



# Artisan Global Discovery Fund

MONTHLY  
Commentary

Investor Class: APFDX

As of 31 December 2019

## Commentary

Global equity markets hit record highs in Q4, helped by better than expected earnings results, easing trade tensions and a resilient US consumer. For the calendar year, the MSCI AC World Index erased all its 2018 losses, delivering the best total return in a decade. In Q4, emerging markets led followed by US markets and non-US developed markets. Growth outperformed value, and all sectors posted positive gains with information technology, health care and financials leading.

Our portfolio outperformed MSCI AC World Index in Q4 and in 2019. Among our top Q4 contributors were Vestas Wind Systems and Notre Dame Intermedica. Vestas' recent order volume has been impressive, adding to an already meaningful order backlog. We remain confident in the profit cycle ahead as we believe the company is well-positioned to capitalize on the secular trend toward a less carbon-intensive world given its ability to produce onshore wind turbines at a low cost not predicated on subsidies.

Shares of Notre Dame Intermedica moved higher in sympathy with the broader rebound in the health care sector. The company is well-positioned to lead the Brazilian health care system's consolidation given its vertical structure and scale—which have allowed it to drive down costs, increase margins and improve quality of service. We remain confident in the profit cycle ahead and believe the company's vertically integrated business model and an improving Brazilian macro environment will allow the company to take additional market share.

Among our bottom Q4 contributors were Pagueseguro Digital and Arista Networks. Pagueseguro's shares were pressured as Q3 results did not quite live up to the Street's high expectations. We are remaining patient and believe the secular tailwind toward digital payments in Brazil is in the early innings. Pagueseguro's dominant market position and expanded banking-product offerings position it well to take share and stave off competition in a still-underpenetrated market for small and micro-sized merchants.

An order slowdown from top customers Microsoft and Facebook pressured Arista's share price in recent quarters. While the Microsoft slowdown has since abated, the Facebook order pause is expected to be a headwind over the near term. We believe these are short-term bumps in the road and recent share gains in the corporate-campus networking market should contribute meaningfully to revenue growth longer term.

We will discuss these and other holdings in more depth in our forthcoming quarterly commentary.

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)	\$14.77	
APFDX Inception	21 August 2017	
Expense Ratios	Gross	Net <sup>1</sup>
Annual Report 30 Sep 2019	1.40%	—
Prospectus 30 Sep 2018 <sup>2</sup>	1.71%	1.50%

<sup>1</sup>Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2021. <sup>2</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Global Payments Inc (United States)	5.7
Teledyne Technologies Inc (United States)	3.8
Techtronic Industries Co Ltd (Hong Kong)	3.6
Guidewire Software Inc (United States)	3.4
IHS Markit Ltd (United States)	3.2
Boston Scientific Corp (United States)	3.2
London Stock Exchange Group PLC (United Kingdom)	3.0
Varta AG (Germany)	2.8
Notre Dame Intermedica Participacoes SA (Brazil)	2.7
Vestas Wind Systems A/S (Denmark)	2.5
<b>TOTAL</b>	<b>34.0%</b>

Source: Artisan Partners/MSCI.

## Sector Diversification (% of total portfolio equities)

	Fund	ACWI <sup>1</sup>
Communication Services	5.4	8.7
Consumer Discretionary	7.3	10.8
Consumer Staples	0.7	8.0
Energy	0.0	5.2
Financials	4.7	16.7
Health Care	22.5	11.8
Industrials	27.2	10.3
Information Technology	29.9	17.1
Materials	2.2	4.8
Real Estate	0.0	3.2
Utilities	0.0	3.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 6.7% of the total portfolio. <sup>1</sup>MSCI All Country World Index.

## Investment Results (%)

As of 31 December 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFDX	3.21	10.31	42.57	42.57	—	—	—	18.26
MSCI All Country World Index	3.52	8.95	26.60	26.60	—	—	—	10.11

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.

## Region/Country Allocation (% of total portfolio equities)

REGION	Fund	ACWI <sup>1</sup>
<b>AMERICAS</b>	<b>60.8</b>	<b>58.6</b>
United States	59.2	55.6
Canada	1.6	3.0
<b>EUROPE</b>	<b>29.5</b>	<b>18.4</b>
United Kingdom	7.1	4.8
Denmark	7.0	0.5
Germany	4.8	2.5
Netherlands	3.7	1.2
Switzerland	2.8	2.7
France	2.8	3.3
Spain	1.3	0.8
<b>PACIFIC BASIN</b>	<b>5.4</b>	<b>10.6</b>
Hong Kong	3.9	1.0
Japan	1.5	7.2
<b>EMERGING MARKETS</b>	<b>4.2</b>	<b>12.2</b>
Brazil	3.8	0.9
China	0.4	4.2
<b>MIDDLE EAST</b>	<b>—</b>	<b>0.2</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/MSCI. <sup>1</sup>MSCI All Country World Index. Countries held in the index, but not held in the portfolio, are not listed.

## Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Jason L. White, CFA (Lead)	20
James D. Hamel, CFA	23
Matthew H. Kamm, CFA	20
Craigh A. Cepukenas, CFA	31

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 Dec 2019: Arista Networks Inc 1.3%; PageSeguro Digital Ltd 0.9%. 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: Garden<sup>SM</sup>, Crop<sup>SM</sup> and Harvest<sup>SM</sup>. Garden<sup>SM</sup> 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. Crop<sup>SM</sup> investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest<sup>SM</sup> investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. Harvest<sup>SM</sup> investments are generally being reduced or sold from the portfolios.

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