Artisan Global Value Fund

QUARTERLY Commentary

Investor Class: ARTGX | Advisor Class: APDGX | Institutional Class: APHGX

As of 30 June 2019

Investment Process

We seek to invest in high-quality, undervalued companies with strong balance sheets and shareholder-oriented management teams.

Undervaluation

Determining the intrinsic value of a business is the heart of our research process. Intrinsic value represents the amount that a buyer would pay to own a company's future cash flows. We seek to invest at a significant discount to our estimate of the intrinsic value of a business.

Business Quality

We seek to invest in companies with histories of generating strong free cash flow, improving returns on capital and strong competitive positions in their industries.

Financial Strength

We believe that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management the ability to build value when attractive opportunities are available.

Shareholder-Oriented Management

Our research process attempts to identify management teams with a history of building value for shareholders.

Team Overview

Our team has worked together for many years and has implemented a consistent and disciplined investment process. Our team is organized by geographic regions, but within those regions we are generalists who look across all industries. We believe this model enables our analysts to become broad thinkers and gain critical insight across all economic sectors.

Portfolio Management

Daniel J. O'Keefe
Portfolio Manager (Lead)

Justin V. Bandy, CFA
Co-Portfolio Manager

Michael J. McKinnon, CFA
Co-Portfolio Manager

Investment Results (%)

As of 30 June 2019	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Investor Class: ARTGX	**3.80**	**15.56**	**3.72**	**10.08**	**5.24**	**12.02**	**7.39**
Advisor Class: APDGX	**3.86**	**15.67**	**3.89**	**10.23**	**5.37**	**12.09**	**7.45**
Institutional Class: APHGX	**3.85**	**15.69**	**4.04**	**10.35**	**5.50**	**12.21**	**7.54**
MSCI All Country World Index	3.61	16.23	5.74	11.62	6.16	10.15	4.20

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (10 December 2007); Advisor (1 April 2015); Institutional (17 July 2012). 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	ARTGX	APDGX	APHGX
Semi-Annual Report 31 Mar 2019[1,2]	1.28	1.13	1.01
Prospectus 30 Sep 2018[3]	1.28	1.13	1.04

[1]Excludes Acquired Fund Fees & Expenses as described in the prospectus. [2]Unaudited, annualized for the six-month period. [3]See prospectus for further details.

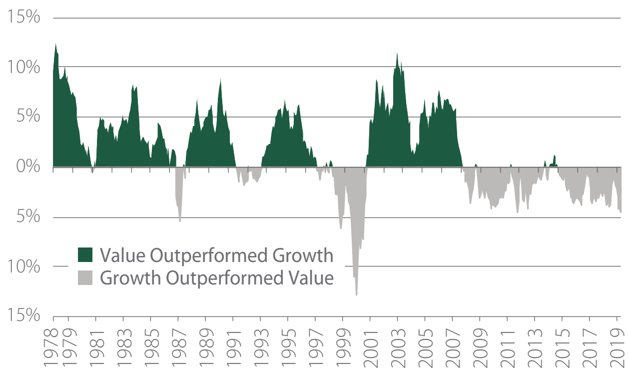
Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 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.

Market Overview: To Infinity and Beyond

Everything measurable passes, everything that can be counted has an end. Only three things are infinite: the sky in its stars, the sea in its drops of water, and the heart in its tears.
-Gustave Flaubert, French novelist, 1821–1880

Were he alive today, Mr. Flaubert might be forced to consider an addition to his list: the outperformance of growth versus value investing. It's gone on now for almost 10 years and is now the longest stretch of outperformance we can reasonably measure.

Exhibit 1: Value vs. Growth



Source: Artisan Partners/FactSet/MSCI. As of 30 Jun 2019. Three-year rolling returns, MSCI AC World Growth Index vs. MSCI AC World Value Index (net). **Past performance does not guarantee and is not a reliable indicator of future results.**

And the most recent quarter showed no signs of a letup. Most developed stock markets were up around 4% with a notable divergence between value and growth indices. The MSCI ACWI Growth Index was up 5% in dollars and the MSCI ACWI Value Index up 2%. That divergence was apparent across most markets.

"What is driving this?" you might ask. To which we would answer, "The world we live in." Europe hasn't grown in more than 10 years, and Japan has basically been stalled for more than 20. Interest rates are zero or negative across huge swaths of the world economy, and in the one part of the developed world where they are positive—the US—there is pressure for them to fall. Trade wars are breaking out between major economies in ways we have not seen in our lifetimes. The post-World War II model of globalization and integration is being challenged, and along with it the only economic model most of us have ever seen. Information technology is disrupting industries and destroying—and creating—jobs faster than our imaginations can keep up. Oh yes, and an avowed socialist is running for president of the United States—and he arguably is not the most liberal of the current crop of Democratic candidates.

