



Artisan Emerging Markets Fund

MONTHLY
Commentary

Investor Class: ARTZX

As of 31 January 2018

Commentary

Emerging markets stocks led January's global equity markets' ongoing rally, fueled by expectations for an upsurge in global growth, rising commodities prices and reduced political risk across multiple EM countries. China and Brazil generated outsized returns as China reported reaccelerating economic growth and the likelihood of a reelection bid from Brazil's former populist president Lula meaningfully diminished. A weaker US dollar provided an additional tailwind as the MSCI Emerging Markets Currency Index hit a record high.

Our portfolio participated in the month's equity rally but fell short of the index. Much of our shortfall owed to what we did not own, including our lack of exposure to Chinese banks (collectively up 23%). Coupled with stabilizing non-performing loan ratios, bank shares have been bolstered by market optimism surrounding Chinese President Xi Jinping's deleveraging drive. We don't see this trend as sustainable. We've yet to find Chinese banks compelling, and in fact, we think the government crackdown will ultimately pressure bank margins and asset quality.

Within our own portfolio, shares of Chinese train-borne electrical systems provider Zhuzhou pulled back as the Chinese government published a railway budget slightly below market expectations. We think the market reaction was overdone and maintain our conviction. We believe Zhuzhou is capable of growing via market-share gains as the industry consolidates and on the strength of its superior technology—a key sustainable competitive advantage, in our view.

Conversely, Samsung Biologics was a top relative contributor. The company has developed a nearly unmatched competency in manufacturing biopharmaceuticals efficiently at scale, generating above-industry margins. Through its 95% owned subsidiary Samsung Bioepis—a joint venture with Biogen—Samsung Biologics is also gaining global leadership in the development of biosimilars (i.e., highly similar versions of original biopharmaceuticals sold at lower prices). With a substantial pipeline of biosimilars and a sustainable competitive advantage in manufacturing, we believe Samsung Biologics can position itself as a market leader in an industry with high barriers to entry.

Also a top relative contributor was Russia's dominant Sberbank, which is almost three times the size of its next-largest competitor. Historically, this market dominance has served as a key competitive advantage, attracting customers with its reputation for stability—particularly during recent years' banking-industry uncertainty. The bank is highly profitable—a trend we anticipate will continue as Russia's ongoing economic recovery spurs loan growth. Overall, we're attracted to Sberbank's market dominance, impressive cost management and best-in-class risk-management capabilities developed through the use of big data analytics.

Portfolio Details

Net Asset Value (NAV)	\$17.94	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net ¹
Annual Report 30 Sep 2017	2.19%	1.50%
Prospectus 30 Sep 2017 ²	2.15%	1.50%

¹Reflects a contractual expense limitation agreement in effect through 31 Jan 2019.
²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Samsung Electronics Co Ltd (Korea)	6.6
Alibaba Group Holding Ltd (China)	5.9
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	5.4
Naspers Ltd (South Africa)	2.9
Sino Biopharmaceutical Ltd (China)	2.5
Sberbank of Russia PJSC (Russia)	2.3
Grupo Supervielle SA (Argentina)	2.1
Reliance Industries Ltd (India)	2.0
Baidu Inc (China)	1.9
Noah Holdings Ltd (China)	1.9
TOTAL	33.5%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	MSCI EM ¹
Consumer Discretionary	13.5	9.8
Consumer Staples	2.2	6.2
Energy	7.4	7.0
Financials	23.8	24.4
Health Care	8.4	2.7
Industrials	8.1	5.2
Information Technology	27.4	27.6
Materials	6.1	7.3
Real Estate	0.9	2.8
Telecommunication Services	1.7	4.6
Utilities	0.5	2.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 2.7% of the total portfolio. ¹MSCI Emerging Markets Index.

Investment Results (%)

As of 31 January 2018	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	6.85	6.85	6.85	40.01	15.26	6.85	—	1.11	
Linked Institutional and Investor Class ²								2.27	6.31
MSCI Emerging Markets Index	8.33	8.33	8.33	41.01	11.83	5.74	3.88	2.82	7.65

As of 31 December 2017

Investor Class: ARTZX	4.68	8.33	39.95	39.95	12.52	5.33	—	0.43	
Linked Institutional and Investor Class ²								0.74	5.75
MSCI Emerging Markets Index	3.59	7.44	37.28	37.28	9.10	4.35	1.68	1.99	6.96

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	58.3	73.0
China	20.9	30.8
Korea	14.6	14.7
Taiwan	10.6	11.2
India	6.9	8.4
Indonesia	3.7	2.1
Malaysia	0.8	2.3
Thailand	0.7	2.3
EUROPE, MIDDLE EAST AND AFRICA	20.7	14.7
Russia	7.6	3.5
South Africa	6.2	6.8
Turkey	2.0	1.0
Kenya	1.1	—
Greece	1.0	0.3
Czech Republic	1.0	0.2
Poland	1.0	1.3
United Arab Emirates	0.9	0.6
LATIN AMERICA	16.7	12.3
Brazil	8.8	7.3
Argentina	3.2	—
Chile	2.1	1.2
Peru	1.6	0.4
Mexico	1.1	2.9
DEVELOPED MARKETS	4.3	—
United Kingdom	2.1	—
Hong Kong	1.3	—
Switzerland	0.7	—
United States	0.3	—
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.

The MSCI Emerging Markets (EM) Currency Index will track the performance of twenty-five emerging-market currencies relative to the US Dollar. 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 Jan 2018: Samsung Biologics Co Ltd 1.5%; Zhuzhou CRRC Times Electric Co 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.

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