



# Artisan International Small Cap Fund

MONTHLY  
Commentary

Investor Class: ARTJX

As of 31 August 2017

## Commentary

Non-US small-cap stocks added to their QTD and YTD gains in August as markets shrugged off rising North Korea-related tensions. QTD returns (in USD terms) were augmented by currency translation effects as most major currencies (i.e., euro, yen) strengthened versus the US dollar. Returns were led by the utilities, technology and materials sectors. Materials sector returns were led by metals and mining stocks as metals prices (e.g., copper and aluminum) rallied, underpinned by strong industrial demand from China and a weak dollar. Energy stocks trailed.

Our portfolio performed in line with the MSCI EAFE Small Cap Index QTD. Wirecard and Banco del Bajío (BanBajío) were among our top contributors. Wirecard, a global payments processing company, is benefiting from structural growth in online payments evidenced by strong growth in transactions volume. BanBajío, a medium-sized Mexican bank, is a stock we added to the portfolio in Q2. Execution has been solid on both the top and bottom lines, with strong loan growth, increased net interest margins and good control of operating expenses. We continue to think the bank is well positioned in the attractive SME segment of the commercial lending market and the faster growth Bajío region.

Among our biggest detractors were AA and Vallourec. AA is the UK's leading roadside assistance service. Investors were caught by surprise when AA announced the removal of Chairman Bob McKenzie due to a personal issue, which was not related to the business. The company also reduced its outlook for full-year earnings as the first six months of the year were negatively impacted by volatility in workload patterns with June and July seeing significant spikes in demand. We believe the stock price weakness was overdone. The company has a stable and cash flow-positive business model—roughly three quarters of its earnings derive from roadside assistance contracts, which historically generated 50% margins and renewal rates of roughly 80%.

Shares of Vallourec, a provider of steel and alloy tubing to the oil and gas industry, were pressured by concerns of potential softening in oilfield activity levels and rig count momentum as some industry peers have offered mixed outlooks with the price of WTI crude hovering near \$50. We remain investors.

## Portfolio Details

Net Asset Value (NAV)	\$23.90
ARTJX Inception	21 December 2001
Expense Ratios	
Semi-Annual Report 31 Mar 2017 <sup>1</sup>	1.55%
Prospectus 30 Sep 2016 <sup>2</sup>	1.52%

<sup>1</sup>Unaudited, annualized for the six month period. <sup>2</sup>See prospectus for more information.

## Top 10 Holdings (% of total portfolio)

InterXion Holding NV (Netherlands)	6.5
Comet Holding AG (Switzerland)	6.3
Wirecard AG (Germany)	6.3
Euronext NV (France)	4.1
Cellnex Telecom SA (Spain)	3.6
NEX Group PLC (United Kingdom)	3.4
Advanced Accelerator Applications SA (France)	3.4
Dometic Group AB (Sweden)	3.1
Takkt AG (Germany)	3.0
Tele Columbus AG (Germany)	2.9
<b>TOTAL</b>	<b>42.6%</b>

Source: Artisan Partners/FactSet (MSCI).

## Sector Diversification (% of total portfolio equities)

	Fund	EAFE SC <sup>1</sup>
Consumer Discretionary	20.4	15.7
Consumer Staples	4.0	6.8
Energy	0.8	2.4
Financials	15.2	11.2
Health Care	15.5	7.0
Industrials	11.9	22.2
Information Technology	21.7	11.4
Materials	5.3	9.3
Real Estate	0.0	10.5
Telecommunication Services	3.8	1.3
Utilities	1.3	2.2
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 5.1% of the total portfolio. <sup>1</sup>MSCI EAFE Small Cap Index.

## Investment Results (%)

As of 31 August 2017	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: ARTJX	-1.36	4.46	20.71	11.69	2.50	9.01	3.81	11.73
MSCI EAFE Small Cap Index	0.82	4.47	21.94	21.98	8.07	13.25	4.45	10.63
MSCI EAFE Index	-0.04	2.85	17.05	17.64	2.83	8.48	1.62	6.27
As of 30 June 2017								
Investor Class: ARTJX	-0.87	9.11	15.56	10.22	-1.21	8.85	3.50	11.55
MSCI EAFE Small Cap Index	-0.02	8.10	16.72	23.18	5.60	12.94	3.41	10.44
MSCI EAFE Index	-0.18	6.12	13.81	20.27	1.15	8.69	1.03	6.15

Source: Artisan Partners/MSCI. <sup>1</sup>Returns for periods less than one year are not annualized.

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.

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

REGION	Fund	EAFE SC <sup>1</sup>
<b>EUROPE</b>	<b>84.1</b>	<b>57.5</b>
Germany	18.4	7.0
United Kingdom	12.1	18.1
France	10.8	4.4
Switzerland	7.6	4.8
Italy	7.2	4.1
Netherlands	6.8	2.2
Spain	6.6	2.4
Sweden	6.3	5.3
Denmark	4.0	1.8
Portugal	2.1	0.4
Ireland	1.6	1.0
Austria	0.5	1.0
<b>EMERGING MARKETS</b>	<b>8.6</b>	<b>—</b>
Mexico	2.9	—
Taiwan	2.7	—
Iceland	1.5	—
Poland	1.2	—
China	0.3	—
<b>AMERICAS</b>	<b>3.9</b>	<b>—</b>
Canada	2.4	—
United States	1.5	—
<b>PACIFIC BASIN</b>	<b>3.4</b>	<b>41.1</b>
Japan	2.3	30.0
Hong Kong	1.1	2.2
<b>MIDDLE EAST</b>	<b>—</b>	<b>1.5</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

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

## Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Mark L. Yockey, CFA	37
Charles-Henri Hamker	27

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 Small Cap Index measures the performance of small-cap companies in developed markets, excluding the US and Canada. MSCI EAFE Index measures the performance of developed markets, excluding the US and Canada. 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 Aug 2017: AA PLC 1.0%; Banco del Bajio SA 2.8%; Vallourec SA 0.8%. 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.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

The Global Industry Classification Standard (GICS<sup>®</sup>) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

Country exposure percentages reflect country designations as classified by MSCI as of the date shown. Securities not classified by MSCI reflect country designations as of the date the report was generated. Sector exposure percentages reflect sector designations as currently classified by GICS.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2017 Artisan Partners. All rights reserved.

9/7/2017 A17653L\_vR