Artisan Emerging Markets Fund

QUARTERLY
Commentary

Investor Class: ARTZX

As of 30 June 2017

Investment Process

We seek to invest in companies that are uniquely positioned to benefit from the growth potential in emerging markets and that possess a sustainable global competitive advantage.

Sustainable Earnings

We believe over the long term a stock's price is directly related to the company's ability to deliver sustainable earnings. We determine a company's sustainable earnings based upon financial and strategic analyses. Our financial analysis of a company's balance sheet, income statement and statement of cash flows focuses on identifying historical drivers of return on equity. Our strategic analysis examines a company's competitive advantages and financial strength to assess sustainability.

Risk Analysis

We believe a disciplined risk framework allows greater focus on fundamental stock selection. We incorporate our assessment of company-specific and macroeconomic risks into our valuation analysis to develop a risk-adjusted target price. Our risk-rating assessment includes a review of country-appropriate macroeconomic risk factors to which a company is exposed.

Valuation

We believe that investment opportunities develop when businesses with sustainable earnings are undervalued relative to peers and historical industry, country and regional valuations. We value a business and develop a price target for a company based on our assessment of the business's sustainable earnings and risk analysis.

Team Overview

Team experience, continuity and a rigorous investment process are the characteristics that we believe differentiate our team from other emerging markets investment managers. Research analysts have autonomy and ownership of their regions and accountability for the success of their ideas. Our team members bring deep experience and uncommon insight to their respective areas of responsibility.

Portfolio Management

Maria Negrete-Gruson, CFA
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]	Linked Inception[4]
Investor Class: ARTZX	**6.52**	**19.15**	**24.32**	**3.71**	**4.48**	—	**-1.31**	
Linked Institutional and Investor Class[3]						**0.27**		**4.48**
MSCI Emerging Markets Index	6.27	18.43	23.75	1.07	3.96	1.91	0.45	5.86

Source: Artisan Partners/MSCI. [1]Returns for periods less than one year are not annualized. [2]Investor Class inception: 2 June 2008. [3]Linked performance data shown relates to the Investor Shares from 2 June 2008 forward and for Institutional Shares prior to 2 June 2008. [4]Institutional Class inception: 26 June 2006.

Expense Ratios	Gross	Net[1]
Semi-Annual Report 31 Mar 2017[2]	2.24%	1.50%
Prospectus 30 Sep 2016[3]	2.41%	1.50%

[1]Reflects a contractual Fund expense reimbursement agreement in effect through 31 Jan 2018. [2]Unaudited, annualized for the six month period. [3]See prospectus for more information.

Performance of the Institutional Shares does not reflect higher expenses associated with the Investor Shares, and if reflected, would reduce the performance quoted. 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.

Investing Environment

June marked the sixth consecutive month of emerging markets outperformance versus developed markets—the longest monthly outperformance streak since May 2009. Notably, the asset class' strong recent performance has coincided with improving fundamentals. ROEs of emerging markets stocks surpassed those of developed markets starting in mid-2016 and have since held a steady lead. Still, the MSCI Emerging Markets Index continues to trade at one of the largest valuation discounts to the MSCI World Index (a proxy for developed market stocks) since 2003. As investors focused on companies with attractive valuations relative to sustainable earnings growth potential, we're finding the recent environment more favorable to our process.

In Q2, China, Korea and Taiwan were three of the strongest-performing countries in the MSCI EM Index—with particular strength across technology companies. Bolstering sentiment, China's economy grew at its fastest pace in six quarters—notwithstanding fears of overheating property markets and shadow banking-related financial repercussions. MSCI's decision to phase in China A-share companies starting in June 2018 was an additional tailwind in China. Turkey was also a standout performer as voters narrowly passed a referendum broadly expanding President Erdogan's powers, removing some overhang risk of political instability.

Conversely, Brazil was one of the index's worst performing countries as major corruption allegations against President Michel Temer have cast doubts on the timing of much-anticipated political reforms. Russia was also weak on newly imposed US sanctions, and Qatar declined as several Arab countries cut their diplomatic ties.

