



Artisan Sustainable Emerging Markets Fund

QUARTERLY
Commentary

Investor Class: ARTZX | Institutional Class: APHEX

As of 30 June 2020

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.

Investment Team



Maria Negrete-Gruson, CFA
Portfolio Manager



Meagan Nace, CFA
Analyst



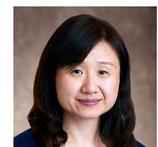
Chen Gu, CFA
Analyst



Nicolas Rodriguez-Brizuela
Analyst



Gurpreet Pal
Analyst



Jessica Lin, CFA
Analyst

Investment Results (%)

As of 30 June 2020	Average Annual Total Returns							Inception ¹	Inception ²
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr			
Investor Class: ARTZX	21.76	-10.65	-4.39	2.01	4.96	2.16	-0.50	—	
Institutional Class: APHEX	21.81	-10.56	-4.22	2.15	5.03	2.33	—	4.07	
MSCI Emerging Markets Index	18.08	-9.78	-3.39	1.90	2.86	3.27	0.81	5.00	

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

Expense Ratios (% Gross/Net)	ARTZX	APHEX
Semi-Annual Report 31 Mar 2020 ^{1,2,3}	1.72/1.35	2.08/1.20
Prospectus 30 Sep 2019 ^{1,3}	1.93/1.35	2.47/1.20

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2021. 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.



Portfolio Discussion

Our portfolio outperformed the MSCI EM Index in Q2 as global markets staged a significant rally. While the COVID-19 pandemic exacted a heavy health, social and economic toll around the globe, investors reacted positively to slower infection rates in some areas, significant stimulus from central banks and governments and steps by many countries to reopen their economies. Overall, emerging markets slightly trailed developed markets. China, Taiwan and Korea were the benchmark's most significant contributors to return, while no EM country detracted from the benchmark's performance.

Among our most notable relative contributors in Q2 were MercadoLibre, MediaTek and E Ink. MercadoLibre is Latin America's leading online commerce platform, including e-commerce and online financial technology products. It experienced strong sales as the outbreak of COVID-19 across Latin America intensified, governments implemented lockdowns and e-commerce was designated as an essential business. Unlike some of its competitors, MercadoLibre was able to fulfill the demand surge without major disruptions, due largely to its early and continuous investment for the past three years in online payment, distribution and logistics networks. We believe MercadoLibre's recent successes can further strengthen growth opportunities in a market where it is already a leader.

Taiwan-based MediaTek is the largest fabless semiconductor design house outside the US. In April, the company provided better-than-expected guidance for Q2 growth, while Chinese demand for 5G smartphones has exceeded expectations. In addition, MediaTek could be a beneficiary of US export control rules designed to restrict global chipmakers from selling semiconductors to China-based smartphone maker Huawei Technologies, given Huawei may turn to MediaTek to supply high-end 5G mobile chips.

E Ink is a Taiwan-based producer of e-paper technology used in e-readers such as Amazon's Kindle. In May, E Ink reported better-than-expected quarterly results and management provided a positive long-term product outlook. E Ink also signed an agreement to help create a 28-inch advanced color e-paper screen intended for IoT (Internet of things) applications. In the near term, E Ink could face some production challenges as demand for color e-paper offerings is exceeding production capacity and causing a months-long backlog in product shipments. The capacity challenge could lead to a slowdown in near-term sales momentum, but we believe capacity will quickly ramp up to approach demand.

Among our Q2 relative detractors were Tencent, Zhuzhou and AIA. A lack of exposure to China-based Internet services provider Tencent, with an index weighting close to 6%, hurt performance on a relative basis. The portfolio's lack of exposure has nothing to do with our perception of its business; we believe it is strong, particularly in gaming. Rather, from our bottom-up perspective, we believe valuation metrics reflect a high degree of success already priced into Tencent's shares, leaving an insufficient level of upside potential.

Zhuzhou provides and integrates train-borne electrical systems for China's railway industry. COVID-19 has reduced demand for short-term rolling stock and limited Zhuzhou's near-term outlook. However, the company is China's largest producer of insulated-gate bipolar transistors (IGBTs), used in electronic switches. China has been importing 90% of IGBT chips, but demand for Zhuzhou's IGBT chips could increase as China looks to decrease its reliance on foreign technology. We believe investors have not adjusted their valuations of Zhuzhou for this potential increase in demand.