If ever there were an environment that favored safety and certainty, this would be it. And it does. *Disruption-free, quality, visible growth, defensiveness*—these are the characteristics investors want and are willing to pay for. As a result, they continue to rush head-first into businesses that have those characteristics—or appear to, anyway.

We note that the cost of safety and security is reaching almost frightening levels, especially in Europe. The reasons for this are straightforward. There are simply fewer good companies in Europe than in the US. (That's probably the subject of a letter all by itself.) Importantly, there are fewer alternatives to equities. Cash earns zero or a negative rate in much of Europe (Exhibit 2), and there is not much of a market for publicly traded debt aside from government issues.

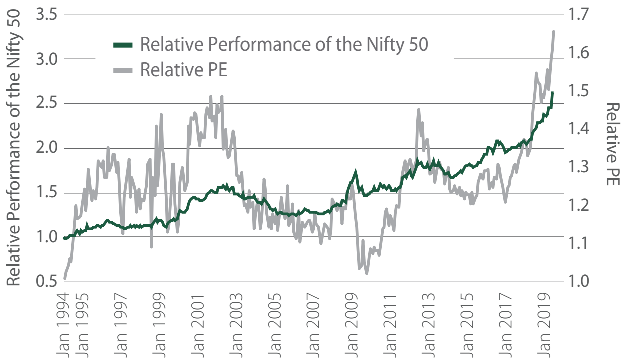
Exhibit 2: World Negatives: The Stockpile of Negative-Yielding Debt at Record Highs

Source: Bloomberg, as of 16 Jun 2019. Bloomberg Barclays Global Agg Negative Yielding Debt TR Index Value Unhedged USD.

In this environment, the bluest of the European blue chips turn bluer every day—mostly because the air is so thin in their stratosphere. Consider the following companies: Hermes International, LVMH, Barry Callebaut, Heineken, L'Oreal, Diageo, Kerry Group and Beiersdorf. They are objectively fantastic businesses—and they'd better be. They now trade for an average trailing PE of 33X. Note: While the earnings growth rate of these businesses is solid, it is not the 20%+ a year that you typically expect at over 30X earnings.

Exane Paribas recently compiled a list of high-quality European names that it has dubbed the "Nifty 50." The valuations of these companies trade at the highest relative PE in 25 years (Exhibit 3).

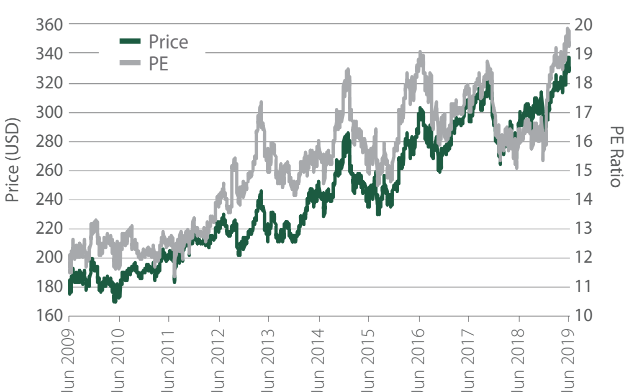
Exhibit 3: Europe's Nifty 50 Relative Performance



Source: Exane BNP Paribas estimates. To compensate for survivorship bias, this analysis uses current constituents of the MSCI Europe Index to construct the performance and valuation graphs. Relative performance is measured against the STOXX® Europe 600 Index. **Past performance does not guarantee and is not a reliable indicator of future results.**

The situation in the US is similar. We bought Microsoft during the financial crisis for around 8X earnings—it now trades for more than 30X. We bought Mastercard in 2010 at a low-teens multiple—it now trades at 40X earnings. We sold both at what we thought were full valuations (Microsoft in July 2018, Mastercard in July 2015), and both have rerated significantly since then. And while Microsoft and Mastercard are clearly growing companies, the premium for safety and security doesn't necessarily require it. Consider the S&P 500® Utilities Index. Its PE ratio approaches a multi-decade high, and the price graph looks like a rocket ship taking off (Exhibit 4). Note that the ROE of this collection of businesses as 2018 ended was barely 6%.

Exhibit 4: S&P 500® Utilities Index—Price vs. PE



Source: Bloomberg/S&P, as of 30 Jun 2019. S&P 500® Utilities Index. **Past performance does not guarantee and is not a reliable indicator of future results.**

Does the value camp offer any appealing alternatives to leveraged, low ROE utilities at 20X earnings and high-flying stocks at 30X earnings? We wrote last quarter about how we have found value recently in semiconductors but not in autos. This quarter, we will cover some ground we haven't covered in a while.

