Artisan Global Equity Fund

QUARTERLY
Commentary

Artisan Partners Global Funds plc

As of 30 September 2018

For Institutional Investors Only — Not for Onward Distribution

Investment Process

We seek to invest in companies, within our preferred themes, with sustainable growth characteristics at attractive valuations that do not fully reflect their long-term potential.

Themes

We identify long-term secular growth trends with the objective of investing in companies that have meaningful exposure to these trends. Our fundamental analysis focuses on those industry leaders with attractive growth and valuation characteristics that will be long-term beneficiaries of any structural change and/or trend.

Sustainable Growth

We apply a fundamental approach to identifying the long-term, sustainable growth characteristics of potential investments. We seek high-quality companies that typically have a sustainable competitive advantage, a superior business model and a high-quality management team.

Valuation

We use multiple valuation metrics to establish a target price range. We assess the relationship between our estimate of a company's sustainable growth prospects and its current valuation.

Team Overview

Our team approach combines the benefits of strong leadership with the creative ideas of a deep and highly experienced team of research analysts. We believe this approach allows us to leverage a broad set of perspectives into dynamic portfolios.

Portfolio Management

Mark L. Yockey, CFA
Portfolio Manager

Charles-Henri Hamker
Portfolio Manager

Andrew J. Euretig
Portfolio Manager

Investment Results (%)

As of 30 September 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Class I USD—Inception: 07 Aug 2012	**4.94**	**11.46**	**17.36**	**14.36**	**9.46**	—	**12.67**
MSCI All Country World Index (USD)	4.28	3.83	9.77	13.40	8.67	—	10.45
Class I GBP—Inception: 08 Feb 2016	**6.27**	**15.44**	**20.64**	—	—	—	**26.12**
MSCI All Country World Index (GBP)	5.57	7.70	12.94	—	—	—	22.01

Annual Returns (%) 12 months ended 30 September

	2014	2015	2016	2017	2018
Class I USD	**4.68**	**0.36**	**7.26**	**18.82**	**17.36**

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized.

Past performance does not guarantee and is not a reliable indicator of future results. Performance is NAV to NAV, including reinvestment of dividends and capital gains, if any, and is net of fees and expenses, excluding any subscription or redemption charges which may be levied. At the moment, the Fund does not intend to charge subscription or redemption fees. The Fund may be offered in different share classes, which are subject to different fees, expenses and inception dates (which may affect performance), have different minimum investment requirements and are entitled to different services. An investor cannot invest directly in an index.

Investment Risks: Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. These risks, among others, are further described on the last page, which should be read in conjunction with this material.

Performance commentary is provided in relation to the Fund's USD share class.

Investing Environment

Global equities advanced in Q3, lifted by US equities' surge to fresh all-time highs and best quarterly gain since 2013 (based on the S&P 500® Index). Non-US equities generated positive returns in Q3 but failed to keep pace with their US peers. Strong earnings growth and continued global expansion supported share-price gains generally, although there were notable pockets of weakness geographically. Chinese stocks finished down as an escalating trade war with the US and signs of slowing growth took their toll. Additionally, Turkey was a key flashpoint as the country's longstanding economic imbalances and lack of an adequate policy response culminated in a plunging Turkish lira and stock market.

Trade tensions have been an important driver of markets this year as the US has sought to redefine its trade relations with much of the world. Those concerns were partially allayed in Q3 as the US cut deals with several major trade partners, namely the European Union, Mexico and Canada. And though President Trump's administration has called the new deals transformative, most aspects of the previous agreements remain intact. Markets more than anything dislike uncertainty. Consequently, the resolution of these trade disputes and lack of material revisions were clearly positive for market sentiment. However, the bigger risk remains US-China as the outlook on that front continued to deteriorate. In September, the US announced $200bn in additional tariffs, bringing the total thus far to more than $250bn with the US threatening additional tariffs if China retaliates. The acrimony spilled over into the military sphere in September with a near-collision between two warships in the South China Sea. It's increasingly evident both sides are prepared for a protracted standoff—perhaps one over several years.

After a synchronized global expansion in 2017, the story of 2018 has been the US economy's divergence from the rest of the world. Whereas US GDP growth accelerated to above 4% in Q2—fueled by tax reform, reduced regulation and increased government spending—growth rates in Europe, Japan and China have mostly stagnated. The rising trend in oil prices, the US dollar and interest rates has contributed to tightening financial conditions globally while also contributing to currency dislocations in emerging markets (e.g., Turkey).

