Artisan Developing World Fund

QUARTERLY
Commentary

Investor Class: ARTYX | Advisor Class: APDYX | Institutional Class: APHYX

As of 30 September 2020

Portfolio Management
Lewis S. Kaufman, CFA

Dear Fellow Shareholder:

Market Backdrop

Artisan Developing World Fund (Investor Class) returned 18.87% for the quarter ended September 30, 2020, versus 9.56% for the MSCI Emerging Markets Index (all returns in USD unless stated otherwise). Since June 30, 2015, Artisan Developing World Fund has returned 137.99% cumulatively, versus 26.14% for the MSCI Emerging Markets Index. Market strength this quarter reflects unprecedented monetary and fiscal stimulus, ongoing COVID-19 containment measures, partial normalization of economic activity and continued outsized performance of technology bellwethers. The dollar weakened against most major currencies including the renminbi (-3.72%) and euro (-4.18%), reflecting enhanced guidance from the US Federal Reserve, interest rate and economic differentials in China, and political and health differentials in Europe. China (12.50%) continues to recover more quickly than the rest of the world from the COVID-19 pandemic due to successful virus mitigation efforts, despite relatively measured fiscal impulse and limited monetary support. Traditional emerging markets such as Brazil (-3.32%), Russia (-4.72%) and South Africa (3.66%) continue to struggle with the COVID-19 fallout, while their collective pandemic response has highlighted challenges of a more structural nature. One notable exception this quarter to this narrative was India (14.95%), despite deterioration in the health outlook and an escalating border conflict with China that culminated in a Chinese mobile app ban in India. Investors seem to view India as a beneficiary of trade tensions between the US and China, as companies globally reexamine supply chains. Korean (12.83%) and Taiwanese (16.54%) markets were also perceived beneficiaries of this dynamic, though Taiwan ex-TSMC was up just 2.52%.

Contributors and Detractors

Top contributors to performance for the quarter included Internet leader Alibaba, Southeast Asian gaming and e-commerce company Sea, US graphics chip designer NVIDIA, Chinese local services platform Meituan Dianping and Dutch payments provider Adyen. Alibaba rose in anticipation of the Ant initial public offering and due to indications at its investor day that the Alibaba cloud business could eventually rival that of Amazon Web Services (AWS) in size and profitability. Sea has benefited from ongoing COVID-19 containment measures including renewed lockdowns in Jakarta, which have led to accelerated growth in its payments offering alongside ongoing strength in gaming and e-commerce. NVIDIA rose on data center strength, momentum in sales of its Ampere GPU architecture, and enthusiasm for its announced acquisition of Arm and the platform possibilities it may engender. Meituan rose as its food delivery business recovered and returned to profitability, and as changes in consumer behavior allowed it to deepen its value proposition and increase adoption of new initiatives. Adyen is benefiting from the accelerating transition from offline to digital payments, the successful development of omnichannel capabilities for the company's retail partners, and signs of modest recovery in travel volumes.

Bottom contributors to performance for the quarter included gene sequencing company Illumina, telehealth provider Ping An Healthcare, Chinese financial software provider Hundsun Technologies, Chinese hotel operator Huazhu and Indian jewelry retailer Titan. Illumina declined first due to lab closures which resulted in weak revenue development, and then due to the announced acquisition of GRAIL which arguably takes the company into competition with some of its customers. Ping An Healthcare came under pressure despite COVID-related demand for telehealth services, as investors scrutinized the company's evolving business plan and a secondary stock market offering. Hundsun stagnated a bit after a period of strong performance, as investors await further regulatory reforms which could be supportive of both the company's core business and newer initiatives such as AI, blockchain, cloud computing and data. Huazhu has remained challenged by COVID 19-related impediments to travel in its core domestic hotel business, though the company has continued to invest in strategic initiatives including the development of upmarket brands. Titan continues to face an adverse environment for jewelry consumption due to a weak demand environment and high gold prices, and as constraints on employment and real income growth could persist.

Market Outlook

The prevailing market backdrop is one of differentials: health, monetary, fiscal and political. Health differentials are evident globally. China has been the most successful of large economies globally in containing COVID-19, with its economy largely having recovered. By contrast, most emerging markets have lacked the health assets, financial resources and planning capabilities to effectively fight the pandemic. This has left them with the unenviable choice between additional lockdowns without the fiscal bridge we see in the United States and Europe or prioritizing economic reopening at the expense of further spread. It is worth distinguishing between fiscal and monetary capability. On the fiscal side, there is a limit to the level of indebtedness market participants will bear from emerging countries, which limits the crisis-fighting capacity of indebted countries such as India, Brazil and South Africa. Monetary capacity is different in that the Fed's move to zero interest has opened the door to significant rate cuts as we have seen in several emerging countries, since real rate differentials are arguably still positive. However, these rate cuts have a limit, and in any case will do little to foster demand given that the price of money is not the prohibiting factor in capital formation and investment across most emerging markets. Political differentials also bear watching, including in developed markets. In the emerging world, we are seeing the proliferation of governments that have rendered many equity stories uninvestable because of corruption with little impetus for reform. Since it is reform that can ultimately unlock the low penetration stories in structurally challenged emerging markets countries, countries on the wrong side of widening political differentials will continue to face declines in potential output—with returns likely following suit.