Dare we even utter the word … *bank*? Before you rush out and place an order for more Mastercard or LVMH, consider the following. Banks are one of the cheapest industries and at about the lowest relative valuation versus the market in 30 years.

In addition, banks offer the best capital return story of any sector we can think of. Consider this. The dividend yield of the S&P 500® Banks Index is just a hair less than that of the utility index, but banks are returning tremendous capital through share buybacks in addition to the dividend yield. Wells Fargo recently announced dividends plus buybacks equal to 16% of its market cap over the next 12 months.

We expect Wells Fargo to return up to a third of its market cap in dividends and buybacks over the next couple of years. We think Lloyds and RBS in the UK offer similarly compelling capital return economics. Citigroup, a current holding, is on track to complete a more than $60bn return of capital to shareholders over three years. The market cap is about $160bn. We can't think of a similar example of an industry returning this much capital relative to market value in our entire careers.

What will cause investors to sell a little Microsoft at 35X earnings and buy a bank or any of the other unloved areas? Other than the compelling valuation argument, we have no idea. But as a great French writer wrote more than 100 years ago, not much goes on forever, and we would bet that some cheap value stocks have a better chance of rising from the dead than high-flying growth stocks have of taking a permanent place among the stars.

Portfolio Discussion

Our top contributors for the quarter were Dentsply Sirona, Richemont and Arch Capital.

You will recall that Dentsply is a leading supplier of dental consumables and equipment to dental and orthodontic professionals worldwide. The dental industry is an attractive one: It grows, is highly profitable and doesn't suffer from the same reimbursement challenges of many medical-related industries. But initially, integration challenges and management turnover following the 2016 merger of Dentsply and Sirona left the company flailing—which was our opportunity. Recent results suggest the company continues to get back on track.

Underlying sales grew 3.9% in Q1 2019—a meaningful improvement after a string of declines. Importantly, the equipment business grew close to 8% and the group operating margin expanded to mid-teens, though it remains below what we believe to be a more normal 20%+ level.

Richemont's share price was up 16% this quarter. We have owned this company for a number of years but only made it a larger position during Q4 when it sold off dramatically.

Richemont is the owner of some of the world's most valuable luxury brands, mostly in the jewelry and watch categories. Its best-known brands include Cartier, Van Cleef & Arpels, Vacheron Constantin and many more. The business has faced a number of challenges over the past several years. Results were stellar during the Chinese luxury boom but suffered when it began faltering in 2016. Richemont has had to right-size its wholesale distribution network not only to deal with falling demand, but also to cope with changing shopping habits as e-commerce becomes a more accepted luxury channel.

Recent results suggest the rightsizing of the wholesale channel in its specialist watchmaker division is winding down. Watch sales were up 10% in the most recent period. The jewelry business has been a stronger and more consistent performer over the past few years—a pattern which continued, with sales up 10%. We continue to believe Richemont's brands are extremely valuable and that the company will grow value for decades to come.

We have been a shareholder of Arch since 2008. Arch is a diversified insurance company, but because of well-timed and attractively priced acquisitions earlier this decade, most of its profits today come from mortgage insurance. Historically, mortgage insurance has been a volatile and unattractive business that deserved a low valuation. However, fundamental changes in the industry since the financial crisis—including better underwriting, more rational policy pricing, stronger balance sheets and increased risk-sharing with capital providers such as reinsurers and insurance-linked bond buyers—have made this a much more attractive business. Strong results from Arch and the rest of the mortgage insurance sector are growing evidence of the industry's improved health and quality. We believe the strong performance of Arch's shares in Q2 is an indication the market finally appreciates some of these positive longer-term developments, rather than a reaction to any specific recent development. A second factor behind the share price's appreciation is the broad rally in insurance shares since the beginning of the year. This is likely related to an improved pricing environment across several niches of primary insurance and reinsurance over the last several months, which should drive enhanced profitability across the sector going forward.

Our three largest detractors were Baidu, BNY Mellon and Alphabet.

Baidu shares declined 29% during the quarter. The business is facing several headwinds which are expected to result in flat Q2 revenues and paltry profit margins. Some of these headwinds are cyclical: China's economy is decelerating, which has generally pressured advertising budgets. There has also been regulatory pressure on a few industries that represent some of Baidu's key advertisers—including health care, online games and peer-to-peer finance. These issues are temporal and should abate.

