Artisan International Fund

QUARTERLY Commentary

Investor Class: ARTIX | Advisor Class: APDIX | Institutional Class: APHIX

As of 30 June 2023

Investment Process

We seek to invest in companies, within our preferred themes, with sustainable growth characteristics at attractive valuations that do not fully reflect their long-term potential.

Themes

We identify long-term secular growth trends with the objective of investing in companies that have meaningful exposure to these trends. Our fundamental analysis focuses on those industry leaders with attractive growth and valuation characteristics that will be long-term beneficiaries of any structural change and/or trend.

Sustainable Growth

We apply a fundamental approach to identifying the long-term, sustainable growth characteristics of potential investments. We seek high-quality companies that typically have a sustainable competitive advantage, a superior business model and a high-quality management team.

Valuation

We use multiple valuation metrics to establish a target price range. We assess the relationship between our estimate of a company's sustainable growth prospects and its current valuation.

Team Overview

Our team approach combines the benefits of strong leadership with the creative ideas of a deep and highly experienced team of research analysts. We believe this approach allows us to leverage a broad set of perspectives into dynamic portfolios.

Portfolio Management

Mark L. Yockey, CFA
Portfolio Manager

Charles-Henri Hamker
Associate Portfolio Manager

Andrew J. Euretig
Associate Portfolio Manager

Michael Luciano
Associate Portfolio Manager

Investment Results (%)

As of 30 June 2023	QTD	YTD	1 Yr (Average Annual Total Returns)	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	**0.89**	**9.24**	**16.60**	**3.87**	**3.96**	**4.68**	**7.98**
Advisor Class: APDIX	**0.93**	**9.33**	**16.74**	**4.01**	**4.12**	**4.81**	**8.03**
Institutional Class: APHIX	**0.96**	**9.36**	**16.83**	**4.10**	**4.20**	**4.91**	**8.20**
MSCI EAFE Index	2.95	11.67	18.77	8.93	4.39	5.41	4.79
MSCI All Country World ex USA Index[1]	2.44	9.47	12.72	7.22	3.52	4.75	4.98

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (28 December 1995); Advisor (1 April 2015); Institutional (1 July 1997). For the period prior to inception, each of Advisor Class and Institutional Class's performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor or Institutional Class and each share's respective returns during that period would be different if such expenses were reflected. [1]Performance represents the MSCI ACWI ex USA (Gross) Index from inception to 31 Dec 2000 and the MSCI ACWI ex USA (Net) Index from 1 Jan 2001 forward.

Expense Ratios	ARTIX	APDIX	APHIX
Semi-Annual Report 31 Mar 2023[1]	1.18	1.05	0.96
Prospectus 30 Sep 2022[2]	1.20	1.05	0.97

[1]Unaudited, annualized for the six-month period. [2]See prospectus for further details.

Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance.

Investing Environment

Global equity markets rallied in Q2 despite the continued policy rate hikes by still-hawkish central banks resolute in their mission to flatten inflation. While inflation has fallen in recent months, it remains stubbornly high in many countries, pushing up the cost of living and pressuring profit margins.

In the US, a Big Tech rally that began in the beginning of the year strengthened, driving large-cap equity indices higher. Providing support to the rally was a steady economy aided by moderating energy and rent prices, a historically tight labor market and resilient consumer spending.

In Europe, interest rate increases appeared to be having an effect as producer prices fell to levels last seen a year ago. The annual GDP growth rate slowed to 1% in March, part of a slow and steady decline since the end of last year. Looking past the cooldown, the European Central Bank hiked rates twice in succession this quarter and vowed not to capitulate until inflation was reduced to "sufficiently restrictive levels." Interest rates in the euro area are now at their highest level since the 2008 financial crisis. While European stock gains were more subdued than those in the US, most sectors in the MSCI EAFE Index were positive.

In Asia, Japan's recent economic expansion continued to impress investors, with the Nikkei Index surging higher this quarter, up more than 27% this year, and far outstripping US equity markets. Japanese stocks have not seen valuations this high since the early 1990s. Markets were buoyed by healthy economic growth, a weak yen (making exports more affordable), a bullish call from Warren Buffet's Berkshire Hathaway and a new focus on corporate governance led by the Tokyo Stock Exchange. The exchange has encouraged listed companies to offer more buybacks and dividends to shareholders, among other structural changes to reignite investor interest. Along with a growing economy, the focus on profits seems to have kick-started the long-stagnate equity market. In contrast, China's economy continued to be stuck in second gear. China's retail sales were flat, and in manufacturing, new orders were soft, leading to an eight-month low in manufacturer sentiment and falling employment.

