Artisan Global Value Fund

QUARTERLY
Commentary

Investor Class: ARTGX | Advisor Class: APDGX

As of 30 June 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 30 June 2016	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTGX	**-0.62**	**0.77**	**-3.06**	**6.02**	**8.93**	—	**6.47**
Advisor Class: APDGX	**-0.56**	**0.84**	**-2.94**	**6.09**	**8.97**	—	**6.49**
MSCI All Country World Index	0.99	1.23	-3.73	6.03	5.38	—	1.71

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	ARTGX	APDGX
Semi-Annual Report 31 Mar 2016[1,2]	1.25	1.12
Prospectus 30 Sep 2015	1.29	1.16[3]

[1]Unaudited, annualized for the six month period. [2]Excluding Acquired Fund Fees & Expenses as described in the prospectus. [3]Includes estimated expenses for the current fiscal year.

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 quarter's closing numbers paint a fairly mundane stock market picture: Broad-based indices in the US and Europe were up or down a couple of percent. Not a great outcome but not a terrible one, either. The S&P 500® was up 2.5% (returns in USD unless otherwise stated); Europe, broadly speaking, was down a percent in local currency. Emerging markets did better than most developed markets, with China just flat, India up 5.7% and Brazil up 3.0% in local currency. Commodities rebounded quite a bit—oil was up 25.5%, though it finished lower than where it was a year ago. Many other commodities followed a similar pattern. But for those of you who paid attention every day like we did, the quarter felt a lot more dramatic than the closing numbers would imply.

It's not often that we witness the undoing of 50-plus years of economic policy, but that is exactly what we saw in the UK this quarter. The world was shocked to wake up on June 24 and learn that British voters had decided by a 52-to-48 margin to exit the EU—the so-called Brexit. The Brits themselves seemed similarly shocked: The day after the vote, the most popular Google UK search was the query, "What is the EU?" The UK has been a member since 1973, and while many voted to leave, many apparently did not know what their vote meant.

Fundamentally, Brexit is largely about trade and immigration. The main benefit of EU membership is open access to a large free-trade zone. The combined economies of EU members amount to roughly $18 trillion, making it the largest economic zone just ahead of the US. Members trade among themselves without borders or tariffs—a tremendous economic advantage. However, just as goods and services move freely between EU member states, so too do EU citizens. This effectively creates one large open-border zone among members. However, high levels of immigration into the UK have created social tensions and strong political pressure for limitations. These limitations are impossible as an EU member, hence the vote to leave.

The full economic implications of the divorce remain to be seen (more on that later), but its symbolism is hard to overstate. The European Union was born out of the rubble of World War II with a vision that greater economic and political ties among European states might inoculate them against the deadly strains of nationalism and xenophobia that gave rise to two world wars. From 1951 onward, Europe became increasingly integrated, culminating in the membership of 28 countries, 19 of which adopted a common currency. Since the financial crisis, the ties holding the union together have become increasingly frayed, as member states realized they may wish to pursue policies inconsistent with those required by the EU. Nevertheless, over the past decades, dozens have strived to earn EU membership, believing it to be a pre-condition to economic prosperity and political prestige. Never has one sought to leave—until now.

We don't know how historians will ultimately look back and characterize this time period following the financial crisis. But to us, it is looking like a great unravelling of some of the basic economic assumptions that have been taken for granted for decades. A loan was once a cost for the borrower and a source of income for the lender—that relationship is now turned on its head. Today, more than $13 trillion of government bonds trade at negative yields, generating profits for the borrower and losses for the lender. Free trade and immigration, both of which are demonstrably positive for economic growth, are now disparaged on a scale not witnessed in decades. We could go on. The point is there is an unrest that has settled across developed world economies that is manifesting itself in challenges to orthodoxy unimaginable 10 years ago. Economies have been stagnant for too long. Wages have failed to keep up with expectations of a better future and inflation—despite protestations by government agencies that there is no inflation. Populations are fed up, angry and losing faith in government leaders who seem unable to find policy solutions to seemingly intractable problems. Brexit is merely a symptom of this, as is the surprising rise of populist candidates in the US, such as Donald Trump and Bernie Sanders.

Brexit's fallout appears unambiguously negative so far. The UK's prime minister announced his resignation in the vote's wake, casting a pall of political uncertainty over the country that has only partly been alleviated with the elevation of Theresa May as PM. Scottish politicians have said they will move toward a referendum proposing Scotland's separation from Great Britain. It is painfully ironic that a movement with clear nationalist strains may ultimately lead to the dismantling of one of the world's great empires.

Uncertainty abounds in the economic realm as well. The future of the UK's trade terms with the rest of the EU remains an open question, as these terms must all be negotiated. This will likely take years. Investment into the UK will slow as businesses wait to see under what terms they are committing their capital.

