



Artisan Sustainable Emerging Markets Fund

MONTHLY
Commentary

Investor Class: ARTZX

As of 31 August 2019

Commentary

Our portfolio fared better than the MSCI EM Index in August and is ahead for the QTD. Emerging markets have experienced a challenging Q3 due to a ratcheting up of US-China trade tensions, generally soft Chinese economic data and a negative presidential primary election outcome in Argentina. EM has trailed developed markets QTD, particularly the US. Taiwan has been the benchmark's top contributor, while China and Korea have been the leading detractors.

Among our top relative contributors QTD are Sino Biopharm and Polyus. Shares of Sino Biopharm, a pharmaceutical company with leading positions for hepatitis B virus and other liver diseases, have been aided by growth in the company's new, high-margin oncology drugs. In July, its Anlotinib drug—already used to treat advanced non-small-cell lung carcinoma—was approved in China for the treatment of soft tissue sarcoma. In August, it reported results for the first half of 2019 including better-than-expected revenue growth and margin expansion. Investors seem to recognize the company's strong pipeline of drugs—more than 10 drugs received government production approvals in the first half of 2019—and we believe its sustainable earnings growth profile will remain attractive over the long term.

Polyus, a Russian gold mining company, rose on the back of rising gold prices. We continue to like the company for its position as a low-cost producer, limited capital spending and the likelihood of strong production growth in the coming years. Given these strengths, we find the shares attractively valued.

Among our leading relative detractors QTD have been Pampa Energía and Kajaria Ceramics. Pampa is the largest independent integrated energy company in Argentina, including electricity, oil and natural gas. In August, President Mauricio Macri was beaten in primary elections by a far greater margin than expected by the Peronist party ticket that includes former president Christina Fernandez. Subsequently announced capital controls also pressured Argentina's financial markets as investors weigh the potential return of populist policies, a further decline in the currency, a deep economic recession and a credit default. Given the heightened likelihood the government reinstates energy subsidies and freezes electricity rates, we exited our position in Pampa.

Kajaria Ceramics, India's largest tile manufacturer, reported mixed quarterly results in July. In addition, weaker consumer demand and reduced lending due to a liquidity crisis among non-banking financial companies have weighed on shares. In our view, a long-term trend of home improvement projects among India's growing middle class is still likely to drive positive results for the company.

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)	\$14.99	
ARTZX Inception	2 June 2008	
Expense Ratios	Gross	Net ¹
Semi-Annual Report 31 Mar 2019 ^{2,3}	1.87%	1.35%
Prospectus 30 Sep 2018 ³	1.78%	1.35%

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)

Alibaba Group Holding Ltd (China)	6.5
Samsung Electronics Co Ltd (Korea)	5.9
Taiwan Semiconductor Manufacturing Co Ltd (Taiwan)	5.2
Naspers Ltd (South Africa)	3.0
Reliance Industries Ltd (India)	2.9
Sino Biopharmaceutical Ltd (China)	2.5
Polyus PJSC (Russia)	2.5
ICICI Bank Ltd (India)	2.4
MediaTek Inc (Taiwan)	2.1
Sunny Friend Environmental Technology Co Ltd (Taiwan)	2.0
TOTAL	35.1%

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

Sector Diversification (% of total portfolio equities)

	Fund	MSCI EM ¹
Communication Services	4.8	11.6
Consumer Discretionary	22.2	13.9
Consumer Staples	2.4	6.9
Energy	7.8	7.4
Financials	19.6	24.6
Health Care	7.9	2.7
Industrials	9.3	5.3
Information Technology	16.0	14.4
Materials	7.0	7.4
Real Estate	1.8	2.9
Utilities	1.2	2.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 2.5% of the total portfolio. ¹MSCI Emerging Markets Index.

Investment Results (%)

As of 31 August 2019	Average Annual Total Returns								Linked Inception ²
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	
Investor Class: ARTZX	-3.10	-4.64	6.77	-0.68	7.40	2.66	3.11	-0.56	
Linked Institutional and Investor Class¹									4.18
MSCI Emerging Markets Index	-4.88	-6.04	3.90	-4.36	5.76	0.38	4.07	0.62	5.10

As of 30 June 2019	Average Annual Total Returns								Linked Inception ²
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception	
Investor Class: ARTZX	6.07	1.03	11.97	2.34	11.34	4.37	4.86	-0.14	
Linked Institutional and Investor Class¹									4.62
MSCI Emerging Markets Index	6.24	0.61	10.58	1.21	10.66	2.49	5.81	1.20	5.67

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	60.3	72.0
China	21.6	32.3
Korea	11.4	11.5
Taiwan	11.0	11.2
India	10.4	8.7
Indonesia	4.8	2.2
Thailand	0.8	3.0
Malaysia	0.4	2.1
EUROPE, MIDDLE EAST AND AFRICA	20.5	16.2
Russia	9.7	3.9
South Africa	5.2	5.4
Greece	2.1	0.3
Turkey	1.9	0.5
Czech Republic	0.9	0.1
Georgia	0.8	—
LATIN AMERICA	17.4	11.9
Brazil	9.5	7.5
Argentina	2.1	0.2
Chile	1.6	0.9
Peru	1.2	0.4
Panama	1.2	—
Colombia	1.1	0.4
Mexico	0.7	2.5
DEVELOPED MARKETS	1.9	—
Hong Kong	1.9	—
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	28

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 Aug 2019: Kajaria Ceramics Ltd 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.

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