



Artisan Sustainable Emerging Markets Fund

MONTHLY
Commentary

Investor Class: ARTZX

As of 31 December 2019

Commentary

Our portfolio lagged the MSCI EM Index in Q4 as global equity markets had a strong finish to the year. A de-escalation of trade tensions boosted global equity markets, most notably an initial trade agreement between the US and China. Overall, EM turned in a better Q4 performance than developed markets. China and Taiwan were the benchmark's top Q4 contributors. Chile was the leading detractor within the index, weighed down by social unrest.

Among our bottom relative Q4 contributors were Falabella and Sunny Friend Environmental Technology. Falabella operates department stores, supermarkets and home improvement stores across Chile, Peru, Colombia, Brazil, Argentina and Mexico. The company also has an e-commerce platform, offers financial services, owns shopping malls and engages in real estate development. Shares of Falabella fell amid social unrest in Chile that has impaired economic activity. President Sebastián Piñera's proposal to rewrite Chile's constitution added further uncertainty to an already tenuous economic situation. After adjusting our target valuation for additional macroeconomic and political risk, we exited our position in November based on our assessment of limited upside potential.

Sunny Friend Environmental Technology is a leading provider of medical and hazardous industrial waste treatment services in Taiwan and Beijing. Maintenance work at its Zhangbin plants slowed sales growth, which in turn hurt the stock. The outlook is bright, with demand rising as Taiwan and China increased their industrial waste-disposal enforcement. We believe Sunny Friend's capacity expansion should drive sustainable revenue and earnings growth in the period ahead.

Among our top relative Q4 contributors were ICICI Bank and MediaTek. ICICI Bank is our lone financials sector position in India. The company's operational performance has been strong, despite India's economic weakness driven by the ripple effects of a liquidity crisis originating in the non-bank financial system. ICICI has already taken the appropriate steps to maintain a strong balance sheet and capital position, while having sustainable competitive advantages in the form of a solid local brand, well-scaled franchise and extensive domestic branch network.

Taiwan-based MediaTek is the largest fabless semiconductor design house outside the US. The schedule for its 5G chipset rollout is following US competitor Qualcomm's more closely than it had during the 4G cycle. MediaTek's 5G chipset has received strong demand from Chinese handset makers, and initial pricing has been stronger than anticipated. As a result, both MediaTek's revenue and earnings are showing strong upward trends.

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) | \$16.53 | |
| ARTZX Inception | 2 June 2008 | |
| Expense Ratios | Gross | Net ¹ |
| Annual Report 30 Sep 2019 ² | 1.93% | 1.35% |
| Prospectus 30 Sep 2018 ² | 1.78% | 1.35% |

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

Top 10 Holdings (% of total portfolio)

| | |
|--|--------------|
| Alibaba Group Holding Ltd (China) | 7.7 |
| Samsung Electronics Co Ltd (Korea) | 7.1 |
| Taiwan Semiconductor Manufacturing Co Ltd (Taiwan) | 6.3 |
| Reliance Industries Ltd (India) | 2.9 |
| ICICI Bank Ltd (India) | 2.6 |
| Prosus NV (Netherlands) | 2.5 |
| LUKOIL PJSC (Russia) | 2.2 |
| Sino Biopharmaceutical Ltd (China) | 2.1 |
| Sberbank of Russia PJSC (Russia) | 2.0 |
| MediaTek Inc (Taiwan) | 1.9 |
| TOTAL | 37.2% |

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

Sector Diversification (% of total portfolio equities)

| | Fund | MSCI EM ¹ |
|------------------------|---------------|----------------------|
| Communication Services | 4.4 | 11.0 |
| Consumer Discretionary | 22.0 | 14.2 |
| Consumer Staples | 2.4 | 6.3 |
| Energy | 8.1 | 7.4 |
| Financials | 20.1 | 24.2 |
| Health Care | 7.9 | 2.8 |
| Industrials | 7.4 | 5.3 |
| Information Technology | 19.0 | 15.7 |
| Materials | 5.5 | 7.4 |
| Real Estate | 2.2 | 3.0 |
| Utilities | 1.0 | 2.6 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 3.5% of the total portfolio. ¹MSCI Emerging Markets Index.

Investment Results (%)

| As of 31 December 2019 | Average Annual Total Returns | | | | | | | | |
|--|------------------------------|-------|-------|-------|-------|------|-------|-----------|-------------------------------|
| | MTD | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception | Linked Inception ² |
| Investor Class: ARTZX | 6.71 | 10.51 | 19.80 | 19.80 | 12.28 | 7.58 | 2.63 | 0.45 | |
| Linked Institutional and Investor Class ¹ | | | | | | | | | 4.97 |
| MSCI Emerging Markets Index | 7.46 | 11.84 | 18.42 | 18.42 | 11.57 | 5.61 | 3.68 | 1.74 | 5.99 |

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 | 63.3 | 73.6 |
| China | 23.8 | 34.3 |
| Korea | 11.9 | 11.7 |
| Taiwan | 11.6 | 11.7 |
| India | 11.1 | 8.6 |
| Indonesia | 4.2 | 1.9 |
| Thailand | 0.7 | 2.6 |
| LATIN AMERICA | 16.8 | 11.4 |
| Brazil | 9.6 | 7.5 |
| Argentina | 2.1 | 0.2 |
| Peru | 1.3 | 0.3 |
| Panama | 1.2 | — |
| Colombia | 1.2 | 0.4 |
| Mexico | 0.7 | 2.3 |
| Chile | 0.6 | 0.7 |
| EUROPE, MIDDLE EAST AND AFRICA | 15.2 | 15.0 |
| Russia | 9.1 | 3.9 |
| South Africa | 2.1 | 4.7 |
| Greece | 2.0 | 0.3 |
| Turkey | 1.7 | 0.5 |
| Georgia | 0.2 | — |
| DEVELOPED MARKETS | 4.7 | — |
| Netherlands | 2.6 | — |
| Hong Kong | 1.8 | — |
| United Kingdom | 0.3 | — |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/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 Dec 2019: Sunny Friend Environmental Technology Co Ltd 1.7%. 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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