



Artisan Global Discovery Fund

QUARTERLY
Commentary

Investor Class: APFDX

As of 30 June 2019

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. GardenSM investments are small positions in the early part of their profit cycle that may warrant more sizeable allocations as their profit cycle accelerates. CropSM investments are positions that are being increased to a full weight because they are moving through the strongest part of their profit cycles. HarvestSM 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



Jason L. White, CFA
Portfolio Manager (Lead)



James D. Hamel, CFA
Portfolio Manager



Matthew H. Kamm, CFA
Portfolio Manager



Craigh A. Cepukenas, CFA
Portfolio Manager

Investment Results (%)

As of 30 June 2019	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception ¹
Investor Class: APFDX	9.19	29.54	14.21	—	—	—	17.55
MSCI All Country World Index	3.61	16.23	5.74	—	—	—	7.95

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. ¹Fund inception: 21 August 2017.

Expense Ratios	Gross	Net ¹
Semi-Annual Report 31 Mar 2019 ²	1.43%	—
Prospectus 30 Sep 2018 ³	1.71%	1.50%

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2020. ²Unaudited, annualized for the six-month period. ³See 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. 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.



Investing Environment

Despite a meaningful May correction, markets landed mostly in the black in Q2, with the US leading, followed by non-US developed and emerging markets. Investors continued mulling the potential for slowing growth in major economies, including Europe and China. Further, global trade tensions remained top of mind—though as the quarter concluded, China and the US signaled they would resume negotiations. Brexit also remained an ongoing source of uncertainty, with PM May announcing she would step down as the leader of the Conservative Party but would remain PM until her successor is chosen. As of this writing, the UK is set to leave the EU as of October 31, with the manner of the country's exit still an open question. Though corporate earnings and many economic indicators are mixed, relative resilience for now has helped soothe investor nerves and contributed to June's bounce-back.

On the monetary policy front, major global developed world central banks left interest rates unchanged during Q2 as expected. However, several—notably, the Fed—indicated they will remain accommodative as economic conditions and the ongoing trade negotiations evolve in the coming months. Interest rates were pressured following the announcements, while equity markets seemed bolstered.

At the sector level, information technology led as investors' appetite for growth-oriented stocks has remained robust, despite the aforementioned concerns about the global growth trajectory. Conversely, energy and health care were the primary laggards. Oil prices fell for much of Q2 as supply remains abundant and alternatives become increasingly competitive. Though oil prices bounced sharply in June as Middle East tensions flared, it was insufficient to lift energy from among the bottom-contributing sectors for the quarter. The health care sector has been pressured amid amplifying US political rhetoric ahead of the presidential primary, which has increased uncertainty about the future of the insurance industry and pharmaceutical pricing. From a size perspective, small stocks trailed their larger counterparts during Q2—though mid cap leads YTD, followed by large stocks and small.

Performance Discussion

Our portfolio outperformed the MSCI AC World Index in Q2 and remains ahead of the benchmark YTD. We have generally been pleased with the performance of the majority of our CropSM holdings which have been the primary contributors to relative returns. We have also been particularly gratified to see a majority of our Q2 and YTD outperformance the result of our bottom-up stock selection—a welcome (if admittedly short-term) vote of confidence in our philosophy and process, which have served us well throughout our team's history.

It's also worth noting regional diversity of our returns in Q2—none of our regional exposures in Q2 detracted from relative results. We believe this reflects our dedication to finding growth wherever it is

occurring globally—including in emerging markets and across the Pacific Basin (Hong Kong, Japan), as well as in Europe and the US.

Among our top contributors in Q2 were Notre Dame Intermedica, Varta and Tableau. Notre Dame Intermedica is one of the largest health plan and hospital groups in Brazil. As Brazil has faced rapid health care cost inflation, Intermedica has vertically integrated into the provision of hospital and ambulatory services, lowering costs and improving quality of service. These savings have allowed Intermedica to lower premiums and capture market share—even against a backdrop of recession in Brazil. Positively, as Brazil's economy has begun improving, employers have added new employees—in turn, adding health insurance policies, which is a high-margin business for Intermedica. Further, the company has recently expanded its business into Rio de Janeiro, where we anticipate it will largely replicate the success it has seen in São Paulo. Given the broad growth runway, we believe Intermedica is well-positioned to drive a compelling, ongoing profit cycle in the period ahead.

