QUARTERLY Commentary

Artisan Emerging Markets Fund

Investor Class: ARTZX | Institutional Class: APHEX

As of 30 June 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 (%)

			Average Annual Total Returns					
As of 30 June 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]	Inception[2]
Investor Class: ARTZX	**-9.83**	**-7.62**	**8.50**	**9.19**	**6.64**	**0.57**	**-0.38**	—
Institutional Class: APHEX	**-9.81**	**-7.54**	**8.64**	**9.21**	**6.75**	**0.71**	—	**4.93**
MSCI Emerging Markets Index	-7.96	-6.66	8.20	5.60	5.01	2.26	1.19	6.05

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

Expense Ratios (% Gross/Net)	ARTZX	APHEX
Semi-Annual Report 31 Mar 2018[1,2,3]	1.77/1.46	1.97/1.44
Prospectus 30 Sep 2017[1,3]	2.15/1.35	2.20/1.20

[1]Reflects a contractual expense limitation agreement in effect through 31 Jan 2019. [2]Unaudited, annualized for the six-month period and reflects a change in the Fund's management fee and expense limit, 1.50% lowered to 1.35% for Investor Class and 1.50% lowered to 1.20% for Institutional Class, effective 21 Feb 2018. [3]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

Early 2018 volatility persisted into Q2—particularly among emerging markets, which closed the quarter in negative territory and are down for the year to date. For the most part, investors continue mulling the same concerns, including the ongoing divergence among global developed-world central banks' monetary policies and generally rising rates, heightening protectionist talk and several country-specific concerns. Specifically, the potential for currency crises in Argentina and Turkey prompted some investor concern in Q2—though thus far, both countries have averted broader currency crises. We will have more to say about Argentina later in this communication.

In local currency terms, Brazil was the MSCI Emerging Markets Index's bottom-performing country in Q2—reversing its positive Q1 as the country struggled with a major trucker strike, which brought much economic activity to a relative halt—followed by Turkey. Ongoing trade banter with the US likely weighed on Chinese stocks, which though down fairly modestly, weighed on the index given the country's heavy benchmark representation. Conversely, Colombia and India held up better than their emerging markets counterparts, managing gains in local currency terms.

From a sector standpoint, only materials, energy and consumer staples managed modest gains in local currency terms in Q2. Financials and technology were the bottom-contributing sectors to the index. There was relatively little differentiation among EM market capitalizations in Q2.

Performance Discussion

Our portfolio trailed the MSCI EM Index in Q2 and is behind the benchmark modestly for the year to date. From a sector standpoint, relative weakness in Q2 was concentrated among our consumer discretionary and financials holdings. Conversely, our consumer staples and industrials holdings were sources of relative strength.

At the country level, our weakest performers in Q2 were heavily concentrated in Argentina, which encountered currency difficulties, as aforementioned. We find Argentina to be a good case study of the current challenges facing emerging markets—particularly those whose currencies are more vulnerable to rising developed-world interest rates and the anticipated accompanying capital outflows from emerging markets. Whereas in the past, emerging markets governments faced with similar threats to their currencies have often mishandled their responses, we believe Argentina has largely taken appropriate action—particularly in seeking IMF support. In swallowing that pill now and absorbing the political cost to the current administration, we believe Argentina will likely restore the market's confidence sooner than later. Indeed, MSCI's decision to add Argentina to the MSCI Emerging Markets benchmark is a positive sign which we believe will only aid in the country's near-term recovery. Though we have yet to see Argentina bounce back as of this writing, we maintain our conviction in the country's longer-term outlook, provided it is able to restore domestic confidence in its market and begin to reverse some of the outflows the country has recently experienced.

Against this backdrop, our bottom relative contributor in Q2 was Grupo Supervielle, an Argentinian banking and financial services company. As the US dollar surged relative to EM currencies, including the Argentinian peso, the country's central bank was forced to raise its benchmark rate to 40%. While the macro-related volatility could certainly persist, we believe Grupo Supervielle remains well-positioned to capitalize on the country's underpenetrated loan market and took advantage of share-price weakness to add to our position.

Also among our bottom relative contributors in Q2 were E Ink Holdings and Samsung Biologics. E Ink has a near-monopoly on the production of ePaper technology used in eReaders such as Amazon's Kindle. Shares were pressured in Q2 as the combination of customers' inventory adjustments and foreign currency headwinds weighed on sales. Further, a shift among customers toward the company's lower-cost product as well as higher input costs crimped margins. However, we believe these are largely one-time headwinds and consequently maintain our conviction in the company's position relative to the secular trend toward e-paper technology in a growing number of applications. We leveraged the recent pullback to increase our position at an attractive valuation.

