Artisan Emerging Markets Fund

QUARTERLY
Commentary

Investor Class: ARTZX | Institutional Class: APHEX

As of 31 March 2018

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 31 March 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
			Average Annual Total Returns				
Investor Class: ARTZX	**2.44**	**2.44**	**28.17**	**13.24**	**6.76**	**—**	**0.66**
Institutional Class: APHEX	**2.51**	**2.51**	**28.26**	**13.25**	**6.86**	**1.83**	**5.97**
MSCI Emerging Markets Index	1.42	1.42	24.93	8.81	4.99	3.02	6.94

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. [1]Investor Class inception: 2 June 2008. Institutional Class inception: 26 June 2006.

Expense Ratios (% Gross/Net)	ARTZX	APHEX
Annual Report 30 Sep 2017	2.19/1.50	2.23/1.50
Prospectus 30 Sep 2017[2]	2.15/1.35	2.20/1.20

[1]Reflects a contractual expense limitation agreement in effect through 31 Jan 2019. [2]See prospectus for further details.

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

The year opened with a marked uptick in volatility, dragging many indices into negative territory—in some cases, their first negative quarter in several years. However, emerging markets outpaced their developed counterparts, closing in positive territory and adding to 2017's gains.

As is often the case in the emerging markets, geopolitical headlines abounded in Q1. Despite the noise, Brazil was the top performing country in the MSCI EM in Q1. Also among the top contributors was China—though primarily due to its large weighting in the index, rather than especially strong market performance. Conversely, one of the bottom-performing countries in Q1 was India, which is struggling with an ongoing banking crisis centered around non-performing assets (NPAs) at many of its public-sector banks.

Contributing to Q1's volatility was heightened protectionist rhetoric—particularly though not exclusively between the US and China. For now, the actual amount of trade likely to be impacted remains relatively small and therefore seems unlikely to have an outsized economic impact, though we will continue evaluating any potential impact on a holding-by-holding basis.

From a sector standpoint, strength in the MSCI EM Index was concentrated among financials and technology stocks, while discretionary and telecom stocks detracted. Against a more volatile backdrop, larger stocks held up better, outperforming their smaller counterparts in the index.

Performance Discussion

Our portfolio outperformed the MSCI EM Index in Q1. From a sector standpoint, relative strength was concentrated among our health care holdings—which we find particularly rewarding given our meaningful above-benchmark exposure. As we have discussed in prior communications, we believe the health care sector is relatively underrepresented in the benchmark, despite presenting a meaningful opportunity for many emerging markets economies.

Our technology and energy holdings were also sources of relative strength, as were our discretionary holdings, which were modestly negative overall but held up better than index peers. Conversely, our industrials and consumer staples holdings weighed on relative results. At a high level, both sectors were in the red globally in Q1—likely tied to heightened talk of various tariffs.

Among our top relative individual contributors in the quarter were health care companies Samsung Biologics and Medy-Tox as well as South African retailer Foschini. Samsung Biologics' ability to manufacture biopharmaceuticals efficiently at scale generates above-industry margins. Further, the company has a solid pipeline of marketable biosimiliars within its Samsung Bioepis subsidiary. In Q1, Samsung Bioepis launched the first biologic version of Roche's breast cancer therapy Herceptin® in the UK—a positive first step to bringing more biologics to market. We believe Samsung Biologics is well positioned to become a market leader with sustainable growth opportunities in an industry with high barriers to entry.

Medy-Tox is a Korean biopharmaceutical manufacturer of botulinum toxins (similar to Allergan's Botox) and HA fillers, both of which are used in facial noninvasive rejuvenation treatment. We initiated our position tied to our confidence in the firm's superior technology and differentiation in a competitive market. Robust demand growth continued in Q1, fueling strong sales growth, particularly in overseas markets. Medy-Tox also continues taking share in the domestic Korean market. Importantly for future growth, Medy-Tox is making steady progress toward its entry into the Chinese market, which would represent a meaningful new market. In addition to a large population, China has a favorable competitive backdrop with only two extant approved sellers and favorable pricing that is higher than in Medy-Tox's domestic Korean market. To date, Medy-Tox is the furthest along of the various competitors with its entry into China, and we anticipate such a development would meaningfully broaden the company's market opportunity, lending conviction to our longer-term thesis.

