Artisan Developing World Fund

QUARTERLY
Commentary

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

As of 31 December 2025

Portfolio Management
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Dear Fellow Shareholder:

Market Backdrop

The Artisan Developing World Fund (Investor Class) returned -9.41% for the quarter ended December 31, 2025, versus 4.73% for the MSCI Emerging Markets Index (all returns in USD unless stated otherwise). Since June 30, 2015, the Artisan Developing World Fund has returned 169.88% cumulatively, versus 85.44% for the MSCI Emerging Markets Index. It was a difficult quarter for the fund in relative and absolute terms, even as fund NAV increased 7.82% for the year. The rapid pace of Western artificial intelligence (AI) capital formation and signs of stress in credit markets resulted in corrections in some US-based assets this past quarter. Meanwhile, Korean and Taiwanese tech leaders were perceived to be major beneficiaries of lower cost AI approaches proliferating in China and emerging in the US. Korean markets also benefited from corporate governance reform and supportive policies from the new government. Korea (MSCI Korea Index +27.31%) and Taiwan (MSCI Taiwan Index +10.40%) together accounted for more than 100% of the MSCI Emerging Markets Index's return this quarter. Indeed, a secondary consequence of global AI proliferation is an increasingly narrow market and reduced demand for emerging markets assets linked to domestic demand, such as those in India or elsewhere tied to modern population clusters that feature prominently in the portfolio. For example, Sea (-28.62%), MercadoLibre (-13.81%), and Eternal (-15.39%) all declined during the quarter. China was also weaker during the quarter (MSCI China Index -7.38%) as tensions with the US flared over American semiconductor export controls and Chinese rare earth restrictions, before ultimately stabilizing. Ironically, given equity market performance, the Chinese renminbi appreciated 1.86% against the dollar this quarter, and the MSCI Emerging Markets Currency Index also rose 0.52%, likely due to lower policy rates in the US and narrowing interest rate differentials.

Contributors and Detractors

Top contributors to performance for the quarter included Indian financial services company HDFC Bank, global soft drink leader Coca-Cola, Latin American fintech leader Nu Holdings (Nubank), electronic payments network Visa, and Indian digital payments company One 97 Communications (Paytm). HDFC rose due to accelerating loan growth and robust deposit growth, while net interest margin pressures showed signs of moderating. Coca-Cola benefited from strengthening volumes across multiple geographies, which helped support continued growth despite a volatile operating environment. Nubank rose due to loan growth acceleration in Brazil, progress toward breakeven in Mexico, and early steps toward further intentional expansion. Visa rose due to strengthening global consumer spending alongside efforts to embrace new opportunities presented through stablecoins and agentic commerce. Paytm rose due to strong growth in merchant lending and improving payment economics, while the relaunch of its "buy now, pay later" (BNPL) product also provided upside optionality.

Bottom contributors to performance for the quarter included Southeast Asian e-commerce leader Sea, British semiconductor design company ARM Holdings, US-based fintech platform provider Coinbase, Latin American Internet leader MercadoLibre, and Chinese platform company Tencent. Sea declined due to fears of margin compression as the company continues to invest for growth despite strong momentum across e-commerce, gaming, and financial services. ARM declined as investors seek revenue leverage (i.e., volume and pricing upside) to the current AI buildout, whereas ARM's royalty-based business model limits its revenue variability and its own-silicon initiatives are still a year or two away. Coinbase was negatively impacted by stablecoin and digital asset volatility (even as gold reached new highs) and lack of additional progress on the regulatory and legislative front. MercadoLibre fell as investors worried about rising competition and investments, despite a favorable resolution on midterm elections in Argentina, which should be supportive of the company's initiatives there. Tencent was negatively impacted by investors' evolving views on China's economy as well as Tencent's lower perceived AI exposure, even as it benefits from accelerating revenue growth from AI-based initiatives.

Market Outlook

It was a difficult year for Indian equities for several reasons, including high valuations, HB1 visa restrictions, US tariffs, perceived AI positioning, and moderating investment growth. At the same time, we find reasons for increased optimism around India, which due to modern population clusters and population scale continues to offer potential for accelerated and enduring value creation. In particular, the Reserve Bank of India has under new leadership not only lowered interest rates but also started to roll back significant and unpredictable restrictions on consumer credit (we view Paytm as a beneficiary). Meanwhile, in the wake of tariff pressures and his party's strong performance in state elections, Prime Minister Modi has had the political momentum to pursue reforms in both goods and services taxes (GST) and labor markets. Specifically, the government reduced the number of GST tiers, cut income tax rates and meaningfully simplified labor and business laws. This combination of monetary impetus and reform should both boost consumption and modernize India's business landscape. It also comes against a backdrop of a weaker rupee, which could support exports. Further, Indian equities consolidated for the better part of the year against continued business value increases, resulting in improved positioning and valuation dynamics. For example, MakeMyTrip's PE multiple on NTM (next twelve months) EPS estimates improved from 63.0X to 39.7X in the last year, while Apollo Hospital's PE multiple contracted from 57.6X to 44.4X. Fundamentally, we have also observed Eternal increase business value and consolidate its competitive position, while Paytm has emerged from regulatory restrictions with an enhanced merchant lending business and a burgeoning consumer opportunity. It is also possible that India can achieve a reduced tariff rate and trade agreement with the US in the near future. While India may remain uninteresting to global investors in periods of heightened AI enthusiasm, the equity story has probably improved.

