Artisan Sustainable Emerging Markets Fund

QUARTERLY
Commentary

Investor Class: ARTZX | Institutional Class: APHEX

As of 30 September 2019

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, sustainability and macroeconomic risks into our valuation analysis to develop a risk-adjusted target price. Our risk-rating assessment includes a review of quantitative and qualitative ESG factors and 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 (%)

As of 30 September 2019	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]	Inception[2]
			Average Annual Total Returns					
Investor Class: ARTZX	**-3.18**	**8.40**	**1.91**	**6.98**	**4.64**	**2.30**	**-0.42**	**—**
Institutional Class: APHEX	**-3.11**	**8.54**	**2.04**	**7.07**	**4.68**	**2.47**	**—**	**4.40**
MSCI Emerging Markets Index	-4.25	5.89	-2.02	5.97	2.33	3.37	0.78	5.22

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 2019[1,2,3]	1.87/1.35	2.39/1.20
Prospectus 30 Sep 2018[1,3]	1.78/1.35	2.00/1.20

[1]Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2020. [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.

Portfolio Discussion

Our portfolio outperformed the MSCI Emerging Markets Index in Q3. From a country perspective, India was our top contributor on a relative basis due to our above-benchmark exposure. Our Russia and Taiwan exposures were also nicely additive on a relative basis, while our Argentina exposure was a significant detractor.

Among our top Q3 relative contributors were Sino Biopharm, Polyus and Metropolis Healthcare.

Shares of Sino Biopharm, a pharmaceutical company with leading positions for hepatitis B virus and other liver diseases, have been aided by growth in the company's new, high-margin oncology drugs. In July, its Anlotinib drug—already used to treat advanced non-small-cell lung carcinoma—was approved in China for the treatment of soft-tissue sarcoma. In August, it reported results for the first half of 2019, including better-than-expected revenue growth and margin expansion. In September, the Chinese government announced an expansion of centralized generic drug purchasing, which hurt Chinese pharmaceuticals stocks. However, we expect the program will have a limited impact on Sino Biopharm given its strong pipeline of new drugs—more than 10 drugs received government production approvals in the first half of 2019. We believe its sustainable earnings growth profile will remain attractive over the long term.

Polyus, a Russian gold mining company, climbed alongside rising gold prices. We continue to like the company for its position as a low-cost producer, its limited capital spending and the likelihood of strong production growth in the coming years. In addition, we believe Polyus has made serious strides to improve its environmental, social and governance (ESG) practices. The company has been moving toward mining methods considerably cleaner and less damaging to the local environment, making concerted efforts to establish positive relationships with local communities, and establishing a generous and consistent dividend policy—while raising production by more than 60% in the last five years. Given these strengths, we find shares of Polyus to be attractively valued.

Metropolis Healthcare is an Indian medical diagnostics company. The marketplace in India is shifting toward organized and branded players such as Metropolis, which has one of the largest diagnostic lab chains in the country. Metropolis is focused on increasing its share in the higher-margin business-to-consumer (B2C) market. Revenues and earnings are also likely to get a boost through operating leverage as the company expands its geographical footprint. In addition, Metropolis should benefit from corporate tax cuts announced by India's government in September.

India was our top relative contributor at the country level in Q3. We have purposefully positioned our exposure to strong secular growth trends. Metropolis Healthcare is a good example of our approach to investing in India, as it is seizing on consumers' shifting preference toward branded players with a multi-state or national footprint. Additional secular trends that we find attractive include the rise of the urban middle class and its increased spending on more discretionary items, such as dining out and upscale shopping and entertainment, as well as the continued growth of digital services. We believe these trends have more room to play out as penetration remains relatively low in India.

Some of our positions have not been immune from India's recent slowdown. The ripple effects from the liquidity crisis originating in the non-bank financial system have negatively affected consumer sentiment and, in turn, our positions tied to domestic consumption. However, the trends of building more affordable housing and home improvement projects by India's growing middle class will likely pick up as economic conditions improve. We are cautiously optimistic that recently enacted corporate tax cuts can provide a boost to economic growth, but it will take time to see how companies choose to allocate these savings (i.e., reinvestment vs. passing benefits on to consumers). And our lone financials sector position, ICICI Bank, has already taken the appropriate steps to maintain a strong balance sheet and capital position, while having sustainable competitive advantages in the form of a solid local brand, well-scaled franchise and extensive domestic branch network.

Expanding on our view of sustainability in India, we are encouraged by a greater focus on ESG by companies and the government. We have noticed a distinct positive change in the levels of corporate transparency and communication with investors. In addition, a recent enhancement to the Companies Act reinforces the requirement for companies above a certain level of net profit, turnover or net worth to spend a set percentage of net profit on corporate social responsibility activities. Much of the environmental and social investment made by the Indian companies in our portfolio has been focused on helping local communities with education, food programs and sanitation infrastructure. The growing importance of sustainability for Indian companies is a supporting factor in our country overweight.

