



Artisan International Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTJX

As of 28 February 2017

Commentary

International small-cap 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.

Our portfolio participated in the market rally, though lagged the MSCI EAFE Small Cap Index QTD. Our relatively strong performance in the technology and real estate sectors was offset by weakness among our industrials, health care and consumer discretionary holdings. Our currency exposures were an additional headwind over the short time period, including our relatively light exposure to the Japanese yen—up strongly in January.

On an individual holdings basis, Vallourec and Ginko both detracted from performance. France-based Vallourec—a Q4 2016 purchase—is a leading provider of products and steel fabrication used in the oil and gas industry. The company recently guided for delayed pricing recovery in the offshore oil and gas market, resulting in a credit downgrade and share-price weakness. We think the share price reaction was overdone. Following its successful rights offering last year, we see Vallourec positioned nicely for a turnaround, and believe its capital position is stronger than the market's perception. We're also attracted to Vallourec's exposure to the growing North America shale industry—a less significant share of company revenues but nonetheless a sizeable growth opportunity.

As of late, Taiwan-based contact lens maker Ginko—whose major market is China—is contending with FX headwinds from a weaker RMB. Despite the setback, we're still attracted to Ginko's market-share dominance in the fast-growing Chinese market, where the contact lens penetration rate is significantly underpenetrated vis-à-vis developed markets.

Conversely, Wirecard and InterXion were both top QTD contributors, bouncing after losing ground in Q4. Wirecard fundamentals remain strong, and the company is bolstering its position in high-growth emerging markets. Ultimately, we see Wirecard as one of the best-positioned companies to participate in the secular growth of e-commerce globally.

InterXion is a European data center company. We're attracted to the secular growth in data center demand, driven by rising global data traffic levels, growth in cloud computing and the cost-saving advantages afforded by outsourcing data storage needs. We also believe InterXion can be considered for acquisition by North American data center companies seeking to expand into Europe.

Looking forward, we continue to believe that by investing in good quality companies with strong earnings growth and being disciplined about valuation, we will deliver superior results over the long term.

Portfolio Details

Net Asset Value (NAV)	\$20.52
ARTJX Inception	21 December 2001
Expense Ratios	
Annual Report 30 Sep 2016	1.51%
Prospectus 30 Sep 2016 ¹	1.52%

¹See prospectus for more information.

Top 10 Holdings (% of total portfolio)

Comet Holding AG (Switzerland)	5.0
InterXion Holding NV (Netherlands)	5.0
Wirecard AG (Germany)	4.8
Ginko International Co Ltd (Taiwan)	4.4
Takkt AG (Germany)	4.1
Dignity PLC (United Kingdom)	3.5
Elis SA (France)	3.4
Aareal Bank AG (Germany)	3.2
Enav SpA (Italy)	3.1
HomeServe PLC (United Kingdom)	3.0
TOTAL	39.3%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE SC ¹
Consumer Discretionary	17.6	15.9
Consumer Staples	10.5	6.8
Energy	1.1	2.8
Financials	10.9	11.4
Health Care	9.9	7.0
Industrials	22.6	22.0
Information Technology	15.3	10.6
Materials	3.5	9.7
Real Estate	1.6	10.9
Telecommunication Services	5.5	1.1
Utilities	1.4	1.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 4.3% of the total portfolio. ¹MSCI EAFE Small Cap Index.

Investment Results (%)

As of 28 February 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	0.79	3.64	3.64	0.96	-5.98	5.54	3.46	11.02
MSCI EAFE Small Cap Index	2.24	5.85	5.85	17.53	2.74	8.78	3.15	9.97
MSCI EAFE Index	1.43	4.37	4.37	15.75	-0.62	5.16	1.03	5.68
As of 31 December 2016								
Investor Class: ARTJX	2.33	-9.31	-12.88	-12.88	-5.21	8.17	3.31	10.88
MSCI EAFE Small Cap Index	2.87	-2.86	2.18	2.18	2.10	10.56	2.95	9.67
MSCI EAFE Index	3.42	-0.71	1.00	1.00	-1.60	6.53	0.75	5.45

Source: Artisan Partners/MSCI. ¹Returns 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 ¹
EUROPE	79.5	54.7
United Kingdom	17.2	17.6
Germany	15.4	6.2
France	11.1	4.2
Italy	9.3	3.7
Denmark	6.5	1.5
Spain	5.3	2.5
Switzerland	5.2	4.7
Netherlands	5.2	2.0
Sweden	4.3	5.1
EMERGING MARKETS	10.7	—
Korea	6.1	—
Taiwan	4.6	—
PACIFIC BASIN	6.1	43.8
Singapore	2.8	1.8
Japan	2.2	31.9
Hong Kong	1.2	2.4
AMERICAS	3.7	—
Canada	3.7	—
MIDDLE EAST	—	1.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (MSCI). ¹MSCI 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	36
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 28 Feb 2017: Vallourec SA 1.1%. 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.

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

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