Meanwhile, China's AI story is coming into focus and features a mix of open-source large language models (LLMs), cheap domestic energy, (increasingly) Chinese semiconductors, and AI applications. On balance, it represents a cost-effective and novel approach to AI development and usage. While American AI models will likely achieve compute supremacy and technology leadership, there will certainly be a place for China's approach not only domestically but across the emerging markets as a cheaper or politically preferable alternative to Western AI. In a sense, the adoption of Chinese AI is probably not fundamentally different than the proliferation of Chinese smartphones, electric vehicles, batteries, or solar panels globally; there is a reason that despite reduced opportunity for Chinese exports to the United States that China's annual trade surplus exceeded $1 trillion for the first time, or that the Chinese current account continues to exhibit a significant surplus despite predictions to the contrary and continued calls for economic rebalancing. Indeed, the emergence of Chinese AI has also dramatically reshaped the investment landscape in China, as it seems less likely that real estate investment or domestic support measures will be at the fulcrum of Chinese economic policy for now. In recent quarters, we have pursued better AI alignment in our China holdings, which seem less subject to the potential excesses of the current cycle of Western capital formation. In particular, we have added Alibaba to the portfolio, which is aligned to Chinese AI infrastructure and chip development, while establishing a smaller position in Kingsoft Cloud, which can provide complementary public cloud exposure. AI applications like Tencent's Weixin are also positioned to capitalize on China's large, digital-savvy population and existing Internet ecosystems, as is new holding Meitu, which utilizes Alibaba's Qwen foundation model. At the same time, given US/China tensions, we have been careful to preserve our asset-light posture in China by ensuring we have far less capital at risk in China than the index.

Portfolio Positioning

We have written about challenges to US exceptionalism, which have been visible in the outperformance of international and emerging markets equities and the depreciation of the US dollar during 2025. As we adapt to this landscape, we have sought to avoid a transactional approach to asset allocation that could reinforce suboptimal portfolio outcomes. We have instead preferred flexion as an asset allocation tool. We noted in Q3 that our US Passport exposure had fallen gradually from 43.3% in August 2022 to 31.4% in September 2025. This weighting has fallen modestly more this quarter, to 30.1%. If flexion has helped us to address asset allocation, the concept of "capital efficiency" in our US Passport holdings has helped with composition. We define capital efficiency as whether an individual holding is delivering either on the promise of scalability or as a store of value. In other words, we want Passport companies to be a reflection either of the unique ecosystems for capital formation in developed markets or of safety unavailable elsewhere. We believe that Coinbase is an example of a capital-efficient Passporter that could only emanate from Western ecosystems for capital formation but that provides a unique conduit into latent pools of domestic savings in the emerging markets. As we stated in Q3, we think it is important to retain targeted exposure to beneficiaries of Western ecosystems for capital formation that are conducive to disproportionate equity outcomes; a smaller and more capital efficient Passport portfolio puts us in a position to do so. Similarly, among correlation-oriented Passporters, we have added Richemont to the portfolio because its heritage brands have the potential to enhance pricing power and reduce business variability. Where we find challenges in capital efficiency are holdings that fall somewhere in the middle. For example, Tradeweb, while a good compounder with a lightly scalable business model, offered the portfolio neither disproportionate upside potential nor low business variability; in a world of challenged US exceptionalism where capital at risk in the US must be carefully considered, we believe our Passport holdings must be functionally efficient enough to offer one or the other. On balance, we believe that we have executed on these gradual changes in a high-probability way that has aided in protecting and growing our pool of capital over time, managing taxable distributions, and better aligning our portfolio to disproportionate equity outcomes.

