



# Artisan International Fund

MONTHLY  
Commentary

Investor Class: ARTIX | Advisor Class: APDIX As of 31 October 2016

## Commentary

Global equities began Q4—typically a strong period for markets—on a down note. Uncertainty tied to the impending US presidential election contributed to heightened volatility. A US dollar rally, driven in part by firming expectations for a rate hike at the Fed's December meeting, reduced USD-based returns. Markets also contended with questions over the future of European quantitative easing. Financials stocks benefited from a backup in interest rates, outpacing more defensive sectors, including health care. Small-cap stocks trailed large, while value bested growth.

Our portfolio trailed the MSCI EAFE Index during the month. Our below-benchmark weighting in banks hurt us as banks rallied on the rise in longer-term interest rates across global government bonds. On an individual holdings basis, our largest detractors included several of our consumer nondurable holdings, including Nestle, Unilever and Japan Tobacco, as investors sought more cyclical investments. Looking forward, we believe these companies are positioned to benefit from their unique brand strength and offering of products that their customers find essential. Companies such as Nestle and Unilever also have substantial exposure to emerging markets, where demand for branded products and packaged foods is growing. And in a global slow-growth environment, we're especially attracted to the high visibility into these companies' future earnings growth, afforded by their focus on cost savings.

Top individual contributors included Allianz, an insurance company, and Taiwan Semiconductor, a semiconductor manufacturer. Shares of Allianz continue to work their way back from declines suffered following Brexit. We remain attracted to the insurer's diversified business model, strong balance sheet and seasoned management team. Taiwan Semiconductor benefited from strong demand in the smartphone market.

We sold Cognizant Technology Solutions, an IT services company. Cognizant has struggled with budget cuts across its financial industry customers and delayed discretionary spending by its health care customers in light of pending M&A. We believe there are better opportunities elsewhere. Conversely, we bought financial services companies ING and UBS. In recent years, we have avoided banks due to headwinds from negative interest rate policies, a lack of loan growth and onerous capital requirements. However, ING and UBS are both high quality, well run franchises that are very well capitalized—and selling at attractive valuations, in our view. The potential for an improved interest-rate backdrop is an additional tailwind.

We continue to face headwinds tied to large inflows to passive strategies which structurally favor larger and more expensive stocks. However, there are signs this trend may be abating, as rising rate environments historically favor an active approach to stock selection. We will continue to focus on sustainable growth while placing a high amount of conviction behind companies we believe offer sustainable competitive advantages, strong management teams and reasonable valuations.

## Portfolio Details

	ARTIX	APDIX
Net Asset Value (NAV)	\$26.97	\$26.99
Inception	28 Dec 1995	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2016 <sup>1</sup>	1.18%	1.01%
Prospectus 30 Sep 2015	1.17%	1.02% <sup>2</sup>

<sup>1</sup>Unaudited, annualized for the six month period. <sup>2</sup>Includes estimated expenses for the current fiscal year.

## Top 10 Holdings (% of total portfolio)

Medtronic PLC (United States)	5.3
Nestle SA (Switzerland)	4.8
Japan Tobacco Inc (Japan)	4.7
Liberty Global PLC (United States)	4.2
Linde AG (Germany)	4.2
Deutsche Boerse AG (Germany)	3.8
AIA Group Ltd (Hong Kong)	3.7
Alibaba Group Holding Ltd (China)	3.5
Aon PLC (United States)	3.0
Canadian Pacific Railway Ltd (Canada)	2.9
<b>TOTAL</b>	<b>39.9%</b>

Source: Artisan Partners/FactSet (MSCI).

## Sector Diversification (% of total portfolio equities)

	Fund	EAFE <sup>1</sup>
Consumer Discretionary	10.4	12.5
Consumer Staples	23.3	11.8
Energy	0.0	5.0
Financials	17.8	20.2
Health Care	10.4	10.8
Industrials	12.2	14.1
Information Technology	8.5	5.5
Materials	6.6	7.7
Real Estate	1.6	3.9
Telecommunication Services	9.2	4.8
Utilities	0.0	3.7
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GLCS)/MSCI. Cash represented 3.1% of the total portfolio. <sup>1</sup>MSCI EAFE Index.

