



## **ARTISAN PARTNERS UK LLP**

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**March 31, 2015**

**This brochure provides information about the qualifications and business practices of Artisan Partners UK LLP. If you have any questions about the contents of this brochure, please contact us at 44-20-7766-7110. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.**

**Additional information about Artisan Partners UK LLP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Please note that registration as an investment adviser with the SEC does not imply any certain level of skill, training or ability with respect to the provision of investment advisory services.**

**ITEM 2: SUMMARY OF CHANGES**

This brochure was updated on March 31, 2015, providing information that is materially different from or supplemental to information we provided to our clients and potential clients in our previous annually updated brochure dated March 31, 2014.

This brochure is being updated to provide information about the new Artisan strategy Artisan Developing World Strategy. The strategy is managed by Lewis S. Kaufman. More detail about this new strategy is available below in the body of the brochure and information about Mr. Kaufman can be found in the brochure supplement, available upon request.

This brochure is also being updated to remove information regarding the private investment partnership managed by Artisan's Growth investment team, which was liquidated in December 2014.

We encourage you to read the entire brochure.

### ITEM 3: TABLE OF CONTENTS

<b>ADVISORY BUSINESS .....</b>	<b>5</b>
<i>Managing Divergent Investment Restrictions and Cash in Client Accounts</i> .....	6
<i>Other Investment Related Information</i> .....	7
Professional Qualifications .....	7
Portfolio Turnover .....	8
Investment Guidelines and Restrictions .....	8
Currency Transactions .....	9
Significant Shareholder Reporting .....	10
Communications with Portfolio Company Management .....	10
Class Actions .....	11
Issuer Relationships .....	11
<i>Executive Personnel</i> .....	11
<b>FEES AND COMPENSATION .....</b>	<b>12</b>
<b>PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....</b>	<b>15</b>
<b>TYPES OF CLIENTS .....</b>	<b>16</b>
<b>METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>17</b>
<i>Investment Teams</i> .....	17
Global Equity Team .....	17
U.S. Value Team .....	17
Growth Team .....	18
Global Value Team .....	19
Emerging Markets Team .....	19
Credit Team .....	19
Developing World Team .....	20
<i>Risk of Loss</i> .....	21
All Strategies .....	21
Strategies that Invest in Non-U.S. Securities .....	22
Strategies that Invest in Equities .....	23
Strategies that Utilize Derivatives .....	24
Strategies that Invest in Private Placements and Restricted Securities .....	25
Strategies that Invest in Fixed Income Instruments, Convertible Securities and Credit Derivatives .....	25
<b>DISCIPLINARY INFORMATION .....</b>	<b>27</b>
<b>OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....</b>	<b>27</b>
<b>CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....</b>	<b>28</b>
<b>BROKERAGE PRACTICES .....</b>	<b>30</b>
<i>Selection of Broker-Dealers to Effect Client Transactions</i> .....	31
<i>Research Products and Services Received by Artisan</i> .....	32
<i>Commission Recapture Programs</i> .....	33
<i>Trade Processing and Allocation</i> .....	33
<b>REVIEW OF ACCOUNTS .....</b>	<b>36</b>
<b>CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>36</b>
<b>CUSTODY .....</b>	<b>38</b>

**Artisan Partners UK LLP**

Form ADV Brochure

March 31, 2015

<b>INVESTMENT DISCRETION .....</b>	<b>38</b>
<b>VOTING CLIENT SECURITIES .....</b>	<b>38</b>
<b>FINANCIAL INFORMATION .....</b>	<b>42</b>

#### **ITEM 4: Advisory Business**

Artisan Partners UK LLP (identified as “Artisan UK” in this brochure) is a limited liability partnership organized under the laws of England and Wales. The business of Artisan UK is controlled by its founder member, Artisan Partners Limited, a private limited company organized under the laws of England and Wales. Artisan UK provides investment advisory services pursuant to contractual arrangements with Artisan Partners Limited Partnership (“APLP”, and together with Artisan UK, “Artisan”). Like Artisan UK, APLP is an investment adviser registered with the SEC.

Artisan UK delegates investment management authority to its advisory affiliate, APLP; however, Artisan UK remains legally responsible for general oversight of all delegated investment advisory services. Artisan UK is also registered with the United Kingdom Financial Conduct Authority (the “FCA”) and authorized by the FCA to carry on certain regulated activities in the U.K.

Artisan Partners Limited is wholly owned by Artisan Partners Holdings LP. APLP is also wholly owned, directly and indirectly, by Artisan Partners Holdings LP. Artisan Partners Holdings LP is a limited partnership organized under the laws of Delaware whose sole general partner is Artisan Partners Asset Management Inc. (“APAM”), a publicly traded company the Class A common stock of which is listed on the New York Stock Exchange, and also a Delaware corporation. More information concerning Artisan can be found by visiting [www.artisanpartners.com](http://www.artisanpartners.com). Additional information about the firm’s executive personnel is included later in this section of the brochure under the sub-heading “Executive Personnel.”

In addition to its ownership of Artisan Partners Limited, Artisan Partners Holdings LP also owns 100% of Artisan Partners Distributors LLC (“Artisan Distributors”), an SEC registered, limited purpose broker-dealer, which serves primarily as distributor of the securities of Artisan Partners Funds, Inc (“Artisan Partners Funds”), a U.S. open-end diversified management investment company. Artisan Distributors is also authorized, on a limited basis, to sub-distribute shares of the Artisan Partners Global Funds plc (“Artisan Partners Global Funds”), an open-ended investment company registered with the Central Bank of Ireland pursuant to the European UCITS Directive. Artisan Distributors may also, from time to time, privately place direct participation program securities issued by an unregistered investment fund organized and sponsored by Artisan or an affiliate.

APLP serves as investment adviser to each mutual fund series of Artisan Partners Funds. APLP also serves as investment adviser and promoter to Artisan Partners Global Funds. Artisan UK serves as distributor to the Artisan Partners Global Funds.

Artisan employs seven distinct investment teams, currently managing client assets in 15 strategies. Artisan’s investment teams and strategies are as follows:

Team	Strategies
Global Equity	Global Equity Global Small-Cap Growth Non-U.S. Growth Non-U.S. Small-Cap Growth
U.S. Value	U.S. Mid-Cap Value U.S. Small-Cap Value Value Equity
Growth	Global Opportunities U.S. Mid-Cap Growth U.S. Small-Cap Growth
Global Value	Global Value Non-U.S. Value
Emerging Markets	Emerging Markets
Credit	High Income
Developing World	Developing World

Information on the teams' strategies is included in the section of this brochure entitled "Methods of Analysis, Investment Strategies and Risk of Loss."

Artisan generally does not tailor its investment management services to the individual needs of clients. Generally, client portfolios in each strategy are managed to a single model, consistent with the portfolio characteristics described below. However, a client may, with Artisan's consent, impose limited restrictions on investment in certain securities or types of securities in its account. Artisan's compliance monitoring of client accounts is based on its clients' specific investment guidelines which are made a part of each client's written agreement with Artisan. For more information, see the sub-section below entitled "Managing Divergent Investment Restrictions and Cash in Client Accounts."

Artisan generally accepts responsibility for management of a client account on a discretionary basis and each client enters into a written agreement with Artisan UK or APLP granting discretionary authority, including the authority in agreements with Artisan UK for Artisan UK to delegate investment management and operations to APLP.

### ***Managing Divergent Investment Restrictions and Cash in Client Accounts***

Artisan's managed portfolios in each strategy generally are managed to a single model. A client's portfolio may diverge from Artisan's model portfolio because of cash flows, divergent investment restrictions or certain other reasons. Cash flows may result in more or less cash in a client's account than in Artisan's model portfolio, and in weightings of portfolio securities that are not aligned with the model. Client-imposed investment restrictions generally result in weightings of portfolio securities that are not aligned with Artisan's model, and in some cases more or less cash than is held in the model account. Artisan typically rebalances a client's account to the model account

periodically, deploying cash across all or a portion of the holdings in a client's portfolio (subject to minimum transaction sizes). As a result, a client whose investment restrictions prohibit holding a particular security or limit the weighting of a particular security or group of securities will generally have larger weightings in some or all of the other securities that are held. In some instances, the investment team may select a replacement security or have a higher cash weighting when a model holding is restricted under a client's investment guidelines. The rebalancing of accounts may result in multiple transactions in the same security, including opposite-way transactions, in a short period of time. Artisan believes the benefits of this approach to the management of divergent positions that permits accounts to remain more consistently invested generally outweigh the potential costs of those transactions.

Client-imposed investment restrictions sometimes affect the timing or manner of purchase or sale of a security. So, for example, if a client account cannot participate in an initial public offering of a security that will be held in the portfolio, Artisan will generally purchase that security for the account in the open market after completion of the offering.

Divergence from Artisan's model portfolio, as a result of client-imposed investment restrictions, cash flows or other reasons, will result in differences between the return achieved in the client's account and Artisan's composite return. To prevent the potentially negative impact that the investment restrictions of one client account or multiple client accounts may have on the manner in which Artisan invests on behalf of all its client accounts, Artisan generally does not accept accounts subject to investment restrictions that Artisan believes would adversely affect Artisan's ability to manage client accounts.

Management of cash balances in a client's account is determined at the beginning of the relationship. Generally, cash is invested in one or more investment alternatives provided by the custodian of the client's account, as selected by the client.

### ***Other Investment Related Information***

#### **Professional Qualifications**

All investment decisions for client accounts are made by the portfolio manager(s) for that strategy, working with associate portfolio managers and/or investment analysts dedicated to that investment team. Artisan generally employs persons to provide investment advice to clients only if those persons have demonstrated ability by previous employment in the investment advisory industry or securities industry, have related financial and professional experience or have advanced educational degrees in finance, economics or related fields. The professional qualifications of each of Artisan's portfolio managers are set forth in brochure supplements provided to Artisan's clients and potential clients.

### **Portfolio Turnover**

In each of its strategies, Artisan generally purchases securities with a view to long-term investment, but there are no limitations on the length of time securities must be held. The firm may sell securities within a short period of time after purchase, for example, in light of a change in the circumstances of a particular company or industry or in general market or economic conditions. A higher rate of portfolio turnover, if it occurs, results in increased transaction expenses and the realization of capital gains or losses that, in a taxable account, may reduce performance.

### **Investment Guidelines and Restrictions**

Compliance with certain investment guidelines is measured at the time of purchase or at the time of initiation of a position in the strategy. Because of this, a newly-funded account may exceed those limits if market movements have caused Artisan's model account to be above those limits at the time the new account is funded. Similarly, cash inflows to existing accounts are generally invested to maintain the relative weightings of the securities held in the portfolio, even if market movements have caused the account to be above certain limits at the time of the cash inflow. As an example, Artisan may limit exposure to individual issuers within certain of its strategies to a maximum of 5% of the assets of a portfolio, measured at market value at the time of purchase. However, if at the time of the cash inflow an issuer comprises more than 5% of the portfolio's assets due to market movement, the portfolio may purchase additional securities of that issuer to invest the cash inflow and maintain the weighting consistent with the model portfolio.

