



Artisan Thematic Fund

QUARTERLY
Commentary

Investor Class: ARTTX

As of 30 June 2018

Investment Process

Our investment approach is based on thematic idea generation, a systematic framework for analyzing companies and proactive risk management. Utilizing this approach, we seek to construct a focused portfolio designed to maximize alpha while limiting downside risk over the long term.

Thematic Idea Generation

We believe a key element in alpha generation is finding areas where our views on industry fundamentals differ from consensus estimates. In this pursuit, we seek to identify inflections in multi-year trends which may be caused by changes in supply/demand dynamics, societal behavior, market conditions, technology, laws/regulations and business models, among other variables. We believe these inflections are often misunderstood by market participants, and can lead to powerful re-ratings of industries and companies. Identifying themes helps us develop a focused universe of companies to analyze more thoroughly.

Systematic Analytical Framework

We apply a systematic framework for analyzing companies across sectors and themes, creating a repeatable and methodical decision-making process. Our proprietary company models focus on multi-year earnings power differentiation, expected outcome scenario analysis, return on invested capital and discounted cash flow valuations. Visual outputs are then produced through our internally developed technology solutions, allowing us to consistently evaluate positions across the portfolio.

Proactive Risk Management

We incorporate risk management into all stages of our investment process. Metrics evaluated include crowding, correlation, volatility, stress tests, liquidity, factor analysis and macro drivers, all of which inform portfolio construction and position sizing. We also use various instruments, such as options, in an effort to magnify alpha and minimize downside.

Team Overview

The investment team applies the same approach to thematic idea generation and fundamental company analysis that Portfolio Manager Chris Smith has honed throughout his career. Research analysts are sector specialists with deep knowledge of their coverage areas. Our process blends a collaborative team mentality with individual accountability.

Portfolio Management



Christopher Smith
Portfolio Manager

Investment Results (%)

As of 30 June 2018	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception ¹
Investor Class: ARTTX	6.11	13.29	40.08	—	—	—	38.76
S&P 500® Index	3.43	2.65	14.37	—	—	—	14.36

Source: Artisan Partners/S&P. Returns for periods less than one year are not annualized. ¹Fund inception: 24 April 2017.

Expense Ratios	Gross	Net ¹
Semi-Annual Report 31 Mar 2018 ²	1.95%	1.53%
Prospectus 30 Sep 2017 ^{3,4}	1.63%	1.57%

¹Reflects a contractual expense limitation agreement in effect through 31 Jan 2019. ²Unaudited, annualized for the six-month period and includes 0.03% of dividend and interest expenses relating to short sales.

³Includes estimated expenses for the current fiscal year, of which 0.07% are dividend and interest expenses relating to short sales. ⁴See 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 reflects agreements to limit the 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 performance. IPO investments may contribute significantly to a small portfolio's return, an effect that will generally decrease as assets grow. IPO investments may be unavailable in the future.



Performance Discussion

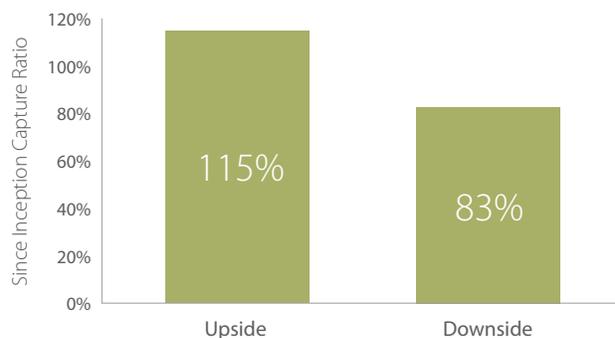
In Q2, the Artisan Thematic Fund marked its one-year anniversary. Before discussing the quarter, we'd like to share some key, since-inception performance metrics. The portfolio has performed well in absolute terms, but also relative to both its benchmark and peers (Exhibit 1). We are also pleased with how the portfolio has performed in a period of increasing volatility, as shown by its upside/downside capture ratios (Exhibit 2).

