Artisan Emerging Markets Debt Opportunities Fund

QUARTERLY Commentary

Investor Class: APFOX | Advisor Class: APDOX | Institutional Class: APHOX

As of 30 June 2023

Investment Process

We employ in-depth fundamental research and robust operational capabilities across a broad opportunity set to uncover knowledge gaps that can lead to idiosyncratic opportunities with compelling risk-adjusted return potential.

Organizational Structure

We have a flat and collaborative organization where portfolio managers and analysts communicate daily and share the responsibility of idea generation. Portfolio managers and analysts determine their own focus areas and pursue them from an idea generation perspective. Trading and implementation is embedded within the investment team, as trading capabilities and infrastructure are considered important components of our investment process.

Idea Generation Through Broad Investment Universe

Our team covers a broad spectrum of global markets comprising investable assets across more than 100 countries. We constantly perform fundamental country research and monitor financial markets in order to understand each countries' policy environments and how important policy moments may alter their investment environment. Our corporate analysis includes decomposing yields and examining corporate liquidity and solvency risks. We integrate environmental, social and governance (ESG) analysis at the country and corporate levels.

Portfolio Implementation

We analyze investment opportunities from a risk factor perspective—the forces that drive securities and instruments prices. The investment team and trading and implementation team work together to consider which instruments may provide optimal risk-adjusted returns. The trading and implementation team expands our investment universe by understanding and overcoming investment barriers.

Team Overview

We are a seasoned investment team with strong continuity across decision makers. Our group's core has been together for more than 10 years prior to its evolution at Artisan Partners, and our group's leadership has been investing in emerging markets since 2005. Our coverage areas are generally defined geographically, with some PM/Analysts and research associates focused on corporates.

Portfolio Management

Michael A. Cirami, CFA
Portfolio Manager

Sarah C. Orvin, CFA
Portfolio Manager

Investment Results (%)

As of 30 June 2023	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Investor Class: APFOX	**4.66**	**7.89**	**19.03**	—	—	—	**11.98**
Advisor Class: APDOX	**4.60**	**7.85**	**19.04**	—	—	—	**12.01**
Institutional Class: APHOX	**4.75**	**8.04**	**19.27**	—	—	—	**12.20**
J.P. Morgan EMB Hard Currency / Local Currency 50/50	2.15	5.83	8.97	—	—	—	0.62

Source: Artisan Partners/J.P. Morgan. Returns for periods less than one year are not annualized. Class inception: Investor (7 April 2022); Advisor (7 April 2022); Institutional (7 April 2022).

Expense Ratios (% Gross/Net)	APFOX	APDOX	APHOX
Semi-Annual Report 31 Mar 2023[1,2,3]	36.28/1.25	5.48/1.15	1.56/1.10
Prospectus 30 Sep 2022[2,3,4]	4.40/1.26	1.98/1.16	1.33/1.11

[1]Unaudited, annualized for the six-month period. [2]Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2024. [3]See prospectus for further details. [4]Includes estimated expenses for the current fiscal year.

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. The performance information shown does not reflect the deduction of a 2% redemption fee on shares held by an investor for 90 days or less and, if reflected, the fee would reduce the performance quoted.

Performance Discussion

The portfolio trended higher in Q2 and outperformed the J.P. Morgan EMB Hard Currency/Local Currency 50/50 Index, the J.P. Morgan CEMBI Broad Diversified Index, the J.P. Morgan EMBI Global Diversified Index and the J.P. Morgan GBI-EM Global Diversified Index.

Investing Environment

Inflation has been the watchword of the last few quarters. But while the developed world still has work to do on the inflation front—namely, the Bank of Japan, the Bank of England and the European Central Bank—many emerging markets countries, which overall started raising rates sooner than much of the developed world, seem to be reining in or at least moderating prices. This is particularly the case in Latin America, where some central banks are beginning to contemplate rate cuts, including Brazil, Mexico and Peru. The Dominican Republic and Uruguay have already cut rates by 75bps apiece this year.

In contrast, inflation remains high in Central and Eastern Europe, compounded by high wage inflation and, in some cases (like Hungary and Croatia especially), food inflation. Rates are consequently much higher there, and real rates are still steeply negative. Nevertheless, Hungary cut rates during Q2—a move that seems premature in our view, though rates do remain quite high.