The strategies also may have market capitalization guidelines that reference the market capitalizations (or other market capitalization metric such as weighted average market capitalization) of the companies included in a relevant benchmark index. Changes in the composition of those indexes can cause significant fluctuations in the benchmark market capitalizations, which may cause the market capitalization of a portfolio, or the securities held in a portfolio, to be larger or smaller than the market capitalization or related metric of securities within the benchmark index for a period of time following such change.

For purposes of testing compliance with each strategy's investment restrictions, Artisan generally considers an issuer to be from a particular country as designated by its securities information vendors. However, Artisan, in its own judgment, may consider an issuer to be from a country other than the country designated by the securities information vendors. In determining the country designations of issuers, Artisan and/or its vendors may use a range of criteria, including the identity of the jurisdiction of the issuer's incorporation, the main equity trading market for the issuer's securities, the geographical distribution of the issuer's operations, the location of the issuer's headquarters or other criteria, such as the source of a company's revenues. Because those characteristics may not point to the same country, a company may be classified as a U.S. company even though it is organized or has substantial business operations outside the



U.S., or alternatively may be classified as non-U.S. even if it is organized, trades or has substantial business operations in the U.S. Over time, country designations may change.

Also for the purpose of testing compliance with each strategy's investment restrictions, Artisan assigns portfolio securities and instruments to a particular sector and industry in accordance with the sector and industry classifications as designated by its securities information vendors. In the event a securities information vendor does not classify a security to a particular sector or industry or if the published classification appears to be clearly erroneous, Artisan classifies the security according to its own judgment, using other securities information vendors, the company description and other publicly available information about the company and its peer group. Sector and industry classifications may change over time.

### **Currency Transactions**

Artisan buys and sells currencies to facilitate purchases and sales of portfolio securities of companies that are denominated in a currency other than a client's base currency. Artisan's primary objective in effecting currency transactions is to obtain the best combination of net price and execution under the circumstances. To facilitate purchases and sales of portfolio securities that trade in currencies other than a client's base currency, Artisan typically executes foreign exchange contracts in the spot market either by transacting with various third party foreign exchange dealers or through active market trading with the capital markets (foreign exchange) desk affiliated with the client's custodial bank. Unless directed to do so by the client, or effectively required by local regulation or custom, in most markets Artisan does not send foreign exchange transactions in connection with equity trades to the custodian for future execution without negotiating the rates associated with those trades. Artisan reviews market rates at the time of each execution and actively negotiates the rate with the foreign exchange dealer.

For corporate actions such as mergers and offerings of rights and warrants, as well as cash dividends and interest income denominated in a currency other than a client's base currency, Artisan typically executes foreign exchange contracts in the spot market through active negotiations as discussed above.

There are, however, a few markets in which foreign currency cannot be purchased or sold through active trading with a foreign exchange dealer, but rather must be sent directly to the custodian or sub-custodian for future execution in the local market (current examples of such markets are India and Taiwan).

Evaluations of the services provided by dealers, including the reasonableness of rates received, are made on an ongoing basis by Artisan, taking into consideration a variety of factors, including for example trade size, counterparty/settlement risk and operational risk. Transacting with third-party dealers may cause an account to incur additional fees, such as wire fees for each currency transaction, that are not charged if the foreign exchange contract is transacted through the custodian bank. Additionally, there

may be operational advantages to using the custodian bank, such as contractual settlement and systematic communication between the custodian bank's currency trading operations and its equity settlements operations. In those markets where Artisan must purchase or sell currencies through a client's custodian or sub-custodian for execution in the local market, Artisan periodically reviews the rates received for reasonableness.

With respect to each foreign exchange transaction, a client may not receive the same price received by other clients within the same strategy or the price that could have been received if the transaction had been executed with a different counterparty. Artisan seeks to cooperate with individual client requests with respect to the use of third party foreign exchange dealers. However, active negotiation of rates and/or transactions executed with counterparties other than the capital markets (foreign exchange) desk affiliated with the client's custodian (or affiliate of the custodian) or sub-custodian may not be possible due to market limitations or limitations of the custodian or, where possible, may be less beneficial to a client due to the costs associated with such transactions or the potential for increased settlement, operational or other counterparty risks described above. Certain clients may be restricted in their ability to execute foreign exchange transactions with certain dealers. Artisan generally aggregates foreign exchange transactions on behalf of these clients with foreign exchange transactions on behalf of other clients and, as a result, clients who are otherwise unrestricted in their ability to select counterparties for foreign exchange transactions may be unable to execute trades with certain dealers.

### **Significant Shareholder Reporting**

Artisan's clients, either within a particular strategy or together with Artisan's clients in other strategies, may from time to time have a position in the securities of a portfolio company that is large enough to require reporting to the issuer or regulators, or both, under applicable authorities. Those reports are often publicly available and may require disclosure of the client's identity and its securities position.

### **Communications with Portfolio Company Management**

Artisan's investment teams generally do not invest in companies in which they believe taking an activist role will be necessary to achieve their desired investment results. However, members of Artisan's investment teams do frequently communicate with management at companies in which the firm invests, which may include discussions of ideas about the companies' prospects or strategies. The firm may also communicate with a company's board of directors or members of a company's advisory board. In some circumstances, Artisan might actively participate in a shareholder meeting (including submitting an item for inclusion on the agenda of a meeting) or otherwise act in a public manner to communicate an investment team's views about a particular company's business strategy.

### **Class Actions**

Artisan tries to identify securities class actions as a result of which a client may have a claim in connection with a portfolio security held or previously held by the client in an Artisan-managed account. Artisan will provide any information in its possession that a client reasonably requests to assist the client, its custodian, its primary adviser (in the case of clients for which Artisan is sub-adviser), administrator or other service providers in submitting a claim. Unless otherwise specifically agreed with a client, Artisan does not file claims for clients other than Artisan Partners Funds and Artisan Partners Global Funds. Artisan does not decide on behalf of a client, or recommend any decision to a client, as to whether a client should submit a claim, opt in to a lawsuit, opt out of a settlement or otherwise participate in litigation. Artisan does not generally act (for itself or on behalf of clients) as lead plaintiff because Artisan believes that the time commitment that could be required from members of the investment team could have an adverse effect on the team's ability to manage client portfolios.

### **Issuer Relationships**

Unless otherwise prohibited by a client, Artisan does not restrict the ability of a client account to invest in a security solely because the security is issued by a company, or an affiliate of a company, that is also a client of or has a business relationship with Artisan or its affiliates, or because a director or officer of the issuing company or an affiliate of the issuing company is a client or has another business relationship (including service as a director) with Artisan or its affiliates. For example, the portfolio of Client A may hold securities issued by Client B, or issued by a company, a director of which is also a director of Artisan Partners Funds or APAM. Moreover, a client's portfolio may hold securities of an issuer in which a partner of Artisan Partners Holdings LP has an interest. The personal transactions in securities of Artisan's personnel are governed by a comprehensive code of ethics, discussed in more detail under the section of this brochure entitled "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading." The interests of partners of Artisan Partners Holdings LP who are not actively involved in Artisan's business in companies in which client accounts may invest may be significant or controlling interests. However, those persons have no involvement or participation in Artisan's investment decisions on behalf of clients.

### ***Executive Personnel***

Artisan UK has no executive officers. However, the directors of its founder member, Artisan Partners Limited, are Sarah A. Johnson and Gregory K. Ramirez. Additional information regarding each director of Artisan Partners Limited is set forth below.

Artisan Partners Limited is wholly owned by Artisan Partners Holdings LP. In addition to its ownership of Artisan Partners Limited, Artisan Partners Holdings LP also owns 100% of Artisan Distributors. Mr. Ramirez is the Chairman and President and a supervisory and financial principal of Artisan Distributors. Ms. Johnson is a Vice President and Secretary of Artisan Distributors.

APLP serves as investment adviser to each mutual fund series of Artisan Partners Funds, a U.S. open-end diversified management investment company registered with the SEC. The Directors of Artisan Partners Limited also serve as officers of Artisan Partners Funds as set forth below. Artisan Partners Funds participates in investment opportunities on the same terms as all other Artisan clients.

APLP also serves as investment adviser and promoter to Artisan Partners Global Funds, an open-ended investment company registered with the Central Bank of Ireland pursuant to the European UCITS Directive. Mr. Ramirez serves as a Director of Artisan Partners Global Funds. Artisan Partners Global Funds participates in investment opportunities on the same terms as all other Artisan clients.

More information about the directors of Artisan Partners Limited is as follows:

**Sarah A. Johnson** is a Director of Artisan Partners Limited; a Vice President and Secretary of Artisan Investments GP LLC (“AIGP”), the general partner of APLP; a Managing Director, General Counsel, Vice President and Secretary of APLP; Executive Vice President, Chief Legal Officer and Secretary of APAM; General Counsel, Vice President and Secretary of Artisan Partners Funds; and a Director of Artisan Partners Australia Pty Ltd. Prior to joining Artisan in July 2002, Ms. Johnson practiced law with the law firm of Bell, Boyd & Lloyd LLP (now K&L Gates LLP). Ms. Johnson holds a B.A. from Northwestern University and a J.D. from Northwestern University School of Law.

**Gregory K. Ramirez** is a Director of Artisan Partners Limited; Senior Vice President of APAM, a Vice President and Assistant Treasurer of AIGP; a Managing Director, Vice President and Assistant Treasurer of APLP; Vice President and Treasurer of Artisan Partners Funds; a Director of Artisan Partners Global Funds; and a Director of Artisan Partners Australia Pty Ltd. Prior to joining Artisan in August 1997, Mr. Ramirez was an audit manager with Price Waterhouse. Mr. Ramirez holds a B.B.A. in accounting from the University of Iowa and an M.B.A. from Marquette University. He is a certified public accountant.

#### **ITEM 5: Fees and Compensation**

Fees may be billed to clients by Artisan UK or APLP, dependent upon the Artisan contracting party for the management agreement. If Artisan UK is the billing party, a portion of the fees paid to Artisan UK will be paid to APLP for its discretionary management services.

The fees Artisan generally requires as compensation from separately-managed accounts are calculated as a percentage of the client’s assets under management. Such asset-based fees are typically paid quarterly, in arrears, based on the average market value of the assets comprising the account during the calendar quarter, although Artisan will consider other methods of payment and/or fee calculation at the request of a client.

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March 31, 2015

Artisan generally bills for its services quarterly. Clients may choose to pay such invoices from the assets of the account managed by Artisan or from another source. Upon a client's request, Artisan may agree to bill a client for its services in advance. If Artisan has billed in advance, any fees attributable to the period after termination will be refunded on a pro-rata basis, calculated based on the number of days on which Artisan provided investment management services to the client during the period in which termination occurred. Any such refund will be paid promptly after termination without further request by the client.

The standard rates of asset-based fees charged by Artisan at the date of this brochure are shown in the table below.

