



Portfolio Management
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Market Backdrop

Artisan Developing World Strategy (gross) returned 6.70% for the quarter ended June 30, 2019, versus 0.61% for the MSCI Emerging Markets Index (all returns in USD unless stated otherwise). Since inception (July 1, 2015), Artisan Developing World Strategy has returned 53.53% cumulatively (gross), versus 19.18% for the MSCI Emerging Markets Index. Market sentiment was dominated by movement toward increased global monetary policy accommodation, as trade tensions continue to create uncertainty. While the Fed did not formally lower rates, Federal Reserve commentary and limited inflationary pressures suggest lower policy rates this year. Reflecting this dynamic, yields on 10-year government bonds declined to 2.0% from 2.4% during the quarter. European policy makers also showed a renewed willingness to use monetary policy to support growth. Despite the potential for lower policy rates, emerging markets equities were subdued, as trade tensions between the US and China continued to weigh on confidence, and as Washington used tariffs and sanctions to achieve policy goals (i.e., India and Mexico). Not surprisingly, China was the worst performing major emerging market during the quarter, with MSCI China declining 4.0%, though approximately 2.2% of this decline is attributable to weakness in the renminbi against the dollar. Russia was the best performing major emerging market during the quarter (+16.9%), and while there was no clear fundamental driver of this performance, it is notable that the Russian ruble contributed 4.1% to this return as currency markets reacted to Fed policy expectations. Brazil also rose during the quarter (+7.2%), as optimism increased about the size and timing of pension reform; Brazilian real appreciation against the dollar similarly contributed 1.6% to this return. South Africa also performed reasonably well (+6.6%) after the ruling ANC party won a narrow parliamentary election mandate (2.4% due to rand appreciation against the dollar). Global markets also rose, as the S&P 500[®] Index (+4.3%) and MSCI EAFE Index (+3.7%) both reacted favorably to monetary policy dynamics.

Contributors and Detractors

Top contributors to performance for the quarter included ASEAN gaming and e-commerce leader Sea, South American e-commerce and payments platform MercadoLibre, premium Chinese spirits company Kweichow Moutai, Brazilian stock exchange Brasil Bolsa Balcao (B3) and Indian financial services leader HDFC Bank. Sea rose as the company's self-developed Battle Royale game "Free Fire" continued to gain substantial traction in Sea's home markets and beyond, and as take-rates began to rise in the company's Shopee e-commerce business. MercadoLibre benefited from continued momentum in the company's Mercado Pago payments asset both

on- and off-platform, and as the company continued to make progress on strategic initiatives in its core e-commerce business while providing an improved glidepath to higher levels of profitability. Kweichow Moutai continued to demonstrate that 2H18 fundamental issues reflected supply challenges rather than demand weakness, though it faces continued questions about any potential mix benefit from an increase in direct-sales distribution. B3 was a beneficiary of higher trading volumes as optimism increased that Brazil's government would pass pension reform, and as the company could benefit from retail participation and capital markets reform on a longer-term basis. HDFC Bank rose as it capitalized on its leading position to take share against a backdrop of limited liquidity and questionable asset quality in the Indian banking sector.

Detractors from performance for the quarter included Brazilian merchant acquirer Stone, Chinese security camera and surveillance systems company Hikvision, graphics semiconductor company NVIDIA, Chinese Internet leader Alibaba and Chinese hotel operator Huazhu. Stone has been pressured by an increasingly competitive merchant-acquiring landscape in Brazil as the large incumbent banks seek to push out smaller competitors by undercutting pricing, though Stone's underlying business to date has proven resilient. Hikvision was down amid growing concerns about the potential for US sanctions against Chinese surveillance companies, as facial recognition increasingly becomes a human rights concern for US policy makers; Hikvision was sold from the portfolio during the quarter. NVIDIA suffered from trade tensions during the quarter which have served to push out expectations for industry recovery, with investors left to ponder the longer-term ramifications. While Alibaba did not suffer from direct exposure to the trade conflict, its share price seemed to be caught in the ebbs and flows of trade discussions, with the company taking the additional step of announcing a listing and IPO in China to broaden its investor base. Huazhu declined as Chinese tourism and occupancy rates have dropped against the backdrop of ongoing domestic macroeconomic concerns about the potential for growth weakness in the back half of the year.

