

Artisan International Value Fund

QUARTERLY
Commentary

Investor Class: ARTKX | Advisor Class: APDKX | Institutional Class: APHKX

As of 31 December 2023

Investment Results (%)

As of 31 December 2023	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTKX	10.56	22.65	22.65	10.00	12.36	6.78	11.57
Advisor Class: APDKX	10.57	22.81	22.81	10.15	12.51	6.92	11.64
Institutional Class: APHKX	10.62	22.95	22.95	10.26	12.62	7.03	11.77
MSCI EAFE Index	10.42	18.24	18.24	4.02	8.16	4.28	7.20
MSCI All Country World ex USA Index	9.75	15.62	15.62	1.55	7.08	3.83	7.38

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (23 September 2002); Advisor (1 April 2015); Institutional (1 October 2006). 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.

Expense Ratios	ARTKX	APDKX	APHKX
Annual Report 30 Sep 2023 ^{1,2}	1.18	1.04	0.95
Prospectus 30 Sep 2022 ²	1.26	1.12	1.03

¹Excludes Acquired Fund Fees and Expenses as described in the prospectus. ²See 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.

Dear Shareholder:

The net asset value of the Artisan International Value Fund increased by 22.65% in 2023. In comparison, the benchmark MSCI EAFE (Europe, Australia, Far East) Index increased by 18.24%. Since the inception of the Fund back in 2002, the average annual total return is 11.57%.

Investing Environment

"Typically a major market movement runs so far that the amateur in speculation forgets that an opposite trend has ever been known. More than a slight rise in money rates is necessary to kill a real bull market."—*The Art of Speculation*, Philip L. Carret

The investing environment in 2023 was much better than the operating environment. In the United States, for example, the S&P 500® Index increased by 26.3% while 2023 earnings for the companies in the index are forecast to grow by less than 1%. Valuations are up.

In Q4 alone, the index rallied 12%, fueled by hope that the U.S. Federal Reserve will reverse course and begin lowering interest rates in 2024. Apparently, even the more than slight rise in interest rates over the last two years has failed to kill the bull market.

In local currency, stock markets in developed countries outside the US increased by 5% during the quarter as measured by the MSCI EAFE Index. But with lower interest rates expected in the US, the dollar declined against most currencies. As a result, in dollars, stock markets in foreign developed countries increased more than 10% measured by the same index. Stocks in the MSCI Emerging Markets Index increased by over 5% in local currency and almost 8% in dollars.

Weakness was notable in China, where the MSCI China Index in dollars declined by 4% during the quarter and by 11% for the year. China's economy looks sluggish, and sentiment is deteriorating as the country increasingly moves toward a centrally planned economy and away from some of the free-market practices China embraced in prior decades.

Investopedia defines a centrally planned economy: "Central planning is frequently associated with Marxist-Leninist governments such as the Soviet Union, North Korea and East Germany. For most of their history, market activity was extremely limited in these countries, and the government directed economic activity through state-owned enterprises."

Many equities in China now trade at very low valuations.

Portfolio Discussion

The largest positive impact on NAV in Q4 came from the same three companies that have driven returns all year: Samsung Electronics, UBS and ABB. Remarkably, over the last twelve months, nearly all 10 of the portfolio's largest investments posted significant returns. In dollars, Samsung Electronics was up 35%, Novartis was up 23%, Danone was up 28%, UBS was up 71%, ABB was up 50%, Safran was up 42%, HCL was up 47%, RELX was up 46%, and Holcim was up 59%. Certainly, other holdings increased, and currency made a significant contribution (and a few holdings did not do so well). But the main point is that it is rare for the portfolio's largest investments to all do well at the same time.

In aggregate, the revenue and operating profit for these businesses, excluding UBS (a bank should be measured on book value), should amount to a little over \$385 billion and \$44 billion, respectively, in 2023, when final figures are reported. That's down from over \$415 billion and \$70 billion in 2022.

That is not the type of outcome we prefer and certainly not what one would expect to drive a significant increase in market value. We want to own more profit over time. However, there are a couple of important considerations. First, Samsung is suffering from a cyclical downturn. And while that hurts profits today, we expect Samsung's business to improve in 2024 and that revenue will grow as we get to the positive side of the cycle, eventually surpassing the level recorded in 2022. Second, Novartis de-merged its generics business called Sandoz. The revenue and profit from Sandoz are not included in the 2023 figures, but we retain our ownership of Sandoz, which trades at a market capitalization of more than \$13 billion.

UBS is indeed a special case. In 2023, the company's management team led by Chairman Colm Kelleher created significant value with the acquisition of Credit Suisse. The scale achieved in this acquisition creates an unrivaled operator in the wealth management business. It will take a couple of years for the company to properly integrate the operations of Credit Suisse, but we hope when that is done Kelleher does another exceptional deal.