The more troubling headwind is from competition. Baidu is still the dominant provider of search advertising in China. However, search is less relevant in China than the US and therefore is growing slower than other forms of advertising. Baidu's management poorly navigated the competitive environment—reacting slowly to changes in China's Internet space and then spending heavily to reposition the business. Of course, Baidu's management doesn't deserve all the blame—we were also far too slow to react to these changes.

Despite these troubles, Baidu remains a top-three player in China's online advertising industry. The current $40bn market cap is now mostly made up of cash and investments in other companies. This leaves only $10bn of value for the core Baidu business, which values it at a very pessimistic 1.1X current year revenues.

BNY Mellon reported a weak first quarter. Revenue declined about 5% with weakness almost across the board. Fee revenue, which is the bulk of revenue, declined mid-single digits while trading revenue declined double digits. Net interest income also declined about 9%. Fee and trading revenue can be volatile on a quarterly basis, and we don't see any concerning competitive issues. We also expect CEO Charlie Scharff's many growth initiatives will contribute to growing fees over the long term. The net interest revenue is much harder to call. Declining interest rates are hurting here, as is increased competition for deposits. In short, the company is earning less on its cash and paying more for its deposits. It is of course impossible to predict interest rates in the near-term—or frankly the long-term. But our valuation of BNY Mellon is based on a normalized estimate of net interest margin which we think is reasonable. At any rate, net interest revenue won't make or break the company since it's about 20% of total revenue. We believe the relatively new management team's strategy will produce higher fee revenue and lower expenses, which at about 10X earnings is not in the stock price, in our opinion.

Alphabet's share price declined 8% during the quarter. The Q1 earnings release showed revenue for the core Google search business grew "only" 17% y/y. While this was a deceleration from the 20%+ growth rates over the past few years, we believe it still represents very healthy growth.

Alphabet's shares were also pressured by a potential investigation by the DOJ's antitrust division. We have long believed government regulation of the Internet businesses was likely (and appropriate). However, the political rhetoric around this issue is overstated. As the regulatory environment evolves, Alphabet is likely to change some of its business practices. However, it's unlikely this will impair the business. In our experience, the imposition of regulation often serves to enhance incumbents' advantages by raising the bar for everyone.

Most importantly, there remains a long runway for this business to grow. In the US, 50% of advertising and about 90% of commerce remain offline. Even if regulation forces some changes to the business model, we believe Alphabet is well-positioned to capture this growth. Given the business quality and growth profile, we find the valuation of around 18X earnings net of cash highly attractive—and reflective of reasonable scenarios for the impact of regulatory actions.

We added three new holdings to the portfolio this quarter: Booking Holdings, Cognizant and Wells Fargo.

Booking is a company we have known for a long time, given our holding in competitor Expedia. These companies are the world's two leading online travel agencies (OTAs). The industry is one that grows not only because travel generally grows faster than GDP, but because online hotel and airfare booking is taking share from offline. While the gains are unlikely to be as dramatic over the next 5 to 10 years, we believe they will continue.

Booking is the better operator of the two by a large stretch—whether measured in growth or profitability. As a result, it has always traded at a significant premium to Expedia, especially when factoring in the narrowing profit-margin gap, which we believe will happen over time—hence why we have only owned Expedia until recently.

Booking's stock has been weak over the past year. Its revenue growth has slowed as a result of economic weakness in Europe, its largest market. In addition, the company has continued making investments which have dampened margins in the face of slowing revenue. We believe revenue growth should accelerate, and the company will begin to leverage its current investment spend, leading to stable or rising margins. In addition, the company has a net-cash balance sheet and is using its prodigious free cash flow to buy back up to 25% of outstanding shares. We paid about 13X earnings net of cash.

Cognizant is one of the world's leading IT service providers. It has one of the best long-term track records among its peers, is highly profitable, generates good free cash, has a net-cash balance sheet and operates in an industry with good long-term growth prospects. Why were we able to get it for about 13X cash-adjusted earnings while peers trade at 20X or more?

The company has hit some speed bumps. First, it recently has had some client-specific issues in its largest industry verticals of health care and financial services. The client issues in health care appear to us to be one-offs. The reversal among their largest bank clients in the US are explainable and understandable but require continued monitoring. After many years of aggressive outsourcing in the wake of the financial crisis, many large banks are now reversing course a bit by bringing services in house which had been outsourced to companies such as Cognizant. This is driven by banks' need to control more of their IT, given its increasing competitive importance. We have spoken to different executives in large banks' IT departments to understand the issues, and we believe outsource providers will continue to be important partners to the banking industry. And finally, Cognizant had perhaps focused too narrowly on margins at the expense of client development and growth initiatives. An activist fund took a position in Cognizant in 2016 and pressured the company to improve its margins. We think this has played a part in the current top-line slowdown.

