



Artisan International Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTJX

As of 30 June 2017

Commentary

Non-US small-cap 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 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. The portfolio benefited from the growth-over-value performance pattern, in contrast to 2016's value-led market, which had acted as a relative-performance headwind. In addition, currency effects were positive, driven by our above-benchmark exposure to the euro and light exposure to the Japanese yen.

Berendsen, a European contract linen and laundry business, was a top contributor. Berendsen agreed to a takeover offer from industry peer Elis, valuing Berendsen's shares at a 45% premium. Berendsen had initially rebuffed Elis's offer, contending that it undervalued the company, but accepted the revised bid. We believe a deal makes sense for both sets of shareholders. We exited our positions in both names in June as shares approached our target valuations.

Our biggest detractor was Ginko International, a Taiwan-based contact lens maker whose major market is China. Ginko continues to contend with FX headwinds from a weaker RMB. However, on a constant currency basis, the company is growing revenue at mid-teens percentage rates, which is faster than the overall market. We remain attracted to Ginko's market-share dominance in the fast-growing Chinese market.

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 Dalata Hotel Group, an Irish hotel group that owns and operates hotels in Ireland and the UK, and commercial banks Banco Comercial Portugues and Banco del Bajio. We will discuss these stocks, among others, in greater detail in the Q2 letter.

Portfolio Details

Net Asset Value (NAV)	\$22.88
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)

InterXion Holding NV (Netherlands)	5.8
Comet Holding AG (Switzerland)	5.6
Wirecard AG (Germany)	5.5
Cellnex Telecom SA (Spain)	3.5
Dometic Group AB (Sweden)	3.4
Euronext NV (France)	3.4
Takkt AG (Germany)	3.2
Tele Columbus AG (Germany)	3.0
Dignity PLC (United Kingdom)	2.9
Ginko International Co Ltd (Taiwan)	2.9
TOTAL	39.2%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE SC ¹
Consumer Discretionary	21.6	15.8
Consumer Staples	6.2	6.7
Energy	1.4	2.4
Financials	12.1	11.3
Health Care	13.8	7.0
Industrials	14.5	22.3
Information Technology	19.7	11.2
Materials	5.7	9.1
Real Estate	0.0	10.6
Telecommunication Services	3.7	1.3
Utilities	1.3	2.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 4.6% of the total portfolio. ¹MSCI EAFE Small Cap Index.

Investment Results (%)

As of 30 June 2017	Average Annual Total Returns							
	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	79.2	57.3
Germany	17.3	6.5
United Kingdom	12.7	18.4
France	9.8	4.4
Italy	7.3	3.9
Sweden	6.3	5.4
Spain	6.2	2.4
Netherlands	6.1	2.2
Switzerland	5.8	4.9
Denmark	3.7	1.7
Portugal	1.9	0.4
Ireland	1.6	1.0
Austria	0.5	1.0
EMERGING MARKETS	10.6	—
Korea	4.0	—
Taiwan	3.0	—
Mexico	1.7	—
Poland	0.9	—
Iceland	0.8	—
China	0.2	—
PACIFIC BASIN	6.0	41.1
Japan	3.1	29.9
Singapore	1.7	1.6
Hong Kong	1.2	2.3
AMERICAS	4.2	—
Canada	2.5	—
United States	1.7	—
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 30 Jun 2017: Banco Comercial Portugues SA 1.8%; Banco del Bajio SA 1.6%; Dalata Hotel Group PLC 1.5%. 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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