



Artisan International Fund

MONTHLY
Commentary

Investor Class: ARTIX

Advisor Class: APDIX

As of 28 February 2017

Commentary

International stocks pushed higher in January and February against a strengthening macroeconomic backdrop. In the US, a measure of jobless claims fell to its lowest level since 1973, while European inflation moved further into positive territory—a promising departure from the deflationary pressures of 2016. Apart from energy, QTD strength was broad-based across sectors, and a weakening dollar was an additional boost for USD investors in non-USD stocks.

Despite losing some ground in February, our portfolio's strong January performance was enough to sustain its lead over the MSCI EAFE Index QTD. We benefited from our relatively light exposure to energy, which had been a hindrance in 2016. On the whole, our consumer discretionary, technology and health care holdings were also strong QTD performers.

European media company Liberty Global, Chinese e-commerce company Alibaba and global medical devices company Medtronic all rebounded nicely from a weak Q4 2016. Liberty Global has alleviated some competitive pressures in the Netherlands by forming a Dutch joint venture with Vodafone—consolidating the market into a more rational duopoly. Looking ahead, we believe wireless operators will increasingly rely on Liberty's network infrastructure for excess capacity as they begin rolling out 5G.

Alibaba is achieving strong core China commerce growth, improved margins and continued progress building its cloud business. We remain attracted to the secular growth prospects in online and mobile commerce—particularly given China's still-low penetration rate versus major developed markets.

New product launches and ongoing synergies from its 2015 merger with Covidien helped Medtronic stage a sharp turnaround. We continue to believe Medtronic is one of the best positioned companies to benefit from bundling and risk-sharing with hospitals. We're additionally attracted to Medtronic's strong free cash flow and believe shares trade at an attractive discount to our estimate of the company's future growth prospects.

On the down side, our currency exposures were a headwind over the short time period, including our relatively light exposure to the Japanese yen—which was up strongly in January. On an individual holdings basis, larger QTD detractors included Italian bank Intesa Sanpaolo and Italian insurer Generali. Shares of both have largely traded around M&A rumors, culminating with Intesa Sanpaolo's late February announcement that it will not pursue a Generali takeover. We envision any number of consolidation scenarios for Italy's banking and insurance industries, and the latest headlines do not derail our theses. As we discussed in our Q4 letter, we've recently found more opportunities in the financial sector against a backdrop of accelerating inflation and widening credit spreads.

Investment Results (%)

	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
As of 28 February 2017								
Investor Class: ARTIX	-0.07	5.19	5.19	3.86	-3.40	4.59	2.08	8.47
Advisor Class: APDIX	-0.07	5.20	5.20	4.07	-3.27	4.67	2.12	8.49
MSCI EAFE Index ²	1.43	4.37	4.37	15.75	-0.62	5.16	1.03	4.43
MSCI All Country World ex USA Index ^{2,3}	1.59	5.19	5.19	19.31	-0.19	3.55	1.38	4.90

As of 31 December 2016

	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	-0.04	-8.45	-9.66	-9.66	-4.90	6.19	1.64	8.27
Advisor Class: APDIX	0.04	-8.38	-9.50	-9.50	-4.78	6.27	1.68	8.29
MSCI EAFE Index ²	3.42	-0.71	1.00	1.00	-1.60	6.53	0.75	4.26
MSCI All Country World ex USA Index ^{2,3}	2.56	-1.25	4.50	4.50	-1.78	5.00	0.96	4.69

Source: Artisan Partners/MSCI. ¹Returns for periods less than one year are not annualized. ²Inception 31 Dec 1995. ³Performance 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.

Portfolio Details

	ARTIX	APDIX
Net Asset Value (NAV)	\$26.94	\$26.90
Inception	28 Dec 1995	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2016	1.19%	1.01%
Prospectus 30 Sep 2016 ¹	1.19%	1.01%

¹See prospectus for more information.

Top 10 Holdings (% of total portfolio)

Liberty Global PLC (United States)	4.1
Deutsche Boerse AG (Germany)	4.1
Linde AG (Germany)	4.0
Japan Tobacco Inc (Japan)	3.7
Allianz SE (Germany)	3.7
Nestle SA (Switzerland)	3.5
Canadian Pacific Railway Ltd (Canada)	3.4
Medtronic PLC (United States)	3.3
Alibaba Group Holding Ltd (China)	3.1
Aon PLC (United States)	3.1
TOTAL	36.0%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE ¹
Consumer Discretionary	7.8	12.3
Consumer Staples	15.8	11.3
Energy	0.9	5.0
Financials	29.0	21.1
Health Care	6.9	10.8
Industrials	14.9	14.2
Information Technology	9.2	5.6
Materials	7.1	8.1
Real Estate	1.4	3.8
Telecommunication Services	7.1	4.5
Utilities	0.0	3.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 4.0% of the total portfolio. ¹MSCI EAFE Index.

Average Annual Total Returns

Source: Artisan Partners/MSCI. ¹Returns for periods less than one year are not annualized. ²Inception 31 Dec 1995. ³Performance 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.

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Region/Country Allocation (% of total portfolio equities)

REGION	Fund	EAFE ¹
EUROPE	53.9	62.5
Germany	21.0	9.2
Switzerland	6.8	8.8
Netherlands	6.0	3.4
Italy	5.0	2.0
France	5.0	9.8
United Kingdom	3.5	18.0
Ireland	2.3	0.5
Spain	1.6	3.1
Sweden	1.2	2.9
Belgium	0.9	1.2
Denmark	0.6	1.7
AMERICAS	20.0	—
United States	15.7	—
Canada	4.3	—
PACIFIC BASIN	17.8	36.8
Japan	13.7	24.3
Hong Kong	2.9	3.4
Australia	1.2	7.6
EMERGING MARKETS	8.2	—
China	4.2	—
Taiwan	2.2	—
Korea	0.9	—
Russia	0.6	—
Indonesia	0.3	—
Thailand	0.2	—
MIDDLE EAST	—	0.7
TOTAL	100.0%	100.0%

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

Team Leadership (Pictured left to right)

Portfolio Manager

Mark L. Yockey, CFA

Years of Investment Experience

36

Associate Portfolio Managers

Charles-Henri Hamker

27

Andrew J. Euretig

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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.

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 28 Feb 2017: Assicurazioni Generali SpA 1.5%; Intesa Sanpaolo SpA 1.4%. 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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Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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