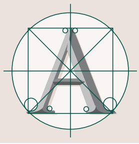


Artisan Global Opportunities Fund

QUARTERLY Commentary

Investor Class: ARTRX | Advisor Class: APDRX | Institutional Class: APHRX

As of 30 June 2018

Investment Process

We seek to invest in companies that possess franchise characteristics, are benefiting from an accelerating profit cycle and are trading at a discount to our estimate of private market value. Our investment process focuses on two distinct elements—security selection and capital allocation. We overlay our investment process with broad knowledge of the global economy.

Security Selection

We seek to identify companies that have franchise characteristics (e.g. low cost production capability, possession of a proprietary asset, dominant market share or a defensible brand name), are benefiting from an accelerating profit cycle and are trading at a discount to our estimate of private market value. We look for companies that are well positioned for long-term growth, which is driven by demand for their products and services, at an early enough stage in their profit cycle to benefit from the increased cash flows produced by the emerging profit cycle.

Capital Allocation

Based on our fundamental analysis of a company's profit cycle, we divide the portfolio into three parts. Garden℠ investments are small positions in the early part of their profit cycle that may warrant more sizeable allocations as their profit cycle accelerates. Crop℠ investments are positions that are being increased to a full weight because they are moving through the strongest part of their profit cycles. Harvest℠ investments are positions that are being reduced as they near our estimates of full valuation or their profit cycles begin to decelerate.

Broad Knowledge

We overlay the security selection and capital allocation elements of our investment process with a desire to invest opportunistically across the entire global economy. We seek broad knowledge of the global economy in order to find growth wherever it occurs.

Team Overview

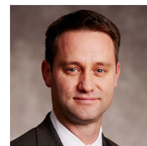
We believe deep industry expertise, broad investment knowledge, a highly collaborative decision-making process and individual accountability are a powerful combination. Since the inception of the team, we have been committed to building a team of growth investors that retains these attributes and is solely dedicated to our process and approach.

Portfolio Management

James D. Hamel, CFA
Portfolio Manager (Lead)

Matthew H. Kamm, CFA
Portfolio Manager

Craigh A. Cepukenas, CFA
Portfolio Manager



Jason L. White, CFA
Portfolio Manager

Investment Results (%)

			Average Annual Total Returns				
As of 30 June 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTRX	**0.72**	**3.93**	**14.15**	**11.82**	**12.95**	—	**11.68**
Advisor Class: APDRX	**0.75**	**3.99**	**14.29**	**11.96**	**13.05**	—	**11.73**
Institutional Class: APHRX	**0.75**	**4.04**	**14.40**	**12.10**	**13.22**	—	**11.86**
MSCI All Country World Index	0.53	-0.43	10.73	8.19	9.41	—	7.18

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (22 September 2008); Advisor (1 April 2015); Institutional (26 July 2011). For the period prior to inception, each of Advisor Class and Institutional Class's performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor or Institutional Class and each share's respective returns during that period would be different if such expenses were reflected.

Expense Ratios	ARTRX	APDRX	APHRX
Semi-Annual Report 31 Mar 2018[1]	1.13	0.99	0.91
Prospectus 30 Sep 2017[2]	1.15	1.03	0.93

[1]Unaudited, annualized for the six-month period. [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

Q1's volatility continued in Q2 against a backdrop of substantially similar macroeconomic concerns. Foremost among them was the increase in global protectionist rhetoric—becoming increasingly tit-for-tat between the US and China. Nevertheless, US stocks managed to close in the black as economic fundamentals largely remain intact. Foreign developed stocks were also modestly positive. In contrast, emerging markets finished Q2 in negative territory, pressured not only by threatened tariffs, but also growing investor concern about the potential impact of rising developed-world interest rates.

On the monetary policy front, the US Fed raised rates 25bps as expected in June, to a target range of 1.75%-2.00%. Across the pond, the BOE held steady but hinted at a potential hike in Q3. The ECB—which had been moving toward a modestly tighter stance by indicating it could slow and possibly stop its bond purchases sometime this year—reversed direction, recommitting itself to a data-dependent approach. The Bank of Japan has maintained its similarly accommodative posture—the net effect of which is a growing divergence among the major developed-world central banks.