As has been the case economically, so too have monetary policies diverged. The Federal Reserve hiked its benchmark rate for a third time this year in September, citing strong economic fundamentals, while the ECB, BOJ and BOE stood pat. In China, policymakers' efforts to mitigate the trade war's threat are ongoing. In early October after the quarter concluded, the central bank cut the bank reserve requirement ratio by an additional 100 basis points. By pumping additional liquidity, Chinese policymakers are also allowing the country's currency to weaken, which is supportive to Chinese exports.

By sector, returns were led by technology, health care and industrials as investors sought out areas of growth, both secular and cyclical. Rate-sensitive sectors with higher dividend yields, such as utilities and real estate, were laggards amid rising interest rates.

Performance Discussion

Our portfolio modestly outperformed the MSCI AC World Index in Q3, extending its sizable YTD performance advantage. Q3 outperformance was driven by our technology holdings, namely payments processor Wirecard and enterprise software provider Atlassian. Wirecard is delivering robust organic growth, as transaction volumes rise on the back of momentum in mobile and e-commerce. In the company's Q2, revenue and EBITDA growth rose 46% and 39% year over year. The new business pipeline is also quite strong. The company recently inked agreements with French bank Crédit Agricole to provide e-commerce and acquiring services in France and other European countries, and with Mizuho Bank to provide acquiring and issuing services to the bank's corporate clients in Asia. Even after strong stock price appreciation over the past 12 months, Wirecard's valuation remains reasonable against our long-term earnings estimates.

Atlassian is a provider of collaboration and productivity software tools—a large, structurally growing addressable market that is expanding from the core software developer market to a much larger "knowledge worker" market in the fields of finance, legal and marketing, among others. The company's disruptive low-touch sales model and best-in-class unit economics are key differentiators. Recent year-over-year billings growth showed impressive acceleration, increasing to 41% from 33%. In September, the company announced price increases across its server and cloud products, generally in the range of 15% to 25% in the server segment and up to 10% in the cloud business. The price increases were higher than expected and larger than the year-ago price increases, supporting our thesis that the company's product portfolio is under-monetized, while also demonstrating the stickiness and pricing power of the company's software products.

Our defense and aerospace holdings Harris, Raytheon and Airbus also contributed positively in Q3. Harris and Raytheon are defense contractors. Harris provides communications and electronic systems for government and commercial markets. Raytheon produces an array of defense solutions, including missile defense, radar solutions and cybersecurity, for government markets worldwide. Increased defense spending in the US, where caps on defense spending were lifted in the latest government budget, as well as overseas, has provided stout tailwinds for these operators as evidenced by recent results and broad-based growth in their backlogs. Harris posted eight percent organic revenue growth—its strongest in seven years. Raytheon delivered an equivalent rate of revenue growth in its fiscal Q2. After the quarter concluded in October, a merger of equals was announced between Harris and L3 Technologies, creating the sixth largest defense contractor. Harris and L3 appear to be complementary given common end markets and limited product overlap. Besides potential synergies, the increased scale as a combined entity should also allow the company to bid on bigger projects.

Airbus is an aircraft manufacturer that operates in a global duopoly with Boeing. The current air-travel demand backdrop has been very positive. Airline traffic has been growing in the high single-digits in

each of the past three years, contributing to solid demand for new, more fuel-efficient aircraft. Airbus currently has a decade-long, 6,000+ plane order backlog. Top-line growth should be compelling, but we are particularly attracted to the company's cash-flow growth potential over the next few years. As Airbus meaningfully ramps production of the A320 and A350 aircraft, volume increases should also lead to declining unit costs, while capital expenditures should fall as investment eases in program ramp-ups. As the company becomes more cash-generative, we believe management will step up its return of cash to shareholders, either through continued steady growth in dividends or a meaningful share buyback.

The financials sector was a source of relative weakness due in part to ING. ING is a Netherlands-based diversified financial services provider. In early September, the bank was fined $900 million by Dutch authorities, citing inadequate anti-money laundering processes. Shortly thereafter, ING's CFO resigned amid a public backlash. We believe ING can overcome its recent setbacks. The stock is now selling quite cheaply—trading at a double-digit discount to European banks on a multiple of earnings and offering a sustainable 6% dividend yield.

Other meaningful detractors were Facebook, the leading social media company in the US, and Enel Americas (ENIA), a South American electric utility. Facebook's shares fell due to concerns that the company's targeted-advertising business would be negatively impacted by increased investments in data protection and privacy, as well as signs of slowing user engagement. We still view Facebook as a prime long-term beneficiary of the secular shift toward digital advertising. Facebook has over two billion active users on its eponymous platform and over two billion additional users of its social networking subsidiaries Instagram and WhatsApp, which have yet to be fully monetized. Further, shares appear cheap—selling at about 17X earnings.