## Investment Results (%)

As of 31 October 2016	Average Annual Total Returns							
	MTD <sup>1</sup>	QTD <sup>1</sup>	YTD <sup>1</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	-4.70	-4.70	-5.96	-7.04	-2.37	6.31	2.80	8.55
Advisor Class: APDIX	-4.66	-4.66	-5.83	-6.86	-2.27	6.38	2.84	8.57
MSCI EAFE Index <sup>2</sup>	-2.05	-2.05	-0.35	-3.23	-1.31	4.99	1.22	4.22
MSCI All Country World ex USA Index <sup>2,3</sup>	-1.44	-1.44	4.30	0.22	-1.49	3.64	1.61	4.71

As of 30 September 2016

Investor Class: ARTIX	1.11	3.74	-1.32	5.39	0.30	10.07	3.58	8.84
Advisor Class: APDIX	1.11	3.78	-1.22	5.58	0.40	10.13	3.61	8.85
MSCI EAFE Index <sup>2</sup>	1.23	6.43	1.73	6.52	0.48	7.39	1.82	4.34
MSCI All Country World ex USA Index <sup>2,3</sup>	1.23	6.91	5.82	9.26	0.18	6.04	2.16	4.81

Source: Artisan Partners/MSCI. <sup>1</sup>Returns for periods less than one year are not annualized. <sup>2</sup>Inception 31 Dec 1995. <sup>3</sup>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. Advisor Class performance is that of the Investor Class from 28 December 1995 through the inception of the Advisor Class on 1 April 2015, and actual Advisor Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Advisor Class for the period prior to the Class's inception, and Advisor Class performance results would differ if such expenses were reflected.

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

## Region/Country Allocation (% of total portfolio equities)

REGION	Fund	EAFE <sup>1</sup>
<b>EUROPE</b>	<b>49.5</b>	<b>62.3</b>
Germany	19.6	9.1
Switzerland	7.6	8.7
United Kingdom	7.5	17.9
France	4.2	9.9
Netherlands	2.9	3.3
Ireland	2.0	0.5
Spain	1.7	3.2
Belgium	1.4	1.3
Sweden	1.2	2.7
Italy	1.0	2.0
Denmark	0.5	1.7
<b>AMERICAS</b>	<b>23.8</b>	<b>—</b>
United States	20.0	—
Canada	3.8	—
<b>PACIFIC BASIN</b>	<b>18.1</b>	<b>37.1</b>
Japan	13.8	24.7
Hong Kong	3.8	3.5
Australia	0.5	7.3
<b>EMERGING MARKETS</b>	<b>8.6</b>	<b>—</b>
China	6.0	—
Taiwan	2.2	—
Indonesia	0.3	—
Thailand	0.2	—
Korea	<0.1	—
<b>MIDDLE EAST</b>	<b>—</b>	<b>0.7</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (MSCI). <sup>1</sup>MSCI EAFE Index. Countries held in the index, but not held in the portfolio, are not listed.

## Team Leadership (Pictured left to right)



Portfolio Manager	Years of Investment Experience
Mark L. Yockey, CFA	36
<b>Associate Portfolio Managers</b>	
Charles-Henri Hamker	26
Andrew J. Euretig	12

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.

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 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. Growth 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. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The discussion of portfolio holdings does not constitute a recommendation of any individual security. These holdings comprise the following percentages of the Fund's total net assets as of 31 Oct 2016: Allianz SE 2.5%; ING Groep NV 0.9%; Taiwan Semiconductor Manufacturing Co LTD 2.1%; UBS Group AG 0.3%; Unilever PLC 2.1%. Securities named in the Commentary, but not listed as a Top Ten Holding or not listed here are not held in the Fund as of the date of this report. The portfolio managers' views and portfolio holdings are subject to change and the Fund disclaims any obligation to advise investors of such changes.

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