Shares of Samsung Biologics were pressured in Q2 by allegations of accounting fraud. The company is accused of inflating its Bioepis subsidiary's profits prior to Samsung Biologics' 2016 IPO. The company asserts it has adhered to international accounting standards. Authorities meet in July to issue a final ruling on the matter. While we have no particularly unique insight into the investigation's outcome, we maintain our conviction in the company's best-in-class manufacturing capabilities and its strong pipeline of marketable biosimiliars, which we believe will allow the company to position itself as a market leader with sustainable growth opportunities in an industry with high barriers to entry.

Among our top relative contributors in Q2 were our China holdings—namely, iQIYI, Sino Biopharm and Noah Holdings. Often referred to as the Chinese version of Netflix, iQIYI, a leading Internet video-streaming company in China, launched its IPO in Q2. iQIYI is benefiting from key secular growth trends, including the proliferation of Internet-connected devices and increasing consumer preference for on-demand content over television content. Importantly, younger Chinese consumers are increasingly willing to pay for on-demand content. As demand grows, we anticipate iQIYI should be able to command a higher price for subscriptions, narrowing the gap between its average revenue per user (ARPU) and those of developed-world competitors. Having over the years demonstrated its solid understanding of entertainment, users and content, we believe in iQIYI's ability to develop high-quality content. It has also invested in advanced technology to allow it to consistently produce and identify high-quality titles—advantages which amount to a differentiating portfolio strategy from competitors. As it continues to optimize its cost structure, we anticipate iQIYI will continue polishing its in-house production and co-production capability to command a higher price for its original content, which should in turn translate into a higher ARPU.

Sino Biopharm is driving accelerating revenue growth via new product launches and a strong pipeline of drugs, including several recently approved generics. In addition to its leading treatments for hepatitis B and other liver diseases, the company has a robust pipeline, which we believe should provide the company with productive growth in the period ahead. We remain impressed with the company's vast sales network, which has helped solidify the company's dominance in a market with generally fragmented distribution channels.

Noah Holdings, a leading wealth management services provider focused on China's high net worth population, is executing at a high level, thanks to tighter government regulations that have forced smaller players to exit the market and its strong brand name. We believe Noah is poised for sustainable long-term growth, especially as China's high net worth population—and its need for alternative wealth products—grows.

Portfolio Activity

We capitalized on Argentina's market volatility to conclude our investment in YPF, in favor of initiating a position in Pampa Energia, with which we are familiar from past investments. YPF is Argentina's largest oil and gas producer, sitting on Vaca Muerta, the second-largest shale gas reserve and the fourth-largest shale oil reserve in the world. Given Argentina's relative lack of investment in its energy resources over the last decade or so, the government had been incentivizing companies such as YPF to develop available resources, providing it with a long growth runway. While Argentina's oil production did indeed increase, allowing YPF to monetize its ownership of Vaca Muerta, investors failed to reward shares as we anticipated—which led us to lower our target price to a relatively unattractive level. We consequently chose to upgrade our capital in Q2 into Pampa Energia.

Pampa is Argentina's largest fully integrated electricity company, with market-leading positions in electricity transmission and distribution. Positively, most of the company's business is conducted in USD—including revenues and capital expenditures. Shares have been pressured recently as investors assume heavy tariff impacts. We capitalized on this share-price weakness to reestablish a position at what we believe to be an attractive valuation.

Perspective

Though volatility has indeed persisted as we suspected it might, we remain relatively encouraged by emerging markets' performance—particularly when compared to similar historical instances in which investors have fretted rising developed-world interest rates' potential impact on EM. In addition to Argentina, which we discussed earlier in this communication, Turkey and Indonesia—in which we maintain meaningful relative overweights—were similarly impacted in Q2. As with Argentina, we believe both countries are largely taking appropriate actions to reassure markets that they will take the necessary political medicine in a timely fashion in order to prevent full-fledged currency crises. Given these reactions, we maintain our conviction in our current positioning, not only in emerging markets overall, but in terms of our above-benchmark exposure to Argentina, Turkey and Indonesia.

Regardless of the macroeconomic environment, we will continue our unique, indigenous approach to investing in emerging markets, traveling the world 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. 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 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 comprised the following percentages of the Fund's total net assets as of 30 Jun 2018: Sino Biopharmaceutical Ltd 2.6%, Noah Holdings Ltd 1.7%, Samsung Biologics Co Ltd 1.6%, E Ink Holdings Inc 1.6%, iQIYI Inc 1.1%, Grupo Supervielle SA 1.0%, Pampa Energia SA 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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