The equities that did not do well in 2023 include Bayer AG, Nokia and CNH Industrial.

You will not see the name Bayer in our disclosures as the shares owned represent less than 1% of the portfolio. However, we believe it is important to report our mistakes. And this investment was a mistake, and not one that we made once. This is the second time we have lost significant value investing in this company. The culprit is leverage.

"There are only three ways a smart person can go broke: Liquor, ladies and leverage."— Charlie Munger

The leverage incurred in the case of Bayer is only partially from standard sources like bonds and bank loans. In this case, the company has significant legal liabilities. And while the legal problems of Bayer have been around for some time, this year they got worse. When we invested for a second time, we did so because we estimated the company's litigation costs were under control and the share price was undervaluing the company's three main businesses. A new CEO came in to drive efficiency throughout the business, and the prospect of creating value at this conglomerate was and remains a logical outcome.

But we were wrong. The liabilities were not put to rest, and new ones showed up that defy logic. The American legal system is a weapon of mass commercial destruction. Novel legal arguments against corporations and a robust and growing litigation finance industry are causing what the insurance industry calls social inflation—more lawsuits at higher payouts. We believe there is significant abuse within the legal system and that incentives are misaligned with what's best for society. And Bayer, as a German corporation, is an easy target for American lawyers. We think litigation finance and the overreach of the legal industry is bad for

the American economy. But it is a real cost of doing business in America. By no means are legal problems the only issues at Bayer, but they are certainly the main driver of the stock's 36% share price decline during the year.

Nokia, in fact, is unlevered and well managed. However, that was not enough to halt a 25% decline in the share price. The majority of the decline took place after the company lost a significant contract to one of its largest customers, AT&T. Nokia provides telecommunications equipment to large service providers like AT&T and is a very well-run company. Unfortunately, one of its competitors decided to compete on price rather than on capability, leading to the loss of a blue-chip contract. The shares are valued at 10.5X earnings.

CNH Industrial is one of the world's largest providers of agricultural equipment. The company mainly competes with Deere. Deere trades at 14X earnings while CNH trades at 7X earnings. Deere is without question the leader in the market and a better run company with better technology, but we believe the valuation disparity is too high and the absolute valuation of CNH is too low. The share price of both companies has declined as farm incomes have fallen. The expectation is that lower farm incomes lead to lower equipment demand. The share price declined by 22%.

Perspective

At Artisan International Value, we aim to invest in a superior group of companies at attractive prices with the objective of growing purchasing power. When asked how we are positioned, this is how we respond:

Exhibit 1: Top 10 Holdings

Shares Owned	Name of Company	Market Value
35,464,196	Samsung Electronics Co Ltd	\$2,001,294,505
48,816,379	UBS Group AG	\$1,514,901,007
14,544,376	Novartis AG	\$1,467,666,835
21,761,993	Danone SA	\$1,409,737,249
16,982,152	Arch Capital Group Ltd	\$1,261,264,429
27,127,154	ABB Ltd	\$1,203,070,976
60,089,426	HCL Technologies	\$1,058,684,502
24,291,372	RELX PLC	\$962,808,957
17,211,389	Unilever PLC	\$833,662,886
4,734,475	Safran SA	\$833,437,411
		\$12,546,528,756

Source: Artisan Partners. As of 31 Dec 2023.

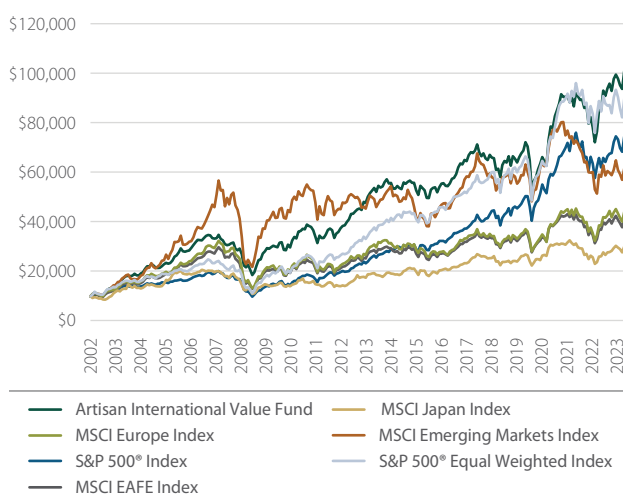
That is where capital is invested. All wealth creation is ultimately linked to commerce or the ability to generate a stream of cash flow. Hence, the underlying economics of these businesses is what will create or destroy value over a long period of time, no matter what the short-term movements are in the stock market.

We are often asked questions about "exposure," or how we are positioned for a bull or a bear market, or why we are over or underweight a particular geography. Those questions remind us of one of Clint Eastwood's lines in the movie *Million Dollar Baby*:

“Okay, you did two things wrong. First, you asked a question, and second, you asked another question.”

It is outside our thought process to answer those questions. They presume that one somehow knows the future direction of the stock market and can move billions of dollars to take advantage of an expected change. That’s the role of speculative traders, not wealth-building investment professionals. In fact, that is the central point. We do not think about our efforts as creating exposure, or positioning for some big change or even selling an investment product. We are diligent investors. Our objective is to create wealth—to build purchasing power. That is not a nuanced difference. Consider the following:

Exhibit 2: Hypothetical Growth of \$10,000 in the Artisan International Value Fund Since Inception
Growth of \$10,000



Source: eVestment/MSCI/S&P. As of 31 Dec 2023. Growth of \$10,000 is calculated at NAV and assumes that all dividend and capital gain distributions were reinvested. It does not take into account sales charges or the effect of taxes. **Results are not indicative of future performance.**

Exhibit 2 plots the performance of the Artisan International Value Fund relative to a series of indices since the Fund’s inception in 2002. It is curious that the equal weighted S&P 500® Index has outperformed the market capitalization weighted S&P 500® Index. That surprised us. Given the market’s focus on large technology growth stocks, it would seem implausible that if you had equal weighted your investments across 500 American companies you would outperform an index significantly driven by what is now referred to as the Magnificent Seven: Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla. Perhaps you have seen an advertisement for the MAGS ETF?

But more to the point, the Artisan International Value Fund at this distinct point in time (and this is a point-in-time reference) has outperformed the S&P 500® Index over the last 21 years. Here again, given the current popularity of large American tech stocks, it would seem unlikely that a fund that invests outside the US, where none of the Magnificent Seven reside, could have provided a better

return. Remember, foreign economies grow slower than the US, people are not as wealthy, and political structures are generally less friendly to business and markets. The movement in exchange rates creates further complications given that companies outside the US do not earn profits in dollars. The increased complexity, slower growth and relative lack of foreign growth stocks are the reasons why the MSCI EAFE, European and Japanese Indices returns (exposure) are at the bottom of the chart.

Yet the complexity of international markets scares off the uninitiated, creating great opportunity for a disciplined investor. Of course, that concept is not confined to investing outside the US. In any asset class, you will find a key difference between investors that are focused on earning money *for* the client and the exposure type products designed to earn money *from* the client.

That is why questions matter. Rather than thinking about exposure or positioning, we prefer to think about the businesses in which capital is invested. What are the prospects of those businesses, and, importantly, what price do we have to pay relative to the value of those prospects? Those are the important questions to ask, and the ones we will work hard to answer in these letters or in person. If the answers are satisfactory, you can look forward to a larger cake at your next birthday party.

Exposure can be secured cheaply and easily via one of Wall Street’s unthinking index or ETF products. With stocks, interest rates and currencies constantly moving up and down, it is easy to get pulled into a narrative promoting a need for constant change and to be presented investment products to serve that need. We focus on what matters—not a constant jockeying for position but rather investing in businesses with the use of a methodical and rigorous long-term approach.

Thank you for your support.

N. David Samra

ARTISAN CANVAS

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Carefully consider the Fund's investment objective, risks and charges and expenses. This and other important information is contained in the Fund's prospectus and summary prospectus, which can be obtained by calling 800.344.1770. Read carefully before investing.

Current and future portfolio holdings are subject to risk. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. These risks typically are greater in emerging and less developed markets, including frontier markets. Securities of small- and medium-sized companies tend to have a shorter history of operations, be more volatile and less liquid and may have underperformed securities of large companies during some periods. Value securities may underperform other asset types during a given period.

MSCI EAFE Index measures the performance of developed markets, excluding the US and Canada. MSCI All Country World ex USA Index measures the performance of developed and emerging markets, excluding the US. MSCI Emerging Markets Index measures the performance of emerging markets. MSCI China Index captures large and mid-cap representation across China A shares, H shares, B shares, Red chips, P chips and foreign listings (e.g., ADRs). The MSCI Europe Index captures large and mid-cap representation across 15 Developed Markets countries in Europe. MSCI Japan Index measures the performance of the large- and mid-cap segments of the Japanese market. S&P 500[®] Index measures the performance of 500 US companies focused on the large-cap sector of the market. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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Price-to-Earnings (P/E) ex-Cash is a valuation ratio of a company's current share price excluding cash holdings compared to its per-share earnings.

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