Against a backdrop of international market outperformance, we also would not have predicted that many of our non-US based holdings would come under significant pressure. However, as enthusiasm for AI-linked assets has gathered steam, core holdings such as Sea, MercadoLibre, Eternal, Grab, Nubank, and MakeMyTrip have declined even as they have created business value. Such holdings are aligned to core principles such as modern population clusters, thereby creating potential to accelerate the value creation process in ways that most emerging markets companies cannot. Sea is projected to grow revenue 24.2% and operating profit 44.7%, with free cash flow (FCF) of $4.5 billion in absolute terms for calendar year 2026 based on consensus estimates. MercadoLibre is projected to grow revenue 28.7% and operating profit 33.5%, with FCF of $8.8 billion for this same period. These increases in business value are occurring while the share price comes under pressure and do not depend on the duration of the current AI buildout. Sea and MercadoLibre now trade for FCF yields of about 7%, while their respective NTM PE multiples of 30.7X/33.3X are below their April valuations of 43.1X/44.0X during peak tariff uncertainty. This is not to say that we are ignoring the proliferation of AI globally or in the emerging markets. In our portfolio, we have added to existing holdings in Snowflake and ARM as each came under pressure this quarter, as we seek to structure a portfolio that can benefit from AI but is not overly dependent on the current cycle of AI capital formation. Snowflake is benefiting from the creation, capture, and usage of data by the global companies for the LLM era, while ARM technology is a component of many of the AI chips being designed into modern data centers (notably in China). These increases have been implemented so as to complement continuity in core holdings aligned to low penetration and modern population clusters in the emerging markets.

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 December 2025	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Investor Class: ARTYX	**-9.41**	**7.82**	**7.82**	**21.37**	**-1.13**	**11.93**	**9.95**
Advisor Class: APDYX	**-9.41**	**7.95**	**7.95**	**21.56**	**-0.97**	**12.12**	**10.14**
Institutional Class: APHYX	**-9.37**	**8.08**	**8.08**	**21.64**	**-0.87**	**12.23**	**10.25**
MSCI Emerging Markets Index	4.73	33.57	33.57	16.40	4.20	8.42	6.19

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
Annual Report	1.29	1.13	1.04
Prospectus	1.31	1.13	1.05

Annual Report: 30 Sep 2025. Prospectus: 30 Sep 2024. 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 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. 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 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). 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. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

The portfolio managers' views are subject to change, and Artisan disclaims any obligation to advise investors of such changes. For the purpose of determining holdings, securities of the same issuer are aggregated to determine the weight in the portfolio. The holdings mentioned above comprised the following percentages of the Fund's total net assets as of 31 Dec 2025: Tencent Holdings Ltd 6.2%, Sea Ltd 6.1%, MercadoLibre Inc 6.0%, Visa Inc 4.6%, MakeMyTrip Ltd 4.5%, Adyen NV 4.3%, Snowflake Inc 3.7%, Eternal Ltd 3.3%, NU Holdings Ltd 3.3%, The Coca-Cola Co 3.2%, Grab Holdings Ltd 3.2%, HDFC Bank Ltd 3.2%, ARM Holdings PLC 3.2%, Alibaba Group Holding Ltd 3.1%, Coinbase Global Inc 2.5%, Apollo Hospitals Enterprise Ltd 2.3%, One 97 Communications Ltd 1.7%, Kingsoft Cloud Holdings Ltd 1.0%, Meitu Inc 0.9%, Cie Financiere Richemont SA 0.9%. 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.

Contribution to Return (CTR) represents the contribution of an investment to the total portfolio return. CTR is calculated by multiplying a security's portfolio weight by its in-portfolio return daily for the period and has been derived from a holdings-based methodology, which uses daily positions and pricing rather than intraday transactions. **Attribution** quantifies the relationship between a portfolio's relative returns and the active management decisions differentiating the portfolio from the benchmark. **CTR and Attribution** are not exact, nor representative of actual investor returns due to several variables (e.g., fees, expenses, transactions) and therefore should be considered an approximation and examined in conjunction with the performance of the portfolio during the period. If applicable, securities of the same issuer are aggregated and may be delta-adjusted to determine the weight in the portfolio, and aggregation of corporate affiliates is subject to the determination of Artisan Partners. Further information on the methodology used is available upon request.

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

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.

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. **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. **NAV** (net asset value) represents the assets of a Fund less its liabilities. **Net interest margin** measures the difference between interest income earned and paid out by financial institutions. **Leverage** is the use of various financial instruments or borrowed capital; the amount of debt used to finance a firm’s assets. **Stablecoin** is a type of cryptocurrency designed to maintain a stable value, often by being pegged to a fiat currency like the US dollar or a commodity like gold. **Trade Surplus** represents the amount by which the value of a country's exports exceeds the cost of its imports. **Operating profit** is the net income derived from a company's primary or core business operations. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Free Cash Flow Yield** is an overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share. The ratio is calculated by taking the free cash flow per share divided by the share price. **Agentic Commerce** refers to the use of autonomous AI agents that can act on behalf of customers or businesses to perform complex tasks, such as finding products, negotiating or managing purchases. **Current Account** represents the record of the flow of money into and out of the country in the form of imports and exports, investment earnings and foreign aid. **Current Yield** is the annual income (interest or dividends) divided by the current price of a security. **Earnings per Share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock.