



Artisan Emerging Markets Fund

MONTHLY
Commentary

Investor Class: ARTZX

As of 30 June 2018

Commentary

Market volatility persisted in Q2, while global market performance was mixed. Emerging markets finished the quarter in the red, pressured by uncertainty around developed-world monetary policy, ongoing geopolitical concerns and heightened protectionist rhetoric. Most developed markets, on the other hand, were positive for the quarter, led by the US.

Our portfolio trailed the MSCI Emerging Markets Index in Q2, largely due to a challenging macroeconomic environment in Argentina. Expectations for rising developed-world interest rates prompted heavy outflows from both Argentina's currency and its markets—in turn pressuring our holdings there, including Grupo Supervielle, which was our bottom relative contributor in Q2. However, from a macro standpoint, we believe Argentina is taking appropriate action—particularly in securing IMF aid and in absorbing the political cost to the current administration. We expect Argentina to restore market confidence sooner than later, and we capitalized on weakness to increase our exposure.

Shares of Samsung Biologics, another bottom relative contributor, were pressured in Q2 by allegations of accounting fraud. The company is accused of inflating its Bioepis subsidiary's profits prior to Samsung Biologics' 2016 IPO. The company asserts it has adhered to international accounting standards. Authorities meet in July to issue a final ruling on the matter. While we have no unique insight into the investigation's outcome, we maintain our conviction in the company's best-in-class manufacturing capabilities and its strong pipeline of marketable biosimilars, which we believe will allow the company to position itself as a market leader with sustainable growth opportunities in an industry with high barriers to entry.

Shrugging off heightened trade rhetoric, our Chinese holdings were our top relative performers in Q2, including new purchase iQIYI and Noah Holdings. Often referred to as the Chinese version of Netflix, iQIYI, which offers video entertainment services worldwide, is successfully building its arsenal of original content. Since original content generates a higher ROI than purchased content, we expect iQIYI's content investments to pave the way for a profitable, self-supporting entertainment platform for the company. We also like iQIYI's innovative acumen, including its efforts to advance AI capabilities, and its growing subscriber base.

Noah Holdings, a leading wealth management services provider focused on China's high net worth population, is executing at a high level, thanks to tighter government regulations that have forced smaller players to exit the market and its strong brand name. We believe Noah is poised for sustainable long-term growth, especially as China's high net worth population—and its need for alternative wealth products—grows.

We will provide further color on these and other holdings in our forthcoming quarterly commentary.

Portfolio Details

Net Asset Value (NAV)	\$15.51	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net ¹
Semi-Annual Report 31 Mar 2018 ^{2,3}	1.77%	1.46%
Prospectus 30 Sep 2017 ³	2.15%	1.35%

¹Reflects a contractual expense limitation agreement in effect through 31 Jan 2019. ²Unaudited, 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. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Samsung Electronics Co Ltd (Korea)	6.8
Alibaba Group Holding Ltd (China)	6.2
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	5.1
Naspers Ltd (South Africa)	3.0
Sino Biopharmaceutical Ltd (China)	2.6
Reliance Industries Ltd (India)	2.2
Baidu Inc (China)	2.1
Sberbank of Russia PJSC (Russia)	2.0
Zhuzhou CRRC Times Electric Co Ltd (China)	2.0
LUKOIL PJSC (Russia)	1.9
TOTAL	33.9%

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

Sector Diversification (% of total portfolio equities)

	Fund	MSCI EM ¹
Consumer Discretionary	12.8	9.8
Consumer Staples	1.8	6.7
Energy	6.7	7.2
Financials	21.0	22.8
Health Care	9.2	3.2
Industrials	8.7	5.2
Information Technology	28.5	27.9
Materials	6.3	7.6
Real Estate	0.9	3.0
Telecommunication Services	2.4	4.3
Utilities	1.5	2.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 2.1% of the total portfolio. ¹MSCI Emerging Markets Index.

Investment Results (%)

As of 30 June 2018	Average Annual Total Returns								
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	Linked Inception ²
Investor Class: ARTZX	-4.44	-9.83	-7.62	8.50	9.19	6.64	0.57	-0.38	
Linked Institutional and Investor Class ¹									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. 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	62.4	74.9
China	25.4	32.7
Korea	14.5	14.6
Taiwan	9.9	11.6
India	6.8	8.6
Indonesia	3.8	1.9
Thailand	0.8	2.2
Malaysia	0.7	2.3
Vietnam	0.5	—
EUROPE, MIDDLE EAST AND AFRICA	21.3	14.3
Russia	7.5	3.5
South Africa	5.5	6.6
Turkey	3.1	0.8
Greece	1.9	0.3
Czech Republic	1.0	0.2
United Arab Emirates	0.9	0.6
Georgia	0.8	—
Poland	0.6	1.1
Nigeria	0.1	—
LATIN AMERICA	14.7	10.8
Brazil	6.7	5.8
Chile	2.3	1.1
Argentina	2.0	—
Peru	1.8	0.4
Mexico	1.0	2.9
Colombia	0.8	0.5
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	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 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 30 Jun 2018: Grupo Supervielle SA 1.0%; iQIYI Inc 1.1%; Noah Holdings Ltd 1.7%; Samsung Biologics Co Ltd 1.6%. 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.

Return on Investment (ROI) measures the amount of return on an investment relative to the investment's cost.

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