Hong Kong-based AIA is the largest independent publicly listed pan-Asian life insurance group. Business has slowed as some of AIA's insurance products require in person signings, which have been unattainable during the COVID-19 pandemic. AIA's stock further declined following the Chinese government's introduction of a national security law in Hong Kong. However, we believe the Chinese government's decision in June to allow AIA to set up a life insurance company in mainland China may be a strong long-term positive event. AIA is the first foreign life insurer allowed to incorporate in mainland China. The approval will enable AIA to open new branches across the country and is in line with the government's broader effort to open its financial markets to overseas investors.

Portfolio Activity

In response to the dramatic Q1 market volatility, the investment team undertook a comprehensive portfolio review. The purpose has been twofold: identify positions at the highest risk in terms of balance sheet, liquidity and ability to roll over debt; initiate or increase positions in companies exhibiting the best ability to endure current challenges and offer extremely compelling upside potential. Sharp and broad-based market moves typically provide opportunities to initiate positions in attractive companies trading at prices that provide far more upside potential. Even with the rally in Q2, we identified new opportunities.

We initiated a position in Public Bank, Malaysia's third-largest bank. We believe Public Bank should be relatively insulated from asset quality problems which other banks in the region may experience. It also has low exposure to hard-hit industries such as travel and hospitality. In addition, up to this point Malaysia has fared quite well in limiting the spread of COVID-19. Malaysia has a geographically dispersed population, has a good health care system and started lockdowns in March, and has been cautious about opening its economy.

Another new position is TCS Group, a Russia-based online retail financial services company. TCS has grown rapidly and been quite profitable, reflected in its high ROE. We believe it has a very good long-term opportunity in mortgages, home equity loans and small and medium-sized enterprises. Historically, the stock has traded at a premium, but COVID-19-driven market volatility provided us with a

rare opportunity to take a position at an attractive valuation with suitable upside potential.

Conversely, we exited multiple positions in Q2, including Phoenix Mills and LSR Group. India-based Phoenix Mills is a leading mall developer. Phoenix Mills has long had a solid business model in a very compelling Indian retail market. The government's strict and prolonged nationwide lockdown to limit the COVID-19 outbreak and the subsequent acceleration in new cases as the economy was reopened especially hurt companies tied closely to brick-and-mortar retailing. Phoenix Mills will struggle to maintain its superior lease agreements and will likely need to alter the layout of its malls, particularly food court locations.

LSR Group is a real estate and building materials company. As one of Russia's largest homebuilders, we believe the effects of the pandemic will likely cause our original investment thesis to take much longer to play out.

Perspective

Emerging markets are still very much in a state of crisis that is both humanitarian and economic in nature. The loss of life is a tragedy, and EM became increasingly affected during Q2. We have seen substantial differences in resilience among EM countries based on their policy responses, the soundness of their institutions and their available resources.

Heading into 2020, we highlighted the emergence of social discontent and the likelihood it would be a source of additional volatility this year and beyond. We believe the COVID-19 pandemic has the potential to intensify this trend, particularly for countries whose governments' health and economic policy responses are insufficient or biased.

However, our two decades of experience through various market cycles and environments give us the confidence to stay true to our investment process. We believe a bottom-up emphasis on long-term fundamentals and valuation discipline is the best way to compound assets over the long term.

We look for companies that take advantage of a growth opportunity and develop a business model around it, allowing them to build sustainable growth and enduring earnings over time. In addition, we seek companies with a sustainable competitive advantage because the environments in which these companies operate change rapidly. A long-term, defensible competitive advantage is the key to surviving the inevitable crisis times in emerging markets such as we are currently experiencing.

We also perform a country risk analysis to enhance our assessment of the company's target P/E. We estimate which macroeconomic risk factors are the most relevant for each country and how those factors impact a company. Our country risk assessment is not a beauty contest—we are not comparing one country to another. Each

emerging market is in a different place in its economic, social and political development. Therefore, it is important to compare a country's risks to its own history and to identify improvements or deterioration over time and how those factors may impact a prospective investment.

Travel has long been an important way for us to build strong relations with management teams, to see companies up close and to better understand local markets. Understanding helps us develop conviction around investment decisions. Fortunately, our strong relationships have allowed us to maintain productive interactions with company management teams and to identify new opportunities. Also, we have intensified our use of all forms of digital communication. We are confident even a prolonged period of suspended travel will not negatively impact our investment process of extensive financial and strategic analysis, management research and ESG considerations.

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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.

Current and future portfolio holdings are subject to risk. 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 2020. 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 2020: MercadoLibre Inc 3.1%, MediaTek Inc 2.8%, E Ink Holdings Inc 2.0%, Zhuzhou CRRC Times Electric Co Ltd 1.0%, AIA Group Ltd 1.7%, Public Bank Bhd 1.0%, TCS Group Holding PLC 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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Return on Equity (ROE) is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings.

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