



# Artisan Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 31 May 2017

## Commentary

Emerging markets stocks extended their year-to-date rally in May, slightly outpacing developed markets. In China, a credit downgrade and rising debt levels were not enough to deter sentiment, and markets posted outsized gains. Conversely, Russia lost ground and Brazil's markets fell sharply in response to major corruption allegations against President Michael Temer and other high-profile officials.

Our portfolio's positive performance fell shy of the MSCI Emerging Markets Index in May. Our Brazilian holdings held up slightly better than index peers during the month. However, Brazilian bank Itaú Unibanco and Brazilian electric company Cia Energetica de Minas (CEMIG) were caught in the down draft and were among our portfolio's bottom contributors. We continue to be attracted to Itaú's leading market position, quality management team and sustainable profit growth potential. Likewise, we believe CEMIG's leading market position and diversified asset base support its sustainable earnings prospects.

Conversely, top contributors to monthly performance included ICICI Bank and Sunny Friend Environmental. With a strong capital position, ICICI is well positioned to effectively capitalize on India's growing banking sector. We see Sunny Friend—one of the largest industrial waste treatment providers in Taiwan and Beijing—as a prime beneficiary of increasingly stringent environmental protection regulation.

We recently participated in the IPO of Global Ports Holding (GPH), the world's largest cruise port operator with a strong presence in the Mediterranean. As the dominant partner to the cruise line industry without any meaningful competition, we see GPH strongly positioned to expand its footprint globally and capture growth in tourism demand across the Caribbean, Northern Europe and Southeast Asia.

We're conscientious of macroeconomic and geopolitical risk, but looking forward, we see this market environment as generally attractive for our fundamental process. In fact, our research has pointed to nascent signs of a key inflection point in asset class profitability after more than five years of ROE decline. For several companies, the self-help mechanisms necessitated by the last market downturn (e.g., deleveraging, cost cutting, divesting non-core businesses and geographically diversifying) are starting to bear fruit. As such, we believe those same companies are emerging in a stronger position to sustain earnings growth over the long term.

## Portfolio Details

Net Asset Value (NAV)	\$14.18	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net <sup>1</sup>
Semi-Annual Report 31 Mar 2017 <sup>2</sup>	2.24%	1.50%
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>Unaudited, annualized for the six month period. <sup>3</sup>See prospectus for more information.

## Top 10 Holdings (% of total portfolio)

Samsung Electronics Co Ltd (Korea)	6.9
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	5.2
Alibaba Group Holding Ltd (China)	4.4
Naspers Ltd (South Africa)	2.6
Hon Hai Precision Industry Co Ltd (Taiwan)	2.0
Global Ports Holding PLC (United Kingdom)	1.9
ICICI Bank Ltd (India)	1.9
Baidu Inc (China)	1.7
Reliance Industries Ltd (India)	1.7
Randgold Resources Ltd (United Kingdom)	1.7
<b>TOTAL</b>	<b>30.2%</b>

Source: Artisan Partners/FactSet (MSCI).

## Sector Diversification (% of total portfolio equities)

	Fund	MSCI EMI <sup>1</sup>
Consumer Discretionary	14.3	10.9
Consumer Staples	3.7	7.0
Energy	6.9	6.8
Financials	22.7	23.7
Health Care	8.2	2.3
Industrials	9.5	5.8
Information Technology	26.1	25.6
Materials	6.1	7.1
Real Estate	0.0	2.6
Telecommunication Services	0.9	5.5
Utilities	1.7	2.6
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 2.4% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

## Investment Results (%)

As of 31 May 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	2.68	5.11	17.58	28.39	4.07	5.22	—	-1.47	
Linked Institutional and Investor Class <sup>2</sup>								0.51	4.39
MSCI Emerging Markets Index	2.96	5.21	17.25	27.41	1.62	4.54	2.28	0.34	5.81
As of 31 March 2017									
Investor Class: ARTZX	2.90	11.86	11.86	21.27	3.39	1.00	—	-2.05	
Linked Institutional and Investor Class <sup>2</sup>								1.00	3.98
MSCI Emerging Markets Index	2.52	11.44	11.44	17.21	1.18	0.81	2.72	-0.23	5.40

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>72.6</b>
China	18.1	27.7
Korea	14.4	15.7
Taiwan	10.4	12.2
India	7.1	8.8
Indonesia	4.3	2.5
Thailand	0.7	2.2
Malaysia	0.7	2.4
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>18.6</b>	<b>15.1</b>
Russia	6.3	3.4
South Africa	5.0	6.8
Turkey	2.3	1.1
Poland	1.6	1.3
Kenya	1.1	—
Czech Republic	1.0	0.2
Greece	0.8	0.4
Kazakhstan	0.4	—
<b>LATIN AMERICA</b>	<b>17.8</b>	<b>12.4</b>
Brazil	8.1	6.9
Mexico	3.0	3.5
Argentina	2.7	—
Chile	1.6	1.2
Peru	1.5	0.4
Colombia	1.0	0.4
<b>DEVELOPED MARKETS</b>	<b>7.7</b>	<b>—</b>
United Kingdom	5.1	—
Hong Kong	1.3	—
Switzerland	0.8	—
Germany	0.5	—
<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 31 May 2017: Cia Energetica de Minas Gerais 0.6%; Itau Unibanco Holding SA 1.5%; Sunny Friend Environmental Technology Co Ltd 1.5%. 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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Country exposure percentages reflect country designations as classified by MSCI as of the date shown. Securities not classified by MSCI reflect country designations as of the date the report was generated. Sector exposure percentages reflect sector designations as currently classified by GICS.

**Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders equity.

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