



Artisan Emerging Markets Fund

MONTHLY
Commentary

Investor Class: ARTZX

As of 31 December 2018

Commentary

Our portfolio trailed the MSCI EM Index in December but performed modestly better than the benchmark for the quarter. Global markets were pressured in Q4 amid rising trade tensions, a partial US government shutdown and slumping oil prices. The forces combined to amplify YTD losses as the index finished 2018 in the red. Although emerging markets fared better than their developed counterparts in Q4, only a handful of countries were positive performers in the index.

Among our top relative contributors for the quarter were two off-benchmark holdings, Linx and Kajaria. Linx, Brazil's leading retail management software company, benefited from its launch of Linx Pay, a wholly owned subsidiary that is expected to meaningfully expand revenues through its newly established payments acquirer business and other fintech initiatives. We trimmed our exposure as shares approached our target price.

Shares of Kajaria, India's largest tile manufacturer, advanced in part due to increased government funding for affordable housing, which is expected to drive demand for construction materials. We also believe that a broader secular trend of home improvement projects among India's growing middle class will drive positive results for the company. We increased our position in Kajaria in accordance with our conviction.

Among our bottom relative contributors in Q4 were Samsung Biologics and China Petroleum & Chemical Corp. Samsung Biologics shares remained pressured amid allegations of accounting fraud, which the company has adamantly denied. After suspending company trading for almost a month, Korea's financial regulator opted not to delist Samsung Biologics and instead allowed the company's shares to resume trading in December, sparking a rally in the company's share price. Throughout the controversy, we have maintained our conviction in the company's best-in-class manufacturing capabilities and strong pipeline of marketable biosimilars.

Shares of China Petroleum & Chemical Corp, also known as Sinopec, slumped in late December after the company announced it experienced "some losses" due to weak oil prices. Although company management did not disclose details, industry experts estimate the losses will amount to roughly \$1.5 billion, likely stemming from a poorly executed oil options strategy. We believe the headwinds are short-term, and we have maintained our position in Sinopec.

Volatility is to be expected in emerging markets—it's a natural part of what we believe is a superior growth opportunity over longer periods. As such, we will maintain our disciplined process and closely monitor positions—including on-the-ground visits—to adjust valuations and position size as we believe appropriate.

Portfolio Details

Net Asset Value (NAV)	\$14.04	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net ¹
Annual Report 30 Sep 2018 ^{2,3}	1.78%	1.41%
Prospectus 30 Sep 2017 ³	2.15%	1.35%

¹Reflects a contractual expense limitation agreement in effect through 31 Jan 2020.

²Reflects a change in the Fund's management fee and expense limit, 1.50% lowered to 1.35%, effective 21 Feb 2018. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Samsung Electronics Co Ltd (Korea)	6.2
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	5.9
Alibaba Group Holding Ltd (China)	5.0
Reliance Industries Ltd (India)	2.7
Naspers Ltd (South Africa)	2.6
Zhuzhou CRRC Times Electric Co Ltd (China)	2.5
ICICI Bank Ltd (India)	2.2
Itau Unibanco Holding SA (Brazil)	2.1
Sberbank of Russia PJSC (Russia)	2.0
LUKOIL PJSC (Russia)	1.9
TOTAL	32.9%

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

Sector Diversification (% of total portfolio equities)

	Fund	MSCI EM ¹
Communication Services	8.6	14.1
Consumer Discretionary	14.3	10.4
Consumer Staples	2.1	6.7
Energy	7.3	8.0
Financials	21.5	24.8
Health Care	8.2	2.8
Industrials	10.1	5.5
Information Technology	16.9	14.2
Materials	7.2	7.7
Real Estate	1.6	3.1
Utilities	2.1	2.7
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 1.4% of the total portfolio. ¹MSCI Emerging Markets Index.

Investment Results (%)

As of 31 December 2018	Average Annual Total Returns								Linked Inception ²
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	
Investor Class: ARTZX	-3.90	-5.99	-15.57	-15.57	11.21	2.83	7.07	-1.21	
Linked Institutional and Investor Class¹									3.87
MSCI Emerging Markets Index	-2.65	-7.46	-14.57	-14.57	9.25	1.65	8.02	0.29	5.06

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. ¹Linked performance data shown relates to the Investor Shares from 2 June 2008 forward and for Institutional Shares prior to 2 June 2008. ²Institutional 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	61.1	73.3
China	20.9	30.4
Korea	12.9	13.8
Taiwan	10.5	11.4
India	9.8	9.4
Indonesia	4.9	2.3
Thailand	0.9	2.4
Malaysia	0.7	2.4
Vietnam	0.5	—
EUROPE, MIDDLE EAST AND AFRICA	20.5	14.5
Russia	7.8	3.7
South Africa	5.1	6.2
Turkey	2.4	0.6
Greece	1.8	0.2
Czech Republic	1.0	0.2
United Arab Emirates	0.9	0.8
Poland	0.8	1.3
Georgia	0.6	—
Nigeria	0.2	—
LATIN AMERICA	16.8	12.2
Brazil	8.7	7.5
Argentina	2.0	—
Chile	1.9	1.1
Peru	1.7	0.4
Mexico	1.0	2.8
Panama	0.8	—
Colombia	0.7	0.4
DEVELOPED MARKETS	1.6	—
Hong Kong	1.6	—
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. 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.

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 Dec 2018: China Petroleum & Chemical Corp 1.4%; Kajaria Ceramics Ltd 1.3%; Linx SA 0.9%; Samsung Biologics Co Ltd 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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Sector exposure percentages reflect sector designations as currently classified by GICS.

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