	29.46	1.35	-0.37	2.86	-0.51	5.20
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 Class <sup>2</sup>							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. <sup>1</sup>Returns for periods less than one year are not annualized. <sup>2</sup>Linked performance data shown relates to the Investor Shares from 2 June 2008 forward and for Institutional Shares prior to 2 June 2008.

<sup>3</sup>Institutional 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.

## Region/Country Allocation (% of total portfolio equities)

REGION	Fund	MSCI EM <sup>1</sup>
<b>EMERGING ASIA</b>	<b>55.8</b>	<b>70.8</b>
China	18.6	27.0
Korea	13.8	14.7
Taiwan	10.2	12.3
India	6.9	8.4
Indonesia	4.6	2.5
Thailand	0.8	2.2
Malaysia	0.7	2.4
<b>LATIN AMERICA</b>	<b>20.2</b>	<b>13.6</b>
Brazil	10.1	8.2
Argentina	2.9	—
Mexico	2.7	3.4
Chile	2.1	1.2
Peru	1.5	0.4
Colombia	0.8	0.4
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>19.5</b>	<b>15.6</b>
Russia	7.9	3.9
South Africa	4.4	6.8
Turkey	2.3	1.1
United Arab Emirates	1.4	0.8
Czech Republic	0.9	0.2
Greece	0.8	0.3
Poland	0.7	1.2
Kenya	0.7	—
Kazakhstan	0.5	—
<b>DEVELOPED MARKETS</b>	<b>4.5</b>	<b>—</b>
United Kingdom	1.9	—
Hong Kong	1.3	—
Switzerland	0.9	—
Germany	0.4	—
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

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

## Team Leadership



Portfolio Manager	Years of Investment Experience
Maria Negrete-Gruson, CFA	25

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 28 Feb 2017: Bancolombia SA 0.8%; Eurocash SA 0.7%; Grana y Montero SAA 0.3%; Noah Holdings Ltd 1.3%; Reliance Industries Ltd 1.7%. 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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**Nonperforming Loan (NPL)** is a loan on which the borrower is not making interest payments or repaying any principal.

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