<b>Strategy</b>	<b>Asset Base</b>	<b>Annual Fee Rate</b>
<b>Emerging Markets Accounts</b>	First \$50 million	0.90%
	Next \$50 million	0.85%
	Assets > \$100 million	0.80%
<b>Global Equity Accounts</b>	First \$50 million	0.80%
	Next \$50 million	0.60%
	Assets > \$100 million	0.50%
<b>Global Small-Cap Growth Accounts</b>	All Assets	1.00%
<b>Non-U.S. Growth Accounts</b>	First \$50 million	0.80%
	Assets > \$50 million	0.60%
<b>Non-U.S. Small-Cap Growth Accounts*</b>	All Assets	1.05%
<b>Global Value Accounts*</b>	First \$50 million	0.80%
	Next \$50 million	0.60%
	Assets > \$100 million	0.50%
<b>Non-U.S. Value Accounts*</b>	First \$50 million	0.80%
	Next \$50 million	0.60%
	Assets > \$100 million	0.50%
<b>Global Opportunities Accounts</b>	First \$50 million	0.80%
	Next \$50 million	0.60%
	Assets > \$100 million	0.50%
<b>U.S. Mid-Cap Growth Accounts*</b>	First \$50 million	0.80%
	Next \$50 million	0.60%
	Assets > \$100 million	0.50%
<b>U.S. Small-Cap Growth Accounts*</b>	All Assets	1.00%
<b>Value Equity Accounts</b>	First \$50 million	0.70%
	Next \$100 million	0.50%
	Assets > \$150 million	0.40%
<b>U.S. Mid-Cap Value Accounts*</b>	First \$50 million	0.80%
	Next \$50 million	0.60%
	Assets > \$100 million	0.50%
<b>U.S. Small-Cap Value Accounts*</b>	All Assets	1.00%
<b>Developing World</b>	First \$100 million	0.90%
	Assets > \$100 million	0.85%

\*Artisan is generally not accepting new client relationships in the strategies indicated. From time to time, when a strategy may have capacity Artisan may accept a new account in its discretion.

Artisan sometimes negotiates other fee schedules depending on the type of account, relationship, if any, to other accounts managed by Artisan, the size of the account, the level of client service required, potential growth and other factors Artisan considers relevant. For example, lower fee schedules may apply to certain longstanding clients. Lower fee schedules may also apply to clients with lesser service requirements, including, for example, clients in certain implemented programs offered by consultants. Artisan will negotiate an individual fee schedule with a client (and its affiliates or accounts under common control) having assets under Artisan's management of approximately \$500 million or more or in connection with a sub-advisory arrangement that Artisan thinks will provide it with access to a market segment to which Artisan would otherwise not have access. Artisan also provides sub-advisory services to one or more collective vehicles, including without limitation U.S. mutual funds, non-U.S. funds and U.S. collective trusts. The compensation Artisan receives from those collective vehicles for its sub-advisory services is at rates negotiated with those clients, which may be different from the rates set forth in the table above. As described above, APLP also serves as investment adviser to Artisan Partners Funds and Artisan Partners Global Funds and provides investment management and certain administrative services to those funds. Artisan UK serves as distributor for Artisan Partners Global Funds. The fees paid by each series of Artisan Partners Funds and Artisan Partners Global Funds to Artisan are described in their respective prospectuses and reflected in their financial statements included in reports to shareholders. For Artisan Partners Funds, Artisan Partners Global Funds and other funds sponsored by Artisan, Artisan may agree to reimburse the fund to the extent that the fund's annual ordinary operating expenses exceed a specified limitation.

Artisan does not maintain any client's official books and records but maintains its own records of transactions in and holdings of client accounts that are the basis of Artisan's performance reporting to clients and, except to the extent Artisan and a client otherwise agree, the basis for calculating Artisan's management fees. In maintaining its own books and records, Artisan generally values each equity security at the closing price on the exchange or market designated by Artisan or a pricing vendor as the principal exchange or market. Artisan generally values corporate bonds, loans and other fixed income instruments using evaluations provided by approved pricing vendors. Artisan has established a valuation policy for these purposes that it makes available to clients upon request. That policy describes the procedures Artisan follows when closing market prices are not available.

In addition to the management fee paid to Artisan, a client that engages Artisan will pay other expenses in connection with its account. Those expenses include custodian fees and expenses (negotiated by the client and its custodian and outside the control of Artisan). If the client's arrangement with its custodian includes a transaction or ticket charge, the client's custody costs will be affected by the number of transactions executed

in the account. Custody charges may also be affected by the number of countries in which assets of a portfolio are invested (and whether those countries are developed markets or not) and related sub-custody expenses. Each client also will pay brokerage commissions and other transaction costs. Artisan's practices relating to brokerage are discussed later in this brochure under the heading "Brokerage Practices." Clients with assets managed in Artisan's strategies that invest in non-U.S. securities will also pay charges incurred in connection with foreign exchange transactions. Artisan's practices concerning foreign exchange transactions are more fully described above in the section of this brochure entitled "Advisory Business," under the sub-heading entitled "Other Investment Related Information."

Artisan may from time to time invest assets of a client portfolio in shares of an investment company not managed by Artisan, a real estate investment trust or another type of pooled investment vehicle. Investments in investment companies are usually made in exchange-traded investment companies, when Artisan believes that such an investment is an attractive investment opportunity or is the most efficient way to gain exposure to a particular market or market sector. For example, an account might invest in the securities of an exchange-traded fund investing in a particular country or region in which it may not be possible or may be inefficient for the account to invest directly. The cash balance of a client's account is typically invested in a money market fund or some other short-term pooled fund offered by the client's custodian and selected by the client. Pooled investment vehicles, including investment companies and real estate investment trusts, impose management fees and have other expenses of their own and a client account investing in such a security will bear its proportionate share of those expenses in addition to Artisan's management fee.

The investment management fees charged by Artisan may be greater than fees charged by other investment managers for similar portfolio management services.

#### **ITEM 6: Performance-Based Fees and Side-by-Side Management**

In addition to the asset-based fee arrangements described in the section of this brochure entitled "Fees and Compensation" above, Artisan may, under certain circumstances, negotiate performance-based fee arrangements. Performance-based fee arrangements are negotiated with clients on a case-by-case basis and may include, among other types of arrangements, fulcrum fee arrangements (in which the fee is based on the investment performance of an account as compared to an agreed upon benchmark, and may be adjusted upwards or downwards from a base fee), a fee based upon appreciation of assets under management for the client or a fee based upon the amount of gain in an account. Artisan may have an incentive to manage the assets of accounts with performance-based fees differently from its other accounts because the fees earned from such accounts could be greater than the fees earned from other accounts, depending upon the investment performance achieved by the account. As a result, Artisan may have an incentive to take more risks in, direct its best investment ideas to, or to allocate or sequence trades in favor of, the accounts that pay a performance-based fee. Artisan

believes this potential conflict is effectively controlled by its management of all accounts within a particular strategy similarly regardless of fee structure and by Artisan's trading procedures. Please see the sections of this brochure entitled "Advisory Business" and "Brokerage Practices" for more detailed information.

**ITEM 7: Types of Clients**

Artisan provides investment management services to pension and profit sharing plans, corporations, trusts, endowments, foundations, charitable organizations, high net worth individuals, governmental entities, insurance companies, investment advisers and investment companies and similar pooled investment vehicles, and also provides certain administrative services to certain investment company clients. Artisan also provides model portfolio recommendations to sponsors of managed account programs.

Artisan accepts responsibility for management of a client account on a discretionary basis and each client enters into a written agreement with Artisan granting it discretionary authority. In general, Artisan does not accept separately-managed accounts, or groups of related separately-managed accounts, that have initial asset values less than the amounts shown below, unless Artisan expects additions to the account(s) in the future. In addition, Artisan may require a client whose separately-managed account balance has fallen below the amounts shown below to make additions to its account to meet the minimum account size as a condition of maintaining the account, unless the failure to meet the minimum account size is the result of asset depreciation due to market movements. Artisan may in the future set a higher or lower minimum account size, depending on circumstances believed by it to be relevant.

<b>Strategy</b>	<b>Minimum Account Size</b>
Emerging Markets	\$50 Million
Global Equity	\$30 Million
Global Small-Cap Growth	\$50 Million
Non-U.S. Growth	\$50 Million
Non-U.S. Small-Cap Growth*	\$50 Million
Global Value*	\$30 Million
Non-U.S. Value*	\$30 Million
Global Opportunities	\$30 Million
U.S. Mid-Cap Growth*	\$50 Million
U.S. Small-Cap Growth*	\$20 Million
Value Equity	\$30 Million
U.S. Mid-Cap Value*	\$30 Million
U.S. Small-Cap Value*	\$50 Million
Developing World	\$100 Million

\*Artisan is generally not accepting new client relationships in the strategies indicated. From time to time, when a strategy may have capacity Artisan may accept a new account in its discretion.



## **ITEM 8: Methods of Analysis, Investment Strategies and Risk of Loss**

As explained above, Artisan employs seven distinct investment teams, managing client assets in multiple strategies. Each investment team employs a fundamental research process, examining various items of financial and economic data the investment team deems relevant. There is no guarantee that a client's account will achieve its investment objective, or that a client's account will not lose value. Investing involves risk of loss that clients should be prepared to bear.

Each investment team's ability to choose appropriate investments for an account has a significant impact on the ability to achieve an account's investment objective.

### ***Investment Teams***

As of the date of this brochure, Artisan offered 14 long-only, equity strategies spanning market capitalization segments and investing styles in both U.S. and non-U.S. markets and a fixed income strategy, Artisan High Income, which invests primarily in non-investment grade corporate bonds and loans of U.S. and non-U.S. issuers. Each team operates autonomously to identify investment opportunities in order to generate strong, long-term investment performance.

### **Global Equity Team**

The Global Equity team manages client assets in its Global Equity, Global Small-Cap Growth, Non-U.S. Small-Cap Growth and Non-U.S. Growth strategies and invests primarily in equity securities or instruments that have similar economic characteristics. The team employs a fundamental stock selection process focused on identifying companies within its preferred themes with sustainable growth characteristics at valuations that do not fully reflect their long-term potential. The team's objective is to invest in companies that are industry leaders and have meaningful exposure to and will benefit from long-term secular growth trends. To identify long-term, sustainable growth characteristics of potential investments, the team seeks high-quality companies that typically have a sustainable competitive advantage, a superior business model and a high-quality management team. Finally, the team uses multiple valuation metrics to establish a target price range and assesses the relationship between its estimate of a company's sustainable growth prospects and the company's current valuation.

### **U.S. Value Team**

The U.S. Value team manages client assets in its U.S. Mid-Cap Value, U.S. Small-Cap Value and Value Equity strategies and invests primarily in equity securities or instruments that have similar economic characteristics. The team's strategies employ a fundamental investment process used to construct diversified portfolios of companies. The investment team seeks to invest in companies that are undervalued, in solid financial condition and have attractive business economics. The U.S. Value team believes that

companies with these characteristics are less likely to experience eroding values over the long term compared to companies without such characteristics.