Market Outlook

With global monetary policy accommodation seemingly assured, emerging markets central banks are likely to have more scope to lower interest rates in the near future. Thus, the key variables in the market outlook appear to be continued growth pressures as trade uncertainties bite, and the ultimate outlook of trade negotiations between the US and China. These two risks are of course inextricably linked. As we write this letter, the US and China have agreed at the G-20 in Osaka to resume trade discussions. Notably, the US appears to have eased certain restrictions against Chinese networking company Huawei, and Congress' reaction to this apparent compromise is inherently unpredictable given the national security implications. From the Chinese side, negotiators have taken an increasingly hawkish tone, with a goal of

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underscoring the importance of national dignity and mutual respect. Ultimately, both sides have a vested interest in coming to an agreement on tariffs and trade. In the event of a protracted dispute or worse, we cannot rule out several tail risks, including technology bans, restricted access to domestic Chinese markets, further weaponization of tariffs and accidents of a geopolitical nature. Also lurking in the background are the protests in Hong Kong over the extradition bill, which have concerned Chinese policy makers while drawing the ire of US ones and created a new potential sphere for conflict. We continue to believe that domestic Chinese businesses which form the bedrock of our China portfolio will be relatively resilient to most scenarios, because they are likely to benefit from continued Chinese policy support in the event of a protracted trade dispute. However, we have become more inclined to be compensated for risk in an outsized way when wading into American multinationals with significant Chinese exposure. We have also inserted a few new companies in the portfolio with the potential to transcend an extended trade war, including Dutch payments provider Adyen, which benefits from its cross-border and local emerging markets businesses.

Portfolio Positioning

Those of you that have invested with us over the long run are familiar with our desire to avoid both capital and fundamental impairment. Increasingly, we think of this impairment focus as a capital preservation concept, rather than how we compound business value. Today, we conceive of business-value creation in terms of marrying low-penetration domestic demand with scalable platforms and durable opportunity sets. One example of a scalable platform is MercadoLibre, which began as a third-party e-commerce marketplace but now houses perhaps Latin America's premier payments asset. Similarly, Tencent started as an instant-messaging company, then became China's dominant gaming company, and has evolved again into the purveyor of the country's most valued social networking asset. While we have never formalized the concept of scalability until recently, we believe it is a crucial building block of some of the multi-year relationships we have had with many of our best investments. Similarly, durability and repeatability are increasingly important concepts for us. We like Kweichow Moutai not only because it is compounding business value today, but because it is a supply-constrained story that has a certain longevity to it (premium Baijous must be aged and availability is limited). Similarly, Titan's value proposition of selling formal jewelry whose purity and veracity can be trusted is likely to resonate across India, such that growth can prove quite durable. Overall, we believe our focus on scalability and durability gives us the opportunity to identify businesses that are conducive to compelling compounding outcomes over time. As always, we will continue to evolve around our core set of investment principles.

Investment Results (%)

As of 30 June 2019	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception ¹
Composite — Gross	6.70	31.52	20.05	16.97	—	—	11.31
Composite — Net	6.43	30.86	18.81	15.76	—	—	10.15
MSCI Emerging Markets Index	0.61	10.58	1.21	10.66	—	—	4.48

Annual Returns (%) 12 months ended 30 June	2015	2016	2017	2018	2019
Composite — Gross	—	-4.06	27.40	4.63	20.05

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. ¹Composite inception: 1 July 2015.

Past performance does not guarantee and is not a reliable indicator of future results. Current performance may be lower or higher than the performance shown. Composite performance has been presented in both gross and net of investment management fees.