With rates poised to rise in the US, many presumed a bleaker outlook for emerging markets, anticipating fund flows to higher-yielding assets. Along with the US dollar's YTD strength, these factors likely contributed to emerging markets' relative underperformance in Q2—with more vulnerable countries like Argentina and Turkey particularly challenged. That said, most impacted governments thus far seem to be taking actions to shore up investor confidence. Argentina, in particular, worked expeditiously with the IMF to secure funding, likely helping the country avert a broader currency crisis.

From a style standpoint, growth stocks continue outperforming their value counterparts, and US-based small stocks are outperforming their larger counterparts. Among foreign developed markets, there was relatively little size distinction in Q2. At the sector level, energy led US and global indices, tied partly to rising oil prices. Technology and consumer discretionary were also leading sectors. Conversely, the financials sector was among the bottom performers in Q2, both in the US and abroad.

Performance Discussion

Our portfolio outperformed the MSCI AC World in Q2. Our consumer staples holdings were a source of strength, as has been the case YTD. Our technology holdings, which trailed benchmark peers in Q2, were nonetheless in the black and have similarly been a source of relative strength YTD. Conversely, our consumer discretionary holdings detracted from relative results.

From a regional standpoint, performance remains well-balanced, with notable contributions in Q2 from our US and European holdings. Though negative, our emerging markets holdings held up better than peers, which were pressured by the aforementioned macroeconomic headwinds in Q2.

Among our top individual contributors in Q2 were IHS Markit, Shiseido and Fevertree. We have owned IHS Markit for its attractive position relative to the meaningful secular tailwind driving demand for data and analytics to help guide business decisions. The current company is the product of a marriage of equals—IHS and Markit—in 2016. Individually, they were solid franchises with very high levels of recurring, subscription-based revenues, long runways for growth and good management teams—the kinds of solid franchises our process is designed to identify. Since the deal's conclusion, the combined entity has executed at a high level, validating its position as our largest holding. Growth has been balanced across IHS Markit's businesses, tied partly to this year's cyclical recovery in the energy market, which has mitigated what had been a fairly meaningful headwind. Despite its solid growth, we believe IHS Markit remains reasonably valued and maintain our conviction in the ongoing profit cycle.

Shiseido's execution has been impressive as China's demand for prestige beauty products has defied expectations of deceleration. In fact, demand has remained so robust, it has strained Shiseido's ability to keep up—a challenge which the company is taking steps to resolve. Chinese travel to Japan remains brisk, which drives domestic demand for Shiseido's elevated, "masstige" products among Chinese tourists. Meanwhile, Shiseido's ability to market directly to Chinese customers in their home market is also improving, further broadening the market opportunity. Among the relatively few headwinds the company has faced has been its US-based Bare Escentuals brand, which Shiseido has been restructuring to drive a turnaround. We believe Shiseido is making progress on this front—which should contribute to future margin expansion.

Fevertree, a UK-based manufacturer of carbonated mixers, is executing well on its strategy—as reflected in recent company results. Though many have anticipated decelerating growth in Fevertree's more mature domestic UK market, data suggest revenue growth there remains quite solid. The company is also making promising progress in broadening its growth runway—via both new products and new markets. With respect to new products, Fevertree is branching out beyond tonic—which it produces in a wide array of varieties—to other mixers, including ginger beer, club soda and cola. We appreciate the company's thoughtful approach to extending its reach, which should contribute positively to margins in coming quarters. Namely, Fevertree has recently taken over its brand's brokerage and importation into the US, and its US-specific branding strategy is well underway. With penetration rates in the US and the rest of the world still low, we believe there is ample runway ahead of this well-run franchise.

Among our bottom Q2 contributors were Nintendo, Genmab and Daifuku. Shares of Nintendo were pressured in Q2 largely as a function of profit-taking, in our view. The nature of Nintendo's business tends to be heavily holiday-oriented, often resulting in back-end loaded years from a new product (and, consequently, revenue growth)

standpoint. This in turn implies a quieter first half, which can rattle the market's nerves. However, nothing fundamental has changed in the last six months. On the contrary, we believe Nintendo remains in the early innings of the growth cycle for its most recent gaming platform, Switch, which was released in early 2017 to generally positive reviews. Past console cycles have typically lasted roughly five years—which could imply several more years of solid console sales growth for Switch, as well as robust demand for associated new content. With several game launches planned for the upcoming holiday season, we believe Nintendo remains well-positioned and capitalized on the pullback in Q2 to add to our position.

