



# Artisan Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 31 August 2018

## Commentary

In a tumultuous QTD for emerging markets, a couple culprits stand out. Turkey's lira depreciation accelerated, down 37% at its worst in August, contributing to Turkey's last place finish in the MSCI Emerging Markets Index QTD. Argentina, while not in the index, raised concerns of a broader contagion when it asked the IMF to speed up a bailout package. Markets punished the peso with a 40% depreciation.

Amid the turmoil, our portfolio trails the MSCI Emerging Markets Index QTD. At the sector level, financials have been a notable drag on relative performance. Particularly, ex-index positions in Turkiye Sinai Kalkinma Bankasi—a Turkish bank—and Grupo Supervielle—an Argentine bank—were the largest negative relative contributors as the financial sector often bears the brunt of these FX and macro dislocations. Also among our bottom individual relative contributors QTD is health care company Sino Biopharm. We believe shares remain under pressure largely for macroeconomic and geopolitical sentiment reasons, rather than anything fundamental, and we maintain our conviction in this high-quality holding.

On the up side, we have benefited from our information technology exposure QTD, both in terms of what we own as well as what we don't—namely, Tencent, which has declined on the back of ongoing macroeconomic, trade-related and regulatory concerns in China. Our exposure to Taiwan Semiconductor—an off-benchmark name—continues to be a top relative contributor QTD.

Also among our top individual relative contributors is Reliance Industries, an Indian petrochemical and refining company. Reliance is beginning to reap the rewards of heavy investments in its petrochemical capacity, and we maintain our conviction in its best-in-class refining assets as well as the growth potential for its petrochemical business.

In these volatile times, we will continue with our disciplined process and closely monitor positions—including on-the-ground visits to affected countries—to adjust valuations with updated country-risk assessments.

## Portfolio Details

Net Asset Value (NAV)	\$15.24	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net <sup>1</sup>
Semi-Annual Report 31 Mar 2018 <sup>2,3</sup>	1.77%	1.46%
Prospectus 30 Sep 2017 <sup>3</sup>	2.15%	1.35%

<sup>1</sup>Reflects a contractual expense limitation agreement in effect through 31 Jan 2019. <sup>2</sup>Unaudited, annualized for the six-month period and reflects a change in the Fund's management fee and expense limit, 1.50% lowered to 1.35%, effective 21 Feb 2018. <sup>3</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Samsung Electronics Co Ltd (Korea)	6.9
Alibaba Group Holding Ltd (China)	6.0
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	6.0
Reliance Industries Ltd (India)	2.7
Naspers Ltd (South Africa)	2.7
Zhuzhou CRRC Times Electric Co Ltd (China)	2.3
Sino Biopharmaceutical Ltd (China)	2.2
Baidu Inc (China)	2.0
LUKOIL PJSC (Russia)	1.9
Sberbank of Russia PJSC (Russia)	1.9
<b>TOTAL</b>	<b>34.4%</b>

Source: Artisan Partners. Portfolio country classifications are defined by the investment team.

## Sector Diversification (% of total portfolio equities)

	Fund	MSCI EM <sup>1</sup>
Consumer Discretionary	11.0	9.3
Consumer Staples	1.9	6.5
Energy	7.6	7.7
Financials	19.6	23.0
Health Care	9.3	3.1
Industrials	9.9	5.2
Information Technology	29.1	27.6
Materials	6.4	7.8
Real Estate	1.5	3.0
Telecommunication Services	2.3	4.4
Utilities	1.4	2.4
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 1.9% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

## Investment Results (%)

As of 31 August 2018	Average Annual Total Returns								Linked Inception <sup>2</sup>
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	
Investor Class: ARTZX	-4.63	-1.74	-9.23	-0.72	15.26	6.34	1.82	-0.54	
Linked Institutional and Investor Class <sup>1</sup>									4.59
MSCI Emerging Markets Index	-2.70	-0.57	-7.18	-0.68	11.42	5.04	3.45	1.12	5.92
As of 30 June 2018									Linked Inception <sup>2</sup>
Investor Class: ARTZX	-4.44	-9.83	-7.62	8.50	9.19	6.64	0.57	-0.38	
Linked Institutional and Investor Class <sup>1</sup>									4.81
MSCI Emerging Markets Index	-4.15	-7.96	-6.66	8.20	5.60	5.01	2.26	1.19	6.05

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. <sup>1</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>2</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>64.5</b>	<b>75.3</b>
China	24.3	30.9
Korea	14.8	14.8
Taiwan	10.8	12.2
India	8.8	9.3
Indonesia	3.8	2.0
Thailand	0.8	2.4
Malaysia	0.8	2.5
Vietnam	0.4	—
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>19.8</b>	<b>13.9</b>
Russia	7.2	3.4
South Africa	5.1	6.3
Turkey	2.1	0.5
Greece	1.7	0.3
Czech Republic	1.0	0.2
United Arab Emirates	0.9	0.7
Georgia	0.7	—
Poland	0.6	1.2
Nigeria	0.5	—
<b>LATIN AMERICA</b>	<b>14.1</b>	<b>10.8</b>
Brazil	6.6	5.8
Chile	1.8	1.1
Peru	1.7	0.4
Argentina	1.6	—
Mexico	1.1	3.1
Colombia	0.8	0.5
Panama	0.6	—
<b>DEVELOPED MARKETS</b>	<b>1.6</b>	<b>—</b>
Hong Kong	1.6	—
<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. Portfolio country classifications are defined by the investment team and may differ substantially from MSCI classifications; Index country classifications reflect MSCI methodology. For the portfolio's country breakdown according to MSCI methodology, refer to the Fund's most recent portfolio holdings at [www.sec.gov](http://www.sec.gov).

## Team Leadership



Portfolio Manager	Years of Investment Experience
Maria Negrete-Gruson, CFA	27

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 Aug 2018: Grupo Supervielle SA 0.7%; Türkiye Sinai Kalkınma Bankası AS 0.7%. 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.

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Sector exposure percentages reflect sector designations as currently classified by GICS.

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