Against this backdrop and despite mounting tensions with the US, China continues to chart a different course. Notably, "dual circulation" economic theory was officially introduced after the mid-year Politburo meeting in late July and will likely underpin China's economic development in the coming years. Our interpretation of this policy is that it builds on economic rebalancing toward domestic demand in recent years, in a way that not only reduces reliance on the US for key technologies but that is also more pervasive. On some level, movement away from a more mercantilist model is sensible even in the absence of a trade war as China approaches market share limits in lower-value exports. However, as China naturally migrates to a more services-oriented model, it may no longer be able to rely on key technology inputs and learnings from the West; it will have to develop its own. Furthermore, it may not be able to depend on the West as source of demand for these higher-value products, such that it will have to foster demand creation in its own domestic market. Household savings should continue to be mobilized to support both domestic capital formation and demand creation. What may emerge is a more vibrant domestic demand opportunity more fully serviced by domestic Chinese firms. It is worth noting that China is likely to continue to liberalize its domestic markets, while better optimizing for self-sufficiency.

Portfolio Positioning

We often speak of being value driven, as distinct from valuation driven. At the company level, we try to identify companies that can create and sustain business value because we believe that true value creation endures. What is unique about this moment in time is the emergence of large profit pools aligned to disproportionate value creation. The first of these is the Chinese domestic market, as described earlier. As an example of this, we have often cited that Chinese spirits company Kweichow Moutai essentially sells one brand in one country and has a $300bn market cap, while Diageo is nearly ubiquitous in terms of its market and product breadth and has an $80bn market cap. In essence, the domestic Chinese economy can produce very large companies, and can do so relatively quickly. The second is the market for digital services, whereby companies are extracting value quickly even from economies that are constrained. Thus, you see the rapid emergence of companies like Sea in Southeast Asia as mobile-enabled consumers access entertainment and commerce and payments in ways we might not have conceived of a decade ago. Third is the emergence of passport companies with borderless capabilities aligned to the services economy, whereby they can quickly expand abroad without investing in physical infrastructure. For example, Dutch payments company Adyen can do significant business in disparate parts of the world simply by obtaining local licenses, thereby massively extending the reach of its core business. Because of our alignment to these profit pools, we afford ourselves some potential to transcend current and persistent emerging markets constraints.

We thank you for your trust and confidence.

Investment Process

We seek to build, preserve and reinforce a stream of compounded business value. We define this emphasis as follows:

Build: Pair low penetration domestic demand with scalable and enduring businesses.

Preserve: Create a differentiated correlation experience, manage currency volatility and limit risk of investment impairment.

Reinforce: Reinforce a compounding outcome through methodical portfolio improvement.

Investment Results (%)

			Average Annual Total Returns				
As of 30 September 2020	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Investor Class: ARTYX	**18.87**	**50.95**	**71.06**	**22.82**	**23.28**	—	**18.03**
Advisor Class: APDYX	**18.91**	**51.14**	**71.28**	**23.02**	**23.52**	—	**18.24**
Institutional Class: APHYX	**18.95**	**51.24**	**71.45**	**23.13**	**23.64**	—	**18.36**
MSCI Emerging Markets Index	9.56	-1.16	10.54	2.42	8.97	—	4.79

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. [1]Fund inception: 29 June 2015.

Expense Ratios	ARTYX	APDYX	APHYX
Semi-Annual Report 31 Mar 2020[1]	1.35	1.15	1.06
Prospectus 30 Sep 2019[2]	1.36	1.18	1.09

[1]Unaudited, annualized for the six-month period. [2]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.

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.

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. Emerging markets returns and country-specific index returns are in USD unless otherwise stated. All single country returns are net returns based on MSCI country indices. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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 summary represents the views of the portfolio managers as of 30 Sep 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 Sep 2020: Alibaba Group Holding Ltd 7.0%, Sea Ltd 5.2%, NVIDIA Corp 4.7%, Meituan Dianping 4.5%, Adyen NV 4.4%, Ping An Healthcare and Technology Co Ltd 0.8%, Hundsun Technologies Inc 1.9%, Kweichow Moutai Co Ltd 3.5%. 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.

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.

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.

ARTISAN PARTNERS