Genmab announced in late May that its blockbuster drug Darzalex™ failed to add any benefit to lung cancer patients when dosed in combination with Johnson & Johnson's PD-1 therapy—an outcome which removes some optionality for the drug. However, its significant longer-term potential in multiple myeloma remains intact. Further, the company's pipeline potential beyond Darzalex™ remains compelling. We believe investors overreacted to the disappointing trial results and are watching for signs of a reacceleration from here.

Daifuku was pressured in sympathy with the broader automation space in Q2—which we believe represented a confluence of pressures, including concerns about a lull in the smartphone capex cycle. Further, a particularly strong 2017—tied to several noteworthy smartphone launches, including Apple's latest iPhone® models—delivered challenging comparisons and has resulted in a 2018-to-date lull for the stock. However, we believe our thesis around the secular trend toward factory floor automation remains intact, and this will prove a near-term lull for a high-quality franchise that is well-positioned to capitalize on several meaningful secular tailwinds.

Portfolio Activity

With ongoing volatility in Q2, we remained active, introducing several new Garden℠ positions—among them, Lowe's. Lowe's is one of two leading US homebuilding and repair suppliers (the other being Home Depot). For much of the past decade, Lowe's has trailed Home Depot in same-store sales growth. We believe this gap can be attributed to several factors—chiefly, Lowe's relatively poorer management execution. Lowe's digital presence has trailed Home Depot's, as has its ability to effectively identify and service its customer base. These operational challenges aside, Lowe's retains a solid brand which we believe capable of a turnaround, given the right leadership. To that end, the company has recently hired a CEO in whom we have confidence, given he was among Home Depot's key executives when it successfully conducted its own turnaround several years ago. In addition to these internal catalysts, we believe the external backdrop is favorable as well, and that the ongoing US housing recovery likely continues for the next several years, creating a positive confluence of events that we anticipate will allow Lowe's to eventually close the margin gap with Home Depot.

We also concluded several investing campaigns in Q2, including Facebook and Samsonite. We have held Facebook since its IPO in 2012 tied to the thesis that it would successfully monetize one of the world's largest user bases and capitalize on the migration of advertising dollars to Internet and mobile platforms to drive revenue growth. As that thesis developed, we diligently monitored the position's size, beginning to pare our exposure as early as Q2 2016 as we anticipated growth was likelier to decelerate from its heady rates. More recently, growing global concerns about data security and the potential for increased regulation have made it challenging to handicap the required investments to remedy some of these issues, which we anticipate will weigh meaningfully on earnings growth in coming quarters. Given this likely headwind, we chose to conclude our successful campaign in Q2.

We first purchased Samsonite, a globally dominant provider of luggage and travel accessories, in Q2 2017 on the thesis that its contemporaneous acquisition of Tumi would allow Samsonite to broaden its global reach. We anticipated Samsonite would capitalize on its supply chain efficiencies to reduce manufacturing costs for Tumi, while maintaining the brand's widely known and appreciated quality and expanding distribution. Our thesis was largely playing out accordingly over the course of our campaign. Early in 2018, we began seeing signs of deceleration in Samsonite's core American Tourister and eponymous Samsonite brands—which we anticipated would largely reverse later this year. However, the unfortunate complication of a potential accounting scandal, which enveloped the company and its CEO, threatened the anticipated reacceleration. With our thesis at best delayed, we chose to exit our Garden℠ position in favor of better opportunities elsewhere.

Portfolio Statistics

As of June 30, 2018, the portfolio had a 3-5 year forecasted weighted average earnings growth rate of 22% and our holdings were selling at a weighted harmonic average P/E (excluding negative earnings) of 23X FY1 earnings and 20X FY2 earnings. The portfolio held 47 companies with 36% of portfolio capital committed to the top 10 holdings and 60% of capital committed to the top 20 positions. The portfolio's weighted average market capitalization was $93.1 billion.