Cognizant also has a new CEO as of April 1: Brian Humphries. We have not yet spoken to Brian as his focus has been on analyzing the way forward for Cognizant. We would note he is the first outsider/non-founder to take this company's helm. He has worked at Vodafone, Dell and HP, including as CFO for two years of HP Services—a Cognizant competitor. He has a track record of driving growth outperformance versus the market as well as improving his divisions' profitability. We have spoken to people who know and have worked with him, and we have a favorable view of his skill set and capability.

Wells Fargo (WFC) is the fourth-largest bank in the US and is largely a plain vanilla deposit-taker and lender, rather than a universal bank with large trading and investment banking activities like its larger peers. It trades for about 9X earnings and has a 4% dividend yield. In addition, WFC has significant excess capital which it plans to return to shareholders. In combination with its 100% earnings payout ratio, this will result in almost a third of the market cap coming back to shareholders over the next couple years.

Aside from being a bank and therefore generally out of favor, WFC has some very specific issues to contend with. Despite sailing through the financial crisis relatively unscathed—because of its plain-vanilla business mix and strong underwriting—the company has meaningful sins to atone for. Because of an aggressive sales culture and a relatively decentralized management structure, WFC committed a number of bad acts over the past several years. We won't enumerate them here, but they basically come down to pursuing sales at the expense of customers' best interests. They have been fined billions of dollars, changed management twice, replaced half the board and today operate under an asset cap imposed by the Fed. This restriction will only be removed once the bank has demonstrated its governance, compliance and operational risk control are improved.

The bank is currently without a permanent CEO which weighs on the valuation. Allen Parker is the interim CEO, and the board is actively searching for a replacement. From what we read in the press, finding a CEO is proving more difficult than hoped. The intense political scrutiny is likely a spotlight few are interested in stepping into, particularly if political pressures will not allow fair market compensation levels. Our best guess at this point is Allen will take on the role permanently—an outcome we are comfortable with.

In addition to the depressed valuation and the capital return potential, there is one more significant component to the investment thesis: WFC's cost-income ratio has ballooned over the past few years as it has spent aggressively on regulatory and compliance costs. Historically, WFC's cost-income ratio was in the mid-50s compared to its current mid-60s level. We have studied its peer group across a number of different business lines and believe WFC should be able to return to its historic cost-income ratio levels—providing significant potential for higher future earnings.

We exited two positions this quarter—ISS and Yahoo Japan. ISS reached our target of fair value—though admittedly that target had been declining as a result of poor execution. We sold Yahoo Japan in favor of more attractive opportunities.

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. Value securities may underperform other asset types during a given period.

MSCI All Country World ex USA Index measures the performance of developed and emerging markets, excluding the US. MSCI All Country World Index measures the performance of developed and emerging markets. MSCI All Country World Growth Index measures the performance of companies in developed and emerging markets with higher forecasted and historical growth rates. MSCI All Country World Value Index measures the performance of companies in developed and emerging markets with lower price/book and forward price/earnings ratios. MSCI Europe Index measures the performance of developed markets in Europe. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. S&P 500® Banks Index measures the performance of banks stocks included in the S&P 500® Index. S&P 500® Utilities Index measures the performance of utilities stocks included in the S&P 500® Index. Bloomberg Barclays Global Agg Negative Yielding Debt TR Index Value Unhedged USD measures the stock of debt with yields below zero issued by governments, companies and mortgage providers around the world which are members of the Bloomberg Barclays Global Aggregate Bond Index. The STOXX® Europe 600 Index measures the performance of large, mid and small cap companies across 17 developed European nations. 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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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. These holdings comprise the following percentages of the Fund's total net assets (including all classes of shares) as of 30 Jun 2019: Lloyds Banking Group PLC 2.6%, Royal Bank of Scotland Group PLC 1.5%, Citigroup Inc 3.3%, DENTSPLY SIRONA Inc 3.2%, Cie Financiere Richemont SA 3.3%, Arch Capital Group Ltd 3.3%, Baidu Inc 1.8%, The Bank of New York Mellon Corp 3.1%, Alphabet Inc 3.0%, Booking Holdings Inc 1.6%, Expedia Group Inc 3.3%, Cognizant Technology Solutions Corp 1.4%, Wells Fargo & Co 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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Price-to-Earnings (P/E) Ratio measures how expensive a stock is. Earnings figures used for FY1 and FY2 are estimates for the current and next unreported fiscal years. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **Dividend Yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

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