Varta is the world's leading manufacturer of microbatteries for hearing aids, wearable electronics and industrial applications. We initiated our campaign in mid-2018 on the strength of the growth runway in the wearable device business, which has become more important as smartphones have matured and electronics producers look for new ways to drive sales growth. Varta is one of the only producers capable of serving this market as these batteries have complex wireless connectivity needs that require high energy density in small form factors, with high reliability and fire-safety requirements. Varta also has expertise in high-volume manufacturing and decades of experience shrinking batteries via its proprietary winding equipment—giving it a further competitive advantage over peers and customers that use the batteries in their end products. Varta also has a meaningful backlog of orders and has recently made significant progress toward expanding production capacity to meet demand. Though we are monitoring the valuation, we believe we are still in the early innings of the trend toward ever-smaller batteries for wearable devices and other products and have accordingly increased our position to a CropSM holding.

Tableau is a provider of unique, interactive data visualization software allowing enterprise clients to quickly translate complex data into compelling graphics. The announced acquisition by Salesforce in Q2 caps a successful investment campaign as we recognized early that Tableau's new management team was positioning the company for faster, more reliable growth by shifting to a subscription-based business model and doubling down on continually improving its analytics tools for customers. Because we expect the deal to close and because shareholders are receiving shares of Salesforce's stock, we have been harvesting our position.

Among our bottom contributors this quarter are B&M Value Retail, Canada Goose and Fevertree. B&M is a European discount retailer with a solid presence in the UK market. As brick-and-mortar retail has faced

e-commerce-related challenges, B&M has been able to capitalize, securing high-value locations at attractive rents—a combination which is allowing it to take market share. We have anticipated B&M would deploy a similar model in Europe, though it has taken longer to develop than we anticipated. The company has to integrate a German acquisition—leading us to increasingly question our thesis. Though we believe there are ample growth opportunities ahead of the company, we have pared our exposure while we watch for signs the profit cycle is taking hold.

Premium outerwear brand Canada Goose delivered strong quarterly results in Q2 which exhibited continued global growth for the brand. However, investors have grown to expect even higher levels of growth and are questioning the company's ability to support off-season sales with product extensions into new categories, spring wear, accessories, etc. We don't believe the growth algorithm has changed—on the contrary, the brand continues to appear healthy, and the growth opportunities globally continue to look attractive. Hence, we have maintained our position.

We have held Fevertree, a UK-based manufacturer of premium carbonated mixers, as it has capitalized on the combination of first-mover advantages, brand authority and low premium-mixer penetration rates to drive compelling growth across channels and geographies. Its market share in the UK is particularly dominant. However, the company is amid a transition from primarily UK-driven markets to the US. While this transition is taking longer than we anticipated, we believe the opportunity remains meaningful and have maintained our position while we await signs the US market is growing as we expect.

Portfolio Activity

We initiated a new position in Arista Networks in Q2. Arista is the market leader for cloud networking equipment who has been gaining market share within large cloud computing customers globally. Shares pulled back in Q2 as investors were caught off-guard by slower orders from large customer Microsoft, who appears to be digesting significant purchases from Arista over the last year. Based on our knowledge of Microsoft's cloud computing plans and Arista's competitive position, we strongly suspect this to be a temporary issue. Further, Arista is in the early stages of extending its franchise from large cloud and telecom networking to enterprise networking components, which we believe will represent a compelling growth opportunity over time. We consequently capitalized on the pullback to initiate a GardenSM position at what we believe is a compelling valuation.

Conversely, we concluded our campaign in Visteon in Q2. Visteon is a producer of next-generation automotive dashboards. Our thesis has been largely focused on the company's new product cycle in its core infotainment business, which we anticipated would drive materially higher profits and margin expansion in the coming years. However, recent management missteps have driven costs higher and delayed product launches, weighing on the company's profit growth and

outlook. Further, short-term demand for Visteon's products appears to be waning, with OEM production cuts in North America and Europe, as well as trade pressures in China, which have weighed on the country's auto demand. Absent near-term visibility into when these headwinds might abate, we concluded our campaign in favor of better positioned opportunities elsewhere.

As we have consistently discussed, we have been very conscious of valuations as the bull market has continued. Our disciplined approach has led us to pare our exposure to holdings for which we believe the profit cycle remains in motion, but whose valuations have approached our estimates of private market value. In Q2, this was the case for HDFC Bank, Veeva, Progressive, and IMCD.