Performance Discussion

Our portfolio slightly outpaced the MSCI Emerging Markets Index in Q2. We benefited from strength among our highest-conviction holdings: Samsung Electronics (Korea), Taiwan Semiconductor Manufacturing (Taiwan) and Alibaba (China). Our holdings in India were also strong performers.

A host of positive developments have further solidified our conviction in Samsung. The company is achieving record operating profits driven by booming sales of its memory chips and display panels. In display, Samsung already has number one global market share in OLED technology and has been investing to maintain its lead. More recently, Samsung overtook Intel as the world's largest semiconductor company. Additionally, Samsung's smartphone business has recovered from last year's Galaxy Note 7 setbacks, and the company expects to reveal its Galaxy Note 8 in August. Samsung also recently announced plans to cancel legacy treasury stock—a move that will provide existing shareholders with more control and a greater share of earnings. All together, we believe Samsung's shares trade at an attractive valuation that underestimates the company's global leadership and sustainable earnings growth potential.

Taiwan Semiconductor Manufacturing (TSMC) is the world's largest dedicated chip foundry and the sole supplier of Apple iPhone core processors. Although smartphone chip demand has recently softened, we see the company's technology leadership as a key competitive advantage. After investing heavily in R&D, TSMC is the current leader in next-generation chips necessary for emerging technologies requiring high-performance computing, such as artificial intelligence, autonomous cars and virtual reality. We believe TSMC can leverage its scale and competitive advantage in technology to drive sustainable earnings growth over the long term.

Alibaba is the world's largest e-commerce company (based on gross merchandise volume). We're attracted to Alibaba's scale and early leadership in online and mobile commerce, payments, digital media and cloud computing. As of late, the company has been demonstrating a number of ways it can leverage its massive stockpile of consumer data to drive more targeted advertising and consumer engagement. We see the company's payments platform, Ant Financial, as a key contributor in this regard—it already has 500 million subscribers and is capable of collecting consumer data across the value chain from payments to wealth management and lending.

Conversely, among our Q2 detractors were Brazilian electric company Cia Energetica de Minas (CEMIG), Chinese IT service provider Digital China and Chinese train-borne electrical systems provider Zhuzhou.

Questions surrounding the impact of injunctions preventing some of CEMIG's hydroelectric power plants to operate under original concession contract terms contributed to the company's recent share-price weakness. CEMIG has also been caught in the downdraft among Brazilian equities. While Brazil's economic and political backdrop has created a challenging operating environment, we believe CEMIG can actually benefit from the turmoil as it's compelled to pursue self-help measures, such as accelerating divestitures to improve profitability. Overall, we continue to believe CEMIG's leading market position and diversified asset base support its sustainable earnings prospects.

Digital China, China's largest integrated IT services provider, was likely impacted by spillover weakness among small- and mid-cap companies trading in mainland China. We see no fundamental justification for the weakness and continue to believe Digital China is a key long-term beneficiary of heightened IT demand.

Zhuzhou provides and integrates train-borne electrical systems for the Chinese railway industry. Recent share-price weakness has coincided with an industry-wide slowdown in electric train orders. We believe the impact on Zhuzhou is misunderstood. For one, the company is capable of growing via market-share gains owing to ongoing industry consolidation as well as Zhuzhou's superior technology—in our view, a key sustainable competitive advantage. Secondly, we see additional upside through refurbishment demand as we're nearing the end of the current electric railway replacement cycle. Finally, the company

has been diversifying to service higher margin end-markets, including electric vehicles and deep sea robots—making it more resistant to rail industry cyclicality. In light of our conviction, we have added to our position on weakness.

Portfolio Activity

We recently participated in the IPO of Global Ports Holding (GPH), the world's largest cruise port operator with a unique and high-quality portfolio of 2 commercial and 14 cruise port concessions across the Mediterranean. The company's two commercial port concessions—located in Turkey and geared toward Chinese exports—are its stable cash cow, while the opportunity to expand its portfolio of cruise port concessions represents the company's true growth opportunity. Globally, the vast majority of cruise ports are owned by local families or government entities typically lacking the expertise and financial backing to develop them. As a result, GPH has become the partner of choice for the cruise ship lines, helping to develop appropriate passenger facilities to keep up with growing passenger traffic. Without any meaningful global competitors, we see GPH strongly positioned to expand its footprint globally and capture rapidly growing tourism demand across the Caribbean, Northern Europe and Southeast Asia.

We also initiated a position in the Foschini Group, which operates a chain of clothing retail stores principally in South Africa. We believe the relatively high margins of all South African clothing retailers are under threat from newcomers like H&M and Zara. In that regard, we believe Foschini's investments in manufacturing and logistics will give the company an edge over local peers in terms of rapid response to market changes and minimizing discounting for unsold items, thus maintaining margins and enhancing ROE.

On the sales side, we exited our position in Indian pharmaceutical company Aurobindo Pharma as shares approached our target valuation.

We additionally sold Eurocash, an operator of cash and carry stores in Poland. The company had been focusing on expanding its network of franchisees—a low capex strategy allowing it to maintain relatively high ROE. However, after meeting with the company in April, we learned that management had changed its strategic direction, now also emphasizing expansion of its own retail footprint. In our view the new strategy is ROE dilutive. After revising our fundamental analysis and target price, we no longer found upside in the company.

Perspective

Travel is an important component of our investment process. It brings us face-to-face with the management of each of our portfolio candidates, usually at their places of business, providing us with the opportunity to best understand management's execution capabilities as well as the local market dynamics where the companies operate. After visiting companies overseas, we find it equally important to then return to our offices where we can perform our thorough analyses outside of the noise and excitement of the local markets.

We were once again active on the travel front this quarter, visiting with management teams in China, Brazil, Argentina, Russia, Poland, Turkey, UAE and Colombia. As a result of this on-the-ground research and our own analysis at home, we continue to observe a promising trend among several companies in our coverage universe. Having navigated a number of difficult operating environments, several companies are now improving profitability through a variety of self-help mechanisms, including deleveraging, cutting costs, divesting non-core businesses and diversifying geographically. It's no surprise to us that the companies we have observed to be most successful at executing these self-help strategies have also been the ones with a sustainable competitive advantage, unique access to emerging markets' growth or both—qualities we demand in all of our investments.

For example, Brazilian pharmaceutical company Hypermarcas—a portfolio holding since 2008—has long counted successful branding and nationwide distribution as its two main competitive advantages. While the company has continuously leveraged these advantages to access Brazil's favorable income and demographics trends, it has also grown through acquisition—most notably between 2008 and 2010. Not surprisingly, these acquisitions carried the added price tags of high leverage and numerous integration issues. However, in 2012 Hypermarcas embarked on a multi-year process of right-sizing, ultimately selling its flagship personal care business in 2015 and more recently focusing on its core competency in pharmaceuticals. Shareholders have been rewarded with improved profitability, reduced debt, increased cash generation and special dividends.

Looking forward, we are encouraged by the asset class' overall resiliency, broadly improving fundamentals and numerous specific examples of enhanced profitability. Taken together, we see this environment more favorable to our process of identifying companies that are attractively valued relative to their sustainable earnings-growth potential.

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. Such risks include new and rapidly changing political and economic structures, which may cause instability; underdeveloped securities markets; and higher likelihood of high levels of inflation, deflation or currency devaluations. 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.

MSCI Emerging Markets Index measures the performance of emerging markets. MSCI World Index measures the performance of developed markets. 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 comprised the following percentages of the Fund's total net assets as of 30 Jun 2017: Samsung Electronics Co Ltd 7.0%; Taiwan Semiconductor Manufacturing Co Ltd 5.2%; Alibaba Group Holding Ltd 5.0%; Zhuzhou CRRC Times Electric Co Ltd 1.5%; Digital China Holdings Ltd 0.9%; Cia Energetica de Minas Gerais 0.6%; Global Ports Holding PLC 1.8%; Hypermarcas SA 0.8%; The Foschini Group Ltd 1.2%. 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.

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Return on Equity (ROE) is a profitability ratio that measures the amount of net income returned as a percentage of shareholders equity.

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