



Artisan International Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTJX

As of 31 July 2017

Commentary

Market volatility remained muted in July as international small-cap equity prices grinded higher. A significant component of the monthly return (in USD terms) came from currency translation effects as most major currencies (i.e., euro, yen) strengthened versus the US dollar. Roughly halfway through the Q2 earnings season, corporate earnings and sales growth is proving healthy. Returns by sector were fairly uniform, with most sectors generating total returns in the range of 3% to 5%. Financials, technology and telecom led with returns at the high end of that range. The health care and consumer staples sectors trailed as investors favored stocks more geared to economic recovery.

Positive stock selection drove portfolio outperformance in July with our technology, health care and financials holdings notable contributors. Wirecard, Ginko International and Banco del Bajío (BanBajío) were among our top contributors in these sectors. Wirecard, a global payments processing company, continues to benefit from structural growth in online payments.

Ginko, a Taiwan-based contact lens maker, has been a weak performer over the past 18 months. The company—whose major market is China—has contended with FX headwinds from a weaker Chinese renminbi. In late July, shares shot higher when the Chairman guided for better sales growth in the second half of 2017, aided by new product launches, favorable seasonality and improved operations.

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 margin 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.

Our biggest detractors were Cosmax and Domino's Pizza Group. Cosmax, a Korea-based cosmetics manufacturer (which we discussed in our Q2 letter) remained weak this month with no additional news. Deteriorating relations between the South Korean and Chinese governments has been an overhang on the stock as China is a major market for the company. Given the increased risk from its heavy exposure to Chinese demand, we exited our position.

Domino's Pizza Group, a UK-based master franchise of the Domino's Pizza delivery chain, experienced slowing same-store-sales growth in the first half of 2017. Though disappointing, the company raised its expectations for unit growth, which means franchisees are continuing to invest in new space, and it remains a high returns business. Following the pullback, the stock is trading as cheap as it has since 2009. We remain investors.

Portfolio Details

Net Asset Value (NAV)	\$24.23
ARTJX Inception	21 December 2001
Expense Ratios	
Semi-Annual Report 31 Mar 2017 ¹	1.55%
Prospectus 30 Sep 2016 ²	1.52%

¹Unaudited, annualized for the six month period. ²See prospectus for more information.

Top 10 Holdings (% of total portfolio)

Wirecard AG (Germany)	6.2
Comet Holding AG (Switzerland)	6.1
InterXion Holding NV (Netherlands)	5.8
Cellnex Telecom SA (Spain)	3.6
Euronext NV (France)	3.6
NEX Group PLC (United Kingdom)	3.5
Advanced Accelerator Applications SA (France)	3.3
Ginko International Co Ltd (Taiwan)	3.2
Dometic Group AB (Sweden)	3.1
Takkt AG (Germany)	3.0
TOTAL	41.4%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE SC ¹
Consumer Discretionary	21.1	15.9
Consumer Staples	4.0	6.7
Energy	1.3	2.4
Financials	14.4	11.4
Health Care	15.4	6.9
Industrials	11.6	22.2
Information Technology	21.6	11.4
Materials	5.4	9.2
Real Estate	0.0	10.5
Telecommunication Services	3.8	1.3
Utilities	1.3	2.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 5.0% of the total portfolio. ¹MSCI EAFE Small Cap Index.

Investment Results (%)

As of 31 July 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	5.90	5.90	22.37	11.85	2.81	9.92	3.78	11.90
MSCI EAFE Small Cap Index	3.62	3.62	20.95	20.27	7.71	13.66	3.82	10.63
MSCI EAFE Index	2.88	2.88	17.09	17.77	2.79	9.06	1.46	6.31

As of 30 June 2017	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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. 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	82.6	57.8
Germany	17.9	6.9
United Kingdom	12.8	18.5
France	10.7	4.4
Switzerland	7.4	4.9
Italy	7.3	4.1
Spain	6.6	2.4
Sweden	6.1	5.3
Netherlands	6.1	2.2
Denmark	3.9	1.8
Portugal	1.9	0.4
Ireland	1.5	1.0
Austria	0.5	1.0
EMERGING MARKETS	10.0	—
Taiwan	3.4	—
Mexico	2.9	—
Iceland	1.4	—
Poland	1.2	—
Korea	0.9	—
China	0.3	—
AMERICAS	3.9	—
Canada	2.4	—
United States	1.6	—
PACIFIC BASIN	3.5	40.8
Japan	2.4	29.6
Hong Kong	1.1	2.2
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 31 Jul 2017: Banco del Bajio SA 2.7%; Domino's Pizza Group PLC 1.2%. 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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