Artisan Global Equity Fund

QUARTERLY
Commentary

Investor Class: ARTHX

As of 31 December 2016

Investment Process

We seek to invest in companies, within our preferred themes, with sustainable growth characteristics at attractive valuations that do not fully reflect their long-term potential.

Themes

We identify long-term secular growth trends with the objective of investing in companies that have meaningful exposure to these trends. Our fundamental analysis focuses on those industry leaders with attractive growth and valuation characteristics that will be long-term beneficiaries of any structural change and/or trend.

Sustainable Growth

We apply a fundamental approach to identifying the long-term, sustainable growth characteristics of potential investments. We seek high-quality companies that typically have a sustainable competitive advantage, a superior business model and a high-quality management team.

Valuation

We use multiple valuation metrics to establish a target price range. We assess the relationship between our estimate of a company's sustainable growth prospects and its current valuation.

Team Overview

Our team approach combines the benefits of strong leadership with the creative ideas of a deep and highly experienced team of research analysts. We believe this approach allows us to leverage a broad set of perspectives into dynamic portfolios.

Portfolio Management

Mark L. Yockey, CFA
Portfolio Manager

Charles-Henri Hamker
Portfolio Manager

Andrew J. Euretig
Portfolio Manager

Investment Results (%)

As of 31 December 2016	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTHX	**-4.78**	**-1.87**	**-1.87**	**0.84**	**11.59**	—	**9.72**
MSCI All Country World Index	1.19	7.86	7.86	3.13	9.36	—	7.05

Source: Artisan Partners/MSCI. [1]Returns for periods less than one year are not annualized. [2]Fund inception: 29 March 2010.

Expense Ratios	
Annual Report 30 Sep 2016	1.37%
Prospectus 30 Sep 2015	1.37%

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. The Fund's investments in initial public offerings (IPOs) made a material contribution to the Fund's performance. IPO investments are not an integral component of the Fund's investment process and may not be available in the future.

Investing Environment

Global stocks produced solid gains in Q4 in local terms, though a strengthening US dollar materially pared USD-based returns. Equity markets were highly influenced by three events in Q4: 1) the US presidential election, 2) the Fed's December meeting and 3) the late-November OPEC meeting. Not unlike Brexit, US presidential election results appeared to catch investors by surprise, and markets swiftly repriced increased US growth and inflation expectations on the prospects for a new administration taking action on tax reform and deregulation. That combined with a December Fed rate hike—only its second in a decade—fueled a strong US dollar rally. The US dollar appreciated strongly against most currencies, including the euro, yen and British pound.

An improving global growth outlook helped cyclicals outperform, led by the financials, energy and materials sectors. Commodity stocks continued their momentum following the rebound in commodity prices earlier in 2016. Energy stocks further benefited from OPEC's late-November agreement to curtail production, buttressing the oil market. Financials—a sector that had lagged earlier in the year and for the past several years in an environment of low interest rates and loan growth, balance sheet concerns and increased regulation—was additionally aided by a backup in long-term interest rates globally. A steepening in the yield curve (i.e., the widening spread between short-term and long-term bond yields) is a boon to the profitability of banks, insurance companies and other financial institutions that borrow short and lend or invest long. In contrast, defensive and higher-yielding sectors trailed (e.g., consumer staples, health care and utilities) as they typically do in a cyclical growth environment.

Value significantly outperformed growth during the quarter—the MSCI AC World Value Index outperformed the MSCI AC World Growth Index by over 700bps. Differing sector exposures explain much of the divergence, as the growth index has bigger weightings in consumer staples and health care and smaller weightings in financials and energy. From a regional perspective, Japan performed strongly in local terms aided by a weak currency. Conversely, emerging markets came under pressure. A strengthening US dollar is negative for countries with a US dollar peg and large amounts of dollar-denominated debt and can result in lost purchasing power and tighter monetary policy as authorities combat inflationary pressures.

For the full year, the best performing sectors by a substantial margin were energy and materials as commodity prices bounced back following the commodity bust of 2015. Most other sectors were up single-digit to low double-digit percentages. On the downside, the health care sector experienced declines, due in part to ongoing scrutiny over drug pricing, but also the shifting preference away from earnings stability and yield. While most major regions posted gains, emerging markets outpaced developed for the full year, led by commodity exporters Brazil and Russia. The UK was up strongly in local terms, but gains were completely offset by a weak British pound. Conversely, Japan finished the year with a modest decline in local terms, but generated a low single-digit return in US dollar terms due to modest yen strength for the full year.

Performance Discussion

2016 was a challenging year for the team's investment approach. Not only was our investment style emphasizing sustainable growth out of favor, but we were also poorly positioned for an improving backdrop for the global economy and commodity markets. In addition, we were slow to recognize the pickup in bond yields which began in the summer and accelerated in Q4. Brexit and the US election were pivotal events in 2016 and in both instances, we got them wrong.