The U.S. Value team prefers companies with an acceptable level of debt and positive cash flow, which it believes represents financial flexibility and strength, and cash-producing businesses that it believes are capable of earning acceptable returns on capital over the company's business cycle. Once an investment candidate has been identified, the research process includes an in-depth analysis of the company's financial statements, an examination of the company's competitive position within its industry, a thorough analysis and review of the company's resources, and a review of its business economics and cash flows.

The team sets buy and sell targets for a company's securities based on the team's assessment of the company's intrinsic value, which is determined using multiple valuation tools to produce a range of values for the company that the team believes would be reasonable.

### **Growth Team**

The Growth team manages client assets in its Global Opportunities, U.S. Mid-Cap Growth and U.S. Small-Cap Growth strategies and invests primarily in equity securities or instruments that have similar economic characteristics. The team's strategies employ a fundamental investment process used to construct diversified portfolios of growth companies. The investment team seeks to invest in companies that it believes possess franchise characteristics, are benefiting from an accelerating profit cycle and are trading at a discount to its estimate of private market value. The investment process focuses on two distinct elements – security selection and capital allocation. The investment team overlays its investment process with broad knowledge of the global economy. The Growth team's investment process begins by identifying companies that possess franchise characteristics such as low cost production capability, possession of a proprietary asset, dominant market share or a defensible brand name; are benefiting from an accelerating profit cycle and are trading at a discount to the team's estimate of private market value. Artisan looks for companies that it believes are well positioned for long-term growth, which is driven by demand for their products and services at an early enough stage in their profit cycles to benefit from the increased cash flows produced by the emerging profit cycle. Based on the investment team's fundamental analysis of a company's profit cycle, it divides the portfolio into three parts. **Garden**<sup>SM</sup> investments are small positions in the early part of their profit cycle that may warrant more sizeable allocations as their profit cycle accelerates. **Crop**<sup>SM</sup> investments are positions that are being increased to a full weight because the team believes they are moving through the strongest part of their profit cycles. **Harvest**<sup>SM</sup> investments are positions that are being reduced as they near the investment team's estimate of full valuation or their profit cycle begins to decelerate. The investment team overlays the security selection and capital allocation elements of its investment process with a desire to invest opportunistically across the entire global economy. The team seeks broad knowledge of the global economy in order to position it to find growth wherever it occurs.

### **Global Value Team**

The Global Value team manages client assets in its Global Value and Non-U.S. Value strategies and invests primarily in equity securities or instruments that have similar economic characteristics. The team's strategies employ a fundamental investment process used to construct diversified portfolios of companies. The team seeks to invest in what it considers high quality, undervalued companies with strong balance sheets and shareholder-oriented management teams. The investment team seeks to invest in companies with strong competitive positions in their industries and histories of generating strong free cash flow and improving returns on capital, at a price that is a significant discount from the team's estimate of the intrinsic value of the business. The investment team believes these criteria help rule out businesses that may appear undervalued based on certain financial ratios but whose intrinsic values are deteriorating over time. The investment team also believes that investing in companies with strong balance sheets reduces the potential for investment losses and provides company management the ability to create stockholder value when attractive opportunities are available. The investment team's research process attempts to identify management teams with a history of building value for their stockholders.

### **Emerging Markets Team**

The Emerging Markets team manages client assets in its Emerging Markets strategy and invests primarily in equity securities or instruments that have similar economic characteristics. The team believes that, over the long term, a company's stock price is directly related to its ability to deliver sustainable earnings. Investment opportunities develop when businesses with sustainable earnings are undervalued relative to global peers and historical industry, country and regional valuations. Accordingly, the investment team seeks to invest in companies that it believes are uniquely positioned to benefit from the growth potential in emerging markets and possess a sustainable global competitive advantage. To estimate a company's sustainable earnings, the investment team uses both financial and strategic analyses. The financial analysis focuses on a company's balance sheet, income statement and statement of cash flows in order to identify historic drivers of return on equity. The strategic analysis examines a company's competitive advantages and financial strength in order to assess sustainability. After conducting its strategic and financial analyses, the investment team incorporates company-specific and macroeconomic risks into its valuation analysis to develop a risk-adjusted target price. The risk assessment includes a review of currency, inflation, monetary and fiscal policy and political risks to which a company is exposed. Using these methods, the investment team values a business and develops a price target which it uses to determine whether to make an investment.

### **Credit Team**

The Credit team manages client assets in its High Income strategy and invests primarily in non-investment grade corporate bonds and secured and unsecured loans of U.S. and non-U.S. issuers. The team seeks to invest in issuers with high quality business

models that have compelling risk-adjusted return characteristics. The team's research process has four primary pillars: Business Quality, Financial Strength and Flexibility, Downside Analysis and Value Identification. In determining the business quality of a company, the team uses a variety of sources to understand an issuer's business model resiliency. The team analyzes the general health of the industry in which an issuer operates, the issuer's competitive position, the dynamics of industry participants, and the decision-making history of the issuer's management. The team believes that determining the financial strength and flexibility of an investment through analyzing the history and trend of free cash flow generation is critical to understanding an issuer's financial health. The financial analysis part of the investment process also considers an issuer's capital structure, refinancing options, financial covenants, amortization schedules and overall financial transparency. The team believes that credit instruments by their nature have an asymmetric risk profile. In its downside analysis, the team seeks to manage this risk with what it believes to be conservative financial projections that account for industry position, competitive dynamics and positioning within the capital structure. During the value identification part of the research process, multiple metrics are used to determine the value of an investment opportunity. The team looks for credit improvement potential, relative value within an issuer's capital structure, catalysts for business improvement and potential value stemming from market or industry dislocations.

### **Developing World Team**

The Developing World team invests primarily in equity securities or instruments that have similar economic characteristics. The team constructs a diversified portfolio that offers exposure to developing world economies generally by investing in companies domiciled in or economically tied to developing world countries. The team seeks to emphasize self-funding companies that are exposed to the growth potential of developing world economies with limited dependence on foreign capital. The investment team believes that a portfolio of companies with these characteristics will be well positioned to deliver attractive risk-adjusted returns over the long-term. The team seeks to focus its analysis on businesses that are economically tied to developing markets irrespective of domicile. The team believes that a focus on a company's underlying economic exposure should result in investments that over time position the portfolio to benefit from the true drivers of the emerging market opportunity. The team believes those drivers include increasing domestic demand, low penetration of basic goods and low levels of household debt, among other factors. The investment team seeks to emphasize financially sound, self-funding companies in its stock selection process. The team believes that self-funding businesses are less likely to impair capital during periods of duress and may compound earnings per share and book value per share at above average rates. The investment team believes that investments exposed to the developing world have unique risks that leave them vulnerable to capital flight during periods of duress, and in turn capital impairment. In an effort to mitigate these risks, the team seeks to emphasize investments in markets with limited dependence on foreign capital.

### ***Risk of Loss***

Investing in securities and other financial instruments involves risks, including the risk of loss of capital. Risks will vary based on an account's strategy and specific investments held. An account may underperform the market, its benchmark or other investments for many reasons, including the following:

#### **All Strategies**

**Market Risks.** Various market risks can affect the price or liquidity of an issuer's securities in which an account may invest. Returns from the securities in which an account invests may underperform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of outperformance and underperformance in comparison to the general securities markets. Adverse events occurring with respect to an issuer's performance or financial position can depress the value of the issuer's securities. The liquidity in a market for a particular security will affect its value and may be affected by factors relating to the issuer, as well as the depth of the market for that security. Other market risks that can affect value include a market's current attitudes about types of securities, market reactions to political or economic events, including litigation, and tax and regulatory effects (including lack of adequate regulations for a market or particular type of instrument).

Securities markets may experience periods of high volatility and reduced liquidity in response to governmental actions or intervention, economic or market developments, or other external factors. Securities may be difficult to value during such periods. These risks may be heightened for fixed income securities due to the current historically low interest rate environment.

Federal, state, and other governments, their regulatory agencies, or self-regulatory organizations may take actions that affect the regulation of the securities in which an account invests or the issuers of such securities in ways that are unforeseeable. Legislation or regulation also may change the way in which the accounts or Artisan are regulated. Such legislation, regulation, or other government action could affect an account's performance.

Political, social or financial instability, civil unrest and acts of terrorism are other potential risks that could adversely affect an investment in a security or in markets or issuers generally.

**Risk of Emphasizing a Region, Country, Sector or Industry.** If an account has a higher percentage of its total assets invested in a particular region, country, sector or industry, changes affecting that region, country, sector or industry may have a significant impact on the performance of the account's overall portfolio.

### **Strategies that Invest in Non-U.S. Securities**

**Non-U.S. Investing.** Non-U.S. securities as an asset class may underperform U.S. securities and may be more volatile than U.S. securities. Investments in non-U.S. securities (including, but not limited to, depositary receipts and participation certificates) and to securities of issuers with significant exposure to non-U.S. markets are subject to risks. These risks include currency exchange rate fluctuation; less available public information about the issuers of securities; less stringent regulatory standards; lack of uniform accounting, auditing and financial reporting standards; and country risks including less liquidity, high inflation rates, unfavorable economic practices, political instability and expropriation and nationalization risks.

**Emerging Market Risk.** The risks of non-U.S. investments typically are greater in emerging and less developed markets. For example, in addition to the risks associated with investment in any non-U.S. country, political, legal and economic structures in these less developed countries may be new and changing rapidly, which may cause instability and greater risk of loss. Their securities markets may be less developed and securities in those markets are generally more volatile and less liquid than those in developed markets. Emerging market countries are also more likely to experience high levels of inflation, deflation or currency devaluations, which could hurt their economies and securities markets. Certain emerging markets also may face other significant internal or external risks, including a heightened risk of war and ethnic, religious and racial conflicts. In addition, governments in many emerging market countries participate to a significant degree in their economies and securities markets, which may impair investment and economic growth of companies in those markets. Such markets may also be heavily reliant on non-U.S. capital and, therefore, vulnerable to capital flight.

Investing in emerging market countries involves substantial risk due to, among other reasons, limited information; higher brokerage costs; different accounting, auditing and financial reporting standards; less developed legal systems and thinner trading markets as compared to those in developed countries; and currency blockages or transfer restrictions. The securities markets of emerging market countries may be substantially smaller, less developed, less liquid and more volatile than the major securities markets in the U.S. and other developed nations. The limited size of many securities markets in emerging market countries and limited trading volume in issuers compared to the volume in U.S. securities or securities of issuers in other developed countries could cause prices to be erratic for reasons other than factors that affect the quality of the securities. In addition, emerging market countries' exchanges and broker-dealers may generally be subject to less regulation than their counterparts in developed countries. Brokerage commissions and dealer mark-ups, custodial expenses and other transaction costs are generally higher in emerging market countries than in developed countries, all of which can increase account operating expenses and/or negatively impact account performance.

Emerging market countries may have different clearance and settlement procedures than in the U.S., and in certain markets there may be times when settlements fail to keep pace with the volume of securities transactions, making it difficult to conduct

such transactions. Further, satisfactory custodial services for investment securities may not be available in some emerging market countries, which may result in additional costs and delays in trading and settlement. The inability of an account to make intended security purchases due to settlement problems or the risk of intermediary or counterparty failures could cause an account to miss attractive investment opportunities. The inability to dispose of a portfolio security due to settlement problems could result either in losses to an account due to subsequent declines in the value of such portfolio security or, if the account has entered into a contract to sell the security, could result in possible liability to the purchaser.

