Artisan Developing World Fund

QUARTERLY Commentary

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

As of 30 September 2022

Portfolio Management

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Dear Fellow Shareholder:

Market Backdrop

The Artisan Developing World Fund (Investor Class) returned -8.94% for the quarter ended September 30, 2022, versus -11.57% for the MSCI Emerging Markets Index (all returns in USD unless stated otherwise). Since June 30, 2015, the Artisan Developing World Fund has returned 43.23% cumulatively, versus 8.65% for the MSCI Emerging Markets Index. Global markets rebounded early in the quarter after a promising July US inflation report. However, markets declined with renewed vigor in response to August data which showed accelerating core inflation, thereby altering the Fed's presumed policy trajectory and terminal rate expectations. The MSCI EM Currency Index declined 4.48% during the quarter, with the South Korean won (-9.25%) and Chinese renminbi (-5.60%) pacing moves. Developed markets currencies also declined markedly (EUR: -6.48%, JPY: -6.25%, GBP: -8.28%), punctuated by the first Japanese central bank intervention to strengthen the yen since 1998 and a puzzling fiscal initiative from the new UK government. Italian government bond spreads, collateral calls in the European utility sector, widening US credit spreads, a troubled Citrix bond sale, reduced market liquidity and a historic dearth of new IPOs were also indications of increased stress. Paradoxically, though China continues to be a global outlier with low domestic inflation, it was the worst performing major market in the world (MSCI China: -22.50%); the country's zero-COVID policy, troubled real estate sector and tensions with the West resulted in broad asset price declines. Regional markets linked to China and the global economy also declined significantly during the quarter (Taiwan: -14.47%, Korea: -16.40%), while those associated with resilient domestic demand backdrops benefited from safe haven flows (India: 6.50%, Indonesia: 7.77%). Central and Eastern European markets were also weak (Poland: -25.09%, Czech Republic: -19.15%) as European political, economic and monetary challenges mounted. Brazil was a notable outlier (8.54%), perhaps due to commodity price exposure, the prescience of its previous rate hike cycle and expectations about the upcoming presidential election.

Contributors and Detractors

Top contributors to performance for the quarter included Latin American e-commerce platform MercadoLibre, online travel marketplace Airbnb, global streaming leader Netflix, Latin American online bank Nu Holdings (Nubank) and Indian financial services company HDFC Bank. MercadoLibre's marketplace business was resilient to behavioral normalization and slower industry conditions, while its financial technology and payments assets continued to expand at rapid rates. Airbnb benefited from a combination of resilient long-term stay activity and strong summer travel demand, driving operating leverage and free cash flow generation against a narrowed cost base. Netflix rebounded as subscriber attrition stabilized despite inflationary pressures, and as investors grew increasingly comfortable with the company's pending ad subscription tier. Nubank exhibited sound asset quality despite a challenging operating environment, while exercising on continued franchise expansion and revenue increases per customer. HDFC Bank continued to develop its leading liability franchise, while the market reacted favorably to the rebound in credit demand and potential for future loan repricing as Indian policy rates rise.

Bottom contributors to performance for the quarter included graphics semiconductor company Nvidia, ASEAN gaming and e-commerce company Sea, Chinese video streaming platform Bilibili, Chinese biologics company Wuxi Biologic and social media platform Snap. Nvidia declined due to demand weakness and inventory correction in gaming, and China-related headwinds in the datacenter segment including a new requirement by the US government to limit sales of high-end GPUs. Sea declined due to post-pandemic normalization in the company's gaming and e-commerce businesses, and fears that its scaled back expansion plans in non-core markets could impact near-term business development. Bilibili's gaming business continued to be impacted by delayed license approvals and weaker consumption in China, while its advertising revenue decelerated due to broad economic weakness against a persistent cost base. Wuxi declined following a US executive order in support of domestic biomanufacturing, despite strong operating results in China and globally. Snap faced mounting economic, privacy, and perhaps competitive challenges, though it rebounded slightly after announcing significant cost-cutting measures and improved summer metrics.