Retail clothing chain operator Foschini is executing well against an improving political backdrop in South Africa, where the rand has stabilized, lifting disposable incomes and taming inflation. This favorable combination has contributed to attractive sales growth for Foschini. The company is also effectively capitalizing on recent investments in manufacturing and logistics to take market share from domestic competitors. While the international environment remains highly competitive, which could pressure Foschini's margins in the future, we believe the company remains well positioned relative to domestic peers and maintain our conviction in the growth opportunity ahead.

Among our bottom relative contributors in Q1 were Kajaria, Zhuzhou and ICICI Bank. Kajaria, India's largest tile manufacturer, is generating faster sales growth as broad economic growth in India drives demand for higher-quality construction materials. However, higher fuel costs and lower capacity utilization have recently weighed on margins and pressured shares. Looking forward, we believe recent regulatory changes—including a lower goods & services tax (GST) along with improved means of enforcing it—position Kajaria well relative to its smaller, unorganized competitors.

Shares of Zhuzhou were pressured as investors were disappointed by slower locomotive sales growth as well as higher R&D expenses, which weighed on margins. However, with a replacement cycle likely ahead, we anticipate sales to resume their attractive growth rates. Despite the near-term setback, we maintain our conviction in Zhuzhou's sustainable growth potential as it consolidates the industry on the strength of its superior technology.

Shares of ICICI Bank were caught up by broader Indian financials woes in Q1—particularly as the aforementioned banking scandals came to light. In addition, as the quarter closed, allegations arose that ICICI

Bank's CEO made a less-than-above-board loan to her husband's organization. To date, the ICICI Bank board has defended the CEO, indicating that ICICI Bank was only part of a consortium that provided the loan and that the CEO was one of many who were involved in the decision. For now, the optics are challenging and have pressured shares. While we are monitoring developments for their potential impact, we maintain our conviction in those traits that first attracted us to ICICI—including its solid local brand, well-scaled franchise and extensive domestic branch network. Its valuation also remains highly compelling relative to its competitive advantages.

Portfolio Activity

We initiated a position in Q1 in PLAY Communications, Poland's second-largest mobile telecom company offering mobile voice, data and pay-TV services. Play operates a modern network that is free of legacy fixed-line components—a meaningful sustainable competitive advantage as it results in low capex deployment and superior cash generation relative to peers. Poland's broadband market is relatively underpenetrated—given the country's low urbanization rate and lower fixed-line coverage—but is growing rapidly. As the most innovative operator, Play is well positioned to capitalize on this growth, driving attractive levels of revenue growth in the period ahead. Further, with the company well established as the second competitor in the market, we anticipate lower selling expenses associated with subscription growth, which should translate into margin expansion as well.

Conversely, we concluded our investment in Magnit tied to growing corporate governance concerns. We had held Magnit, a Russian convenience store and hypermarket operator, for its market-share strength in a virtual duopoly. Shares of Magnit were pressured in the quarter as the long-time CEO, Sergei Galitsky, announced he would sell the entirety of his 29.1% stake and step down. The company was already facing headwinds tied to sluggish same-store-sales in outlying areas. With the added uncertainty introduced by a meaningful management change, we chose to exit our position in favor of better opportunities elsewhere.

Perspective

The first quarter was productive from a travel perspective, with the team visiting a combined 15 countries and taking over 200 meetings with individual companies. We believe travel is a critical aspect of our process, allowing us to meet not only with current investments but also with potential candidates for future investment. We continue to find interesting companies around the globe who possess the compelling combination of unique access to emerging markets growth and sustainable competitive advantages.

From a market standpoint, we were encouraged by emerging markets' relative performance in Q1—particularly in comparison to past periods of heightened market volatility, which have often increased the likelihood of meaningful spillover effects into emerging markets. While we have no unique insight into whether volatility will remain elevated, we wouldn't be surprised if it did—or if it were to translate into heightened downside volatility for emerging markets in the period ahead. Regardless of the market environment, we will remain focused on our disciplined approach to building a portfolio with attractive upside potential that we believe is reflective of the full emerging markets opportunity set.

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. 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 2018. 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 31 Mar 2018: Zhuzhou CRRC Times Electric Co Ltd 1.8%, The Foschini Group Ltd 1.8%, Samsung Biologics Co Ltd 1.7%, ICICI Bank Ltd 1.5%, Medy-Tox Inc 1.0%, PLAY Communications SA 0.8%, Kajaria Ceramics Ltd 0.7%. 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. 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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