Artisan Global Value Fund

QUARTERLY
Commentary

Investor Class: ARTGX | Advisor Class: APDGX

As of 31 March 2016

Investment Process

We seek to invest in high-quality, undervalued companies with strong balance sheets and shareholder-oriented management teams.

Undervaluation

Determining the intrinsic value of a business is the heart of our research process. Intrinsic value represents the amount that a buyer would pay to own a company's future cash flows. We seek to invest at a significant discount to our estimate of the intrinsic value of a business.

Business Quality

We seek to invest in companies with histories of generating strong free cash flow, improving returns on capital and strong competitive positions in their industries.

Financial Strength

We believe that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management the ability to build value when attractive opportunities are available.

Shareholder-Oriented Management

Our research process attempts to identify management teams with a history of building value for shareholders.

Team Overview

Our team has worked together for many years and has implemented a consistent and disciplined investment process. Our team is organized by geographic regions, but within those regions we are generalists who look across all industries. We believe this model enables our analysts to become broad thinkers and gain critical insight across all economic sectors.

Portfolio Management

Daniel J. O'Keefe
Portfolio Manager (Lead)

N. David Samra
Portfolio Manager

Investment Results (%)

As of 31 March 2016	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTGX	**1.40**	**1.40**	**-2.01**	**7.45**	**9.70**	—	**6.75**
Advisor Class: APDGX	**1.41**	**1.41**	**-1.90**	**7.50**	**9.73**	—	**6.76**
MSCI All Country World Index	0.24	0.24	-4.34	5.54	5.22	—	1.64

Source: Artisan Partners/MSCI. [1]Returns for periods less than one year are not annualized. [2]Investor Class inception: 10 December 2007. Advisor Class performance is that of the Investor Class from 10 December 2007 through the inception of the Advisor Class on 1 April 2015, and actual Advisor Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Advisor Class for the period prior to the Class's inception, and Advisor Class performance results would differ if such expenses were reflected.

Expense Ratios (% Gross/Net)	ARTGX	APDGX
Annual Report 30 Sep 2015[2]	1.28/—	1.23/1.20[1,4]
Prospectus 30 Sep 2015	1.29/—	1.16[3]/—

[1]For the period from commencement of operations 1 Apr 2015 through 30 Sep 2015. [2]Excluding Acquired Fund Fees & Expenses as described in the prospectus. [3]Includes estimated expenses for the current fiscal year. [4]Reflects a contractual Fund expense reimbursement agreement in effect through 1 Feb 2017.

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.

Market Overview

The S&P 500 Index's modest but positive 1% return in Q1 camouflaged significant intra-quarter volatility. At its low on February 11, the S&P 500 Index was down 10%—a welcome little selloff that bargain hunters such as ourselves greeted with open arms. Alas, the downturn was short-lived, as the world's central bankers rode in once again to prop up asset prices.

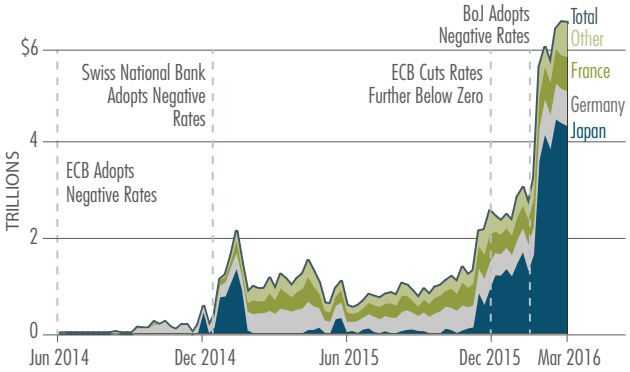
Outside the US, developed stock markets reported a decline of about 3% (all returns in USD unless otherwise stated), masking even greater volatility than was seen in the US. European markets at their worst were down 15% in local currency, while the Japanese stock market bottomed in February down 23%. As we write this letter, the Japanese stock market is still down more than 11%, while European markets have retraced most but not all of their losses (as of April 18). Some of the decline in foreign developed markets was offset by the dollar's depreciation against key currencies. From the beginning of the year through March 31, the yen appreciated by 7%, while the euro and Swiss franc are both up more than 4% relative to the dollar. The British pound weakened more than 2%, mainly due to negative sentiment surrounding Britain's potential break from the European Union ("Brexit").

