



Artisan Global Discovery Fund

MONTHLY
Commentary

Investor Class: APFDX

As of 31 August 2019

Commentary

Global equity markets have given back some of the solid YTD gains so far in Q3 as US–China trade tensions have ratcheted higher, with both countries signaling they will impose another round of tariffs and a near-term resolution seemingly unlikely. The US leads QTD, followed by non-US developed and emerging markets. Concerns about slowing global growth linger, and many central banks have shifted toward accommodative policies. At the sector level, energy, materials and financials lag QTD, while real estate, utilities and consumer staples lead.

Our portfolio is outperforming the MSCI AC World Index QTD and remains ahead of the benchmark YTD. Among our top QTD contributors are Varta and Notre Dame Intermedica. Varta, the world's leading manufacturer of microbatteries, is executing well—expanding production capacity and signing new contracts with better pricing terms. Though we are monitoring the valuation, we continue to believe we are in the early innings of the trend toward ever-smaller batteries for wearable devices and other products.

Notre Dame Intermedica, one of the largest health plan and hospital groups in Brazil, is rapidly driving verticalization by acquiring hospitals, building outpatient ERs and clinics, and adding lab and imaging services. These recent developments—combined with scale—have allowed the company to drive down costs and improve margins. We remain confident in the profit cycle ahead and believe the company's vertically integrated business model and an improving macro environment in Brazil will allow it to take additional market share.

Among our bottom QTD contributors are Alexion Pharmaceuticals and Cree. Shares of Alexion have been pressured as investors weigh the competitive threats from future generic versions of Soliris®—a risk we believe is still a few years out. Alexion is well-positioned to stave off most competition by converting Soliris® patients to the company's more convenient and patent-protected drug Ultomiris® over the next couple of years—an effort that is already underway and which is progressing well.

Shares of Cree, a producer of semiconductors used in electronic vehicles (EVs), have been pressured against a backdrop of unresolved US-China trade tensions, which could impact the company's revenue growth trajectory. Though we maintain our conviction in Cree's profit-cycle potential, we are weighing the potential risks of a prolonged trade dispute and are prepared to pivot accordingly.

Our process is focused on identifying franchises exposed to accelerating profit cycles with reasonable valuations. It is our belief that owning companies with these characteristics should lead to outperformance over full market cycles. We will continue to adhere to this approach, regardless of the macro backdrop and how it evolves in the period ahead.

Portfolio Details

Net Asset Value (NAV)	\$13.32	
APFDX Inception	21 August 2017	
Expense Ratios	Gross	Net ¹
Semi-Annual Report 31 Mar 2019 ²	1.43%	—
Prospectus 30 Sep 2018 ³	1.71%	1.50%

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2020. ²Unaudited, annualized for the six-month period. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Global Payments Inc (United States)	5.8
Teledyne Technologies Inc (United States)	4.2
Techtronic Industries Co Ltd (Hong Kong)	3.4
Boston Scientific Corp (United States)	3.4
Guidewire Software Inc (United States)	3.4
IHS Markit Ltd (United States)	3.1
Varta AG (Germany)	3.0
Veeva Systems Inc (United States)	2.8
Genmab A/S (Denmark)	2.4
Notre Dame Intermedica Participacoes SA (Brazil)	2.3
TOTAL	33.8%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund
Communication Services	5.3
Consumer Discretionary	6.9
Consumer Staples	3.5
Energy	0.0
Financials	6.3
Health Care	22.0
Industrials	27.6
Information Technology	27.2
Materials	1.2
Real Estate	0.0
Utilities	0.0
TOTAL	100.0%

Source: Artisan Partners/FactSet (GICS). Cash and cash equivalents represented 7.8% of the total portfolio.

Investment Results (%)

As of 31 August 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFDX	-2.42	-0.75	28.57	6.30	—	—	—	15.54
MSCI All Country World Index	-2.37	-2.09	13.80	-0.28	—	—	—	6.15

As of 30 June 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFDX	7.53	9.19	29.54	14.21	—	—	—	17.55
MSCI All Country World Index	6.55	3.61	16.23	5.74	—	—	—	7.95

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized.

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. The Fund's investments in initial public offerings (IPOs) made a material contribution to performance. IPO investments may contribute significantly to a small portfolio's return, an effect that will generally decrease as assets grow. IPO investments may be unavailable in the future.

Region/Country Allocation (% of total portfolio equities)

REGION	Fund
AMERICAS	62.2
United States	60.3
Canada	1.9
EUROPE	26.0
Denmark	6.2
United Kingdom	5.4
Germany	4.9
Netherlands	3.0
Switzerland	2.5
France	2.5
Spain	1.5
PACIFIC BASIN	6.6
Hong Kong	3.7
Australia	1.6
Japan	1.2
EMERGING MARKETS	5.2
Brazil	3.6
India	1.0
China	0.6
MIDDLE EAST	—
TOTAL	100.0%

Source: Artisan Partners/FactSet (MSCI).

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Jason L. White, CFA (Lead)	19
James D. Hamel, CFA	22
Matthew H. Kamm, CFA	19
Craigh A. Cepukenas, CFA	30

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. 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. Growth securities may underperform other asset types during a given period.

MSCI All Country World Index measures the performance of developed and 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 2019: Alexion Pharmaceuticals Inc 1.6%; Cree Inc 1.3%. 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.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

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Country exposure percentages reflect country designations as classified by MSCI as of the date shown. Securities not classified by MSCI reflect country designations as of the date the report was generated. Sector exposure percentages reflect sector designations as currently classified by GICS.

Our capital allocation process is designed to build position size according to our conviction. Portfolio holdings develop through three stages: GardenSM, CropSM and HarvestSM. GardenSM investments are situations where we believe we are right, but there is not clear evidence that the profit cycle has taken hold, so positions are small. CropSM investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. HarvestSM investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. HarvestSM investments are generally being reduced or sold from the portfolios.

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