Artisan Developing World Fund

QUARTERLY
Commentary

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

As of 31 December 2022

Portfolio Management
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Dear Fellow Shareholder:

Market Backdrop

The Artisan Developing World Fund (Investor Class) returned 5.83% for the quarter ended December 31, 2022, versus 9.70% for the MSCI Emerging Markets Index (all returns in USD unless stated otherwise). Since June 30, 2015, the Artisan Developing World Fund has returned 51.57% cumulatively, versus 19.20% for the MSCI Emerging Markets Index. Global markets rose during the quarter as inflation readings began to moderate in October, leading market participants to anticipate less aggressive monetary tightening. These expectations were particularly visible in currency markets, which in turn benefited emerging markets asset prices (MSCI EM Currency Index +4.30%) and international markets broadly (MSCI EAFE Index +17.34%). US markets did not perform as well (S&P 500® Index +7.56%, Nasdaq -0.78%), as the Federal Reserve retained its focus on labor market constraints and services inflation despite more favorable consumer price index readings. Emerging markets also saw modest performance on a local currency basis (MSCI local EM index +6.58%). Chinese markets declined -16.81% in October due to disappointment with the China Party Congress, only to rebound +36.44% through December due to the relaxation of the country's zero-COVID policy; for the quarter, the MSCI China Index rose +13.53%. Apart from China, standout performers were generally in relatively illiquid or smaller markets (Turkey +62.86%, Poland +47.75%, Hungary +36.33%, Greece +29.14%, Egypt +28.51%, Colombia +19.71%), underscoring the sensitivity of these countries to the dollar and external conditions. Among major markets, Korea rose +18.12% but just +4.40% in local currency terms, while Taiwan rose +9.63% (+6.13% local currency terms). Brazil lagged (+2.35%) as investors priced in the implications of a Lula victory for the country's fiscal trajectory. Indian performance was also subdued (+1.98%), perhaps due to renewed investor interest in China and resulting fund flows. Energy-sensitive markets including Qatar (-15.29%), Saudi Arabia (-7.44%) and the UAE (-1.51%) declined in absolute terms.

Contributors and Detractors

Top contributors to performance for the quarter included graphics semiconductor company Nvidia, Chinese online pharmacy leader JD Health, chip lithography maker ASML, Chinese video streaming platform Bilibili, and electronic payments network Visa. Nvidia rebounded after disclosing minimal impact from tighter US restrictions on China exports and reaffirming that the gaming inventory correction should be on track to substantially conclude by the end of the fiscal year. JD Health rose in anticipation of surging demand for medical supplies, as China rapidly exited from its zero-COVID strategy and COVID-19 cases spiked. ASML continued to benefit from strong customer demand for leading edge equipment despite semiconductor capex budget cuts, allowing the company to significantly raise long-term guidance at its recent investor day. Bilibili rose after discussing plans to accelerate monetization and moderate expenses, and in anticipation of revenue recovery in most of its business. Visa performed well as the company continues to benefit from higher nominal spending and the ongoing recovery in cross-border travel.

Bottom contributors to performance for the quarter included endpoint security company Crowdstrike, online travel marketplace Airbnb, Southeast Asian e-commerce and gaming platform company Sea, datacenter software provider Snowflake, and Latin American payments company Dlocal. Crowdstrike fell after reporting weaker net new annual recurring revenue and guidance for next year, despite significant revenue increases and resilient business trends. Airbnb declined as bookings commentary exacerbated concerns about travel demand, despite resilient extended stay activity and recovery in urban and cross-border travel. Sea fell as investors braced for a period of weaker trending gross merchandise value as the company exits non-core markets, and due to continued weakness in gaming. Snowflake declined in sympathy with software and datacenter players, as investors contemplate the resilience of the company's consumption revenue model. Dlocal declined following the release of a short seller report that questioned the company's reporting methodology, loan agreements and take rate.