Portfolio Activity

Portfolio returns came in lower than the MSCI EAFE Index and the MSCI ACWI ex USA Index. While currency effects proved beneficial during the quarter, both stock selection and sector allocation detracted from relative performance, leading to disappointing results.

The portfolio's consumer discretionary holdings in China sold off as investors became increasingly pessimistic about the country's prospects of a strong recovery this year. This turn of events was somewhat surprising given that they had posted strong gains in Q4 and the early days of the reopening but then fell on evidence that the recovery was not as strong or as widespread as investors had anticipated. For Alibaba, deteriorating cloud revenues, tepid gross merchandise volumes and increased competition with short video platforms resulted in further share price erosion. Based on disappointing fundamentals in its core franchises, we exited the position during the quarter. Adding to the weakness, shares of ANTA Sports Products, a multi-brand manufacturer of sports apparel, also fell sharply on weak demand this quarter. It manufactures and distributes footwear, apparel and accessories representing popular brands such as FILA and the NBA. The company will likely clear its inventory and reset for a new growth cycle, prompting the team to exit the position. Lastly, China Tourism Group Duty Free traded down throughout the period as travel revenues tracked slightly lower than expected and adjusted earnings were flat. The state-owned company is one of the world's largest duty-free businesses, operating in mainland China and across other Southeast Asian countries. We sold the position, as well, on weak fundamentals.

Above-benchmark weightings in consumer staples and health care, along with stock selection in these sectors, added to the portfolio's underperformance. These defensive sectors were shunned as investors looked to take on more risk this quarter. A relatively strong job market, anticipation of potential central bank rate cuts in the not-too-distant future and exuberance around the potential role for generative artificial intelligence in certain sectors and stocks likely helped fuel this bullishness.

Within consumer staples, shares of Wuliangye Yibin traded lower despite relatively resilient sales. While company management has found that demand for its traditional baijiu liquor products is fairly inelastic given their deep roots in Chinese culture and heritage, the slow-growing economy coupled with the company's strategic efforts to raise average sales prices led us to exit this stock. In health care, Daiichi Sankyo finished down slightly as investors took some profits after its recent run-up. However, the position lost most of its ground on currency effects given the weak yen. We have conviction in the company's line of antibody drug conjugates that deliver chemotherapy agents directly to cancer cells, making them more effective and less damaging to healthy cells. Daiichi Sankyo has three drug treatments in this class that are either on the market or in testing for different types of breast and lung cancers. We are attracted to Daiichi Sankyo's ability to leverage its deep R&D capability to develop several drug candidates from a single body of research as it increases the likelihood of success.

In communication services, shares of Deutsche Telekom dipped this quarter after it was reported in the press that DISH Network was discussing a distribution agreement with Amazon.com. Neither company has commented publicly. Deutsche Telekom is a majority owner in T-Mobile US, which provides wholesale 5G services to Dish Wireless. A deal with Amazon could potentially threaten T-Mobile's market position in US wireless service. Given the economics of the situation and DISH's inferior network, we believe the share price dip was an overreaction. Any potential agreement with Amazon will not significantly disrupt the current market structure. We remain attracted to Deutsche Telekom's top- and bottom-line organic growth potential, pricing power, accommodative valuation and exposure to T-Mobile.

On the positive side, our industrial gas holdings in the materials sector helped advance relative returns in Q2. The largest gas supplier in the world, Linde, ended higher on margin improvements across most of its regions, growing dividends and a $50 billion backlog of decarbonization projects. Linde added to this list by inking an agreement with Dow to supply clean hydrogen to the chemical giant's Fort Saskatchewan location. Under the deal, Linde will design, build and operate a plant that will help Dow create the world's first net-zero carbon emissions ethylene processing facility. Doing so would allow Dow to potentially decarbonize up to 20% of its global capacity and increase profits across its value chain by approximately $1 billion. Ethylene is a key building block for plastics. The extensive backlog for large investment projects utilizing industrial gases around the world plus Linde's market-leading development of blue and green hydrogen gives us confidence in the company's resilient, long-term growth runway. Overall, the company continues to be highly cash generative, benefiting from a diversified revenue stream from essential products and long-term contracts with escalator clauses that protect it from rising costs. Like its industry peer, Air Liquide also reported quarterly revenues that surpassed consensus estimates and increased operating margins on the back of price increases. Its backlog of new investment opportunities in green energy is now worth more than €3.4 billion. Like Linde, Air Liquide also benefits from the pricing power it has as attained as the second-largest member of an oligopoly. We value Air Liquide's stable cash flow, high barriers to entry and diversified customer base, all of which give this stock a defensive quality, an attractive late-cycle characteristic.