**Currency Risk.** Non-U.S. securities purchased by Artisan are often denominated and traded in currencies other than a client's base currency. The exchange rates between those currencies and a client's base currency fluctuate continuously. As a result, the values of such investments will be affected favorably or unfavorably by changes in currency exchange rates relative to the client's base currency. A portfolio may have a significant portion of its assets invested in securities denominated in a particular non-base currency, so the exchange rate between that currency and the base currency is likely to have a significant impact on the value of the portfolio. In certain circumstances, exposure to a particular security that Artisan believes is overvalued may be hedged if the accounts have, or are initiating, positions in securities traded in that currency. There can be no guarantee that any hedging activity will be undertaken or, if undertaken, will be successful. Hedging activity or use of forward foreign currency contracts may reduce the risk of loss from currency revaluations, but also may reduce or limit the opportunity for gain. These actions also involve counterparty risk, which is the risk that the contracting party will not fulfill its contractual obligation to deliver the currency contracted for at the agreed upon price.

### **Strategies that Invest in Equities**

**Growth and Value Investing Risks.** Growth and value stocks tend to be in favor and out of favor with investors at different times and each may underperform other asset types during given periods. A growth company may never achieve the earnings growth Artisan anticipated. The price of a value company's stock may never reach the level Artisan considers its intrinsic value.

**Small and Medium-Sized Company Risks.** Securities of small and medium-sized companies tend to be more volatile and less liquid than securities of large companies. Compared to large companies, small and medium-sized companies typically may have analyst coverage by fewer brokerage firms. For this reason, they are more likely to be trading at prices that reflect incomplete or inaccurate information. Smaller companies may have a shorter history of operations, less access to financing, and a less diversified product line – making them more susceptible to market pressures and more likely to have volatile security prices. During some periods, securities of small and medium-sized companies, as an asset class, have underperformed the securities of larger companies.

**Investing in IPOs Risk.** The performance of an account may be affected by investments in initial public offerings (IPOs). The impact of IPOs on performance depends on the strength of the IPO market and the size of the account. When an account is small, IPOs may greatly increase the account's total return. However, IPOs may have less impact on a larger account. Investing in IPOs is risky and the prices of stocks purchased in IPOs tend to fluctuate more widely than stocks of companies that have been publicly traded for a longer period of time. Stocks purchased in IPOs generally do not have a trading history and information about the companies may be available for very limited periods. An account may hold securities purchased in an IPO for a very short period of time. As a result, the account's investments in IPOs may increase portfolio turnover, which may increase brokerage and administrative costs. At any particular time or from time to time an account may not be able to invest in securities issued in IPOs, or invest to the extent desired because, for example, only a small portion (if any) of the securities being offered in an IPO may be made available to the account. In addition, under certain market conditions a relatively small number of companies may issue securities in IPOs. Similarly, as the number of clients advised by Artisan to which IPO securities are allocated increases, the number of securities issued to any one account may decrease. The investment performance of an account during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when the account is able to do so. There can be no assurance that investments in IPOs will be available to an account or improve an account's performance. IPO investments are allocated among accounts managed by Artisan in accordance with Artisan's trading procedures, which are explained in more detail in the section of this brochure below entitled "Brokerage Practices."

### **Strategies that Utilize Derivatives**

**Derivatives Risk.** Artisan's use of derivatives may involve risks different from, or greater than, the risks associated with investing in more traditional investments. Investments in derivatives are subject to the risk that such investments will not perform as anticipated by Artisan, cannot be closed out at a favorable time or price, or will increase volatility in an account. The use of derivatives may create investment leverage. In addition, when a derivative is used as a substitute for or alternative to a direct cash investment, the transaction may not provide a return that corresponds precisely with that of the cash investment. Derivatives may be difficult to value and highly illiquid, and there is a risk that the other party to the derivative contract will fail to make required payments or otherwise to comply with the terms of the contract.

**Participation Certificates Risk.** The price, performance, liquidity and value of a participation certificate are all linked directly to an underlying security or securities, so that investing in a participation certificate subjects the portfolios to the risks associated with an investment in the underlying equity security or securities. Investing in a participation certificate also exposes the portfolios to the counterparty risk that the bank or broker-dealer that issues the certificate will not fulfill its contractual obligation to timely pay the holder the amount owed under the certificate.



### **Strategies that Invest in Private Placements and Restricted Securities**

**Private Placement and Restricted Securities Risk.** In addition to the general risks to which all securities are subject, securities acquired in a private placement generally are subject to strict restrictions on resale, and there may be no liquid secondary market or ready purchaser for such securities. Therefore, Artisan may be unable to dispose of such securities when it desires to do so, or at the most favorable time or price.

### **Strategies that Invest in Fixed Income Instruments, Convertible Securities and Credit Derivatives**

**Debt Securities Risk.** The value of a debt security changes in response to various factors, including, for example, market-related factors, such as changes in interest rates or changes in the actual or perceived ability of an issuer to meet its obligations. In general, the value of a debt security may fall in response to increases in interest rates. The accounts may invest in debt securities without considering the maturity of the instrument. The value of a security with a longer duration will be more sensitive to changes in interest rates than a similar security with a shorter duration. As a result, changes in interest rates in the U.S. and outside the U.S. may affect debt investments unfavorably.

**Convertible Securities Risk.** Investing in convertible securities subjects the accounts to the risks of debt, as well as to the risks associated with an investment in the underlying equity security. Convertible securities are frequently issued with a call feature that allows the issuer to choose when to redeem the security, which could result in the accounts being forced to redeem, convert, or sell the convertible security under circumstances unfavorable to the accounts.

**Credit Risk.** An issuer or counterparty may fail to pay its obligations when they are due. Financial strength and solvency (or the perceived financial strength or solvency) of an issuer are the primary factors influencing credit risk. Changes in the financial condition of an issuer or counterparty, changes in specific economic, social or political conditions that affect a particular type of security or other instrument or an issuer, and changes in economic, social or political conditions generally can increase the risk of default by an issuer or counterparty, which can affect a security's or other instrument's credit quality or value and an issuer's or counterparty's ability to pay interest and principal when due.

**High Yield Securities ("Junk Bond") Risk.** Fixed income instruments rated below investment grade, or unrated securities that are determined by Artisan to be of comparable quality, are high yield, high risk bonds, commonly known as "junk bonds." These bonds are predominantly speculative. They are usually issued by companies without long track records of sales and earnings, or by companies with questionable credit strength. These bonds have a higher degree of default risk and may be less liquid than higher-rated bonds. These securities may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of junk bonds generally, and less secondary market liquidity.

**Interest Rate Risk.** The values of debt instruments may fall in response to increases in interest rates. The value of a security with a longer duration will be more sensitive to changes in interest rates than a similar security with a shorter duration. Given the current historically low interest rate environment, risks associated with rising rates are heightened.

If interest rates rise, repayments of principal on certain debt securities, including loans, may occur at a slower rate than expected and the expected length of repayment of those securities could increase as a result.

**Loan Risk.** Investments in loans are generally subject to the same risks as investments in other types of debt obligations, including, among others, the credit risk of nonpayment of principal and interest. In addition, in many cases loans are subject to the risks associated with below investment grade securities. Artisan may invest in loans made in connection with highly leveraged transactions, which are subject to greater credit and liquidity risks than other types of loans. Although the senior loans in which Artisan will invest may be secured by specific collateral, there can be no assurance that liquidation of such collateral would satisfy the borrower's obligation in the event of nonpayment of scheduled interest or principal, or that such collateral could be readily liquidated. In the event of the bankruptcy of a borrower, an account may experience delays or limitations with respect to its ability to realize the benefits of the collateral securing a loan or could recover nothing of what it is owed on the loan. Uncollateralized (i.e., non-secured) loans are subject to greater risk of loss (i.e., nonpayment) in the event of default than secured loans since they will not afford recourse to collateral. Investments in loans may be difficult to value and may be illiquid, including due to legal or contractual restrictions on resale. Transactions in many loans settle on a delayed basis, and an account may not receive the proceeds from the sale of a loan for a substantial period after the sale. As a result, sale proceeds related to the sale of loans may not be available to make additional investments until a substantial period after the sale of the loans.

**Liquidity Risk.** Liquidity risk is the risk that Artisan may be unable to sell a portfolio investment at a desirable time or at the value Artisan has placed on the investment. It may be more difficult for an account to determine a fair value of an illiquid investment than that of a more liquid comparable investment.

**Leverage Risk.** Certain transactions, including, for example, the use of certain derivatives, such as credit default swaps, entering into certain loan transactions that entail an obligation by an account to extend credit in the future, such as revolving credit facilities, and the purchase of when-issued and delayed-delivery securities can result in leverage. Leverage generally has the effect of increasing the amounts of loss or gain an account might realize, and creates the likelihood of greater volatility in the value of an account's investments. There is risk of loss in excess of invested capital.

**Stressed and Distressed Instruments Risk.** Investments in the securities of financially stressed or distressed issuers involve substantial risks, including the risk that

all or a portion of principal will not be repaid. These securities may present a substantial risk of default or may be in default at the time of investment. An account may incur additional expenses to the extent it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings. As with any issuer, Artisan's judgments about the credit quality of a financially stressed or distressed issuer and the relative value of its securities may prove to be wrong.

**Credit Default Swap Risk.** Credit default swap agreements may involve greater risks than if an account had invested in the reference obligation directly. When an account acts as a seller of protection, it is exposed to, among other things, leverage risk because if an event of default occurs the seller must pay the buyer up to the full notional value of the reference obligation. A buyer of credit default swap protection will lose its investment and recover nothing should no credit event occur and the swap is held to its termination date. Each party to a credit default swap agreement is subject to the credit risk of its counterparty (the risk that its counterparty may be unwilling or unable to perform its obligations on the swap as they come due).

#### **ITEM 9: Disciplinary Information**

Artisan and its management personnel have not been involved in a legal or disciplinary event that Artisan believes to be material to a client's or prospective client's evaluation of its advisory business or the integrity of its management personnel.

#### **ITEM 10: Other Financial Industry Activities and Affiliations**

The founder member of Artisan UK is Artisan Partners Limited. Artisan Partners Limited is wholly owned by Artisan Partners Holdings LP, a Delaware limited partnership, as described in more detail within the section of this brochure entitled "Advisory Business."

Artisan Partners Holdings LP also owns (directly and indirectly) all of the partnership interests of APLP, a Delaware limited partnership. Like Artisan UK, APLP is an investment adviser registered with the SEC. APLP was formed in March 2009 and succeeded to the investment management business of Artisan Partners Holdings LP during 2009. Artisan Partners Holdings LP was founded in December 1994 and began providing investment management services in March 1995. APLP's principal address is 875 East Wisconsin Avenue, Suite 800, Milwaukee, WI, 53202. We have included additional information concerning the positions at APLP held by the Directors of Artisan Partners Limited within the section of this brochure entitled "Advisory Business," under the sub-heading "Executive Personnel."