Perspective

While the economy appears healthy and earnings momentum in the portfolio has been solid year to date, ratcheting global trade tensions have undoubtedly contributed to 2018's notable uptick in volatility. Many have expended significant efforts trying to determine how much of the rhetoric is posturing and how much might represent the early days of a meaningful retrenchment in global trade activity. We doubt we possess any unique ability to handicap this debate. We do suspect, however, that the skirmishes to date have likely injected enough frictional costs and future uncertainty to have at least some impact on business results within areas such as automotives and semiconductors. Ultimately, however, we believe an escalating trade war would impact all equities.

With this uncertain backdrop, and with the MSCI AC World having just generated its first negative quarter in the last 10 quarters, the short-term instinct to “sell in May and go away” is certainly understandable. However, with our longer-term time horizon, we continue to see substantial long-term profit cycle opportunities within the portfolio. Automotive technology suppliers are a case in point—tariffs may impact global supply chains and profits in the near term, but over a multi-year period, we think rising electronics content (assisted driving, infotainment) and electric vehicle growth have the potential to transform well-positioned suppliers such as Aptiv. With a potential trade war having injected short-term uncertainty/volatility—but also cheaper valuations—we’re holding on for now, while (as always) focusing on franchise quality and balance-sheet strength.

Our secular growth-driven holdings in software and health care are more insulated from the first-order trade war concerns, and these stocks are certainly more favored by the market today. While we’re staying disciplined on valuations, we continue to feel quite positive about the near- and long-term profit cycle outlooks for our Crop℠ holdings. For example, Temenos’s software (which dominates the competitive landscape) is still used by a minority of global banks who are in the very early innings of the multi-year process of replacing legacy core banking software—yet when we consider the potential for the company to cross-sell its expanding product portfolio over time, its runway for long-term growth is even larger. Within medical devices, we believe Boston Scientific has a similar opportunity to capitalize on its impressive pipeline to take share over time in multiple underpenetrated markets. In short, we believe holding on to these franchises with strong hands will be rewarded over time.

Stated simply, while there are reasons to be concerned about the current bull market’s sustainability, we have conviction in the compounding potential of our holdings over time. If macroeconomic disruption—such as a trade war—impacts the economy and markets along the way, we’ll look to our valuation guidelines as well as the quality of our franchises and their balance sheets to provide some degree of downside protection. And regardless of the environment, we will maintain our disciplined approach to managing portfolios which has served us well over the team’s long history.

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 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. 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 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 comprise the following percentages of the Artisan Global Opportunities Fund's total net assets as of 30 Jun 2018: IHS Markit Ltd 6.6%, Shiseido Co Ltd 3.1%, Boston Scientific Corp 2.9%, Temenos AG 2.7%, Aptiv PLC 2.6%, Fevertree Drinks PLC 2.5%, Nintendo Co Ltd 2.2%, Genmab A/S 2.1%, Lowe's Cos Inc 1.3%, Daifuku Co 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.

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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Portfolio statistics are intended to provide a general view of the entire portfolio, or Index, at a certain point in time. Statistics are calculated using information obtained from various data sources. Artisan Partners excludes outliers when calculating portfolio characteristics. If information is unavailable for a particular security Artisan Partners may use data from a related security to calculate portfolio statistics. **Weighted Average** is the average of values weighted to the data set's composition. **Weighted Harmonic Average** is a calculation of weighted average commonly used for rates or ratios. **Market Cap** is the aggregate value of all of a company's outstanding equity securities. **Earnings Growth Rate** is the annual rate at which a company's earnings are expected to grow. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **Private Market Value** is an estimate of the value of a company if divisions were each independent and established their own market stock prices.

Our capital allocation process is designed to build position size according to our conviction. Portfolio holdings develop through three stages: Garden℠, Crop℠ and Harvest℠. Garden℠ investments are situations where we believe we are right, but there is not clear evidence that the profit cycle has taken hold, so positions are small. Crop℠ investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest℠ investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. Harvest℠ investments are generally being reduced or sold from the portfolios.

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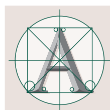
A R T I S A N  P A R T N E R S