Our position in Amazon.com helped counter the portfolio's relative weakness in consumer discretionary. This year's big rebound in Amazon's stock price accelerated in the second half of Q2. During the period, Amazon's e-commerce, cloud and ad products businesses reported year-over-year revenue growth, the latter two by 16% and 21%, respectively. In 2022, the company reported a slowdown in consumer and advertiser spending after it had invested heavily in the COVID-19 reopening by expanding its warehouse operations, leading to a rare net loss of more than $2.7 billion. Since then, Amazon has cut 27,000 employees, which equates to about $6 billion per year in savings. We believe the company will continue to grow into its current capacity over the short- and medium-term and that its advanced logistics and warehouse automation capabilities will pay off in increased efficiencies over the long term. In addition, Amazon's high-growth, high-margin cloud business, AWS, will likely provide upside support.

In industrials, a sector that saw strong absolute performance this quarter, Ryanair was a top contributor. In May, the low-cost airline announced the purchase of 300 new Boeing 737 Max-10 jets, at a cost of $40 billion. The investment will allow Ryanair to almost double its capacity of larger, more fuel-efficient planes over the next 10 years while potentially reducing its cost per passenger. The move likely signals the airline's expansion in Central and Eastern Europe, North Africa and the Nordic countries. Revenues this year are up strongly from a year ago with recent gains supported by high-volume summer travel bookings. We like the company's low-cost leadership, new fuel-efficient fleet and seasoned management team to guide the company to new levels of growth in the coming years.

Finally, in health care, shares of Alcon jumped higher after beating analysts' expectations on revenue and earnings per share while improving its core operating margin. Alcon is the largest eye care device maker in the world and a market leader in lens care solutions, intraocular lenses and surgical equipment used during cataract surgery. The company increased its outlook for revenue growth based on growing US cataract volumes. We like Alcon's growth profile and its share gains in the contact lens market. Alcon believes future margin expansion will come from this market. We agree.

Positioning Activity

Given elevated interest rates, hawkish central banks and gradually decelerating economies, we reinforced our positions in resilient business models—those with the ability to raise prices as needed and generate sufficient levels of cash. We also continue to focus on companies that benefit from the secular growth trends identified in our investment themes, supporting demand generation even late in the business cycle when revenues may be peaking. We think high-quality, deleveraged companies such as these will have an advantage over others because they will be able to self-fund their business activities, benefit from strong organic growth and continue to exploit their market-leading positions. On the flip side, we shed shares of companies that we have found to be overly dependent on uncertain macro environments or those with slowing fundamentals that indicate late-cycle weakness.

In this vein, we added Dutch brewer Heineken, a name we've owned in the recent past. We believe the stock will rerate higher after its new CEO, CFO and board members begin to implement a new strategy to attract younger consumers, especially women, with new products such as Heineken Silver and non-beer alcoholic beverages. We also look for the new management team to lean into premiumization trends, especially in higher margin emerging markets where demand is increasing due to increasing productivity and low levels of debt.

We also added RWE, a power company based in Germany utilizing renewables, hydrogen, natural gas, nuclear power and coal. It is actively transitioning its power generation capacity away from coal and nuclear energy toward more environmentally friendly sources, such as wind, solar and clean hydrogen. In the US, RWE recently completed its acquisition of Con Edison Clean Energy Businesses, a leader in renewables, to become the fourth-largest renewable energy company in the United States. While RWE has been a target of climate activists in the past, we believe its investors will benefit from its leadership in the industry transition.

We added to our position in Taiwan Semiconductor Manufacturing Company (TSMC), the largest and most advanced chipmaker in the world. It is one of two foundries capable of producing the most advanced nodes (5nm and 3nm). The company's leading-edge chips are used in high-growth products, such as 5G smartphones, self-driving cars, data centers and other digital electronics. TSMC also manufactures all of NVIDIA's artificial intelligence semiconductors. We are especially attracted to TSMC's wide moat, strong competitive position and more durable growth profile compared to other semiconductor companies.

We added the global luxury group Kering to the portfolio. The Paris-based corporation owns iconic names in couture, leather goods, jewelry and eyewear such as Saint Laurent, Gucci, Balenciaga, Alexander McQueen, Boucheron and Pomellato. We believe the market is undervaluing a high-quality asset with a very low debt burden because of brand execution missteps last year at Balenciaga and slow sales for Gucci in China. However, we believe the company adequately addressed these issues earlier in the year and will move past the controversies. We are particularly attracted to the prospects of share buybacks.