Artisan Partners Holdings LP also owns 100% of the ownership interests of Artisan Distributors, a registered, limited purpose broker-dealer. Artisan Distributors serves as distributor of the securities of Artisan Partners Funds, a U.S. open-ended

diversified management investment company for which APLP serves as investment adviser and may from time to time serve as subdistributor or placement agent to Artisan Partners Global Funds or private funds sponsored by Artisan or an affiliate. Artisan Distributors does not engage in the execution of securities transactions and is not engaged by APLP or Artisan UK to execute securities transactions for the accounts of Artisan's clients.

#### **ITEM 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Investment Advisers Act of 1940, as amended (the "Advisers Act"), and the rules adopted pursuant to the Advisers Act require that Artisan adopt and enforce a code of ethics to set forth standards of conduct and require compliance by certain of its and its affiliates' personnel ("Covered Persons") with applicable federal securities laws. Artisan has adopted a written Code of Ethics and Insider Trading Policy (the "Code") that, among other things, governs the personal securities transactions of its Covered Persons. Artisan will provide a copy of the Code to any client or potential client upon request or as required by applicable law.

The Code requires Covered Persons to conduct personal securities transactions in a manner that does not interfere with transactions on behalf of Artisan's clients and does not take inappropriate advantage of their positions and access to information that comes with such positions. The Code requires pre-approval of most personal securities transactions believed to present a potentially meaningful risk of a conflict of interest (including acquisitions of securities as part of an initial public offering or private placement). Covered Persons are strongly discouraged from engaging in inappropriate excessive short-term trading of securities. The purchase and sale, or sale and purchase, of the same (or equivalent) securities within 30 days are generally regarded as short-term trading. Such transactions are subject to preclearance. In addition, the Code requires reports of personal securities transactions (which generally are in the form of duplicate confirmations and brokerage account statements) to be filed with Artisan's compliance department quarterly or more frequently. Those reports are reviewed for conflicts, or potential conflicts, with client transactions. The Code also contains provisions relating to the making, receipt and reporting of gifts and business entertainment. In addition, Artisan UK has adopted a Compliance Manual as required by the FCA. Among other matters addressed by the Compliance Manual, personal securities transactions conducted by Artisan UK's personnel must comply with the provisions of the Compliance Manual addressing such activities.

The Code prohibits the purchase and sale of securities to and from client accounts by Artisan and its personnel. The Code also contains policies designed to prevent the misuse of material, non-public information and to protect the confidential information of Artisan's clients. The operation of those policies and of applicable securities laws may prevent the execution of an otherwise desirable transaction in a client account if Artisan believes that it is or may be in possession of material non-public information regarding

the security that would be the subject of that transaction. Accordingly, should a member of an Artisan investment team come into possession of material non-public information with respect to an issuer (for example, through conversations with a company's management team), they may be prohibited from communicating such information to, or using such information for the benefit of clients, which could limit the ability of clients to buy or sell certain investments. In certain situations, Artisan may choose to receive material non-public information but create information walls around persons having access to such information ("walled-off personnel") to limit the restrictions on others at Artisan. Those measures could impair the ability of walled-off personnel from accessing information from others at Artisan. Artisan shall have no obligation or responsibility to disclose such information to, or use such information for the benefit of, any person (including clients).

Artisan may buy or sell securities for client accounts that Artisan also buys or sells for itself or its affiliates, or that Covered Persons buy or sell for themselves, including the purchase or sale of a security for a client account when such security is already held by Artisan, an affiliate or a Covered Person or in which Artisan, its affiliates, or a Covered Person has a financial interest. Those investments may give Artisan an incentive to buy or sell a security for clients' accounts in order to bolster the personal investment. However, Artisan and its Covered Persons have a duty to put the interests of Artisan's clients ahead of their own personal investments, as set forth in the Code. In addition, all trades by Covered Persons in securities held in client accounts are reviewed by Artisan's compliance personnel in an effort to detect any patterns or circumstances potentially suggesting the existence of "front-running" or other behavior prohibited under the Code. Personal transactions for Covered Persons are subject to preclearance requirements under the Code and generally are not permitted to be executed if a client transaction is pending in the same security.

With prior written approval, Artisan may allow a Covered Person to serve as a director of a for-profit company or may allow a Covered Person to take a significant or controlling interest in a for-profit company. Because of the likelihood of being in the possession of, and the heightened risk of misuse, or allegations of misuse, of material non-public information and potential conflicts of interest, Artisan does not permit investment by client accounts or by Covered Persons in securities of any issuer of which a Covered Person is a director, or may limit or restrict investment by client accounts or by Covered Persons in securities of any issuer of which a Covered Person is a significant owner, except that the Covered Person who is the director or significant owner may purchase and sell that company's securities for his or her own account or for the account of his or her immediate family members. This prohibition may foreclose investment opportunities that would be available if the Covered Person were not a director or significant owner.

A client's portfolio may hold securities of an issuer in which a partner of Artisan Partners Holdings LP (by which Artisan Partners Limited, the founder member of Artisan UK, is wholly owned) has an interest. The interests of partners of Artisan Partners

Holdings LP who are not actively involved in Artisan's business in companies in which client accounts may invest may be significant or controlling interests, potentially providing Artisan an incentive to invest client assets in these securities. However, those persons have no involvement or participation in Artisan's investment decisions on behalf of clients. In addition, each investment for a client account must meet Artisan's investment criteria for the relevant strategy, as more fully described in the section of this brochure entitled "Methods of Analysis, Investment Strategies and Risk of Loss."

Transactions in a security on behalf of Artisan, its Covered Persons and accounts in which Artisan or its affiliates have an interest may be aggregated with transactions in the same security for client accounts. If that occurs, all of those aggregated transactions would pay the broker the same average price for the security and pay the same brokerage commission rate. From time to time, Artisan may use a proprietary account to evaluate the viability of a strategy or bridge what would otherwise be a gap in a performance track record. These and other proprietary or similar accounts that may exist from time to time are, in general, treated like client accounts for purposes of allocation of investment opportunities. To the extent there is overlap between the investments of one or more of these accounts and the accounts of Artisan's clients, portfolio transactions generally will be aggregated by broker and allocated in accordance with Artisan's written allocation procedures among participating accounts, including the proprietary and other accounts. Artisan believes that aggregation and allocation of trades as described in its written procedures mitigates any conflict of interest arising from proprietary investments in the same securities held by clients and the market impact that could result from such proprietary trading activity if conducted on a stand-alone basis. For more information about Artisan's trading procedures, please see the section of this brochure below entitled "Brokerage Practices."

Artisan's written policies prohibit Artisan and its employees from making any political or charitable contributions for the purpose of obtaining or retaining potential or existing public clients. Employees are permitted to make personal political or charitable contributions in accordance with applicable law and Artisan's policies. Employees are required to obtain pre-approval before they make any contributions to a political candidate, government official, political party or political action committee.

## **ITEM 12: Brokerage Practices**

Artisan generally enters into discretionary arrangements with clients, pursuant to which Artisan determines which securities are bought and sold for the account, the total amount of each purchase and sale, the broker-dealers to be used and the compensation, if any, to be paid to broker-dealers to effect the transactions. These determinations are generally made without prior consultation with the client. Artisan's authority may be subject to conditions imposed by the client, for example, where the client restricts or prohibits transactions in certain securities or types of securities.

***Selection of Broker-Dealers to Execute Client Transactions***

Artisan maintains and periodically updates a list of approved broker-dealers that, in Artisan's judgment, generally are able to provide best net price and execution after taking into consideration the factors noted below. Evaluations of the services provided by broker-dealers, including the reasonableness of any brokerage commissions based on the foregoing factors, are made on an ongoing basis by Artisan's staff while effecting portfolio transactions, subject to the oversight of and review by Artisan's trading oversight committee.

Artisan seeks to utilize execution venues that enable the firm to obtain on a consistent basis the best possible result for execution of orders. Execution venues include, as appropriate for each transaction: regulated exchanges, electronic communications networks (ECNs), dark pools and other alternative trading systems (ATSs) or trading venues.

When selecting a broker-dealer or venue to execute client transactions, Artisan's primary objective is to seek the best possible result, taking into account, among other things, price, costs, speed, likelihood of execution and settlement, size and nature of the order, and other relevant order execution considerations. A number of other subjective factors may enter into the decision, including but not limited to the following: the financial stability, reputation, integrity and capabilities of the broker dealer or venue; willingness to commit capital; ability to place difficult trades; sophistication of trading facilities; access to markets and limited investment opportunities, such as initial public offerings; known operational issues; information and services provided; potential market impact; confidentiality or degree of anonymity; client or instrument specific considerations; and trading methods utilized.

Artisan does not consider, in selecting broker-dealers to be used in effecting securities transactions for client accounts, whether Artisan or its affiliates received client referrals from the broker-dealer.

To the extent more than one broker-dealer is capable of providing best execution, based on the factors listed above, Artisan may take into account whether the broker-dealer provides the firm with research products or services (as permitted by rules and regulations), and the value of such products or services. For equity transactions, recognizing the value of those factors, Artisan may cause a client's account to pay a brokerage commission in excess of that which another broker-dealer might have charged for effecting the same transaction. Since fixed income transactions are typically executed on a principal basis, the broker-dealers Artisan uses generally do not charge explicit commissions or separately identifiable mark-ups or mark-downs in such transactions.

As a matter of policy, Artisan does not compensate a broker-dealer for any promotion or sale of shares of Artisan's mutual fund advisory clients (including Artisan Partners Funds) by directing to the broker-dealer: (i) securities transactions for a mutual fund advisory portfolio; or (ii) any remuneration, including but not limited to any

commission, mark-up, mark-down or other fee (or portion thereof) received or to be received from mutual fund client portfolio transactions effected through any broker-dealer. Artisan has adopted policies and procedures that are reasonably designed to prevent: (i) the persons responsible for selecting broker-dealers to effect transactions in portfolio securities (for example, trading desk personnel) from taking into account, in making those decisions, broker-dealers' promotional or sales efforts on behalf of Artisan's mutual fund advisory clients; and (ii) Artisan from entering into any agreement or other understanding under which they direct or are expected to direct brokerage transactions or revenue generated by those transactions to a broker-dealer to pay for distribution of shares of its mutual fund advisory clients.

***Research Products and Services Received by Artisan***

Artisan will not use brokerage or dealing commissions generated from executing transactions with counterparties on behalf of clients (known as "Client Commissions") except as set out in more detail below.

Artisan may use Client Commissions to pay for Brokerage Services and Eligible Research if it determines that such items meet the criteria outlined herein, do not impair its duty to act in the best interests of clients and will reasonably assist it in providing services to clients on whose behalf orders are being executed.

