



# Artisan Global Discovery Fund

MONTHLY  
Commentary

Investor Class: APFDX | Advisor Class: APDDX As of 30 June 2022

## Commentary

Inflation uncertainty prompted a sharp 16% selloff among global equities in Q2. For the first time in 40 years, Americans have witnessed the cost of everyday necessities—energy, food, shelter, transportation (air and road)—drive the annualized rate of CPI up nearly double digits in every month of this year. Investors have grown skeptical about the Fed's ability to cool demand, rein in inflation and avoid a recession. Uncertainty surrounds when and at what rate inflation will normalize, a first-of-its-kind environment for most market participants. Historically tight labor markets, the war in Ukraine and COVID-19 lockdowns in China all threaten to keep inflation high.

Our portfolio trailed the MSCI AC World Index in Q2. Among our bottom contributors were Atlassian and Ascendis Pharma. Atlassian reported 30% revenue growth and 28% TTM FCF margins during the quarter. We expect FCF margin expansion and similar top-line growth in the periods ahead as the company continues to transition its customers to the cloud, adds new products and expands adoption of its collaboration and workflow tools. We added to our position at an attractive discount to our PMV estimate.

Sales for Ascendis' recently approved pediatric growth hormone drug, Skytrofa, came in below expectations despite solid prescription volume. Patients are either on the free version of the drug or they are finishing their current supply before starting treatment. Longer term, we are optimistic the company will convert free Skytrofa patients to the commercial reimbursed product. Furthermore, we anticipate TransCon PTH, used to treat hyperparathyroidism, will be approved and rolled out in 2023, providing another tailwind to the company's profit cycle.

Among our top contributors were Catalent and Argenx. Catalent is one of the largest contract manufacturing suppliers to the pharmaceutical industry. Drug development is complex, and contract development organizations (CDMOs), such as Catalent, allow pharmaceutical and biotech companies to outsource their drug development and manufacturing needs. Given our expectation for persistent strength in the company's biologics business and the longer term potential for gene therapies to emerge as valuable treatment options for patients with certain serious conditions—requiring significant help from CDMOs like Catalent—we believe the profit cycle ahead is compelling.

Argenx's sales for VYVGART—its recently approved drug to treat a chronic neuromuscular condition (myasthenia gravis)—is pacing well ahead of expectations (3X higher than consensus sales estimates in Q1). VYVGART is also in development for several other autoimmune diseases, including immune thrombocytopenia purpura, which is a blood disorder characterized by fewer platelets. This second indication reported positive phase 3 results during Q2, and we believe it could receive FDA approval in early 2023.

## Investment Results (%)

As of 30 June 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFDX	-7.74	-20.46	-31.55	-27.84	7.16	—	—	11.02
Advisor Class: APDDX	-7.73	-20.42	-31.51	-27.77	7.23	—	—	11.06
MSCI All Country World Index	-8.43	-15.66	-20.18	-15.75	6.21	—	—	6.87

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (21 August 2017); Advisor (3 February 2020). For the period prior to inception, Advisor Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor Class and the share class's returns during that period would be different if such expenses were reflected.

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.

## Portfolio Details

	APFDX	APDDX
Net Asset Value (NAV)	\$15.01	\$15.04
Inception	21 Aug 2017	3 Feb 2020
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2022 <sup>1,2</sup>	1.36/—	1.47/1.30 <sup>3</sup>
Prospectus 30 Sep 2021 <sup>4</sup>	1.38/—	1.41/1.31 <sup>3</sup>

<sup>1</sup>Excludes Acquired Fund Fees and Expenses as described in the prospectus.  
<sup>2</sup>Unaudited, annualized for the six-month period. <sup>3</sup>Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2023. <sup>4</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Veeva Systems Inc (United States)	5.7
Catalent Inc (United States)	3.6
Techtronic Industries Co Ltd (Hong Kong)	3.5
Advanced Micro Devices Inc (United States)	3.5
Boston Scientific Corp (United States)	3.5
Valmont Industries Inc (United States)	3.1
Ingersoll Rand Inc (United States)	2.9
First Republic Bank (United States)	2.8
Ascendis Pharma A/S (Denmark)	2.7
Argenx SE (Belgium)	2.5
<b>TOTAL</b>	<b>33.9%</b>

Source: Artisan Partners/MSCI.

## Sector Diversification (% of portfolio securities)

	Fund	ACWI <sup>1</sup>
Communication Services	1.8	7.9
Consumer Discretionary	6.4	11.1
Consumer Staples	0.0	7.6
Energy	0.0	5.0
Financials	15.9	14.5
Health Care	27.0	13.0
Industrials	18.8	9.4
Information Technology	28.0	20.9
Materials	1.2	4.8
Real Estate	1.0	2.8
Utilities	0.0	3.2
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 6.2% of the total portfolio. <sup>1</sup>MSCI All Country World Index.

## Average Annual Total Returns

As of 30 June 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFDX	-7.74	-20.46	-31.55	-27.84	7.16	—	—	11.02
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## Region/Country Allocation (% of portfolio securities)

REGION	Fund	ACWI <sup>1</sup>
<b>AMERICAS</b>	<b>67.8</b>	<b>63.8</b>
United States	65.1	60.6
Canada	2.6	3.2
<b>EUROPE</b>	<b>23.1</b>	<b>15.7</b>
Denmark	5.2	0.7
Germany	4.0	1.9
Belgium	2.7	0.2
Italy	2.5	0.6
United Kingdom	2.2	3.9
France	2.1	2.7
Finland	1.5	0.2
Netherlands	1.2	1.0
Norway	1.0	0.2
Spain	0.6	0.6
<b>PACIFIC BASIN</b>	<b>6.4</b>	<b>8.6</b>
Hong Kong	4.4	0.8
Japan	2.0	5.4
<b>EMERGING MARKETS</b>	<b>2.8</b>	<b>11.7</b>
Brazil	1.7	0.6
Iceland	1.1	—
<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)	22
James D. Hamel, CFA	25
Matthew H. Kamm, CFA	22
Craig A. Cepukenas, CFA	33
Jay C. Warner, CFA	20

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.

Current and future portfolio holdings are subject to risk. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. 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 30 Jun 2022: Atlassian Corp PLC 2.5%. 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.

**Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Private Market Value** is an estimate of the value of a company if divisions were each independent and established their own market stock prices. **Consumer Price Index** measures the average change in prices over time that consumers pay for a basket of goods and services.

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