Among our bottom relative contributors in Q3 were Pampa Energia, Noah Holdings and ZhuZhou.

Pampa is the largest independent integrated energy company in Argentina, including electricity, oil and natural gas. In August, President Mauricio Macri was beaten in primary elections by a far greater margin than expected by the Peronist party ticket that includes former president Christina Fernandez. Subsequently announced capital controls also pressured Argentina's financial markets as investors weigh the potential return of populist policies, a further currency decline, a deep economic recession and a credit default. Given the heightened likelihood the government reinstates energy subsidies and freezes electricity rates, we exited our position in Pampa.

Noah Holdings is a leading wealth manager in China. In July, Noah disclosed its exposure to CNY 3.4 billion of credit products related to Camsing International, whose CEO was arrested by Chinese

authorities over allegations of fraud. While the event raised market concerns regarding Noah's risk management practices, we are closely monitoring the situation and remain confident in Noah's management. Noah has taken several important steps to help recover clients' investments, and management has been cooperating with authorities and communicating regularly with investors. In our view, the negative effects of this event will fade, and we still believe Noah can expand its market share given its strong brand name and market-leading position, as well as its ability to deliver top-notch customer service to high net worth individuals.

Zhuzhou CRRC Times Electric provides and integrates train-borne electrical systems for China's railway industry. Shares of Zhuzhou were negatively affected by weak investment spending this year. However, China Railway announced the first round of a train procurement tender. We also believe another tender will likely be announced before the end of 2019 as China has completed additional high-speed railway lines. In addition, the market has assigned little valuation to Zhuzhou's insulated gate bipolar transistors (IGBT) business. IGBTs have a number of uses, including power electronics for the traction system of electric rail vehicles, and Zhuzhou is the only domestic producer. Furthermore, we believe the company's diversification into higher-margin end-markets—including electric vehicles and deep-sea robots—should help it stay relatively resistant to rail-industry cyclicality.

Portfolio Activity

As previously mentioned, during Q3 we exited our investment in Pampa Energia. Despite Argentina's country-level political and economic risks, we continue to see significant upside in select Argentine stocks. One such bright spot is Despegar.com, the largest online travel booking company in Latin America with the most downloaded travel app in the region. Despegar.com's stock price fell significantly following its 2017 initial public offering as difficult economic conditions in its core Brazil and Argentina markets and costs which outpaced revenues drove disappointing operational results. However, we believe financial markets are underestimating the company's strong positioning, regional growth opportunities and financial health. Despargar.com has used its position of strength during the economic crises to gain market share, while improvements in operational leverage are likely to increase its sustainable ROE well above the current ROE. Marketing efforts to increase vacation package bookings—which are more profitable than basic transactions such as booking flights—and the August announcement of a share buyback program representing nearly 15% of the market cap (22% of the share float) are also positive. While conditions in Argentina still pose a near-term risk, in our view, Despegar.com is well-positioned to weather the volatility.

Perspective

Sustainability is a critical aspect of what we do. To us, sustainability means having the ability to endure. It includes—but goes beyond—environmental, social and governance (ESG) considerations. More broadly, it entails businesses making the right strategic choices that bring continuity to their shareholders, employees, customers and the communities around them. Ultimately, we invest in emerging markets because as a team of people who were born, educated and have spent large amounts of time in these countries, we want to direct capital to companies that can have a long-term positive impact on emerging markets' people.

We do what we do because we care passionately about the people of emerging markets—which, as investors, implies caring about their economies and markets as well, given our belief that economic growth will ultimately lead to better lives and futures for these populations. As a result, we have spent some two decades developing a rigorous investment approach that simultaneously attempts to leave no stone unturned while avoiding companies not committed to growing sustainably over time. While we recognize emerging markets will likely always be inherently more volatile than developed markets, we believe the rewards over time should likewise be outsized. Furthermore, we believe the effort required to find companies behind which we are interested in putting our capital is eminently worthwhile.

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 Sep 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 comprised the following percentages of the Fund's total net assets as of 30 Sep 2019: Sino Biopharmaceutical Ltd 2.1%, Polyus PJSC 2.5%, Metropolis Healthcare Ltd 0.8%, Noah Holdings Ltd 1.2%, Zhuzhou CRRC Times Electric Co Ltd 1.4%, ICICI Bank Ltd 2.5%, Despegar.com Corp 0.5%. 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.

The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

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.

Return on Equity (ROE) is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

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

10/22/2019 A19799L_vR