We began the year with a cautious, even bearish, view of the world outside of the US, struggling to find growth opportunities in most regions. At that time, we believed multiple influences contributed to a risk-off climate for equity markets—the Fed had just raised rates for the first time in many years, credit markets were selling off driven by the collapse in commodities, bond yields were negative in much of the world and China's economy appeared to be slowing materially. There was capital flight out of emerging markets, and the renminbi was under pressure due to foreign exchange flows. Though the economic backdrop improved in subsequent months as oil prices rose and China engineered a recovery, interest rates reached all-time lows and concerns lingered around the pending Brexit vote, the US election and the health of the European banking system.

While top-line growth was difficult to find, we were particularly attracted to companies with strong cash flow and earnings visibility. That bottom-up search for sustainable growth contributed to outsized weightings in defensive sectors (e.g., health care, consumer staples), which proved a headwind as sentiment improved and interest rates moved sharply higher. We also missed out on some of the stronger-performing areas of the market as we had little exposure to cyclical commodities (i.e., energy and metals & mining). Our process has generally led us away from cyclical commodity companies that are largely dependent on forces outside of company control. By contrast, we seek high value-added companies that can innovate, command higher pricing power or provide a unique solution. However, this was a hindrance in a commodities-led rally.

In addition, we had a larger-than-usual number of stock-specific upsets, many of which came from the health care sector. Big detractors included PTC Therapeutics, Portola Pharmaceuticals, Envision Healthcare and Ginko International. Shares of biotech PTC Therapeutics fell after the US FDA deemed the company's application for its key drug Translarna™ (for muscular dystrophy) insufficiently complete for review. The FDA's response raised a host of questions related to the timing, costs and ultimate feasibility of the drug's approval in the US, undermining our original thesis. Portola Pharmaceuticals detracted after its key pipeline drug failed to achieve its primary objectives in phase-III trials. Envision Healthcare, a provider of health care services, experienced a series of missteps, including poorly executed contracts and overaggressive hiring. We sold all three

holdings in Q1, preferring to allocate that capital elsewhere. We remain investors in Ginko as we're still attracted to the company's market-share dominance in the fast-growing Chinese contact lens market, but have pared our position as the company contends with heightened competition online.

A few of our biggest YTD detractors suffered from Brexit-related concerns. These included Lloyds Banking Group (a UK-based bank) and media company Liberty Global (whose largest market is the UK). We exited our position in Lloyd's and meaningfully pared our position in Liberty Global in favor of more attractive sustainable growth opportunities. Similarly, following the US election, consumer staples holdings Japan Tobacco, Nestle and Molson Coors Brewing were weak as investors sought more cyclical investments, although Molson Coors was still one of our top contributors for the year. We continue to believe these companies are positioned to benefit from their unique brand strength and pricing power. However, we sold Molson Coors and pared Japan Tobacco and Nestle in recognition that we are in more of a cyclical growth environment, giving us opportunity to redeploy capital into holdings better positioned to benefit from a healthier macroeconomic backdrop.

Our biggest detractor in Q4 was Medtronic, a medical devices company. The stock fell on disappointing quarterly results. Timing of new product launches and slowing in the US market contributed to the miss—in our view, the slowdown in organic growth is transitory rather than due to any material structural issues. We sold our position in favor of better opportunities.

Though absolute and relative performance was disappointing, we still had a number of individual success stories for the full year, including Medivation and Amazon.com. Medivation, a biotechnology company, attracted M&A interest from multiple companies due to its blockbuster prostate cancer drug Xtandi® and promising cancer-focused pipeline, and was ultimately acquired by Pfizer in Q3. Amazon's highly successful Prime membership platform continues to drive customer loyalty, increased purchase frequency and cross-category shopping. Further, the company's enterprise cloud business (AWS) is generating exceptionally strong margins. As the market leader in the enterprise cloud industry, AWS is a major beneficiary of the widespread migration of data storage to the cloud. The transition is still in its early stages, but progressing rapidly. And because customer switching costs are high, AWS's early leadership position affords Amazon a strong competitive advantage.

Standout performers in Q4 included Celgene and Dollar General. Celgene's key drug REVLIMID®—the franchise leader in treating multiple myeloma (a cancer of plasma cells in bone marrow)—continues to see strong uptake and market share gains. Dollar General was a large Q3 detractor, pressured by US food price deflation concerns, which had led to competitive discounting among US food retailers. Subsequently, the stock benefited from the improved US economic outlook on the heels of the election.