Market Outlook

Whereas Chinese markets were perceived beneficiaries of "policy divergence" as recently as June, they have again proven uniquely challenging due to a combination of domestic policies (including zero-COVID) and external tensions. Importantly, China remains better equipped than nearly any other emerging market to sustain domestic capital formation as these pressures mount. For example, Total Social Financing (a measure of aggregate credit growth in China) has been stable at ~10.5% through the summer months and is down only somewhat from 2020's highs of ~13.5%. Moreover, the price of money is falling as China has responded to mortgage payment boycotts and economic pressures with lower policy and lending rates. However, bank credit continues to grow at a far slower rate than TSF as demand wanes, suggesting abundant money supply and lower funding costs are not finding their way to the real economy. Moreover, financing increasingly skews to the state sector given domestic regulatory pressures and reduced business confidence, which as we have highlighted in the past creates headwinds for the composition of capital formation and ultimately productivity. In summary, potential output is slowing, albeit to a level in excess of that of most emerging economies. While it is already well established that China is prioritizing debt stability over economic output, self-sufficiency may also take precedence as the West imposes technology restrictions on China and geopolitical views over Taiwan and other matters diverge. While we continue to be drawn to the inherent scalability of China's domestic market and self-directed economic outcomes, we have been increasingly attentive to capital at risk in China while seeking to protect the integrity of portfolio outcomes. Within our current China portfolio, we have emphasized domestically oriented businesses with the scalability to transcend economic and political constraints, such as Meituan and JD Health.

Outside of China, rapid interest rate increases in the US have resulted in the appreciation of the US dollar against most currencies. Emerging markets nominally face unique risks from a strong dollar environment, namely higher domestic inflation and increased capital flight. In practice, balance of payments pressures are most pronounced for countries that do not feature prominently or at all in the emerging markets index, including Turkey and Argentina (not to mention the UK). These pressures are also material for Latin American, ASEAN and central European countries, and for India and South Africa. But in aggregate, these countries represent just one third of the modern-day MSCI Emerging Markets Index. In this sense, the notion of externally vulnerable emerging markets countries is outdated or at a minimum overstated. In reality, China, Korea and Taiwan are a far more relevant discussion as they represent ~60% of today's emerging markets index, but have also traditionally been current account surplus countries with export-led development models. As such, currency depreciation impacts dollar-based returns, but the resulting domestic inflation and capital flight are less pronounced risks because exports generate flows. Moreover, of these three East Asian countries, it is China that has the smallest current account surplus and is most susceptible structurally to balance of payments pressures (due to high household savings, capital controls, and the latent risk of domestic capital flight). It is also notable that China actually experienced currency appreciation against the South Korean won and New Taiwan dollar (not to mention the euro, sterling and yen) during the quarter, and has at least some potential as a reserve currency in the future. The balance of the MSCI Emerging Markets Index is comprised of Saudi Arabia and other oil-rich countries, which are generally not externally vulnerable. On balance, the classic transmission mechanisms of a strong dollar environment are less disruptive to today's emerging markets index, and the pools of nascent domestic demand it is presumed to represent. Value extraction from these slowing domestic demand pools is the more relevant discussion, for both low-penetration emerging markets like China, India, Indonesia and Brazil and higher penetration ones like Korea and Taiwan.