Shares of ENIA were pressured by weakness in Latin American currencies, particularly the Brazilian real and Argentine peso, and the recent pricey bidding war won by ENIA for Brazilian power distributor AES Eletropaulo. Although we continue to believe the turnaround of its Brazilian Celg power-distribution business remains on track, due to ongoing political issues in Brazil we sold our position in favor of better opportunities.

Positioning

Since early 2017, market performance has been led by momentum, higher-multiple stocks—most notably in the areas of technology and the Internet, where secular prospects are brightest and, importantly, earnings growth has been strongest. On the other hand, more staid businesses like consumer staples and certain segments within health care have lagged. This performance dichotomy has led to rich valuations among the former group and left the latter selling relatively cheap. Our process is centered on finding high-quality growth companies selling at reasonable valuations. We like growth, but growth must be priced correctly for it to meet our investment criteria. One rule of thumb we use is to look for stocks selling at price-to-earnings ratios between one-to-two times earnings growth, also known as a PEG ratio of 1X-2X.

Employing our valuation discipline in Q3, we lightened our exposure to higher-growth-but-higher-priced stocks and added a few new names that are more reasonably priced. Notable sales included e-commerce and web services leader Amazon.com, classified in the consumer discretionary sector, and Chinese Internet company Tencent, classified in the communication services sector. With respect to Tencent, we were also concerned about increased government intervention in the Chinese gaming sector. Likewise, we exited our position in PTC, a product design software company, as shares reached our target valuation.

Among our new purchases were Abbott Laboratories, Johnson & Johnson (JNJ) and Mondelez.

- Abbott is a health care products company with four key global franchises in medical devices, nutrition, diagnostics and established pharmaceuticals. The company is achieving its best revenue growth in a decade as it's benefiting from multiple product cycles across its four business segments. Trials for the company's new MitraClip®, a device that provides a less-invasive treatment for mitral valve regurgitation for people who are not suitable for open-heart surgery, were positive, offering another possible growth driver.
- JNJ is a diversified health care company operating consumer, pharmaceutical and medical devices businesses. The company has several key pharma products (e.g., Darzalex® for multiple myeloma, Stelara® for inflammation, Zytiga® for prostate cancer) that we believe are potential growth catalysts.
- Mondelez is a global food and beverage giant possessing a portfolio of brands, including Nabisco, Oreo, Cadbury, Lu and Trident. We believe the company should deliver accelerated free cash flow growth as a period of high-capex investments for supply-chain restructuring comes to an end. Furthermore, shares are selling at a near all-time low valuation since its 2012 spinoff from Kraft Foods.

All three stocks are what we would describe as defensive growth companies that have more predictable growth patterns. While they may have less upside to earnings growth than some of our higher-growth names, valuations are relatively attractive.

Our largest sector weighting remains technology, though most of the weighting consists of financial services technology and payments companies that are not what generally come to mind when thinking of the tech sector. Besides the aforementioned Wirecard, these holdings include Mastercard, PayPal, GMO Payment Gateway and Fidelity National Information Services.

Outlook

Looking forward, we remain cautiously optimistic about the prospects for additional equity gains. There are plenty of uncertainties. Foremost are slowing global growth, the US-China trade war and rising interest rates. In addition, margins are at risk as commodities prices and labor costs rise. Our experience investing over several market cycles has taught us the importance of focusing

on those firms with dominant or growing market positions and attractive earnings outlooks. Consequently, we remain focused on our themes and believe we have invested in a portfolio of companies that can weather a changing political and economic environment. We believe our bottom-up process will serve our investors well, yielding fundamentally sound companies with sustainable growth characteristics that are capable of standing up to varied market environments.

For more information: Visit www.artisanpartners.com

Investment Risks: 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. 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. Growth securities may underperform other asset types during a given period. These risks, among others, are further described in the Fund Documents.

Further details, including risks, fees and expenses, are set out in the current Prospectus, Supplements and Key Investor Information Documents (KIIDs), which can be obtained by calling +44 (0) 20 7766 7130 or visiting www.artisanpartnersglobal.com. Read carefully before investing.

This summary represents the views of the portfolio managers as of 30 Sep 2018. 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 comprise the following percentages of the Fund's total net assets as of 30 Sep 2018: Wirecard AG 6.1%; Atlassian Corp PLC 1.5%; Harris Corp 3.5%; Raytheon Co 3.3%; Airbus SE 3.0%; ING Groep NV 2.4%; Facebook Inc 1.2%; Abbott Laboratories 2.2%; Johnson & Johnson 2.0%; Mondelez International Inc 3.2%; Mastercard Inc 3.1%; PayPal Holdings Inc 1.9%; GMO Payment Gateway Inc 1.1%; Fidelity National Information Services Inc 1.9%. 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.

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

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