Artisan Global Value Fund

QUARTERLY
Commentary

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

As of 31 March 2021

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)
Managing Director

Michael J. McKinnon, CFA
Portfolio Manager
Managing Director

Investment Results (%)

As of 31 March 2021	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Investor Class: ARTGX	**9.44**	**9.44**	**65.54**	**8.56**	**10.60**	**10.15**	**8.18**
Advisor Class: APDGX	**9.46**	**9.46**	**65.75**	**8.73**	**10.75**	**10.24**	**8.25**
Institutional Class: APHGX	**9.49**	**9.49**	**65.94**	**8.84**	**10.86**	**10.37**	**8.34**
MSCI All Country World Index	4.57	4.57	54.60	12.07	13.21	9.14	5.84
MSCI All Country World Value Index	8.87	8.87	48.82	6.24	9.05	6.41	3.63

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
Annual Report 30 Sep 2020[1,2]	1.26	1.12	1.02
Prospectus 30 Sep 2020[2]	1.29	1.15	1.05

[1]Excludes Acquired Fund Fees & Expenses as described in the prospectus. [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.

There Is No Limit (TINL)

No acronym sums up the latest era of investing better than the acronym TINA—there is no alternative. It's the message central banks have sent investors for the past decade as they executed the greatest monetary experiment in history. The economic merits of zero/negative interest rates and furious money printing are debatable, but as to their ability to levitate stock and asset prices, there simply is none. A share of Google or a bank deposit paying -20bps? Case closed.

And TINA has come to define the great era of growth investing. Low nominal and negative real interest rates combined with sluggish growth have been rocket fuel for disruptive companies able to grow through it. With real rates below zero, no promise of future profits seems too distant to justify multi-billion dollar valuations.

But today we propose a new acronym—one that may better define the post-pandemic era into which we now step. Fiscal policy is front-and-center and the message could not be more clear: there is no limit to governments' ability to borrow and spend. Welcome TINL.

Consider the dollars for they are stunning. The Trump administration passed two economic stimulus measures in response to the COVID-19 pandemic: the CARES Act in March 2020 and the Consolidated Appropriations Act 2021. The CARES Act totaled $2.2 trillion, and the Consolidated Appropriations Act totaled $2.3 trillion for a combined price tag of $4.3 trillion. In March 2021, the Biden administration passed the $1.9 trillion American Rescue Plan. That's $6.2 trillion dollars between the two administrations and in a single year. And President Biden is currently proposing another $3 trillion program which would take the debt-funded spending to $9.2 trillion. That's 45% of US GDP of $21 trillion (which was down 3.5% in 2020). If that ratio doesn't convey the magnitude of the fiscal tidal wave, a few others might:

- It's 2X the amount the US spent to fight World War II over four years (adjusted for inflation)
- It's 13X the amount the US spent to fight the Vietnam War over more than 10 years (adjusted for inflation)
- It's more as a percent of gross output than what was spent in the New Deal to recover from the 30% multiyear GDP decline of the Great Depression
- It's 11X the amount of President Obama's 2009 stimulus program
- It's 56X the amount of President Bush's 2008 stimulus program
- It's 577X the amount of President Clinton's 1993 stimulus program

None of this is lost on asset markets. The economic recovery from COVID was always going to be strong. Sharp and severe declines as a result of transitory events are almost always followed by strong recoveries. We saw this in other pandemics. For example, GDP boomed by more than 10% after the 1957 Asian Flu Pandemic. But a debt-fueled spending binge will undoubtedly throw fuel on the fire of the natural recovery.

And assets most sensitive to economic growth and recovery have taken the lead from recession-resistant growth stocks. Steel, oil and gas, and airlines were all strong performers in Q1 as value trounced growth stocks for the second straight quarter. Commodities read from the same script. Crude oil prices rose more than 20% this quarter after a similar increase in Q4 2020. Other commodities prices mostly followed the same trajectory. Copper rose 16% in Q4 2020 and another 15% in Q1 2021. Gold—the pandemic's safe haven—fell 10%.