Lastly, we initiated a position in Lonza Group, a global partner to companies in the pharmaceutical, biotech and nutrition markets. The Switzerland-based company offers a full range of drug development and manufacturing services often through long-term contracts. Led by its strength in biologics, we expect revenue growth and EBITDA margins to rebound over the near term as major growth projects come to fruition and push Lonza's stock price higher than what the market is currently forecasting.

Like many other investors, we were disappointed that China's reopening was negatively affected by a challenging macro environment that was difficult to predict. Gross domestic product, retail sales and manufacturing orders, in particular, have shown slower-than-anticipated growth this year after COVID lockdowns suppressed normal buying habits for almost three years. Importantly, the property sector remains fragile, particularly in lower tier cities, prompting the government to lower interest rates in a move that seems to be propping up a sector that has seen a structural decline. While we exited all of our positions in China, we remain watchful of developments in the second-largest economy in the world.

In addition to our China holdings, we sold our position in ICON, a Dublin-based provider of outsourced clinical research services to the pharmaceutical, biotechnology and medical devices industries. The current lackluster funding environment and its lackluster fundamentals were contributing factors to our decision.

Lastly, we exited two European banks, Barclays and ING Groep, to redeploy capital to potentially higher returning assets within our financial services theme. While fundamentals remained solid this quarter, Barclays' stock price was weighed down by overly pessimistic investor sentiment concerning its US credit card business and its UK commercial banking unit. In our view, this discount will likely hinder its ability to meet our target valuation. ING's stock has outperformed this year, but loan volume was flat in Q1. This is a potentially negative signal concerning the company's ability to grow net interest income in the future, a cornerstone of our thesis for the stock. We continue to look for financial services businesses that can benefit from inflation and volatility, two trends that we think will continue to play a significant role in the global economy.

Outlook

In a year that has already revealed many opportunities and challenges, we are excited to see what the second half will bring. Overall, we remain optimistic that fundamentals will play an increasingly important role in equity valuations as investors navigate rising interest rates, additional bouts of volatility and cooling economies. Companies with talented management teams, highly profitable business models and sustainable growth characteristics that are selling at reasonable valuations will likely be rewarded as investors increasingly focus on free cash flow and high-quality generally accepted accounting principles earnings. Given this expected shift, we like our chances for success.

When it comes to our durable investment themes, we see increased opportunities in luxury goods. Many of these names continue to beat estimates despite China's weak recovery. Given massive global demographic shifts and the sheer power of these brands, we are now seeing a multiyear acceleration in revenues despite inflation. In our demographics/health care theme, we see value in innovative biopharma companies with strong R&D capabilities and robust drug pipelines that can address a number of indications. These companies offer investors multiple opportunities for success that help cultivate resiliency in their stock prices. In our environment/clean energy theme, we are encouraged by the clean energy projects underway that can improve our portfolio and our planet. Hydrogen, especially, has the ability to decarbonize a range of industries while tackling various critical energy challenges, including helping to store the variable output of renewables to better match demand. Finally, while we have pared back several of our financial services holdings in recent months, we continue to be on the lookout for companies, particularly those with positive capital return track records, that can benefit from the changing economic landscape in asset management, banking and brokerage services. We believe insurance brokerage, in particular, continues to provide opportunities for durable growth. In these ways, we seek to invest where we see long-term growth.

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MSCI EAFE Index measures the performance of developed markets, excluding the US and Canada. Nikkei Index is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange. MSCI All Country World ex USA Index measures the performance of developed and emerging markets, excluding the US. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

This summary represents the views of the portfolio managers as of 30 Jun 2023. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The holdings mentioned above comprised the following percentages of the Fund's total net assets as of 30 Jun 2023: Daiichi Sankyo Co Ltd 3.6%, Deutsche Telekom AG 4.0%, Linde 5.0%, Air Liquide SA 4.8%, Amazon.com Inc. 3.9%, Ryanair Holdings PLC 3.0%, Alcon Inc. 2.0%, Heineken NV 1.4%, RWE AG 1.3%, Taiwan Semiconductor Manufacturing Co Ltd 3.1%, Kering SA 0.5%, Lonza Group AG 0.3%. As of 3 Mar 2022, Russian holdings were valued at zero. Securities named in the commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner. This material does not constitute investment advice.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

Share Buybacks take place when a company buys its own outstanding shares on the open market in order to increase value of its remaining shares. **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)** is an indicator of a company's financial performance which is calculated by looking at earnings before the deduction of interest expenses, taxes, depreciation and amortization. **Net Interest Income** is the difference between a financial institution's revenues and expenses associated with lending and deposit taking activities. **Generally Accepted Accounting Principles (GAAP)** are the common set of accounting principles, standards and procedures that companies use to compile their financial statements.

A R T I S A N P A R T N E R S