Exhibit 1: Performance Statistics

	1 Yr	Peer Group % Rank out of 1,458
Return	40.1	1 st
Alpha	19.9	1 st
Sharpe Ratio	3.0	1 st
Information Ratio	4.4	1 st

Source: Artisan Partners/S&P/Morningstar. Benchmark: S&P 500® Index. As of 30 Jun 2018. Morningstar Large Growth Category. Performance rankings based on total return.

Exhibit 2: Upside/Downside Capture Ratios



Source: Artisan Partners/S&P/FactSet. Benchmark: S&P 500® Index. As of 30 Jun 2018. Upside/Downside Capture represents average out- or underperformance of the Fund compared to the benchmark during days when the index was positive and negative, respectively.

Our portfolio's Q2 strong relative performance, as well as our performance since inception (April 24, 2017), was due largely to stock selection. Our top individual contributors in Q2 were diverse from a theme standpoint, as our top five contributors came from four of our six current themes. The top-two contributing themes in Q2 were software and data monetization. The portfolio has had exposure to both themes since inception, with their composition shifting somewhat over time to reflect our fundamental, bottom-up research. Our defense theme was the largest detractor in Q2, though since inception, this theme remains a solid contributor.

We discussed our software theme in detail in our Q1 2018 letter. Our data monetization theme is based on an explosion of data, which is driving a proliferation of data analytics tools and systems—machine learning, artificial intelligence, the cloud, etc. This has led to more companies attempting to monetize their significant data sets through

new products and applications for customers. These companies tend to have license-based, recurring revenue business models, which contribute to higher incremental margins and stickier client relationships. As such, ROIC for many of these companies is structurally moving higher, which should drive up multiples over time. At the company level, we develop differentiated views on growth rates by focusing on companies with vast proprietary data sets, low or no capital expenditures, and high incremental margins.

Visa and Spotify, both data monetization theme holdings, were among our top Q2 contributors. In Q2, global payments company Visa reported double-digit revenue growth and improving margins that outpaced consensus estimates due to strength in volumes and accelerating pricing.

We believe the transition of music to streaming platforms is inflecting, which should contribute to increased per-capita music spend. Spotify, essentially a software company, is well-positioned as a leading streaming platform. Its gross margins are expanding, and we believe the Street underappreciates its potential for additional revenue streams (e.g., radio stations similar to Sirius or podcast channels). It has a subscription-based model with a growing user base, and we believe streaming remains vastly underpenetrated globally with tremendous room to grow.

Intercontinental Exchange (ICE), another data monetization holding, also performed well in Q2. ICE operates a global commodities exchange and therefore has amassed a large, valuable and proprietary data set which it licenses to financial institutions. ICE has significant first-mover advantages in this space, where it effectively has a monopoly on commodities transaction data. Exchange volumes broadly were slow to start in Q2 but recovered quite a bit throughout, helping ICE achieve record daily volumes in the quarter.

Our largest single-name detractor was Harris Corp—a defense theme holding which supplies sophisticated communications equipment such as tactical radios, electronic warfare and satellite sensors.

We wrote in detail about our defense theme in our Q3 2017 letter. To recap, the US Department of Defense (DoD) budget grew in 2016 after seven years of declines, and we believe we are still early in a potentially decade-long reinvestment cycle focused on modernizing outdated equipment. Defense is a consolidated industry with higher barriers to entry due to the nature of the government contracts that tend to drive it. Companies in this space typically have high and predictable cash flows due to the long-term visibility of the defense budget. We believe the defense-spending inflection is becoming more apparent to the Street, though its implications across industry segments have not been widely understood, allowing us to establish differentiated views on individual company growth rates.

Defense names in general were weaker in Q2, in part tied to some noise around the upcoming midterm elections. However, earnings for most defense companies were generally fine. In fact, Harris reported

earnings that beat consensus estimates due to stronger demand—as we expected based on our fundamental work both on the theme and on this name. However, the stock was weak in sympathy with peers and pared gains a bit after a strong recent run.