Portfolio Positioning

With this backdrop in mind, we want to emphasize that our approach to emerging markets is grounded in an economic construct. Namely, labor and capital formation in the emerging markets are no longer interacting in an optimal way, such that productivity and potential economic output are declining. Thus, while large latent domestic demand pools persist, value creation necessitates scalable business models with the potential to transcend economic constraints. When such businesses are based in emerging markets, we call them Transcenders. However, since most emerging markets lack ecosystems for innovation or domestic capital formation, such companies are unusual. Thus, we also seek companies that develop innovative capabilities abroad, which can then be passported into emerging markets. Indeed, we call these companies Passporters. It is often assumed that we prefer them, given our increased exposure to Passporters (which declined this quarter but outperformed our portfolio). To the extent that truly innovative companies surface in emerging markets, we are happy to put capital behind them as we have with MercadoLibre and Sea—MercadoLibre is conceived of the winning e-commerce logistics solution in Latin America, while Sea pioneered social commerce for vibrant Southeast Asian consumers. A notable recent addition to the portfolio is Nubank, which, apart from creating Brazil's preeminent online banking franchise, recently established a new feature called Money Box. Money Box allows Nubank's banking clients to compartmentalize savings into specific goals (i.e.,for savings toward a car, wedding or vacation), while providing Nubank with data that can be used to enhance lending decisions, optimize funding costs and improve cross-selling. These examples notwithstanding, the notions of innovation and scalability are inextricably linked, and Passporters generally have access to superior ecosystems for capital formation and innovation. Ultimately, our objective with Passporters and Transcenders is to identify scalable businesses that can extract value and drive disproportionate equity outcomes from large latent pools of domestic demand.

We characterize our approach to risk management as foundational, because it is something we actively create rather than passively measure. We do so by redistributing successful investments into three distinct value pathways, thereby achieving a level of permanence and enhancing potential outcomes in future market environments. The first of these value pathways is Diversification. A marginal reduction in a successful but concentrated position may create the seed capital for a new investment such as Crowdstrike, as was the case in 2021. In the event, Crowdstrike has blossomed and sustained business momentum in an increasingly challenging economic environment. The second is Correlations. We seek to capture value in successful investments and reinvest in defensive assets, such as Visa or LVMH. We may also seek to reinvest in assets with the potential to behave differentially. For example, a successful Netflix investment was used in part to fund a bigger commitment to Airbnb last year. The third is Residuals. Our process is designed to retain residual positions in successful investments with the potential to create additional business value, rather than selling them completely. Combined, these three value pathways provide the foundation for positive outcomes that can help us execute our investment program in moments of chaos. We then fortify these value pathways by managing the risks of currency, capital and business impairment. Finally, in adverse market environments, we leverage the value pathways and foundation we have created to enhance long-term value creation. Most notably, we utilize the different correlation profiles in our investments to fund purchases in adverse market environments. When this is not possible because correlations are too high, we rely on the concept of flexion to deemphasize misaligned or deteriorating investments at moments of low reinvestment risks and high tax efficiency. Ultimately, the measure of a risk management framework is its utility in enhancing returns over a market cycle.

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 (%)

			Average Annual Total Returns				
As of 30 September 2022	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Investor Class: ARTYX	**-8.94**	**-44.58**	**-48.39**	**0.84**	**2.12**	—	**5.08**
Advisor Class: APDYX	**-8.92**	**-44.55**	**-48.32**	**0.99**	**2.28**	—	**5.26**
Institutional Class: APHYX	**-8.94**	**-44.48**	**-48.27**	**1.09**	**2.38**	—	**5.36**
MSCI Emerging Markets Index	-11.57	-27.16	-28.11	-2.07	-1.81	—	1.15

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 2022[1]	1.27	1.10	1.01
Prospectus 30 Sep 2021[2]	1.26	1.09	1.00

[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.

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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 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. 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 30 Sep 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 30 Sep 2022: MercadoLibre Inc 6.1%, Airbnb Inc 6.6%, Netflix Inc 2.6%, NU Holdings Ltd 1.9%, HDFC Bank Ltd 3.1%, Nvidia Corp 6.5%, Sea Ltd 6.0%, Bilibili Inc 2.0%, Wuxi Biologics Cayman Inc 2.1%, Snap Inc 2.4%, Meituan 5.0%, JD Health International Inc 2.3%, Crowdstrike Holdings Inc 5.2%, Visa Inc 4.9%, LVMH Moet Hennessy Louis Vuitton SE 3.2%. 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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Operating Leverage is a measure of how revenue growth translates into growth in operating income. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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