Portfolio Positioning

In an effort to reposition our portfolio for what we believe is the next wave of growth, we had an unusually high level of turnover during the quarter. The high turnover is consistent with our view that, while we had been slow to respond to a changing market backdrop, we believe there are fundamental underpinnings to the performance shifts we're seeing in markets.

Toward the end of the summer, we became more constructive in our growth outlook—when long bond yields began to signal that higher inflation was expected—and even more so after the US election, when we identified fundamental reasons for a likely reacceleration in global growth. This is evident in recent activity. In Q4, we added to our financials exposure as we believe the potential for alleviation of regulatory headwinds against a backdrop of widening spreads make these holdings more attractive now. However, it's not only banks' increased growth potential that appeals to us. Banks have also improved their business quality in recent years as they've reduced their cyclicality by exiting investment banking businesses and strengthened their balance sheets. Valuations are also attractive, with some stocks selling at huge discounts to book value. Specific Q4 purchases included banks ING, Wells Fargo, M&T Bank, PNC, Commerzbank, Intesa Sanpaolo and UBS, insurer AXA and consumer finance company Synchrony Financial.

The net effect was an increase in our financials weighting to 28% by year end, compared to 8% at the end of Q3 and 10% at the end of 2015. A 28% financials weighting is higher than at any other time during the current market cycle, but is not historically unusual. From 2004 to 2006—the last rising rate environment—our percentage exposure to financials in our non-US growth portfolio ranged from high 20s to low 30s. As always, sector exposures are a residual of bottom-up stock decisions, and they can vary widely as changing economic, industry and company-specific dynamics impact where we find companies positioned for sustainable growth selling at attractive valuations.

Beyond the financials sector, other notable Q4 purchases included Vallourec and Lowe's—two companies we believe should benefit from cyclical tailwinds. France-based Vallourec, a leading provider of tube products and steel fabrication used in the oil and gas industry, is well positioned, in our view, to benefit from an increasing infrastructure spend. We believe Lowe's, a US home improvement retailer, should benefit from an improving US consumer backdrop, and it has room for margin expansion.

At the same time, we reduced or sold a number of our consumer staples names, principally on valuation grounds, which led to our consumer staples weighting declining from roughly 15% at the end of Q3 to about 5% at year end. We sold Mondelez International and PepsiCo and the aforementioned Molson Coors and reduced our

positions in previously discussed Nestle and Japan Tobacco as shares approached our target valuations.

Outlook

Key events in 2016, including Brexit and the US election outcome, as well as diverging global monetary policy, could have a material impact on the macro environment in 2017. President-elect Trump's pro-growth policies (e.g., tax reform, reduced regulation), if advanced, could carry important benefits for key sectors, such as financials, industrials and commodities, and also ripple positively through the global economy. A strong US dollar, rising interest rates and the threat of protectionism hindering free trade pose a few of the risks. In addition, there are several European elections coming up that could create uncertainty, particularly in France and Germany. However valuations there look quite attractive to us relative to North America.

We are disappointed in our recent results and the sharpness of the underperformance. However, previous periods of underperformance and subsequent recoveries in our 20-plus years of investing have reinforced upon us the importance of adhering to our disciplined process. We continue to believe that by investing in good quality companies with strong earnings growth and being disciplined about valuation, we will deliver superior results over the long term.

Business Update

Mike Carruthers, an analyst on the Artisan Partners Global Equity Team covering the telecommunications and media industries, retired effective December 9, 2016. Mike, a 24-year industry veteran, had been with Artisan Partners for over 17 years. We thank him for his contribution to the team over the years and wish him well in this next chapter. Coverage of stocks in the telecom and media industries has been assumed by other team members.

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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. MSCI All Country World Growth Index measures the performance of companies in developed and emerging markets with higher forecasted and historical growth rates. MSCI All Country World Value Index measures the performance of companies in developed and emerging markets with lower price/book and forward price/earnings ratios. 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 Dec 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. The holdings mentioned above comprise the following percentages of the Fund's total net assets as of 31 Dec 2016: Ginko International Co Ltd 2.4%; Liberty Global PLC 0.8%; Japan Tobacco Inc 1.9%; Nestle SA 1.5%; Amazon.com Inc 3.2; Celgene Corp 2.7%; Dollar General Corp 1.9%; ING Groep NV 2.9%; Wells Fargo & Co 2.4%; M&T Bank Corp 2.2%; The PNC Financial Services Group Inc 2.1%; Commerzbank AG 1.4%; Intesa Sanpaolo SpA 1.2%; UBS Group AG 1.2%; AXA SA 1.4%; Synchrony Financial 1.6%; Vallourec SA 2.7%; Lowe's Cos Inc 1.5%. 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. This material does not constitute investment advice.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

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