"Brokerage Services" are products and services carried out on behalf of clients that are linked to the arranging and conclusion of a specific investment transaction (or series of related transactions) and provided from the point at which Artisan communicates with the broker or dealer for the purposes of transmitting an order for execution, through the point at which funds or securities are delivered or credited to the client account. A broker-dealer is a party that is involved in effecting the trade if it executes clears or settles the trade, or performs other specified functions as may be further defined in regulatory guidance.

"Eligible Research" includes "research that (i) is capable of adding value to the investment or trading decisions by providing new insights that inform Artisan when making such decisions about its clients' portfolios; (ii) represents original thought; (iii) has intellectual rigor; and (iv) involves analysis or manipulation of data to reach meaningful conclusions."

In addition, some products and services may have mixed uses, being used in part in the investment research process and in part for non-investment related functions. In such instances, Artisan must make a reasonable allocation of the cost of the product or service according to its use, and will use its own funds to pay for part of the products and services that are not eligible to be acquired using Client Commissions, ensuring that any research is directly relevant to and assists Artisan in the management of investments on behalf of clients.



### ***Commission Recapture Programs***

The nature of the equity securities in which Artisan invests requires the use of a large number of broker-dealers over a wide geographic area, including many local and regional firms. Artisan prefers to have discretion to select the broker-dealer or other counterparty to be used in each transaction. Some clients participate in commission recapture programs, in which a broker-dealer through which transactions for that client are executed or cleared, in return for that business, pays the client a cash rebate, provides products or services to the client, bears some of the client's expenses, or provides some other kind of benefit to the client.

Artisan does not recommend, request nor require that its clients participate in commission recapture programs, and generally will agree to manage an account which participates in a commission recapture program only upon client request and only to a limited extent. For those clients who have made such a request, Artisan tries to provide equitable opportunities to recapture commissions in each of Artisan's strategies, subject to: (i) differences that may arise as a result of cash flows into or out of an account; and (ii) Artisan's ability to locate a suitable brokerage firm willing to facilitate commission recapture, particularly on trades involving securities traded outside the United States. In all cases, Artisan participates in client commission recapture programs subject to its objective to obtain the best combination of net price and execution under the circumstances.

It is often the case that clients' recapture broker-dealers are not broker-dealers Artisan would otherwise use for execution of portfolio transactions. As a result, in the case of U.S. securities, Artisan utilizes step-outs when possible to cause a client's recapture broker-dealer to participate in clearance and settlement of transactions in return for a share of the commissions on those transactions. In a step-out, Artisan directs a transaction to one broker-dealer for execution, with settlement to be handled by the recapture broker-dealer and the recapture broker-dealer receiving all or part of the commission on the transaction. If step-outs are not feasible or otherwise not desired by a client, Artisan and the client may agree on other arrangements to facilitate the client's commission recapture goals. It has been Artisan's experience that opportunities to recapture commissions on non-U.S. transactions are limited.

Artisan periodically reviews its trading activities relative to client commission recapture goals. Artisan may be unsuccessful in meeting a client's commission recapture goals if the arrangements described in the preceding paragraph are not possible (or not possible to an extent sufficient to satisfy the client's direction).

### ***Trade Processing and Allocation***

Artisan seeks to treat all of its clients fairly when allocating investment opportunities among clients. In furtherance of that goal, Artisan maintains written procedures that govern the allocation of investment opportunities among clients. Artisan typically attempts, to the extent feasible and in its discretion, to aggregate trades in a

particular security for multiple clients for execution as a single transaction. Artisan believes that aggregation of trades generally results in lower commissions, more advantageous net prices and/or more efficient execution of transactions. Trades for Artisan, its partners, employees and other affiliates, and accounts in which one or more of them has an interest (including Artisan's proprietary accounts, if any), may be included in an aggregated trade with client accounts. All accounts participating in an aggregated order participate at the average share price and commission rate for all transactions in the security pursuant to that broker order.

Before placing an aggregated trade, Artisan generally establishes a target allocation among participating accounts for securities purchased or sold pursuant to that order. If an aggregated order is filled only in part, the securities purchased or sold are generally allocated among participating client accounts in proportion to their target allocations on that broker order. Priority in allocation may be given to transactions needed to cause an account to be rebalanced to the desired weightings, or in connection with funding or withdrawal from an account, among other things.

In some circumstances, it is not possible to establish a target allocation for a particular transaction in advance. This is true, for example, of purchases of securities in most underwritten offerings, including initial public offerings, because it is generally not known in advance how many shares will be received. Artisan takes advantage of opportunities to participate in initial public offerings for client accounts when they are made available, and when the particular security would be appropriate for the client account, even if the security is acquired without a view toward long-term investment. Securities acquired in transactions for which no target allocation was established generally are allocated among client accounts eligible to participate in the transaction and managed in a strategy for which the investment team has expressed an interest in participating in the transaction and are allocated in proportion to the size of such clients' accounts. Artisan's proprietary accounts (if any) are not permitted to invest in initial public offerings.

For initial public offerings, any allocation to an account that would be less than a minimum order size established from time to time by Artisan is generally increased to that minimum size.

There also may be instances where a particular security is held by more than one strategy ("cross holdings") due to the overlap of their investment universes. For example, the capitalization ranges of some strategies overlap or a security may at times be of interest to both Artisan's growth and value, or Artisan's U.S. and non-U.S. teams. "Same way" or "same side" transactions (that is, all buys or all sells) in a security held by more than one strategy are generally aggregated across all participating accounts. On occasion, the portfolio manager of one strategy may impose a price limit or some other differing instruction and so may decide not to participate in the aggregated order. In those cases, an Artisan trader works both trades in the market at the same time, subject to the requirements of Artisan's procedures. When orders for a trade in a security are opposite to one another (that is, one portfolio is buying a security, while another is selling

the security) and the Artisan trader receives a buy order while a sell order is pending (or vice versa), the Artisan traders will seek to mitigate the risk of inadvertent cross trades by (i) utilizing different brokers or venues, or (ii) utilizing brokers or venues that maintain crossing prevention controls.

With respect to an investment team that is permitted to short securities in a strategy it manages, no order to sell a security short may be executed if the same security is held long in any account managed by the same investment team. Similarly, no order to purchase a security long may be executed if the same security has been sold short in any account managed by the same investment team. The foregoing does not limit the ability of any team to take short positions through derivative transactions, such as by purchasing put options or selling call options.

The application of Artisan's procedures may sometimes cause a client's account to receive more than one "fill" of a particular security in a particular day. Although a client may incur an additional custodial expense as a result of the additional transaction, Artisan believes that the cost is generally outweighed by the desirability of participating in aggregated transactions.

Exceptions to Artisan's allocation procedures may be made in identified circumstances by Artisan's traders or with approval in advance by one of certain designated members of Artisan's management who are not part of the portfolio management process.

Certain clients may have restrictions prohibiting the execution of transactions through one or more designated broker-dealers. As a result, Artisan might be required to separate the client's transaction from the aggregated transactions for other clients and send the client's transaction for execution to a different broker-dealer. A client transaction being executed separately as a result of the client's restriction is typically placed in the market after the aggregated transaction for all other clients is placed in the market. As a result, the trade for the restricted account is likely to be executed at a different point in time as compared to the aggregated transaction, which is likely to result in the restricted account receiving a higher or lower price for the trade than other clients.

Artisan uses its best efforts to execute all transactions accurately and to comply with all client restrictions and directions, but errors occur from time to time. At least one member of Artisan's management who is not part of the portfolio management process reviews each error to determine if a client has suffered a loss as a result of the error, and the course of action to be taken. In some circumstances, corrective action may not be necessary or appropriate. In other circumstances, Artisan may take action to return the client's account to the position it would have been in but for Artisan's error, at Artisan's expense.

### **ITEM 13: Review of Accounts**

The Artisan portfolio manager(s) responsible for a strategy continuously assesses the securities held by clients in that strategy. Artisan's traders also review the securities comprising the portfolio of each investment advisory account at least weekly. Oversight of investment activity in client portfolios is also conducted by Artisan's portfolio oversight group and Artisan's global compliance officer (and persons under such officer's supervision), when applicable and through a range of different methods, including, for example, automated pre-trade and post-trade testing and manual reviews. Adherence to the stated strategy is reviewed by Artisan's investment operations group, headed by APLP's chief executive officer, by reviewing a range of portfolio characteristics of each strategy's model account and comparing those characteristics to the characteristics of the constituents of the strategy's benchmark index, and by evaluating the performance achieved by the strategy, both on an absolute basis and in comparison to the performance of the benchmark index and the strategy's peers. In addition, Artisan's compliance personnel are responsible for compliance oversight of Artisan's investment activities.

Artisan provides to clients (other than investment company clients), no less frequently than quarterly, a written report, including a statement of all assets in the account at the end of the period and all transactions in the account during the period, a written calculation of investment performance and such other information or reports as may be required by the relevant client account's governing documents. Artisan will furnish any additional or supplemental reports a client may reasonably request. Investment company clients of Artisan receive reports as requested by their boards or as required by relevant laws, including the Investment Company Act of 1940, as amended.

In addition to the quarterly reports provided to each client showing the investment performance achieved in the client's account, Artisan also calculates composite returns for each of its strategies that the firm uses in marketing its services to prospective clients and may also provide the returns to existing clients.

### **ITEM 14: Client Referrals and Other Compensation**

Artisan does not receive economic benefits for providing investment advice or other advisory services to its clients from parties other than its clients. As explained in "Brokerage Practices" above, Artisan may, however, receive certain research or other products or services in connection with the execution of securities transactions for client accounts.

Artisan does not directly or indirectly compensate any person who is not an Artisan associate for client referrals. Each Artisan investment professional participates in a bonus pool the aggregate amount of which is determined by reference to the firm's revenues received in connection with accounts managed by the team of which that professional is a part. Certain Artisan marketing and client service professionals

participate in a bonus pool the amount of which is generally a percentage of the firm's revenues received in connection with accounts serviced by the team of which that professional is a member.

Artisan may, from time to time, have business relationships with organizations that are, or that are affiliated with organizations that are, investment consultants. Artisan may from time to time purchase products or services, including index data and/or investment manager performance data, from certain of those consulting firms. For example, Artisan purchases index data from Russell Investments. From time to time, Artisan also may engage one or more of those consultants to perform consulting services with respect to specific matters relating to Artisan's business.

In addition, Artisan's marketing and client service professionals call on and may occasionally entertain or make gifts (within certain limits as more fully set forth in the Code) to representatives of investment consulting firms and other intermediaries in the process of soliciting new business and providing services to existing client relationships. From time to time, Artisan and/or its employees may also make charitable contributions to organizations associated or affiliated with clients and/or investment consultants and other intermediaries. Those consultants may provide services to clients of Artisan and/or investors in the shares of investment companies to which Artisan serves as investment adviser. Such services may include, but are not limited to, assisting in the selection of investment advisers to manage their clients' assets and assisting in the selection of investment companies to serve as investment options for their clients. Artisan may also provide cash or non-cash support for educational, training, marketing and other events sponsored by consulting firms.

