



Artisan Developing World Fund

QUARTERLY
Commentary

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

As of 31 March 2025



Portfolio Management
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Dear Fellow Shareholder:

Market Backdrop

The Artisan Developing World Fund (Investor Class) returned 1.98% for the quarter ended March 31, 2025, versus 2.93% for the MSCI Emerging Markets Index (all returns in USD unless stated otherwise). Since June 30, 2015, the Artisan Developing World Fund has returned 155.27% cumulatively, versus 42.90% for the MSCI Emerging Markets Index. The quarter began with perceived US economic momentum and notions of US exceptionalism. Markets were then uprooted by China's artificial intelligence (AI) achievements, global tariff uncertainty, and an end to the so-called German debt brake. Chinese markets were standout performers (MSCI China Index +15.02%) against a backdrop of tariffs and geopolitical tensions, as a Chinese hedge fund released an efficient AI reasoning model (DeepSeek) that underscored the appeal of China's technology capabilities. This model achievement also led investors to question the prodigious sums being spent on AI capital formation in the US. As a result, the S&P 500® Index declined 4.27% during the quarter, while the tech-heavy Taiwanese market declined 12.63% (MSCI Taiwan Index). Exacerbating this dynamic, Germany responded to uncertainty over the US commitment to Ukraine by releasing the debt brake to invest in both military capabilities and depleted domestic infrastructure. The MSCI ACWI ex USA Index rose 5.23% as investors flocked to European banks and other perceived beneficiaries of European fiscal largesse. Currencies also reflected an increased preference for non-US assets (MSCI EM Currency Index +1.74%, euro +4.32%, yen +5.10%). From a domestic EM standpoint, Brazil rose (MSCI Brazil Index +14.05%) despite increasingly tight monetary conditions, perhaps as investors saw levered plays on non-US exposure and Brazil made progress on a Mercosur-European trade deal. Central and Eastern European markets rose as investors similarly sought disproportionate beneficiaries of European fiscal dynamics (MSCI Poland Index +31.27%, MSCI Czech Republic Index +28.66%). South Africa rose (MSCI South Africa Index +13.84%), likely along similar lines. Weaker markets included Indonesia, as President Prabowo's signature free meal policy created discomfort about the country's fiscal trajectory and productivity outlook. Turkey also declined (MSCI Turkey Index -8.96%) as the government arrested Istanbul's mayor, who is a key opposition figure.

Contributors and Detractors

Top contributors to performance for the quarter included Southeast Asian e-commerce and gaming platform Sea, Latin American online platform company MercadoLibre, Chinese online recruitment services company Kanzhun, Chinese Internet and technology company Tencent, and electronic payments network Visa. Sea benefited from accelerating growth and monetization in e-commerce, renewed promise in its gaming business, and strong on and off-platform development in financial services.

MercadoLibre experienced sustained momentum in its e-commerce business due to gross merchandise value (GMV) growth and take rate realization, and good fintech development as credit expansion continued while provisions moderated. Kanzhun benefited from improving recruitment demand and optimism around the impact of AI on both job postings and its own operations. Tencent benefited from renewed investor confidence in Chinese technology companies following the release of DeepSeek, especially given Tencent's strong communications ecosystem, cloud capabilities, and distribution advantages. Visa benefited from reaccelerating volume growth and stronger-than-expected cross-border performance, and perhaps from elevated inflation and nominal spending.

Bottom contributors to performance for the quarter included Indian food delivery and quick commerce company Zomato, Australian logistics services software company WiseTech Global, graphics semiconductor company NVIDIA, Indian online travel company MakeMyTrip, and semiconductor design and simulation company Cadence. Zomato declined amid weaker consumer sentiment in India and concerns about the increasingly competitive environment in its "Quick Commerce" segment, against the backdrop of continued capital-raising activity from competitors. WiseTech fell due to governance concerns after the resignation of independent board directors related to disputes with the company's founder, and delays in new product introductions. NVIDIA fell as DeepSeek's strong efficiency gains catalyzed fears of industry oversupply, and NVIDIA became a proxy for US exceptionalism. MakeMyTrip fell due to concerns about the slowdown of consumer sentiment in India, despite continued resilience in domestic and outbound travel. Cadence declined due to signs of sustained industry pressure in its core digital and analog semiconductor design business and continued cautious commentary around its China business due to geopolitical constraints.