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MSCI Emerging Markets Index measures the performance of emerging markets. MSCI EAFE Index measures the performance of developed markets, excluding the US and Canada. S&P 500[®] Index measures the performance of 500 US companies focused on the large-cap sector of the market. 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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Artisan Developing World Strategy

Quarterly Contribution to Return (%)

As of 30 June 2019

Top Contributors	Average Weight	Contribution to Return	Ending Weight
Sea Ltd	4.71	1.96	4.97
MercadoLibre Inc	4.69	1.08	4.98
Kweichow Moutai Co Ltd	4.43	0.69	4.44
B3 SA - Brasil Bolsa Balcao	3.20	0.66	3.23
HDFC Bank Ltd	4.57	0.61	4.49
Visa Inc	4.50	0.52	4.40
AIA Group Ltd	4.60	0.46	4.63
LVMH Moet Hennessy Louis Vuitton SE	2.73	0.46	2.62
CP ALL PCL	2.15	0.44	2.23
Titan Co Ltd	2.25	0.40	2.26
Raia Drogasil SA	2.02	0.39	1.92
Yandex NV	3.36	0.38	3.31
TAL Education Group	4.87	0.31	4.64
Lojas Renner SA	1.15	0.25	1.11
Shanghai International Airport Co Ltd	0.88	0.25	0.88
Foshan Haitian Flavouring & Food Co Ltd	1.06	0.20	1.03
ASML Holding NV	1.91	0.20	1.12
ICICI Bank Ltd	1.67	0.18	1.67
Hong Kong Exchanges & Clearing Ltd	1.22	0.16	2.26
Remy Cointreau SA	1.13	0.10	1.01
Diageo PLC	1.76	0.09	1.85
Dino Polska SA	0.74	0.09	0.69

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
StoneCo Ltd	1.19	-0.75	0.85
Hangzhou Hikvision Digital Technology Co Ltd	1.48	-0.73	0.00
NVIDIA Corp	4.72	-0.52	4.37
Alibaba Group Holding Ltd	5.01	-0.35	4.96
Huazhu Group Ltd	2.20	-0.31	2.19
Tiffany & Co	0.98	-0.25	0.00
Tencent Holdings Ltd	4.49	-0.14	4.34
Eicher Motors Ltd	1.54	-0.13	0.92
Puregold Price Club Inc	0.76	-0.05	0.67
Credicorp Ltd	2.03	-0.04	2.01
Galaxy Entertainment Group Ltd	3.34	-0.03	3.22
Zhangzhou Pientzhuang Pharmaceutical Co Ltd	0.82	-0.02	1.12
Jiangsu Hengrui Medicine Co Ltd	2.12	-0.00	2.27
PVR Ltd	0.74	0.02	0.64
Cash Holdings	5.53	0.02	6.65
Adyen NV	2.28	0.02	3.37
Netflix Inc	0.14	0.02	1.85
BK Brasil Operacao e Assessoria a Restaurantes SA	0.12	0.02	0.00
Han's Laser Technology Industry Group Co Ltd	0.02	0.05	0.00
Sberbank of Russia PJSC	0.26	0.06	0.00
Wal-Mart de Mexico SAB de CV	0.39	0.07	0.00
The Estee Lauder Cos Inc	0.25	0.07	0.84

Source: Artisan Partners/FactSet. Performance is historical and is not a reliable indicator of future results. As of 30 Jun 2019. These investments made the greatest contribution to, or detracted most from, performance during the period based on a representative account within the strategy Composite. Upon request, Artisan will provide: (i) the calculation methodology and/or (ii) a list showing the contribution of each holding to overall performance during the measurement period. Securities of the same issuer are aggregated to determine the weight in the portfolio. % Contribution to Return is calculated by FactSet by multiplying a security's weight in the portfolio by its in portfolio return for the period referenced and does not take into account expenses of the portfolio. Purchases/sales are accounted for by using end of the day prices, which may or may not reflect the actual purchase/sale price realized by the portfolio.