We also pared our exposure to Cintas. We have held Cintas since the portfolio's inception on the thesis that the acquisition of G&K created significant opportunities for revenue and cost synergies. We had high confidence in Cintas's management team to achieve those synergies, and we have been rewarded accordingly for that conviction. We think the stock's valuation now more appropriately reflects the strength of the franchise and profit cycle, and therefore we have reduced the position.

Portfolio Statistics

As of June 30, the portfolio had a median market cap of \$8.2 billion and a 3-5 year forecasted weighted average earnings growth rate of 16%. Our holdings were selling at a weighted harmonic average P/E (excluding negative earnings) of 27X FY1 earnings and 24X FY2 earnings. As of quarter end, we held 61 positions. Our top 20 holdings accounted for roughly 53% of portfolio assets as of quarter end. Our top 30 holdings represented about 67% of portfolio assets.

Perspective

Strong earnings growth has been a nice contributor to the portfolio's attractive YTD returns. But multiple expansion has clearly played an important role as well. As we have communicated in prior letters, we entered the year (following Q4 2018's decline) believing valuations in the portfolio were quite attractive—hence, some multiple recovery was to be expected. Beyond that dynamic, we believe valuations have been boosted in recent quarters by falling interest-rate expectations and global macro concerns that have created a scarcity premium for many of our holdings (businesses whose profit growth is driven by innovation, internal initiatives and secular trends, more than by global economic expansion).

While we expect the portfolio to exhibit continued solid earnings growth in the second half of the year, our expectations for continued multiple expansion are far more restrained. In fact, as market participants (most of whom we believe have shorter investment time horizons than we do) watch US-China trade developments, Fed actions and political indicators in an attempt to call the market's next turn, we wouldn't be shocked to see profit-taking in our holdings to fund bets in either more cyclical—or more defensive—equities.

While our time horizon is reasonably long—and while our investment process guides our stock selection toward high-quality franchises with visible profit cycle drivers and solid balance sheets—we’re always comparing the relative attractiveness of our portfolio to what we *don’t* own. Our observation today is that pockets of “value” in the market—banks, autos and cyclical industrials, for example—require investors to shoulder meaningful cyclical economic risk. On the other end of the spectrum, “defensive” stocks (those with very stable earnings trends and limited cyclicalities) have experienced meaningful multiple expansion as investors have looked for safety in an uncertain global economy. So while many of our holdings have seen their valuations expand to the upper end of reasonable YTD, it’s not obvious to us that trading down in quality for cyclical value stocks, or giving up dynamic earnings growth for expensive safety, are attractive alternatives.

So while we’re maintaining our valuation discipline (our cash balances have crept up a bit), we also maintain our conviction that many of the profit cycles in the portfolio offer further opportunity for long-term compounding of value. For example, software usage is steadily proliferating across the economy—a trend that benefits not only our fastest-growing Silicon Valley companies (Atlassian, Veeva Systems, Ceridian, etc.), but also forward-looking diversified franchises across industrials (Fortive, Clarivate), financials (London Stock Exchange, Progressive) and consumer (Burberry). Our combined biotechnology holdings are as attractive as we’ve seen in the last seven to eight years. And approximately one fifth of the portfolio is led by relatively new management teams who we believe are in the early stages of driving profit acceleration based on improved strategies and execution. As such, a short-term market pullback would likely present us with multiple opportunities to add to high-conviction investments at more opportunistic prices.

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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.

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 2019. 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 Discovery Fund's total net assets as of 30 Jun 2019: IMCD NV 3.0%, Veeva Systems Inc 2.8%, The Progressive Corp 2.2%, Fortive Corp 1.5%, Notre Dame Intermedica Participacoes SA 1.8%, Tableau Software Inc 1.5%, London Stock Exchange Group PLC 1.4%, Clarivate Analytics PLC 0.8%, Arista Networks Inc 1.3%, B&M European Value Retail SA 1.0%, HDFC Bank Ltd 1.0%, Canada Goose Holdings Inc 0.9%, Cintas Corp 0.9%, Atlassian Corp PLC 0.9%, Fevertree Drinks PLC 0.8%, Burberry Group PLC 1.1%, Ceridian HCM Holding Inc 0.6%, Varta AG 2.2%. 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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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: GardenSM, CropSM and HarvestSM. GardenSM 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. CropSM investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. HarvestSM investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. HarvestSM investments are generally being reduced or sold from the portfolios.

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