



# Artisan Emerging Markets Fund

MONTHLY  
Commentary

Investor Class: ARTZX

As of 31 May 2018

## Commentary

Early 2018 market volatility has persisted in Q2 to date, while global market performance was mixed. Emerging markets are in the red for the quarter, pressured largely by a renewed taper-tantrum bout, which has prompted EM index outflows. In contrast, most developed markets are positive for the quarter, led by the US. Brazilian stocks were among the MSCI Emerging Markets Index's bottom contributors, whereas Chinese stocks led and were modestly positive.

Our portfolio is trailing the MSCI Emerging Markets Index for the QTD. Among our bottom relative contributors QTD are Grupo Supervielle and E Ink Holdings. Grupo Supervielle, an Argentinian banking and financial services company, has faced ongoing macroeconomic woes in Argentina. As the US dollar surged relative to EM currencies, including the Argentinian peso, the country's central bank was forced to raise its benchmark rate to 40% and its government has sought IMF support—moves which likely prove long-term positives but which have rattled investors in the near term. While macro-related volatility could certainly persist, we believe Grupo Supervielle remains well-positioned to capitalize on the country's underpenetrated loan market and took advantage of share-price weakness to add to our position.

Shares of E Ink were pressured as the combination of customers' inventory adjustments and forex headwinds weighed on sales. Further, a shift toward the company's lower cost product as well as higher input costs crimped margins. However, we believe these are largely one-time headwinds and consequently maintain our conviction in the company's position relative to the secular trend toward e-paper technology in a growing number of applications. We leveraged the recent pullback to increase our position at an attractive valuation.

Among our QTD top relative contributors are Sino Biopharmaceutical and Noah Holdings. Sino Biopharmaceutical is driving accelerating revenue growth via new product launches and a strong pipeline of drugs, including several recently approved generics. We remain impressed with the company's vast sales network, which has helped solidify the company's dominance in a market with generally fragmented distribution channels.

Noah Holdings, a leading wealth management services provider focused on China's high net worth population, is benefiting partly from tighter government regulations that have forced smaller players to exit the market. With a strong brand name in a shrinking field of competitors, 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.

## Portfolio Details

Net Asset Value (NAV)	\$16.23	
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)	7.4
Alibaba Group Holding Ltd (China)	6.4
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	5.1
Sino Biopharmaceutical Ltd (China)	2.9
Naspers Ltd (South Africa)	2.7
Sberbank of Russia PJSC (Russia)	2.1
Baidu Inc (China)	2.0
Zhuzhou CRRC Times Electric Co Ltd (China)	2.0
Reliance Industries Ltd (India)	2.0
Noah Holdings Ltd (China)	1.8
<b>TOTAL</b>	<b>34.3%</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	12.6	9.4
Consumer Staples	1.7	6.5
Energy	6.6	7.4
Financials	20.8	23.0
Health Care	9.7	2.9
Industrials	8.6	5.1
Information Technology	28.8	28.7
Materials	6.0	7.5
Real Estate	0.9	2.8
Telecommunication Services	2.5	4.4
Utilities	1.7	2.4
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 2.2% of the total portfolio. <sup>1</sup>MSCI Emerging Markets Index.

## Investment Results (%)

As of 31 May 2018	Average Annual Total Returns								Inception	Linked Inception <sup>2</sup>
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Investor Class: ARTZX	-3.16	-5.64	-3.34	15.05	9.14	6.03	—	0.07		
Linked Institutional and Investor Class <sup>1</sup>								0.03		5.25
MSCI Emerging Markets Index	-3.54	-3.97	-2.61	14.03	6.17	4.52	1.62	1.64		6.48

  

As of 31 March 2018	Average Annual Total Returns								Inception	Linked Inception <sup>2</sup>
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Investor Class: ARTZX	-0.06	2.44	2.44	28.17	13.24	6.76	—	0.66		
Linked Institutional and Investor Class <sup>1</sup>								1.69		5.84
MSCI Emerging Markets Index	-1.86	1.42	1.42	24.93	8.81	4.99	3.02	2.08		6.94

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>63.2</b>	<b>75.0</b>
China	25.9	31.7
Korea	14.8	15.4
Taiwan	9.7	11.6
India	6.7	8.5
Indonesia	3.8	2.0
Georgia	0.8	—
Thailand	0.7	2.4
Malaysia	0.7	2.4
<b>EUROPE, MIDDLE EAST AND AFRICA</b>	<b>19.8</b>	<b>14.0</b>
Russia	7.1	3.5
South Africa	5.3	6.5
Turkey	3.0	0.8
Greece	1.8	0.3
United Arab Emirates	0.9	0.6
Czech Republic	0.9	0.2
Poland	0.8	1.1
<b>LATIN AMERICA</b>	<b>15.4</b>	<b>11.0</b>
Brazil	7.0	6.2
Argentina	2.8	—
Chile	2.5	1.2
Peru	1.8	0.4
Mexico	0.9	2.7
Colombia	0.5	0.5
<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 N-Q filing at [www.sec.gov](http://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 31 May 2018: E Ink Holdings Inc 1.5%; Grupo Supervielle SA 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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