In aggregate, emerging markets were up almost 3% in local currency with currency appreciation adding another 3%. Oil prices staged a rebound as did precious metals—gold, silver and platinum. Most other commodities were flat to down.

Let's start the central bank discussion with Japan. In late January, Japan's central bank started charging the country's banks for deposits, effectively ringing in the Japanese era of negative rates. Remember that Europe's central bank (ECB) began the same journey in 2014. Japan is merely following in Europe's footsteps, and pushing Japan further down the road of its 20-plus year experiment in extreme monetary manipulation.

A negative bank deposit rate is intended to encourage banks to lend, rather than leaving excess liquidity on deposit with the central bank. Because Japan's economy is weak (Europe's, too), there is not much growth in lending. As a result, banks use the money to purchase other assets, such as government and corporate bonds. That creates an artificial cascade of falling rates of return in all security markets. For example, today an investment in a 10-year Japanese government bond will *COST* the investor 0.10% per year. As it stands today, collectively there is about $7 trillion of Japanese and European government bonds earning a negative rate of return (Exhibit 1).

Exhibit 1: Going Negative
Government Bonds With Negative Yields, 2014-2016



Sources: BlackRock Investment Institute, JP Morgan and Thomson Reuters, March 2016.

Notes: The chart is based on the JP Morgan Global Government Bond Index. The Going Negative chart originally appeared on page 4 of the Q2 2016 BlackRock Global Investment Outlook.

On March 10, not to be outdone, the ECB cut its bank deposit rate from -0.30% to -0.40%. And just in case someone thought they weren't being aggressive enough, the ECB also decided to increase the rate at which it would print money (from €60bn per month to €80bn per month). The cherry on top—the ECB decided it would basically pay banks to make loans.

This put the US Federal Reserve in an increasingly untenable position. The Fed stands alone in the developed world in that it actually is trying to raise interest rates. The rest of the developed world cutting rates into negative territory puts further upward pressure on the US dollar against both the yen and the euro, imperiling the US policy goal of achieving low single-digit inflation. As a result, the Fed announced in mid-March it would slow the expected rate of interest rate increases for 2016—from four 25bps increases to perhaps one. Most stock markets rallied.

The stated intention of the elixir is of course to improve current economic trends and stave off a slow growth-induced deflationary spiral. Other potential benefits of expanding the monetary base (printing money) and lowering interest rates are weakened exchange rates and creation of a wealth effect through ever-rising stock, bond and real estate markets. While we empathize with those policy objectives, we have expressed reservations in these letters about the limitations and unintended consequences. The Japanese, for example, are not reacting to negative rates by taking out loans, but rather by buying safes in which to store the cash they are withdrawing from the banking system. Perhaps risks are building in the economic system. As policies become more aggressive, markets are starting to recognize the potential ineffectiveness or destructive potential of central bank

intervention. We would note that the S&P 500 has provided little in the way of return since the end of 2014, while European stock markets are just flat and Japanese markets are down over that same period. This quarter, inexplicably both the euro and the yen appreciated versus the dollar in the face of the most extreme policy measures adopted to date. And, as indicated earlier, Japanese and European stock markets remain in negative territory so far this year.