The strength of value stocks gave advantage to developed international markets over the US. International stock markets tend to have heavier weightings in financials, cyclicals and materials industries than do US indices, which are much more weighted to information technology and software businesses. The MSCI EAFE Index, for example, rose about 8% during the quarter in local currency while the MSCI All Country World Index rose about 5%. That said, higher local returns outside the US did not translate into higher dollar returns as most foreign currencies weakened against the US dollar. The strong dollar reflects what are better near-term—and probably long-term as Europe and Japan have barely grown in decades—economic prospects for America. Emerging markets, struggling with surging virus counts and slow vaccine rollouts, underperformed notably. A strong dollar also can hurt emerging economies as much of their debt is dollar-denominated, and as the dollar rises, so do their liabilities.

Expectations for recovery are indeed high across most markets. In many cases, stock prices are higher than they were in 2019. This suggests to us COVID-19 will end up a temporary earnings blip and that earnings power will soon exceed prior peaks. Is this right?

We think it probably is. As the numbers demonstrate, the amount of money thrown at the economy is without precedent in US history. In addition, savings rates are high across the developed world and deposits are flooding onto bank balance sheets. Banks are eager to lend, particularly since credit quality throughout the pandemic has remained essentially benign, and areas such as travel and leisure and entertainment will experience enormous pent-up demand. Indeed, we are already seeing signs that when restrictions are lifted, travel demand may exceed 2019 peaks. In the United States, consumers across the income spectrum and regardless of employment status or need, have received thousands of dollars from the federal government, a large portion of which will be spent. Spending power for most of the American public might be higher than it has ever been. Moreover, monetary policy remains at crisis levels, which is to say interest rates remain effectively zero—negative in real and, in many cases, nominal terms depending on jurisdiction.

This environment has been to our benefit. Our portfolio performed well from an absolute and relative standpoint, as it did during Q4 2020 as well. The strength of the financial system throughout the shock of

COVID has become more and more apparent. Our bank holdings have preserved, and in fact grown, book value per share through the downturn, and it appears they will be sitting on meaningful excess capital on the other side. A steeper yield curve should also benefit net interest income and therefore profits as the global economy starts growing in earnest. Our travel holdings—Expedia, Booking and Southwest—have also done well as the return to travel appears more and more imminent with the virus beginning to recede as vaccinations rise. In short, our portfolio should benefit from a normalization of economic activity as many of our holdings are quite sensitive to the economic cycle.

But surely there are risks to this debt-fueled reflation trade? Pegging interest rates at zero while borrowing $9 trillion on a $21 trillion economy is absolutely not risk-free. Some might even call it unnecessary given the rebound already underway. Others will deem it downright reckless.

Inflation is the first and biggest risk and the market is beginning to anticipate it. With nearly half of GDP being borrowed and spent, how could they not? Commodities prices have bounced dramatically. Yield curves have steepened. Supply chains are tight. Workers in many cases are earning more staying at home collecting government checks than they would make going back to work. Wages may have to rise just to incentivize workers to come back. While some inflation may be desired by central bankers, controlling inflation once it emerges has proven very difficult in the past.

Still, whether all this spending will actually change the trajectory of economic growth remains an open question. The economy is almost certain to boom in the back half of 2021 and into 2022. But after that? If government borrowing and spending were the key to sustainable growth, Japan would be the envy of the world over the past 30 years. It has perfected the art of deficit spending to the tune of 250% debt to GDP. Yet the economy stagnates and the debt remains outstanding.

And note, government debt to GDP globally is reaching levels never seen in modern history. The US is approaching 100% of GDP for the first time since World War II and is on course to exceed 200% in the decades to come. Countries across Europe have even worse debt dynamics. And note that neither private investors nor domestic banks are absorbing all the debt issued to finance this orgy of spending. Central banks are the marginal buyers. They are printing the money to buy the debt investors will not. The Federal Reserve now owns almost a quarter of US government debt and is buying up $80 billion Treasurys per month—almost a trillion a year!