Market Outlook

Market participants have become more comfortable with the inflation backdrop and visibility into the terminal rate. However, interest rates have already increased significantly (and may increase more), and have real economic implications. Thus, there is an increasing consensus around the valuation reset having run its course, but the earnings reset having much further to go. Other popular views include the relative attractiveness of bonds, the potential for "new leadership" in the next market cycle, and a prevailing sense that macro matters most. We are certainly sympathetic to recessionary concerns, and the notion that the UK gilts and FTX crypto debacles could be harbingers of further financial stress. However, there is some cause for optimism, particularly for the scalable businesses we favor. First, tighter financial conditions have already imposed more discipline on many of our holdings, resulting in inherently more scalable businesses. Airbnb's restructuring in the early days of the pandemic, and the transition from a money-losing entity to a company generating $3 billion in annual free cash flow as revenues recovered, provides a useful roadmap for what enhanced scalability can look like. Second, while new capital formation is elusive under current market conditions, it has resulted in reduced competitive intensity for some businesses. This change has allowed companies like Sea to accelerate monetization (i.e., raise take rates), and reduce subsidies

and user acquisition costs. Third, the current economic backdrop could draw attention to companies capable of growing revenues in an economically constrained environment, such as those able to extract value from large latent pools of domestic demand. MercadoLibre and Crowdstrike are examples of this dynamic. Fourth, while perceived safe assets have enjoyed a premium, many companies in our portfolio have seen significant valuation compression due to business value increases and price declines. For example, Airbnb, Nvidia, MercadoLibre, Crowdstrike and Adyen now trade for an average of 45.2X NTM consensus earnings, versus an average of 140.1X one year ago. Perhaps valuations will compress more in 2023, but business value creation (which can continue to varying degrees under many economic scenarios) can help to accelerate this process. It is also possible or even likely that consensus earnings estimates may prove too high. Still, there is virtue in process continuity.

Meanwhile, the change in sentiment toward China has been so abrupt and so divergent from global trends that it warrants its own discussion. On the eve of the Party Congress, negatives continued to mount. China was facing mounting social backlash and economic pressures from its zero-COVID policy, punctuated by an apartment fire in Western China widely attributed to lockdowns. Tensions with the West seemed to be at all-time highs, underscored by new semiconductor export controls and senior US diplomatic visits to Taiwan. The property sector appeared troubled as visible in mortgage boycotts this summer and continued financial constraints for the country's biggest property developers. Most alarmingly to many market participants, the Party Congress confirmed for many a turn inward and the relative expendability of private capital in China. Then, just as China markets reached their nadir, China began to relax its zero-COVID policy. It sought to improve diplomatic relations with the West, as visible in President Xi's meetings with President Biden in Bali, US Secretary of State Antony Blinken's announced visit to China, and a tentative agreement with the Public Company Accounting Oversight Board over company audits. The property sector received both supply (i.e., developer) and demand (i.e., buyer) support. Finally, China arguably sought to convey a broader message that it cares about economic growth, diplomatic engagement, private capital, and investors. From our vantage point, the biggest implications of these changes are economic: China is likely to experience normalization while the rest of the world adjusts to higher interest rates and (generally speaking) constrained fiscal policy. There is also some renewed potential for improved capital formation in China, which could enhance economic growth and productivity. We feel we are well aligned to the economic normalization process. For example, JD Health benefited from surging demand for healthcare supplies during the initial stage of reopening. We have also added to our position in KE Holdings, a leading real estate transaction platform that has dramatically lowered its fixed cost base and may see a marked revenue acceleration. Meituan remains a top holding and is well positioned for revenue recovery in its local services businesses. Our aspirational passport companies such as LVMH, Estée Lauder and even Airbnb are also well positioned to capture recovery in outbound Chinese travel. China remains a unique domestic proposition given its large single scalable market, relatively homogenous consumer preferences, and reasonably high income levels (which creates demand for services absent in other emerging markets). However, external risks persist, and China will have to improve the quality of domestic capital formation to sustain productivity gains.

Portfolio Positioning

We have previously described Flexion as a tool for marginalizing certain investments, and for extracting utility from them at moments of low reinvestment risk. Essentially, we exit positions gradually to preserve optionality. This approach accounts not only for the possibility of an attractive reinvestment opportunity down the road, but the potential that risks surrounding the very investment we have sought to deemphasize begin to dissipate. In both cases, we are able to reduce the risk of capital impairment. Nowhere have the benefits of this approach been more visible than in China. Here, the Flexion construct has helped us lower our capital commitment at moments of low reinvestment risk (i.e., when our Passporters or Transcenders are heavily discounted), and to stay the course against a noisy and evolving investment backdrop. It also allowed us to create the positioning to modestly increase our exposure to China around the Party Congress, at a moment of elevated and near-universal pessimism. More recently, we have again sought to reduce our capital at risk in China while letting select positions reflate. In this way, Flexion is a behavioral tool that allows for process consistency. To the extent that the domestic recovery stagnates, or tensions escalate in the Taiwan Strait, or China deepens its partnership with Russia, Flexion will again provide a useful framework for navigating those challenges. We believe Flexion to be superior to an absolutist approach (i.e., a complete and immediate sale) that subjects investors to significant reinvestment and impairment risk, and reduces pathways for success.