As engaged observers of markets and economies, we find it encouraging that a tide of opinion appears to be rising against these extreme monetary policies. For example, Bill Gross (recently quoted in a *Barron's* article) pointed out that the historical model of lowering central bank rates to invigorate the economy has not worked over the past 5 years—and perhaps not even over the past 15 or 20 years in Japan. In a recent *Bloomberg* article, Sergio Ermotti, the CEO of UBS, indicated that current conditions are pushing banks to increase risk. He said, "There are banks that don't know what to do any longer with deposits, so everybody is trying to beat each other on pricing, and eventually this is going to lead into a structural deficit." Larry Fink, Chairman of BlackRock—the world's largest asset management company—started off his annual shareholder letter with the following:

Particularly worrying is the adoption of negative interest rates by central banks attempting to spark economic growth. Their actions are severely punishing the world's savers and creating incentives to reach for yield, pushing investors into less liquid asset classes and increased levels of risk, with potentially dangerous financial and economic consequences.

Finally, we are increasingly seeing articles about the negative consequences of low and negative interest rates to savers, pension funds and life insurance companies. The doorbell is ringing. Is anyone home?

(As an aside, we think you should consider printing out Exhibit 1, framing it and hanging it on your wall. What you are looking at is historically unprecedented, and we believe there is a possibility that, over the course of the next decade, you will look back on this period and recognize its insanity).

Portfolio Discussion

Portfolio activity was limited during the quarter. We initiated the purchase of one meaningful position: FedEx.

FedEx is one of the world's leading parcel, express and freight delivery networks. The company's profits are roughly split 50/50 between its time-definite "express" delivery business and its package delivery, or "ground" delivery business. The ground business is the more valuable of the two. It has been enjoying rapid, high-margin secular growth as e-commerce has spurred growing demand for package delivery. Just think about how many packages are delivered to your house today compared to five and ten years ago, and you have an idea for the growth driver of this business. The express business is much more mature and more cyclical, tied as it is to corporate supply-chain activity. In recent years, management has recognized the maturity of express, taking steps to improve its cost base and make its profits less cyclical. In addition to growth in ground and cost improvements in express, we are also attracted to the potential growth opportunities afforded by FedEx's pending acquisition of TNT Express (a Dutch parcel delivery company). This acquisition will fill in gaps in FedEx's European network, and we believe that it will lead to significant profit growth over the next five to ten years. We paid roughly 12X earnings for our shares.

The three best performing equities this past quarter were Telefonica Brasil, Tesco PLC and Oracle Corp. Our holdings in the financials sector dominated the negative side of the ledger.

Telefonica Brasil returned 39% during the quarter. We purchased our shares in this Brazilian telecommunications leader in 2015. Given Brazil's deteriorating economic and political conditions, the share price declined dramatically in the back half of Q4 2015 along with the Brazilian stock market. We averaged down fairly aggressively—a skill we have honed over our decades of buying unpopular stocks which often seem to get more unpopular after we buy them. This quarter, the shares and the Brazilian stock market bounced back. Operationally Telefonica is performing well. The company is gaining market share at the high end of the market for wireless subscribers, growing broadband subscribers and cutting costs. The shares are still cheap. We note that macro conditions in Brazil are worse than in any other major economy in the world. Not only is the economy declining, but inflation is high and unemployment is rising. Brazil's president is embroiled in a number of scandals, is universally unpopular and facing impeachment. In the face of these negative conditions, the stock market and the Brazilian real have rallied significantly. Price and valuation, rather than outlook, can oftentimes be a very powerful driver of returns.

Tesco is another company where we have become very adept at averaging down. The share price rallied 29% in British pounds during the quarter. CEO David Lewis is showing steady progress in turning this business around, and investors are beginning to discount those improvements in the valuation.

The shares of the portfolio's largest investment, Oracle, gained 12.5% during Q1. Oracle is currently transitioning much of its product offering to the cloud, shifting to a monthly, subscription-based revenue model rather than a one-time licensing model. We believe that over the long term, the monthly revenue model will allow Oracle to grow, reporting a steady, recurring revenue stream that will make Oracle a more valuable business. However, in the short term, the change from a large lump-sum to a much smaller monthly revenue model has held back reported revenue and profit growth. In the most recent quarter, Oracle's results demonstrated that the cloud transition is showing success, and the company is closer to reporting revenue and profit growth.