Artisan has not paid any investment consultant, directly or indirectly, to be included in a client's investment manager search or in return for any client mandate. From time to time Artisan may pay a fee to facilitate the inclusion of information about the firm in databases maintained by certain third-party data providers who in turn make such information available to their investment consultant clients.

In addition, APLP, in its capacity as investment adviser to Artisan Partners Funds, and Artisan Distributors, in its capacity as distributor of the shares of Artisan Partners Funds, and Artisan UK, in its capacity as distributor of the shares of Artisan Partners Global Funds, have relationships with certain banks, broker-dealers, and benefit plan recordkeepers through which shares of Artisan Partners Funds or Artisan Partners Global Funds are made available for purchase by investors. (For ease of reference, in this paragraph Artisan Partners Funds and Artisan Partners Global Funds are referred to collectively as the "Funds.") Those parties also may be engaged in, or have affiliates engaged in, the business of providing investment consulting services. Artisan generally pays a fee for the marketing and distribution services provided by such parties in connection with the sale of shares of the Funds, which is typically a percentage of the value of the shares of the Funds held by investors through investment accounts with such parties. These fee arrangements may create an incentive for such parties to promote or

recommend the Funds. Artisan also may occasionally pay business entertainment expenses or make gifts (within certain limits as more fully set forth in the Code) to representatives of those organizations, and may also provide cash or non-cash support for educational, training, marketing and other events. These banks, broker-dealers, and benefit plan recordkeepers, as nominee or otherwise for the benefit of their clients, hold shares of the Funds, the redemption of which could have an adverse effect on the Funds and/or Artisan.

#### **ITEM 15: Custody**

Artisan generally does not maintain, and will not accept, custody of client funds or securities, and will seek to take such actions as are necessary to avoid being deemed to have custody of client funds or securities. Artisan generally has no involvement in the process by which a client selects its custodian and no involvement in a client's negotiation of its custodial arrangements. See the section of this brochure above entitled "Fees and Compensation" for more information about the expenses a client may incur in connection with its custodial arrangements.

As a provision of the investment management agreements entered into between Artisan and its clients, Artisan generally agrees to provide clients with periodic account statements, typically on a monthly basis, reflecting the activity that has occurred within the account during the period. Artisan also encourages its clients to compare the periodic statements they receive from Artisan to the applicable statements they receive from their qualified custodians. Under certain circumstances, Artisan may request that a client provide a representation within the investment management agreement that the qualified custodian provides them with at least quarterly statements and such statements reflect all amounts which have been disbursed from the client's account during the period, including the amount of the advisory fee paid to Artisan, if applicable.

#### **ITEM 16: Investment Discretion**

Artisan generally accepts responsibility for management of a client account on a discretionary basis and each client enters into a written agreement granting it discretionary authority for the provision of advisory services to the client account. Artisan generally does not tailor its investment management services to the individual needs of clients. Client portfolios in each strategy generally are managed to a single model; however, a client may, with Artisan's consent, impose limited restrictions on investment in certain securities or types of securities in its account. For more detailed information concerning the limitations clients may place on Artisan's discretionary authority, please see the section of this brochure entitled "Advisory Business" above.

#### **ITEM 17: Voting Client Securities**

Artisan votes proxies solicited by or with respect to the issuers of securities in which assets of a client account are invested, except as set forth below. When Artisan

votes a client's proxy with respect to a specific issuer, the client's economic interest as a shareholder of that issuer is Artisan's primary consideration in determining how the proxy should be voted. Except as otherwise specifically instructed by a client, Artisan generally does not take into account interests of other stakeholders of the issuer or interests the client may have in other capacities.

If a client has directed Artisan to vote proxies solicited by or with respect to the issuers of securities held in the client's account, Artisan votes in a manner that, in the judgment of Artisan, is in the best economic interests of the client as a shareholder of that issuer. A client may direct Artisan how to vote with respect to securities held by that client for a particular proxy solicitation by communicating its desire to do so to Artisan, provided that such desire to direct the vote is communicated sufficiently in advance of any applicable vote submission deadline.

When making proxy voting decisions, Artisan generally adheres to proxy voting guidelines that set forth Artisan's proxy voting positions on recurring issues and criteria for addressing non-recurring issues. Artisan believes the guidelines, if followed, generally will result in the casting of votes in the economic best interests of clients as shareholders. The guidelines are based on Artisan's own research and analyses and the research and analyses provided by the proxy administration and research services engaged by Artisan. The guidelines are not exhaustive and do not include all potential voting issues. Because proxy issues and the circumstances of individual companies are so varied, there may be instances when Artisan votes contrary to its general guidelines. In addition, due to the varying regulations, customs and practices of non-U.S. countries, Artisan may vote contrary to its general guidelines in circumstances where Artisan believes its guidelines would result in a vote inconsistent with local regulations, customs or practices.

In the following circumstances Artisan may not vote a client's proxy:

- The client has directed Artisan not to vote on its behalf.
- Artisan has concluded that voting would have no identifiable economic benefit to the client as a shareholder, such as when the security is no longer held in the client's portfolio or when the value of the portfolio holding is indeterminable or insignificant.
- Artisan has concluded that the costs of or disadvantages resulting from voting outweigh the economic benefits of voting. For example, in some non-U.S. jurisdictions, the sale of securities voted may be legally or practically prohibited or subject to some restriction for some period of time, usually between the record and meeting dates ("share blocking"). Artisan believes that the loss of investment flexibility resulting from share blocking generally outweighs the benefit to be gained by voting. Information about share blocking is often incomplete or contradictory. For example, client custodians may effectively restrict transactions even in circumstances in which Artisan

believes that share blocking is not required by law. Artisan relies on custodians and on its proxy service provider to identify share-blocking jurisdictions. To the extent such information is wrong, Artisan could fail to vote shares that could have been voted without loss of investment flexibility, or could vote shares and then be prevented from engaging in a potentially beneficial transaction.

- Artisan does not have the ability to vote shares held in a client's account. For example, in some non-U.S. jurisdictions, a sub-custodian bank (record holder) may not have the power to vote shares, or may not receive proxy ballots in a timely fashion, unless the client has fulfilled certain administrative requirements (for example, providing a power of attorney to the local sub-custodian bank), which may be imposed a single time or may be periodic. Artisan does not have the ability to vote shares held in a client's account unless the client, in conjunction with the client's custodian, has fulfilled these requirements.
- The client, as of the record date, has loaned the securities to which the proxy relates. For most clients, Artisan is not aware of when a security may be on loan and, in those circumstances, will not vote the shares on loan and may not be able to fully reconcile the shares held at record date with the shares actually voted. Except in those circumstances in which a client may have an obligation to do so under applicable law, Artisan does not attempt to have securities on loan recalled in order to vote.

Artisan has engaged a primary proxy service provider to: (i) make recommendations to Artisan of proxy voting policies for adoption by Artisan; (ii) perform research and make recommendations to Artisan as to particular shareholder votes being solicited; (iii) perform the administrative tasks of receiving proxies and proxy statements, marking proxies as instructed by Artisan and delivering those proxies; (iv) retain proxy voting records and information; and (v) report to Artisan on its activities. The primary proxy service provider does not have the authority to vote proxies except in accordance with standing or specific instructions given to it by Artisan. Artisan retains final authority and responsibility for the voting of proxies. In addition to the primary proxy service provider, Artisan has engaged a second proxy service provider to perform research and make recommendations to Artisan as to particular shareholder votes being solicited, and may engage one or more additional providers from time to time. In some instances for non-U.S. companies, there may be little or no information available on matters to be voted on. In those circumstances, Artisan generally follows the recommendation of its primary proxy service provider.

Artisan's proxy voting committee oversees the proxy voting process, reviews the proxy voting policy at least annually, develops the guidelines, grants authority to proxy administrators (certain Artisan employees, or such other persons as may be designated by the proxy voting committee) to vote proxies in accordance with the guidelines and



otherwise performs administrative services relating to proxy voting. The proxy voting committee also makes determinations as to the votes to be cast with respect to each matter where there is an actual or potential conflict of interest. None of the members of the proxy voting committee is responsible for servicing existing clients or soliciting new clients.

Artisan or its affiliates may have a relationship with an issuer that could pose a conflict of interest when voting the shares of that issuer on behalf of clients. Artisan will be deemed to have a potential conflict voting proxies of an issuer if: (i) Artisan or an affiliate manages assets for the issuer or an affiliate of the issuer and also recommends that its other clients invest in such issuer's securities; (ii) a director, trustee or officer of the issuer or an affiliate of the issuer is a director of Artisan Partners Funds or an employee of Artisan or its affiliates; (iii) Artisan or an affiliate is actively soliciting that issuer or an affiliate of the issuer as a client and the Artisan employees who recommend, review or authorize a vote have actual knowledge of such active solicitation; (iv) a director or an executive officer of the issuer has a personal relationship with an Artisan employee who recommends, reviews or authorizes the vote; or (v) another relationship or interest of Artisan or an affiliate, or of an employee of either of them, exists that may be affected by the outcome of the proxy vote and that is deemed to represent an actual or potential conflict for the purposes of the proxy voting policy.

Artisan maintains a list of issuers with which it believes it has a potential conflict in voting proxies ("Identified Issuers"). Artisan believes that application of its guidelines to vote client proxies should, in most cases, adequately address any possible conflicts of interest since the guidelines are pre-determined. However, in the event an actual or potential conflict of interest has been identified, Artisan will vote in accordance with Artisan's proxy voting guidelines on routine or corporate administrative matters, and with respect to non-routine matters, Artisan will generally vote in accordance with the determination made by the proxy voting committee, which will consider the investment team's recommended vote, any analysis available from the proxy service provider(s) and whether the proxy service provider(s) has a relationship with the issuer that could present a conflict of interest, the consistency of those recommendations with the proxy voting guidelines and any identified conflict of interest. Artisan may vote in accordance with the recommendations of a proxy service provider, provided that such service provider provides research and analysis with respect to the issuer in question and the proxy voting committee has reason to believe the service provider is independent of the issuer. If the primary service provider does not meet those requirements, the proxy voting committee shall consider what course of action will serve the interests of Artisan's clients, consistent with its obligations under applicable proxy voting rules.

Artisan has a process in place to review that proxy ballots were voted in accordance with its voting instructions and the proxy voting policy.

Artisan will provide a copy of its entire proxy voting policy and Artisan's proxy voting record with respect to a client's account to that client or its representatives upon

the client's request or as may be required by applicable law. Artisan generally will not disclose publicly its past votes, share amounts voted or held or how it intends to vote on behalf of a client account except as may be required by applicable law or in connection with meetings with issuers' management teams, but may disclose such information to a client which itself may decide or may be required to make public such information.

Artisan maintains a copy of any document generated by Artisan or its agents that was integral to formulating the basis for a proxy voting decision or that memorializes the basis for a proxy voting decision for no less than seven years, the first two years in an appropriate office of Artisan, or, if instructed by a client, for such longer period as may be mutually agreed by Artisan and such client.

**ITEM 18: Financial Information**

Artisan does not require or solicit prepayment of investment advisory fees from its clients. Artisan is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has Artisan been the subject of a bankruptcy petition at any time during the past ten years.