Artisan Global Equity Fund

QUARTERLY
Commentary

Investor Class: ARTHX

As of 30 June 2017

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 30 June 2017	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTHX	**7.59**	**15.17**	**14.45**	**4.63**	**12.23**	—	**11.17**
MSCI All Country World Index	4.27	11.48	18.78	4.82	10.54	—	8.16

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

Expense Ratios	
Semi-Annual Report 31 Mar 2017[1]	1.42%
Prospectus 30 Sep 2016[2]	1.40%

[1]Unaudited, annualized for the six month period. [2]See prospectus for more information.

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 equities advanced in Q2 as markets responded to a pick-up in global growth and solid corporate earnings. Further, Macron's election victory in France buoyed sentiment as it raised hopes of reforms, not only in France, but throughout the euro zone. Most sectors participated in the strength, with technology, health care and industrials leading the way while energy and telecom finished down. The energy sector was weak on the reemergence of oil-market volatility as increased oil production from US shale has hampered efforts by OPEC to temper supply via production cuts.

Growth stocks outpaced their value peers, a continuation from Q1. This was evidenced by outperformance of technology and health care stocks, as markets generally favored secular growers over commodity-oriented stocks. The MSCI AC World Growth Index outgained the MSCI AC World Value Index by nearly 300bps in Q2 and approximately 750bps YTD.

From a regional perspective, non-US equities—developed and emerging markets—outperformed US equities in US dollar terms, due partly to euro appreciation over the dollar. Economic recovery in Europe, coupled with market-friendly outcomes in European elections that reduced perceived political risk, provided a favorable backdrop for the euro—Europe returned 7% in USD but less than 2% in local terms. US equities gained about 3%, Japanese equities returned 5% in USD, and emerging markets were up about 6% in USD.

Inflationary pressures remain weak in most major economies, allowing central banks to keep monetary policy highly accommodative as they seek to spur faster economic growth. In the euro zone, the ECB's QE program is currently making €60bn in monthly asset purchases while maintaining its benchmark interest rate at zero. However, comments by ECB policy makers in June suggest the central bank is preparing markets for tapering of stimulus over the coming year. In Japan, the BOJ left its existing policy of QE and yield curve control in place with the 10-year bond yield capped at 0%. In the US, the Fed continued its steady pace of tightening—hiking its target rate in June—the fourth time since December 2015. The Fed also provided more detail on upcoming balance sheet normalization as it seeks to unwind its $4.5 trillion bond portfolio. Nonetheless, US financial conditions remain easy as corporate borrowing costs are still historically low.

Performance Discussion

Our portfolio outpaced its benchmark in Q2, putting it solidly ahead YTD. Outperformance was largely driven by stock selection, which was especially strong in the technology, financials and consumer discretionary sectors. Our above-benchmark weighting in the technology sector and minimal exposure to a weak energy sector were also beneficial. Further, the portfolio benefited from the growth-over-value performance pattern which had acted as a relative-performance headwind in 2016's value-led market.

Many of our biggest holdings were among our top contributors, such as long-time holdings Wirecard, a global payments company, and Alphabet, Google's parent company. Other top contributors included stocks we added to the portfolio in 2016, including Alibaba, China's largest e-commerce company, Deutsche Boerse, an exchanges operator, and European financial services provider ING.

Wirecard is successfully integrating accretive acquisitions in higher-growth Asian markets, and more recently in the US. It recently completed the purchase of US-based pre-paid card business Citi Prepaid Services, providing the company with the opportunity to cross-sell and deepen its relationships with a large base of Fortune 200 clients. It is also experiencing solid organic revenue growth driven by transaction volumes.

Google's parent company Alphabet is experiencing sustained momentum across products and broad-based global growth. Strength in mobile search and YouTube remains a key driver, while the company is also seeing substantial growth in Google Play, hardware and Google Cloud.

Alibaba continues to grow at a fast pace with quarterly revenues up 60% year over year. Impressively, the bulk of the growth is organic, as acquisitions contributed only about 12% of that number. Online marketing services growth was driven by increased paid clicks, bolstered by mobile user growth and higher relevancy from personalization. Alibaba's cloud computing business is also growing quickly with revenues doubling from a year ago as it adds customers.

Key detractors included Ginko International and Synchrony Financial. Taiwan-based contact lens maker Ginko—whose major market is China—is contending with FX headwinds from a weaker RMB. However, on a constant-currency basis, the company is growing revenue at mid-teen percentage rates, which is faster than the overall market. We're still attracted to Ginko's market-share dominance in the fast-growing Chinese market.