Nine of the ten worst performing equities during the quarter were financials costing the portfolio 4%. The worst performers were all commercial banks including Royal Bank of Scotland (RBS), UBS and Citigroup.

Investor sentiment has turned distinctively negative on banks, driven by both fundamentals and fear. On the fundamental side, fourth quarter earnings were inconsistent (some good and some bad) while first quarter 2016 earnings are expected to be weak across the board. Headwinds include a weak investment banking environment, interest rate pressures for those banks operating on the continent, fee pressure and regulatory cost pressure. On the sentiment side, things have changed dramatically. At this time last year, investors could point to the possibility of rising interest rates and therefore higher lending spreads. Today, it is clear that interest rates have mostly moved down. In addition, regulatory uncertainty remains an issue—and for RBS and Lloyds, the uncertainty around Brexit has not helped. As a result, valuations have been pushed down well below levels we thought were already attractive (as we pointed out in last quarter's shareholder letter). Our enthusiasm increased as prices declined.

At today's market prices, RBS trades at 62% of tangible book value and less than 8X our estimate of normalized earnings. The earnings valuation excludes what we estimate to be up to more than half of the market cap in excess capital. UBS Group trades at 1.1X tangible book and 9.5X normalized earnings. Citigroup closed the quarter at about $42 per share, roughly 70% of tangible book and 7X net income. It is very well capitalized, and its balance sheet is strong and liquid. Of course, attempting to normalize earnings for an inherently leveraged and volatile business is difficult, but we believe that our estimates are reasonable and conservative. The banks owned in the portfolio are competitively well positioned, carry excess capital, and we believe are capable of generating returns above 10% on tangible book over time, providing years of more than adequate compounding. Collectively the portfolio's investments in commercial banks offer the highest opportunity to generate returns, in our view.

We do not underestimate the enormous pressure placed on commercial banks. Politicians continue to use populist rhetoric to demonize bankers (sometimes now referred to as "banksters"). Regulators, controlled by those same politicians, have been set upon a path of increasingly stringent capital requirements. And finally, central banks are stuck in a system of belief that low interest rates are the antidote for a sickly economy, irrespective of the impact to the banking system.

We are encouraged to see some pushback from the industry. A few bankers such as Jamie Dimon, Ralph Hamers and Sergio Ermotti (respectively, CEOs of JP Morgan, ING and UBS) have publicly discussed overly aggressive central bank and regulatory policies. In addition, last November, Mark Carney (Governor of the Bank of England who also sits on the Financial Stability Board) publicly questioned whether bank regulations have gone too far. Perhaps this marks the beginning of a change in sentiment, perhaps not. Either way, we prefer to rely on the cheap valuations of these high-quality assets as the ultimate indicator of investment attraction. Leading franchises such as ING, Lloyd's, Citigroup, UBS and RBS are valuable, well-capitalized properties that are being priced as dead assets. As we indicated previously, price and valuation, rather than outlook, can oftentimes be a very powerful driver of returns.

For more information: Visit www.artisanpartners.com | Call 800.344.1770

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

MSCI All Country World Index measures the performance of developed and emerging markets. S&P 500® Index measures the performance of 500 US large-cap companies. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

This summary represents the views of the portfolio managers as of 31 Mar 2016. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. These holdings comprise the following percentages of the Fund's total net assets (including all classes of shares) as of 31 Mar 2016: FedEx Corp 1.1%, Telefonica Brasil SA 2.9%, Tesco PLC 2.9%, Oracle Corp 5.1%, Royal Bank of Scotland Group PLC 2.9%, UBS Group AG 2.4%, Citigroup Inc 3.1%, ING Groep NV 1.9%, Lloyds Banking Group PLC 1.7%. Securities named in the Commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner.

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