



# Artisan International Fund

MONTHLY  
Commentary

Investor Class: ARTIX | Advisor Class: APDIX As of 31 October 2017

## Commentary

Led by continued strength in the technology sector, global equities added to their YTD gains in October. Sentiment was supported by solid Q3 earnings with particularly strong reports from technology companies. Macro events were also positive for risk assets. Xi Jinping, the head of China's ruling communist party, secured a second five-year term and became the most powerful Chinese leader since Mao Zedong when the party leadership voted to enshrine his ideology in its constitution. In Japan, Prime Minister Abe's ruling coalition won a clear majority in a snap election. As expected, the ECB announced it would scale back its monthly asset purchases—to €30bn beginning in January 2018—but chose to extend its QE program by nine months.

Our portfolio performed in line with the MSCI EAFE Index in October, maintaining its sizable YTD lead. Our above-benchmark exposure to the technology sector was beneficial as many of our top contributors were technology stocks. Global payments processing company Wirecard and Chinese e-commerce leader Alibaba—holdings we discussed in our Q3 letter—were standouts once again during the month as they continue to produce attractive earnings growth.

Samsung Electronics, a stock we added to the portfolio in Q1 2017, was another big gainer. Samsung is the world's biggest maker of memory chips, smartphones and televisions. Samsung posted record quarterly profits driven by its memory chips and display businesses. Tight supply and strong demand for memory chips has fueled strong gains in chip prices. The company is significantly cash generative and remains committed to returning capital to shareholders—announcing this month it plans to double dividends in the next three years.

Our biggest detractor in October was ConvaTec Group, a manufacturer of medical products and technologies in the areas of wound and skin care, ostomy care, continence and critical care and infusion devices. Quarterly sales growth disappointed, largely because of supply disruptions related to shifting production from the US to the Dominican Republic. The poor execution raises questions about management, but recent manufacturing issues appear fixable, in our view. We added to our position on weakness as the stock price decline looks overdone.

## Investment Results (%)

As of 31 October 2017	MTD <sup>1</sup>	QTD <sup>1</sup>	YTD <sup>1</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception
<b>Investor Class: ARTIX</b>	<b>1.58</b>	<b>1.58</b>	<b>28.04</b>	<b>23.00</b>	<b>3.48</b>	<b>7.87</b>	<b>1.78</b>	<b>9.17</b>
<b>Advisor Class: APDIX</b>	<b>1.58</b>	<b>1.58</b>	<b>28.12</b>	<b>23.13</b>	<b>3.63</b>	<b>7.96</b>	<b>1.82</b>	<b>9.19</b>
MSCI EAFE Index <sup>2</sup>	1.52	1.52	21.78	23.44	6.08	8.53	1.10	5.03
MSCI All Country World ex USA Index <sup>2,3</sup>	1.88	1.88	23.41	23.64	5.71	7.29	0.92	5.51

As of 30 September 2017

As of 30 September 2017	MTD <sup>1</sup>	QTD <sup>1</sup>	YTD <sup>1</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception
<b>Investor Class: ARTIX</b>	<b>1.99</b>	<b>5.59</b>	<b>26.04</b>	<b>15.39</b>	<b>3.23</b>	<b>7.47</b>	<b>2.45</b>	<b>9.13</b>
<b>Advisor Class: APDIX</b>	<b>1.99</b>	<b>5.60</b>	<b>26.12</b>	<b>15.56</b>	<b>3.38</b>	<b>7.56</b>	<b>2.50</b>	<b>9.15</b>
MSCI EAFE Index <sup>2</sup>	2.49	5.40	19.96	19.10	5.04	8.38	1.34	4.98
MSCI All Country World ex USA Index <sup>2,3</sup>	1.86	6.16	21.13	19.61	4.70	6.97	1.28	5.44

Source: Artisan Partners/MSCI. <sup>1</sup>Returns for periods less than one year are not annualized. <sup>2</sup>Inception 31 Dec 1995. <sup>3</sup>Performance 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)	\$32.79	\$32.76
Inception	28 Dec 1995	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2017 <sup>1</sup>	1.22%	1.04%
Prospectus 30 Sep 2016 <sup>2</sup>	1.19%	1.01%

<sup>1</sup>Unaudited, annualized for the six month period. <sup>2</sup>See prospectus for more information.

## Top 10 Holdings (% of total portfolio)

Alibaba Group Holding Ltd (China)	4.6
Linde AG (Germany)	4.6
Deutsche Boerse AG (Germany)	4.5
Allianz SE (Germany)	3.9
ING Groep NV (Netherlands)	3.6
Nestle SA (Switzerland)	3.3
Wirecard AG (Germany)	3.2
Aon PLC (United States)	3.1
Canadian Pacific Railway Ltd (Canada)	3.1
Nintendo Co Ltd (Japan)	2.9
<b>TOTAL</b>	<b>36.8%</b>

Source: Artisan Partners/FactSet (MSCI).

## Sector Diversification (% of total portfolio equities)

	Fund	EAFE <sup>1</sup>
Consumer Discretionary	5.0	12.2
Consumer Staples	13.6	11.2
Energy	0.1	5.2
Financials	26.0	21.2
Health Care	6.0	10.2
Industrials	18.1	14.6
Information Technology	19.5	6.5
Materials	9.3	8.0
Real Estate	0.0	3.5
Telecommunication Services	2.4	4.0
Utilities	0.0	3.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 0.9% of the total portfolio. <sup>1</sup>MSCI EAFE Index.

## Average Annual Total Returns

	1 Yr	3 Yr	5 Yr	10 Yr	Inception
<b>Investor Class: ARTIX</b>	<b>23.00</b>	<b>3.48</b>	<b>7.87</b>	<b>1.78</b>	<b>9.17</b>
<b>Advisor Class: APDIX</b>	<b>23.13</b>	<b>3.63</b>	<b>7.96</b>	<b>1.82</b>	<b>9.19</b>
MSCI EAFE Index <sup>2</sup>	23.44	6.08	8.53	1.10	5.03
MSCI All Country World ex USA Index <sup>2,3</sup>	23.64	5.71	7.29	0.92	5.51

## Region/Country Allocation (% of total portfolio equities)

REGION	Fund	EAFE <sup>1</sup>
<b>EUROPE</b>	<b>56.2</b>	<b>64.1</b>
Germany	24.5	9.8
United Kingdom	7.7	17.6
Netherlands	6.3	3.7
Italy	4.7	2.4
Switzerland	4.1	8.0
France	4.0	10.7
Ireland	2.9	0.5
Spain	1.7	3.4
Denmark	0.3	1.9
<b>AMERICAS</b>	<b>16.6</b>	<b>—</b>
United States	13.5	—
Canada	3.1	—
<b>EMERGING MARKETS</b>	<b>14.1</b>	<b>—</b>
China	7.0	—
Korea	3.1	—
Taiwan	1.2	—
Russia	1.1	—
Indonesia	0.6	—
Brazil	0.6	—
South Africa	0.4	—
Chile	0.1	—
<b>PACIFIC BASIN</b>	<b>13.0</b>	<b>35.5</b>
Japan	10.5	23.8
Hong Kong	2.6	3.4
<b>MIDDLE EAST</b>	<b>—</b>	<b>0.5</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (MSCI). <sup>1</sup>MSCI 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	37
<b>Associate Portfolio Managers</b>	
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 31 Oct 2017: ConvaTec Group PLC 1.1%; Samsung Electronics Co Ltd 2.6%. 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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