Market Outlook

Policy uncertainty continues to permeate markets. The dollar has recently weakened against most currencies. Investors have been left to contemplate the possibility that US exceptionalism has peaked, and that industrial policy could weaken the dollar and US markets further. At the same time, it is notable that the MSCI Emerging Markets ex China Index declined 1.72% during this quarter. The reality is that the US is an engine for growth and key trading partner for many emerging markets countries. To the extent that the US lowers interest rates to support economic growth, real rates suggest only limited scope for interest rate reductions in many emerging countries. Moreover, we have long emphasized that lower rates are not a panacea for economic development in most emerging countries, which suffer from a lack of domestic capital formation and foreign investment. In fact, regardless of the price of money (i.e., the level of interest rates), the US' increased focus on domestic priorities and Europe's pivot toward defense could mean that capital formation in emerging markets is even more elusive in the coming years. To the extent that capital formation is the key constraint on investment-led growth, job creation, and real income growth in emerging markets, broader economic participation in these countries may remain

elusive. China does have some potential to fill this gap in emerging markets as an exporter of capital and technology, but its domestic priorities may take precedent, especially over shorter periods. More realistically, China may provide emerging markets with compelling products at competitive price points.

As for China, we have written extensively about China's ecosystems for domestic capital formation, which are unique in an emerging markets context and perhaps only eclipsed globally by those of the United States. The DeepSeek achievement reflects the necessity of domestic technology innovation in China given Western export restrictions, and the engineering talent and capital resources in the country. Indeed, Chinese electronic vehicle pioneer BYD's recent achievements in fast EV charging and autonomous driving systems (which will be embedded for free in its cars) also reflect unique ecosystems for domestic capital formation. These ecosystems have the potential to flourish, even in the absence of access to Western technology. At the same time, China's capital formation capability while palpable for key industrial priorities has largely been dormant the last few years, which is a key reason why the economy has decelerated so markedly. Thus, a key question surrounds the extent to which private capital formation accelerates in China, which would reduce the need for China to provide fiscal support and bolster property markets. While many companies in China have spoken recently of AI-driven strategies to increase revenues and reduce costs, the reality is that AI development is for now a more tangible concept than improved economic development. We have been careful to create and maintain pathways for reflation in China assets over the last several years while limiting our capital at risk if, for example, tensions with the US were to escalate.

Portfolio Positioning

We developed the concept of "Flexion" out of necessity, at a moment of crisis. It was a tool for us to add to positions in a contrarian way, while simultaneously allowing for a pathway to deemphasize that investment if necessary. In more recent iterations, we have defined Flexion in large part as follows: adding to positions with progression to a lower weight and trimming with progression to a higher weight. Practiced with patience and consistency, Flexion can become a tool for an asset allocation outcome. For example, over the last several years, we took capital back from NVIDIA with progression to a higher or maximum weight. In the aggregate, we estimate that we have taken back approximately 1,800bps (net of buys) from our NVIDIA investment since establishing our position in the first half of 2019. In recent months, as the US AI capital spending boom has been called into question, NVIDIA has started to naturally underperform our portfolio. Exiting the quarter, it represented just 2.8% of our investments. While we have not yet endeavored to add to NVIDIA with progression to a lower weight, the point is that this process has been occurring naturally, throughout our portfolio. Thus, while we do not feel qualified to call for an end to US exceptionalism (nor would we have predicted it to begin with), our asset allocation over a period of time has begun to reflect precisely this possibility—even as we add selectively to US Passporters at the margin. Notably, of our top 10 holdings, Visa (which we own primarily for correlation benefits) and CrowdStrike are the only US-based Passporters. Three years ago, there were 6 US-based Passporters in

our top 10. Similarly, we are positioned to allow for some progression to a higher weight in our China holdings, while taking capital back if this occurs. Ultimately, our positioning for an end to US exceptionalism, or alternatively a continuation of it, is to a large degree an outcome of movements within the portfolio. If an investment or country allocation deteriorates beyond our expectations, we have established a pathway to deemphasize that investment or country.