The economic uncertainty sent the British pound down 10% against the dollar, reaching levels not seen since the 1980s. British purchasing power is now significantly reduced—the UK is an import-dependent economy, and those imports just became more expensive. Talk of recession in the UK is not about whether there will be one, but how long it will last and how deep it will be.

It is increasingly clear to us that Brexit is largely a shout of protest. It is an act of defiance and frustration, rather than a well-reasoned policy prescription. There is no clear path to reconciling the immense benefits of free trade with the EU on the one hand, and on the other, the contentious requirement of open borders. It seems unlikely the EU will allow the UK unfettered access to its markets without also

requiring free movement of people. If it does, the EU will open the floodgates to other members choosing to follow the UK's path. In this sense, the risk of Brexit is not solely limited to the UK. Brexit throws an existential question into the laps of the remaining EU members. Similar anti-EU political movements may gain ground in other European countries, now that one country has cleared the way. This creates an incentive for the EU to negotiate hard and hold the line against the UK. That said, free trade benefits both sides immensely. Trade terms will be established, and both sides should work to achieve a positive economic outcome, as it is in everyone's best interests. But it will take time and create uncertainty, and we believe any new deal is unlikely to be as economically advantageous as the terms of EU membership.

Indeed, as the impossible promises (some would say lies) of Brexit now clash with the reality of how to move forward without significant economic pain to the UK, Brexit's political sponsors have scattered rather than claim the mantle of Brexit champion. Former mayor of London Boris Johnson, a major Brexit supporter and presumed future prime minister, withdrew his name from contention for the top job. Nigel Farage, who has been the face of the anti-EU movement for decades, announced that he will not stand for re-election as leader of the UK Independence Party and immediately stepped down. If the old adage that "success has many fathers but failure none" is true, Brexit proponents appear more than a little concerned about what their victory has wrought. This should serve as a sobering, perhaps chilling reminder of the dangers of simplistic populism and the hollowness of its promises.

Portfolio Discussion

Unsurprisingly, performance this quarter was heavily influenced by the Brexit vote. The day the vote was announced, global stock markets fell over 4% (in local currency) while bond prices rose and gold rallied as investors rushed to safe-haven investments. The US 10-year Treasury yield reached an all-time low of 1.36% on July 8. Bank stocks suffered the most in the selloff. Fearing the start of another crisis, investors assumed the worst about how banks would fare and sold aggressively. Bank stocks declined by 6.6% from the day before the Brexit results through quarter end.

We have written a lot about banks over the last several months and even the past years. For quite some time, we have seen opportunity in this area within a market that has offered few attractive valuation opportunities. So far, we have clearly been wrong. Over the past few years, our weighting in banks has gone from approximately 3% in 2013 to 13% as of Q2 2016. On average, over the past three years, our bank holdings returned -15.92% versus the portfolio return of 6.02%. And in the most recent quarter, banks were clearly our worst performing holdings. Collectively, our bank holdings dragged down the portfolio's market value by approximately 1.9%. Our UK banks—RBS and Lloyds—were the worst performers, down 26.4% and 22.7%, respectively. UBS and ING were down 15.0% and 10.8%, respectively. RBS's share price recently hit a new low of 149p, reaching depths it had not seen since the worst of the financial crisis.

But stock price movements do not necessarily correspond to declines in underlying business value. Bank stock valuations in many cases are implying a crisis similar to the one we experienced in 2008-2009. We do not believe this is likely. The 2008-2009 financial crisis was a function of multiple forces that we do not see today. Leading up to the crisis, lending grew rapidly and recklessly. Banks filled their balance sheets with exotic and leveraged financial instruments. This led to large bad debt write-offs. Today, most banks sit on loan books that have been shrinking, purged of the reckless underwriting of the pre-crisis period. Before the financial crisis, banks were heavily reliant on short-term wholesale funding, which in turn made them dependent on daily or weekly refinancing in the capital markets. When investors lost confidence and withdrew that financing, banks were left unfunded. Today, banks are funded largely or entirely by more stable deposit bases and, in most cases, have several months of liquidity on hand. Finally and perhaps most importantly, banks hold orders of magnitude more capital than they held before the financial crisis.

That being said, should Brexit lead to a UK recession, banks with exposure to that country will see earnings pressure. RBS and Lloyds fall into this camp. Pressure will likely come from two main areas. First, provisions for bad debts will rise. RBS and Lloyds have had extremely low levels of bad debt charges over the past few years, their loan books have been flat to down, and the economic environment has been benign. If there is a recession, their customers will feel the strain, and bad debt charges will rise. Second, the Bank of England will likely lower interest rates in the face of economic headwinds. This will pressure net interest margins, a key driver of revenue and hence profitability. However, these are cyclical factors. We believe both banks are in a position to absorb meaningful levels of profit headwinds without impairing business value. As a result, we added to both Lloyds and RBS as well as UBS and ING during the selloff.