Synchrony, an issuer of private label credit cards, suffered from higher credit costs as credit normalization from low loss levels continued, but was partially offset by better retailer share arrangements and double-digit loan growth. We thought the selloff in late-April was overdone. As we write this letter in July, the stock has recovered roughly half of that decline, so we took advantage of the rebound in share price to exit our position in favor of better opportunities.

Portfolio Positioning

In comparison to the second half of 2016, when we had above-average portfolio activity as our fundamental research identified new areas of growth at more compelling valuations, name turnover in Q2 was more in line with historical averages. A number of our new additions this quarter were found in the technology sector. These included Samsung Electronics, a diversified technology company, and a few holdings in our video games theme: NetEase, Take-Two Interactive and Tencent.

Samsung Electronics is a Korea-based multinational electronics conglomerate with a wide range of products, including semiconductors, mobile handsets, display technology and consumer electronics, among others. In our view, the company's largest growth driver is its semiconductor (memory) business, currently accounting for roughly 30% of revenues but nearly 60% of profits. While memory can be a more cyclical market, we think the company is in a sweet spot to leverage its leadership position to command higher prices as demand skyrockets for connected devices (e.g., mobile, servers, PCs and autos). Outside of memory, we see a number of additional growth drivers, including the company's near monopoly in OLED, a mobile phone display technology.

NetEase, Take-Two and Tencent are companies that we believe are well positioned to benefit from secular growth in the video games industry. Driven by advancing technology—faster broadband speeds, digital distribution and expanded hardware storage capacity—the video games industry is undergoing a transformation. Digital distribution offers superior business economics over traditional retail distribution, with higher margins. Additionally, there is a generational shift with younger users more willing to pay for in-game and digital purchases, which provides steady, recurring revenue, whereas historically earnings were typically highly driven by product cycles and therefore lumpy.

NetEase is one of the best mobile game developers in China, with a robust pipeline of game titles. It also has a sizable e-commerce business that is growing rapidly. Take-Two is a US video games publisher and distributor, with a strong intellectual property portfolio, including popular franchises Grand Theft Auto and Red Dead Redemption. Tencent is a major Chinese Internet company with a widely used mobile messaging and social networking platform. Tencent provides Internet, mobile and telecommunication value-added services in China. Its products include games for both PC and mobile devices as well as the WeChat messaging service. We think Tencent is one of the best-positioned Chinese Internet companies in terms of mobile monetization.

Our largest sales this quarter were AXA, a global property and casualty and life insurer, Samsung SDI, an affiliate of the Samsung group that is a leading manufacturer of batteries for smartphones and other applications, and commercial banks Commerzbank and M&T Bank. Maintaining our sell discipline, we exited these stocks as prices approached our target valuations.

Outlook

After a slowdown in 2015 and 2016, global growth appears to be gaining momentum as growth broadens to more cyclical parts of the economy, such as manufacturing, as well as across geographies outside of the US. Improved economic growth has coincided with the synchronized upswing in global corporate profits that has powered equity markets higher.

However, we're also realistic about the potential for downside risk, especially at this later stage of the bull market. Geopolitical and policy uncertainties are increasing. The geopolitical backdrop—including the UK's path to Brexit and President Trump's agenda—is ever-evolving and especially difficult to handicap. Markets, no doubt, will keep a close eye on worldwide central bank actions. Meanwhile, portfolio positioning remains focused on our themes and geared toward what we consider to be dominant, high-quality companies that are exposed to positive secular trends. As always, we will maintain our focus on sustainable growth, placing a high amount of conviction behind companies we believe offer sustainable competitive advantages, strong management teams and reasonable valuations.

Business Update

In May, the team added analyst Nikola (Nik) Legetic, CFA. Nik is a multi-sector analyst primarily focusing on energy, materials, emerging markets and financials. Prior to joining Artisan, Nik was an analyst at GQG Partners LLC, where he covered emerging markets, global and international equities. Earlier in his career, he was an equity research analyst at Raymond James Financial/Eagle Asset Management, where he focused on financial services and energy. Nik is fluent in Serbo-Croatian.

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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 30 Jun 2017. 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 30 Jun 2017: Wirecard AG 4.1%; Alphabet Inc 4.5%; Alibaba Group Holding Ltd 2.1%; Deutsche Boerse AG 3.7%; ING Groep NV 3.2%; Ginko International Co Ltd 1.5%; Synchrony Financial 1.3%; Samsung Electronics Co Ltd 1.3%; NetEase Inc 2.3%; Take-Two Interactive Software Inc 2.2%; Tencent Holdings Ltd 0.5%. 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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