Last quarter, we articulated an emphasis on EM assets exposed to large population clusters with access to credit and formal employment that can benefit disproportionately from consumption. It is this alignment that creates the potential for revenue velocity despite economic limitations, which when paired with attractive incremental margin structures can create the potential for disproportionate equity outcomes. For example, Sea has been a successful investment not because of rapid growth in the middle class, but rather because young employed tech-savvy people have capable smartphones that they are using to buy basic goods and in many cases access credit for the first time outside the banking system. MakeMyTrip has been conducive to disproportionate equity outcomes in part because formally employed workers are aspiring to domestic travel, and because large and wealthy niche populations in India are increasingly traveling abroad. By contrast, a narrow focus on domicile can implicitly hold investors captive to a production-driven construct (i.e., capital formation in the emerging markets with limited potential for convergence). By contrast, consumption growth tied to the modern economy and attractive population clusters can significantly exceed the pace of EM capital formation. Notably, three of our top four performers since inception are domiciled in the emerging markets, and approximately two thirds of our performance since inception has come from EM-domiciled companies. In other words, our willingness to look beyond production-driven constraints embedded in the domicile construct has been a key determinant of the success of our EM-domiciled investments. Moreover, our Passport company exposure provides additional conduits to Western ecosystems for capital formation, aspirational products and foundational technologies. These products and services, in turn, hold appeal to the aforementioned population clusters that permeate the emerging world.

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 value pathways to enhance long-term value creation.

Investment Results (%)

	Average Annual Total Returns						
As of 31 March 2025	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception ¹
Investor Class: ARTYX	1.98	1.98	17.53	7.15	12.02	—	10.13
Advisor Class: APDYX	2.00	2.00	17.71	7.33	12.21	—	10.32
Institutional Class: APHYX	2.03	2.03	17.81	7.41	12.31	—	10.42
MSCI Emerging Markets Index	2.93	2.93	8.09	1.44	7.94	—	3.87

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. ¹Fund inception: 29 June 2015.

Expense Ratios	ARTYX	APDYX	APHYX
Annual Report 30 Sep 2024	1.31	1.13	1.05
Prospectus 30 Sep 2024 ¹	1.31	1.13	1.05

¹See 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. All single country returns are net returns based on MSCI country indices. Each country index is designed to measure the performance of the large- and mid-cap segments of the country's market. MSCI All Country World ex USA Index measures the performance of developed and emerging markets, excluding the US. MSCI China Index captures large- and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g., ADRs). The MSCI Emerging Market Currency Index measures the total return of emerging market currencies relative to the US dollar, where the weight of each currency is equal to its country weight in the MSCI Emerging Markets Index. MSCI Emerging Markets ex-China Index measures the performance of emerging markets, excluding Chinese equities. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. 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 Mar 2025. 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 Mar 2025: Sea Ltd 5.7%, MercadoLibre Inc 5.3%, Visa Inc 4.7%, MakeMyTrip Ltd 4.4%, Tencent Holdings Ltd 4.3%, CrowdStrike Holdings Inc 3.9%, Cadence Design Systems Inc 3.0%, NVIDIA Corp 2.8%, Kanzhun Ltd 2.5%, Zomato Ltd 2.3%, WiseTech Global Ltd 1.6%. 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. Contribution to Return is calculated by multiplying a security's portfolio weight by its in-portfolio return for the period. 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. Attribution and contribution to return are not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

If applicable, revenue data is sourced from FactSet, is approximate and is subject to change based on the availability of company reported data.

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Passport Companies ("Passporters") refer to companies based in developed markets that have economic ties to emerging markets and/or consumers or users in the emerging markets. **Value Capture:** We define as a model for trimming securities that experience market appreciation while retaining a residual position. **Flexion:** The concept of flexion recognizes that individual stocks move up and down more than the rest of the portfolio and individual buys and sells are incremental in nature. Adding with a progression to a lower weight refers to a stock that is declining more than the rest of the portfolio and our purchases make up less weight than the decline in portfolio weight from stock depreciation. Selling with progression to a higher weight refers to stocks that are rising more than the rest of the portfolio and sales are less than the increase in portfolio weight from stock appreciation.

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