



Artisan International Fund

MONTHLY
Commentary

Investor Class: ARTIX | Advisor Class: APDIX As of 30 June 2017

Commentary

Non-US equities advanced in Q2 as markets responded to a pick-up in global growth and solid corporate earnings. Further, Macron's election victory in France buoyed sentiment as it raised hopes of reforms, not only in France, but throughout the euro zone. Strength was fairly broad-based as all sectors participated in the advance, save energy—a top performer in 2016—as commodity-oriented stocks generally lagged. Growth stocks meaningfully outpaced their value peers, a continuation from Q1. Additionally, the euro's appreciation versus the US dollar remained a tailwind for USD-based investors.

Our portfolio outpaced its benchmark in Q2, putting it solidly ahead YTD. Outperformance during the quarter was largely driven by stock picking. The portfolio distinctly benefited from the growth-over-value performance pattern, in contrast to 2016's value-led market, which had acted as a relative-performance headwind. Many of our biggest holdings were among our top contributors, such as long-time holdings Ryanair, a low-cost airline, and Linde, an industrial gases supplier. Other top contributors included stocks we added to the portfolio in the second half of 2016, including Alibaba, China's largest e-commerce company, and European financial services providers ING and Intesa Sanpaolo.

Our biggest detractors included Liberty Global, the largest cable operator in Europe, and Tenaris, a provider of steel pipe products mainly for the oil and gas industry. Liberty's pace of new builds in the UK—its largest geography—were weaker than expected, thereby reducing its forward growth estimates in the UK business. Though disappointing, we remain attracted to Liberty's market-share dominance, pricing power and superior broadband network. Tenaris was weak alongside much of the energy sector. We exited our position in favor of other opportunities.

In comparison to the second half of 2016, when we had above-average portfolio activity as our fundamental research identified new areas of growth at more compelling valuations, turnover in Q2 was more in-line with historical averages. Among our new purchases this quarter were Deutsche Telekom, a German telecommunications company, Eiffage, a French construction and public works company, and Tencent, a Chinese Internet company we have previously held. We will discuss these stocks, among others, in greater detail in the Q2 letter.

Investment Results (%)

As of 30 June 2017	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	1.06	9.53	19.37	13.37	-0.25	7.86	2.43	8.97
Advisor Class: APDIX	1.09	9.58	19.44	13.56	-0.11	7.95	2.47	8.99
MSCI EAFE Index ²	-0.18	6.12	13.81	20.27	1.15	8.69	1.03	4.78
MSCI All Country World ex USA Index ^{2,3}	0.31	5.78	14.10	20.45	0.80	7.22	1.13	5.22

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.

Portfolio Details

	ARTIX	APDIX
Net Asset Value (NAV)	\$30.57	\$30.54
Inception	28 Dec 1995	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2017 ¹	1.22%	1.04%
Prospectus 30 Sep 2016 ²	1.19%	1.01%

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

Top 10 Holdings (% of total portfolio)

Deutsche Boerse AG (Germany)	4.4
Linde AG (Germany)	4.3
Alibaba Group Holding Ltd (China)	3.8
Nestle SA (Switzerland)	3.6
Allianz SE (Germany)	3.5
Canadian Pacific Railway Ltd (Canada)	3.5
ING Groep NV (Netherlands)	3.4
Medtronic PLC (United States)	3.4
Ryanair Holdings PLC (Ireland)	3.2
Liberty Global PLC (United States)	3.2
TOTAL	36.3%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE ¹
Consumer Discretionary	7.4	12.1
Consumer Staples	16.7	11.5
Energy	0.4	4.7
Financials	24.6	21.5
Health Care	7.1	10.8
Industrials	17.4	14.5
Information Technology	14.7	6.1
Materials	6.3	7.5
Real Estate	0.8	3.6
Telecommunication Services	4.7	4.3
Utilities	0.0	3.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 4.5% of the total portfolio. ¹MSCI EAFE Index.

Average Annual Total Returns

	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	13.37	-0.25	7.86	2.43	8.97
Advisor Class: APDIX	13.56	-0.11	7.95	2.47	8.99
MSCI EAFE Index ²	20.27	1.15	8.69	1.03	4.78
MSCI All Country World ex USA Index ^{2,3}	20.45	0.80	7.22	1.13	5.22

Region/Country Allocation (% of total portfolio equities)

REGION	Fund	EAFE ¹
EUROPE	55.1	63.8
Germany	23.7	9.5
Netherlands	6.5	3.5
United Kingdom	5.5	17.7
Switzerland	4.8	8.5
Italy	4.7	2.3
France	4.2	10.5
Ireland	3.4	0.5
Spain	1.8	3.5
Denmark	0.3	1.8
Belgium	0.3	1.1
AMERICAS	19.7	—
United States	16.0	—
Canada	3.7	—
EMERGING MARKETS	13.1	—
China	5.5	—
Korea	2.9	—
Taiwan	2.0	—
Brazil	0.7	—
Indonesia	0.7	—
Mexico	0.6	—
Russia	0.5	—
Chile	0.1	—
PACIFIC BASIN	12.1	35.5
Japan	9.2	23.4
Hong Kong	2.8	3.5
Australia	0.1	7.1
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	Years of Investment Experience
Mark L. Yockey, CFA	36
Associate Portfolio Managers	
Charles-Henri Hamker	27
Andrew J. Euretig	13

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 30 Jun 2017: Deutsche Telekom AG 1.3%; Eiffage SA 1.1%; Intesa Sanpaolo SpA 1.9%; Tencent Holdings Ltd 0.5%. 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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