So as markets recover and valuations reflect strong near-term growth, we must ask: Is this the beginning of a strong reflationary period and a step up in growth, or merely a boom followed by a reversion to the prior trend, but with an enormous bill left to pay?

That is indeed the $9 trillion question.

Portfolio Discussion

We did not add any new names to the portfolio during the quarter, but we were not inactive. We meaningfully increased two positions, Danone and Anthem. Danone is worth discussing at length as our involvement with the company has become public.

We initiated our position in Danone in Q4 2020, and it ended the year at 1.8% of the portfolio. Today it stands at 3.5%. As we wrote last quarter, we are drawn to Danone for its discounted valuation and its strong position in attractive categories. The discounted valuation is the result of two factors, in our view. First, Danone has been undermanaged for many years with growth and margin trends below those of its peers. Second, Danone's corporate governance was in significant need of improvement. We believe poor governance at Danone allowed poor management and poor execution to persist far longer than would be tolerated by a healthy, strong board structure. This is in effect the best argument for an independent chairman separate from the CEO—the chairman is there to hold the CEO accountable.

During our analysis of Danone, we partnered with Jan Bennink, an outstanding European consumer goods executive with whom we have invested in the past. He was the chairman of DE Master Blenders, in which we were a shareholder when he sold it to JAB in 2013. He is uniquely qualified to advise us, not only because of his outstanding leadership record, but also because he used to run Danone's dairy business and its infant nutrition business when it was a standalone company called Numico. In fact, Mr. Bennink was CEO of Numico and sold it to Danone in 2007. He has at one time or another managed about 80% of the current Danone portfolio. Nobody could provide us better insight to not only diagnose operational and financial deficiencies, but also help us identify paths of opportunity and improvement.

Together we concluded Danone needed to make some fundamental changes to right itself:

- The roles of Chairman and CEO must be separated. The Chair must be truly independent to align with best governance practices in the European food industry
- The board needs to be reduced to a more manageable size
- New board members with relevant experience are needed
- Emmanuel Faber needs to be replaced as CEO and chairman
- An outside CEO should be recruited
- The local first reorganization proposed by Emmanuel Faber should be put on hold

While much of our interaction with Danone's board took place privately, we decided speaking publicly was in the best interests of Danone and our clients. We believe many shareholders shared not only our diagnosis of Danone but also our opinion on the way forward. By speaking publicly, we hoped to create a larger

conversation about the path to restoring Danone's prospects and encourage other shareholders to share their thoughts with the board.

Danone's board has responded decisively to the failures of the last several years. The board has removed Emmanuel Faber as CEO and as chairman. Gilles Schnepp has been named independent chairman. Mr. Schnepp is an accomplished and successful businessman, and we are delighted to have an individual of his accomplishments as chairman. Mr. Schnepp has begun the process of recruiting a new external CEO to lead Danone, and he has committed to reducing the size and improving the experience level of the board. In short, we are very encouraged by the changes at Danone and believe they will make Danone a stronger, healthier company over the long term. We expect our investment to benefit as these changes take root at the company.

We also added meaningfully to our holding in Anthem. Anthem is one of the leading health insurers in the US. The business is an essential component of the country's health care system and has performed strongly during the pandemic. The stock has recently lagged the market, and its valuation fell to a level we found compelling. Investors appear to be steering clear of health care-related names for fear of potential regulatory or legislative changes from the Democrat-controlled government in the US. We note that pharmaceuticals stocks have also been very weak and currently trade for one of the largest discounts relative to the S&P 500® Index in history. We believe there is a reasonable chance of some changes to US pharmaceuticals pricing in some segments of the market but believe there is very little chance of meaningful disruption to the managed care industry.

We exited our position in Baidu during the quarter. The stock rose dramatically in Q4 2020 and into Q1 2021. We believe investors became excited about not only the prospect for a recovery in the Chinese advertising market but also regarding the potential valuation of some of Baidu's ancillary assets including cloud, autonomous driving and artificial intelligence. We sold at a price we felt more than discounted optimistic valuations of these assets.

