



Artisan Emerging Markets Fund

MONTHLY
Commentary

Investor Class: ARTZX

As of 31 July 2017

Commentary

Emerging markets stocks posted solid gains in July, extending their now seven months-long lead over developed markets stocks. Aiding sentiment, China's Q2 GDP came in higher than expected (at 6.9% YoY) as the manufacturing recovery gained further strength. The Fed's decision to hold its target interest rate unchanged led to a decline in the US dollar, serving as an additional tailwind for emerging markets asset flows. Chinese tech stocks were by far the largest contributors to the MSCI Emerging Markets Index, extending their strong YTD gains. Brazilian stocks also sharply reversed course and led the index in USD terms on a stronger Brazilian real.

Our portfolio's positive performance fell short of the MSCI Emerging Markets Index in July. Two of our non-benchmark holdings, YPF and Digital China, were among our monthly relative detractors. Shares of YPF—Argentina's largest oil and gas producer—were down amid political uncertainty leading into Argentina's October 2017 mid-term election. We believe the market's fears over the political landscape are overstated and took advantage of share-price weakness to add to our position. YPF currently sits on Vaca Muerta, the second largest shale gas reserve and fourth largest shale oil reserve in the world. Due to lack of investment over the last decade, Argentina is now incentivizing companies such as YPF to develop available resources, which would provide YPF with a long growth runway.

Chinese IT service provider Digital China fell on equity dilution concerns after the company announced a rights issue largely aimed at financing an investment in big-data analysis for the health care industry, as well as repaying debt and interest expenses. We think the share-price reaction was overdone. In the shorter term, some of the equity dilution impact should be mitigated by interest savings. Longer term, we see Digital China as a prime beneficiary of China's ongoing digital shift, providing key IT solutions to industries such as banking, agriculture and health care.

Conversely, among our top contributors were high-conviction holdings Samsung and Alibaba. Samsung has been achieving record operating profits driven by booming sales of its memory chips and display panels. More recently, the company overtook Intel as the world's largest semiconductor company. Additionally, Samsung's smartphone business has bounced back from last year's Galaxy Note 7 setback. We believe Samsung's shares trade at an attractive valuation that underestimates the company's global leadership and sustainable earnings growth potential.

We continue to be attracted to Alibaba's scale and early leadership in online and mobile commerce, payments, digital media and cloud computing. As of late, the company has been demonstrating a number of ways it can leverage its massive stockpile of consumer data to drive more targeted advertising and consumer engagement. We see the company's payments platform, Ant Financial, as a key contributor as it's capable of collecting consumer data across the value chain from payments to wealth management and lending.

Portfolio Details

| | | |
|---|-------------|------------------|
| Net Asset Value (NAV) | \$15.02 | |
| ARTZX Inception | 2 June 2008 | |
| Expense Ratios | Gross | Net ¹ |
| Semi-Annual Report 31 Mar 2017 ² | 2.24% | 1.50% |
| Prospectus 30 Sep 2016 ³ | 2.41% | 1.50% |

¹Reflects a contractual Fund expense reimbursement agreement in effect through 31 Jan 2018. ²Unaudited, annualized for the six month period. ³See prospectus for more information.

Top 10 Holdings (% of total portfolio)

| | |
|--|--------------|
| Samsung Electronics Co Ltd (Korea) | 7.0 |
| Alibaba Group Holding Ltd (China) | 5.2 |
| Taiwan Semiconductor Manufacturing Co Ltd (Taiwan) | 5.2 |
| Naspers Ltd (South Africa) | 2.6 |
| Hon Hai Precision Industry Co Ltd (Taiwan) | 2.1 |
| Baidu Inc (China) | 2.0 |
| Global Ports Holding PLC (United Kingdom) | 2.0 |
| Reliance Industries Ltd (India) | 2.0 |
| ICICI Bank Ltd (India) | 1.9 |
| Randgold Resources Ltd (United Kingdom) | 1.8 |
| TOTAL | 31.8% |

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

| | Fund | MSCI EM ¹ |
|----------------------------|---------------|----------------------|
| Consumer Discretionary | 14.4 | 10.5 |
| Consumer Staples | 2.9 | 6.5 |
| Energy | 7.0 | 6.5 |
| Financials | 22.9 | 23.7 |
| Health Care | 7.3 | 2.3 |
| Industrials | 8.5 | 5.6 |
| Information Technology | 27.5 | 26.9 |
| Materials | 6.8 | 7.3 |
| Real Estate | 0.0 | 2.8 |
| Telecommunication Services | 1.1 | 5.3 |
| Utilities | 1.7 | 2.6 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 3.2% of the total portfolio. ¹MSCI Emerging Markets Index.

Investment Results (%)

| As of 31 July 2017 | Average Annual Total Returns | | | | | | | | |
|--|------------------------------|------------------|------------------|-------|------|------|-------|-----------|-------------------------------|
| | MTD ¹ | QTD ¹ | YTD ¹ | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception | Linked Inception ³ |
| Investor Class: ARTZX | 4.52 | 4.52 | 24.54 | 24.92 | 4.95 | 5.44 | — | -0.82 | |
| Linked Institutional and Investor Class ² | | | | | | | 0.40 | | 4.87 |
| MSCI Emerging Markets Index | 5.96 | 5.96 | 25.49 | 24.84 | 2.39 | 4.76 | 1.98 | 1.08 | 6.37 |
| As of 30 June 2017 | | | | | | | | | |
| Investor Class: ARTZX | 1.34 | 6.52 | 19.15 | 24.32 | 3.71 | 4.48 | — | -1.31 | |
| Linked Institutional and Investor Class ² | | | | | | | 0.27 | | 4.48 |
| MSCI Emerging Markets Index | 1.01 | 6.27 | 18.43 | 23.75 | 1.07 | 3.96 | 1.91 | 0.45 | 5.86 |

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.

Region/Country Allocation (% of total portfolio equities)

| REGION | Fund | MSCI EM ¹ |
|---------------------------------------|---------------|----------------------|
| EMERGING ASIA | 56.4 | 72.7 |
| China | 18.6 | 28.5 |
| Korea | 14.6 | 15.3 |
| Taiwan | 10.4 | 12.0 |
| India | 7.4 | 9.0 |
| Indonesia | 3.9 | 2.3 |
| Malaysia | 0.7 | 2.3 |
| Thailand | 0.7 | 2.1 |
| EUROPE, MIDDLE EAST AND AFRICA | 18.3 | 14.7 |
| Russia | 6.5 | 3.1 |
| South Africa | 5.3 | 6.7 |
| Turkey | 2.1 | 1.2 |
| Kenya | 1.1 | — |
| Czech Republic | 1.0 | 0.2 |
| Poland | 1.0 | 1.3 |
| Greece | 0.7 | 0.4 |
| Kazakhstan | 0.4 | — |
| LATIN AMERICA | 17.7 | 12.6 |
| Brazil | 8.2 | 7.0 |
| Argentina | 2.9 | — |
| Mexico | 2.5 | 3.6 |
| Chile | 1.9 | 1.2 |
| Peru | 1.4 | 0.4 |
| Colombia | 0.9 | 0.4 |
| DEVELOPED MARKETS | 7.6 | — |
| United Kingdom | 5.1 | — |
| Hong Kong | 1.4 | — |
| Switzerland | 0.7 | — |
| 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 | Years of Investment Experience |
|---------------------------|--------------------------------|
| Maria Negrete-Gruson, CFA | 26 |

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. MSCI World Index measures the performance of developed 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 Jul 2017: Digital China Holdings Ltd 0.7%; YPF SA 1.4%. 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.

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