Portfolio Positioning¹

As of 30 June 2018, the portfolio consisted of six themes, with each theme including between three and eight companies. The largest three themes by weight were data monetization (29.5%), defense (16.4%) and cash flow inflection (13.4%). During Q2, we exited our balance sheet financials theme as we saw more upside and differentiation in other areas, such as in our new life sciences theme. At quarter end, we held 29 companies with the largest five holdings comprising 27.3% of the portfolio's net assets. Non-US companies comprised 8% of net assets, and the weighted average market cap of the portfolio was \$105.9 billion².

Portfolio Exposure by Current Theme¹

Themes	% of net assets
Data Monetization	29.5
Defense	16.4
Cash Flow Inflection	13.4
Software	13.3
Video Games	10.5
Life Sciences	9.8
TOTAL	92.9%

Source: Artisan Partners. Theme categorizations are at the sole discretion of the team and exclude market hedges and idiosyncratic positions, which are issuers held outside of a theme. ¹% of net assets represents the portfolio's exposures based on the economic value of investments and options are delta-adjusted. Cash and cash equivalents represented 1.6% of net assets. Statistics shown exclude ETFs and ETF options, which represented 0.0% and -5.1% of net assets, respectively. ²Weighted average market cap excludes cash and equivalents, ETFs and ETF options.

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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.

A non-diversified portfolio may invest a larger portion of assets in securities of a smaller number of issuers and performance of a single issuer may affect overall portfolio performance greater than in a diversified portfolio. The portfolio's use of derivative instruments may create additional leverage and involve risks different from, or greater than, the risks associated with investing in more traditional investments. High portfolio turnover may adversely affect returns due to increased transaction costs and creation of additional tax consequences. 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. 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.

This commentary represents the views of the manager as of 30 Jun 2018 and do not necessarily represent those of Artisan Partners. The views and opinions expressed are based on current market conditions, which will fluctuate and those views are subject to change without notice. While the information contained herein is believed to be reliable, there is no guarantee to the accuracy or completeness of any statement in the discussion. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

For the purpose of determining the Fund's holdings, exposures are delta-adjusted at the issuer level and may include multiple securities of the same issuer. The holdings mentioned above comprise the following percentages of the portfolio net assets as of 30 Jun 2018: Visa Inc 5.0%, Spotify 2.9%, Intercontinental Exchange Inc 4.3%, Harris Corp 7.8%. 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.

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. All options positions are displayed on a delta-adjusted basis. Delta adjustment is necessary to properly account for the sensitivity of options to changes in price of the underlying security, as well as for making exposure comparisons to the underlying security (options exposure measured as premium will understate economic exposure and risk, while exposure measured as notional value will overstate the economic exposure). Delta-adjusted exposure estimates the approximate exposure to the equity market created by the options and is subject to change over time as a function of the size and composition of the options positions.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Contribution to return (Contribution) is derived from a holdings-based methodology, which does not account for the performance impact of securities that are bought and sold on the same day or IPO investments and may materially vary from the Funds' returns. Attribution and Contribution are not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

Theme classifications are at the sole discretion of the team. Themes and constituents are as of the date indicated and are subject to change. Certain holdings have been reclassified subsequent to initial investment, which has impacted theme performance during the period. Portfolio sector classifications are defined by the investment team based on Bloomberg Industry Classification System (BICS).

Market Cap is the aggregate value of all of a company's outstanding equity securities. **Return on Invested Capital (ROIC)** is a measure of how well a company generates cash flow relative to capital invested in the business. **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. **Alpha** is a quantitative measure of the volatility of the portfolio relative to a designated index. A positive alpha of 1.0 means the fund has outperformed its designated index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. **Sharpe Ratio** is a measure of risk-adjusted return — it is the average return earned in excess of the risk-free rate per unit of volatility or total risk. **Information Ratio** measures a portfolio manager's ability to consistently generate excess returns relative to a benchmark.

S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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