We also have remained steadfast in our commitment to what we term correlations, which is a key component of our broader risk management framework. We define correlation stocks as those whose return profile is mostly competitive with our portfolio, but that we own primarily for their potential to act differently than our other holdings. Seven such stocks (Visa, Estée Lauder, LVMH, Hermes, Moutai, Mindray, HDFC Bank) accounted for an average of 20.34% of capital during the year and returned -11.65% on a weighted average basis. Theoretically speaking, if we simply rebalanced those weights over the year (which we more or less did), the proceeds from the resulting trims would have created 975bps of capital to reinvest in the portfolio. Along with stocks earmarked for Flexion, that is how we have been able to execute our investment program in 2022. Moreover, rather than adopting a binary "risk on" approach as we seek to capitalize on declining asset prices, we have mostly preserved our correlation weights and even

layered in new correlation stocks including Sartorius and Align Technologies. On a less rewarding note, the resilience of our correlations has been overwhelmed by the outsized declines in other parts of our portfolio, with several holdings down more than 70% this year (one of which, Sea, has still contributed 523bps to performance since purchase). Said differently, the contribution of our correlations stocks has not been sufficient to provide a ballast to performance this year, but has helped us to execute our investment program and enhance our potential return profile. Perhaps in future drawdowns, our other businesses can prove more resilient, as they have in some prior periods.

We thank you for your trust and confidence.

Investment Process

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

Build: Pair low penetration domestic demand with scalable and enduring businesses that are able to drive value creation and disproportionate outcomes.

Preserve: Preserve value creation and establish a forward-looking construct for managing risk.

Enhance: Leverage risk pathways to enhance long-term value creation.

Investment Results (%)

As of 31 December 2022	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Investor Class: ARTYX	**5.83**	**-41.35**	**-41.35**	**-1.43**	**2.73**	**—**	**5.70**
Advisor Class: APDYX	**5.91**	**-41.27**	**-41.27**	**-1.27**	**2.90**	**—**	**5.89**
Institutional Class: APHYX	**6.00**	**-41.15**	**-41.15**	**-1.15**	**3.00**	**—**	**6.00**
MSCI Emerging Markets Index	9.70	-20.09	-20.09	-2.69	-1.40	—	2.37

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
Annual Report 30 Sep 2022	1.28	1.11	1.03
Prospectus 30 Sep 2021[1]	1.26	1.09	1.00

[1]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.

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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. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. 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 and less developed markets, including frontier 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. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. MSCI EAFE Index measures the performance of developed markets, excluding the US and Canada. NASDAQ Composite® Index measures all Nasdaq® domestic and international based common type stocks listed on The Nasdaq Stock Market® (Nasdaq). This index is ordinarily calculated without regard to cash dividends of the index securities. Oversight responsibility for the Index, including methodology, is handled by NASDAQ OMX. MSCI Emerging Markets Currency Index tracks the performance of 25 emerging market currencies relative to the US dollar. 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.

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This summary represents the views of the portfolio managers as of 31 Dec 2022. 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 31 Dec 2022: Nvidia Corp 6.0%, JD Health International Inc 2.1%, ASML Holding NV 3.0%, Bilibili Inc 2.5%, Visa Inc 4.9%, Crowdstrike Holdings Inc 4.9%, Airbnb Inc 6.5%, Sea Ltd 5.8%, Snowflake Inc 2.4%, MercadoLibre Inc 6.0%, Adyen NV 4.7%, KE Holdings Inc 2.6%, Meituan 4.7%, LVMH Moet Hennessy Louis Vuitton SE 3.1%, The Estee Lauder Cos Inc 2.4%, Hermes International 1.1%, Kweichow Moutai Co Ltd 3.1%, Shenzhen Mindray Bio-Medical Electronics Co Ltd 2.4%, HDFC Bank Ltd 3.1%, Sartorius Stedim Biotech 1.1%, Align Technology Inc 2.0%. As of 3 Mar 2022, Russian holdings are valued at zero. 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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Next Twelve Months (NTM). Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Take Rate** is the fee charged by a marketplace on a transaction performed by a third-party seller or service provider. **Terminal Rate** is the annual rate at which a company's earnings are expected to grow. **Passporters** are companies that develop innovative capabilities abroad, which can then be passported into emerging markets. **Transcenders** are domestically oriented businesses with the scalability to transcend economic and political constraints.

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