Brexit impacted the portfolio in other ways as well. The value of the pound declined by roughly 7.0% versus the US dollar in Q2. Mechanically, that means all of our UK holdings took an automatic hit of the same amount, merely by translation of the new exchange rate. However, local returns of some of our UK holdings more than offset the lower exchange rate. Compass and Diageo are the two notable examples: During Q2, Compass rose 17.6% in local currency and 9.0% in USD, while Diageo rose 11.7% in local currency and 3.5% in USD—for two reasons. Both companies' share prices, as well as revenues and profits, are denominated in British pounds. However, only a fraction of their actual business takes place within the UK—they are global companies, both earning most of their revenues and profits in other areas and other currencies. As a result of the pound devaluation,

non-UK earnings rise when translated back into pounds, making them more valuable to UK shareholders. In effect, what we lost in the share-price translation, we more than gained through higher pound profits.

Compass and Diageo raise another point worth dwelling on: risk management. While we have communicated quite a bit about the banks' cheap valuations over the past year, valuation is not the sole component of our risk management strategy. We know that the appearance of cheap prices can be illusory, which is why we also focus on business quality, balance sheet strength and management quality—both individually and in aggregate across the portfolio. This explains why we never pushed our holdings in banks to the maximum levels allowed under our industry guidelines. They are cheap, well capitalized, valuable franchises—but banks are inherently leveraged and therefore volatile business models. That volatility has hurt us, especially this quarter.

Fortunately, we also have significant holdings in the portfolio with tremendous financial strength and quality characteristics that helped offset some of that volatility. During the Brexit panic, investors dumped assets perceived to be risky and bought assets perceived to be safe havens. These were among our best performers during the quarter, including Medtronic, Johnson & Johnson, Marsh & McLennan and of course the aforementioned Diageo and Compass. There was no fundamental news that drove their share prices. Investors merely reached for anything perceived as steady and safe. We would point out that the valuations of these types of safe-haven stocks have reached levels that imply very low future returns.

One more point on diversification as well as volatility: Two of our best performers this quarter were emerging markets companies Telefonica Brasil and Samsung Electronics. During the emerging markets selloff in 2015, these stocks suffered steep declines—and we were active buyers of both. At one point, we sat on meaningful losses in both. During the recent quarter, they generated strong returns—perhaps because they had become extremely cheap and also perhaps because they were viewed as untouched by the strains of Brexit. Nevertheless, they are good examples of how diversification helps manage risk, as well as the importance of taking advantage of market volatility to buy at attractive prices when everyone else is selling.

We built only one meaningful position this quarter: Cie Financiere Richemont, a Swiss-domiciled manufacturer and distributor of luxury goods. The company owns some of the best-recognized brands in the world, including Cartier, Van Cleef & Arpels, Piaget, Jaeger-LeCoultre and Montblanc, among several others. The company is controlled by a South African industrialist, Johann Rupert, who we believe is an excellent steward of shareholder value. The company has a strong balance sheet with considerable excess cash and assets. Adjusting for the value of non-operating assets, the shares trade at a significant discount to what we believe the operating businesses are worth. The obvious headwind the company is facing is the declining consumption of luxury goods by Chinese consumers. China's consumption of luxury goods has grown at extraordinary rates over the last 10 years, which has driven revenue and profit margins at most luxury goods companies. As China's growth slows and its excesses wash out, Richemont will face earnings headwinds. We believe the decline of Richemont's share price overstates the magnitude of those headwinds.

We sold our shares of Applied Materials during the quarter as they reached our estimate of fair value.

We have one organizational update we are pleased to announce: The Artisan Partners Global Value Team has recently opened a research office in Chicago. This office will be headed by Dan O'Keefe, and he will be joined by Justin Bandy. The team will continue to operate in the same way that we always have, albeit from two locations instead of one.

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 30 Jun 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 30 Jun 2016: Royal Bank of Scotland Group PLC 2.7%, Lloyds Banking Group PLC 1.4%, UBS Group AG 2.4%, ING Groep NV 1.8%, Diageo PLC 1.2%, Compass Group PLC 1.3%, Medtronic PLC 3.8%, Johnson & Johnson 3.6%, Marsh & McLennan Cos Inc 3.5%, Telefonica Brasil SA 3.2%, Samsung Electronics Co Ltd 3.8%, Cie Financiere Richemont SA 1.0%. 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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Book Value is the net asset value of a company, calculated by total assets minus intangible assets and liabilities. **Tangible Book Value** is a measure of a company's shareholder equity after removing any intangible assets.

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