Our top contributors during the quarter were Expedia, Alphabet and NXP Semiconductor.

Expedia shares rose 30% during the quarter as the vaccine rollout gained traction and the prospect for a rebound in travel started to become visible. At the moment, this is mostly optimism about the future. The recovery will be bumpy depending on the geography, and Expedia's current business fundamentals remain very depressed. However, there are pockets of evidence that suggest pent-up demand for travel. We believe Expedia is well-positioned to capture this initial rebound given its strength in the domestic US market and its VRBO home rental business. In addition, management has used the crisis to meaningfully restructure the business and reduce costs. When the business eventually recovers, we expect it should have meaningfully higher margins and improved profitability.

Alphabet shares rose 18% during the quarter. The primary driver is continued strength in e-commerce spending and a related recovery in online advertising. The company reported excellent Q4 earnings, which had the highest revenue growth and margins in two to three years. Importantly, this came without a recovery in travel-related advertising, which is one of Google's most important ad verticals.

NXP returned 27% in Q1 driven by an expectation of strong demand for its semiconductor chips across its end-markets. Roughly 50% of its revenue comes from automotive, where it is the leader, and where demand is expected to recover strongly versus 2020 as global auto production recovers from the COVID-19 crisis. Another ~20% of revenues come from industrial and IoT end-markets, both of which are expected to grow significantly as semiconductor demand growth continues in IoT/consumer markets and the industrial market recovers in 2021. While 2020 was a difficult year, the business weathered the COVID-19 storm relatively well, with revenues down 3%, nice (albeit reduced) profitability and $1.6 billion of free cash generation.

Our worst performers during the quarter were Novartis, Samsung and Cognizant.

Novartis' shares were flat in local currency but declined 6% in dollar terms due to a weaker Swiss franc. Novartis reported good results recently, and there is no fundamental issue with the business. Investors are wary of the pharmaceuticals industry as we mentioned in our discussion of Anthem. We do not believe there will be any changes to the regulatory landscape that will impair Novartis' value. The company currently has a strong portfolio of drugs in the market and one of the best pipelines in the industry. We expect it to prosper for many years, and we added to our position on weakness during the quarter.

Samsung shares declined 3% during the quarter after rising 40% in Q4. While Samsung underperformed in Q1, the company's fundamentals remain strong. Demand for memory semiconductors is solid, and spot prices are rising. This should meaningfully boost Samsung's profits over the coming year. At roughly 10X normalized ex-cash earnings, we continue to find the shares highly attractive.

Cognizant returned -4% in Q1. Revenue declined 2% in Q4, primarily driven by a settlement to exit a large contract with a financial services customer in continental Europe. This contract had been mispriced (prior to the current CEO Brian Humphries joining Cognizant), and its execution would have resulted in a frustrated client and in Cognizant's losing a significant amount of money. As such, Brian chose to walk away while protecting the brand. He has made changes to ensure such events do not happen again. Excluding this one-off event, the business declined 1% organically in 2020, in what was a very difficult year for most businesses, and outperformed the global IT services market which Gartner estimates to have declined 2.6%. The business continues earning strong returns on capital (80%+) and demonstrating excellent free cash flow conversion (~100%) and has secular growth prospects. Brian has been on a journey to make the

business more relevant to clients and reinvigorate growth. The changes he has made to date are in line with the long-term plan and are likely to result in accelerating revenue growth as well as profitability improvement.

ARTISAN CANVAS

Timely insights and updates from our investment teams and firm leadership

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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.

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MSCI EAFE Index measures the performance of developed markets, excluding the US and Canada. MSCI All Country World Index measures the performance of developed and emerging markets. MSCI All Country World Value Index measures the performance of companies across developed and emerging markets that exhibit value style characteristics according to MSCI. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. 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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Book Value is the net asset value of a company, calculated by total assets minus intangible assets and liabilities. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Normalized Earnings** are earnings that are adjusted for the cyclical ups and downs over a business cycle. **Return on Capital (ROC)** is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

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

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