Turkey finally raised rates sharply following its presidential election, in which President Erdogan won a third term and his party secured a meaningful parliamentary majority. Though ostensibly a move intended to signal the central bank's intention to begin normalizing monetary policy, it remains to be seen whether anything substantive changes on the political or monetary fronts in the near term.

Other emerging markets central banks raised rates during the quarter, including China (10bps) and Thailand (25bps), and, given the macroeconomic environment in Africa, some other countries there may also need to raise rates—but overall, the trend is certainly toward pausing, if not loosening.

The contrast in inflationary environments across the developed and emerging markets has likely contributed to high flows into emerging markets local currency bonds, as inflation there falls and interest rates remain high relative to US assets. The US dollar has also weakened against many major emerging markets currencies, offering high rates of return. As a result, emerging markets local yields have rallied well in 2023 to date, and foreign exchange returns have also been positive.

Also of note in Q2 was Nigeria's decision to suspend its currency peg, allowing the naira to float freely against the US dollar, precipitating a significant drop relative to the US dollar. Combined with the suspension of fuel subsidies, the measures mark a notable shift following President Tinubu's inauguration and could be the beginning of meaningful policy changes.

Meanwhile, the geopolitical outlook remains cloudy. The Russia–Ukraine war is ongoing and creating ample uncertainty—highlighted by the recent news about a potential Russian coup. Sabers are rattling elsewhere, too, with Brazil's new repeat president Lula traveling to China to meet with President Xi and commenting on the need to strengthen ties with China to balance the world geopolitically and end US dollar trade dominance, among other comments. China continues struggling following its Q1 reopening as the anticipated economic bounce has largely failed to materialize and investors continue trying to shift away from their heavy reliance on Chinese supply chains.

Portfolio Positioning

Overall, we are invested in opportunities where we believe prices are not fully reflecting improving fundamentals, but we remain cautious. For example, we are long EM currencies but have pared our exposure over the course of Q2. Conversely, we are underweight where we believe prices have overcompensated for idiosyncratic risks, including sovereign credit, though we continue to like Eastern Europe, sub-Saharan Africa and select Latin American names. Though we are long EM rates, we are underweight given still-high inflation, particularly in Eastern Europe.

The portfolio is long currencies in Eastern Europe and Latin America (though slightly underweight there) and underweight Asia and South Africa. On the rates front, we are long Latin America, select Eastern European countries and Indonesia. For sovereign credit, we are also long euro-denominated debt in Albania, Macedonia, Romania and Serbia, and we continue to like Angola, Benin, Ivory Coast, Nigeria and the Bahamas.

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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. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. Non-diversified portfolios may invest larger portions of assets in securities of a smaller number of issuers and performance of a single issuer may have a greater impact to the portfolio's returns. 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, and 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. Fixed income securities carry interest rate risk and credit risk for both the issuer and counterparty and investors may lose principal value. In general, when interest rates rise, fixed income values fall. High yield securities (junk bonds) are speculative, experience greater price volatility and have a higher degree of credit and liquidity risk than bonds with a higher credit rating. Use of derivatives may create investment leverage and increase the likelihood of volatility and risk of loss in excess of the amount invested.

The J.P. Morgan (JPM) EMB Hard Currency/Local currency 50-50 is an unmanaged, blended index consisting of 50% JPM Government Bond Index-Emerging Market Global Diversified (GBIEMGD), an index of local-currency bonds with maturities of more than one year issued by EM governments; 25% JPM Emerging Markets Bond Index-Global Diversified (EMBIGD), an index of USD-denominated bonds with maturities of more than one year issued by EM governments; and 25% JPM Corporate Emerging Market Bond Index-Broad Diversified (CEMBIBD), an index of USD-denominated EM corporate bonds. 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 Jun 2023. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. 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.

This material is provided for informational purposes without regard to your particular investment needs and shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

Notional value represents the portfolio's exposures based on the economic value of investments by adjusting for derivatives exposure to the market value of the contract's underlying security and accounts for the sensitivity to changes in price of the underlying security. In comparison, measuring the exposure of a derivative contract at market value or notional value can understate or overstate, respectively, the economic exposure and risk. This estimate of portfolio exposure is only an approximation of the portfolio at a point in time.

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