



# Artisan International Small Cap Fund

MONTHLY  
Commentary

Investor Class: ARTJX

As of 31 October 2017

## Commentary

Led by continued strength in the technology sector, non-US small-cap 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 outperformed the MSCI EAFE Small Cap Index in October. 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 Swiss high-tech components producer Comet—holdings which were strong gainers in Q3—were standouts once again.

Our top individual contributor this month was Advanced Acceleration Applications (AAP), a French radiopharmaceutical company that produces radioactive drugs used to diagnose and treat cancer, among other diseases. Lutathera, the company's new drug for treating neuroendocrine tumors (NETs), received final EU approval in September and is now expected to receive FDA approval by January 2018. Our thesis has been based on our expectation that Lutathera's impressive clinical results indicated a high probability of regulatory approval. In addition, we believed the market was underappreciating the opportunity for the drug to treat all types of NETs, beyond the specific type studied in clinical trials.

Our biggest detractor in October was Takkt, a German business equipment provider with revenues sourced roughly equally from Europe and the US. Takkt provides one-stop shopping for equipment, supplies and accessories for offices and warehouses. Organic growth has slowed slightly due to weak demand for food-service equipment and supplies, in addition to a calendar effect as there were fewer working days versus the year-ago period. However, the company reiterated its fiscal-year guidance, which we believe is achievable. We continue to find Takkt's non-capital intensive business model and exceptional free cash flow generation attractive, and we see additional upside opportunity through market share gains in fragmented European markets.

## Portfolio Details

Net Asset Value (NAV)	\$25.21
ARTJX Inception	21 December 2001
Expense Ratios	
Semi-Annual Report 31 Mar 2017 <sup>1</sup>	1.55%
Prospectus 30 Sep 2016 <sup>2</sup>	1.52%

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

## Top 10 Holdings (% of total portfolio)

Wirecard AG (Germany)	6.5
InterXion Holding NV (Netherlands)	6.3
Comet Holding AG (Switzerland)	6.0
Advanced Accelerator Applications SA (France)	5.2
Euronext NV (France)	4.0
NEX Group PLC (United Kingdom)	3.9
Cellnex Telecom SA (Spain)	3.8
Dometic Group AB (Sweden)	3.0
Tele Columbus AG (Germany)	2.6
HomeServe PLC (United Kingdom)	2.4
<b>TOTAL</b>	<b>43.7%</b>

Source: Artisan Partners/FactSet (MSCI).

## Sector Diversification (% of total portfolio equities)

	Fund	EAFE SC <sup>1</sup>
Consumer Discretionary	19.0	15.8
Consumer Staples	2.6	6.6
Energy	0.0	2.2
Financials	14.5	11.4
Health Care	15.8	6.7
Industrials	13.6	22.4
Information Technology	24.0	12.0
Materials	4.3	9.5
Real Estate	1.5	10.1
Telecommunication Services	4.0	1.3
Utilities	0.8	2.1
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 5.4% of the total portfolio. <sup>1</sup>MSCI EAFE Small Cap Index.

## Investment Results (%)

As of 31 October 2017	Average Annual Total Returns							
	MTD <sup>1</sup>	QTD <sup>1</sup>	YTD <sup>1</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception
<b>Investor Class: ARTJX</b>	<b>2.11</b>	<b>2.11</b>	<b>27.32</b>	<b>22.50</b>	<b>6.31</b>	<b>8.34</b>	<b>2.79</b>	<b>11.98</b>
MSCI EAFE Small Cap Index	1.69	1.69	27.54	27.51	12.51	13.03	4.18	10.82
MSCI EAFE Index	1.52	1.52	21.78	23.44	6.08	8.53	1.10	6.47

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: ARTJX</b>	<b>3.31</b>	<b>7.91</b>	<b>24.70</b>	<b>13.09</b>	<b>5.75</b>	<b>8.36</b>	<b>3.41</b>	<b>11.90</b>
MSCI EAFE Small Cap Index	2.85	7.46	25.42	21.84	11.13	12.85	4.63	10.77
MSCI EAFE Index	2.49	5.40	19.96	19.10	5.04	8.38	1.34	6.40

Source: Artisan Partners/MSCI. <sup>1</sup>Returns for periods less than one year are not annualized.

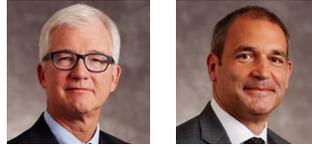
Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance.

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

REGION	Fund	EAFE SC <sup>1</sup>
<b>EUROPE</b>	<b>83.6</b>	<b>57.3</b>
Germany	15.5	6.9
United Kingdom	13.2	18.2
France	11.3	4.5
Italy	7.3	4.1
Sweden	7.1	5.1
Switzerland	7.0	4.8
Netherlands	6.6	2.3
Denmark	4.7	1.7
Spain	4.0	2.3
Ireland	3.2	1.0
Portugal	2.3	0.4
Finland	0.8	1.5
Austria	0.6	0.9
<b>EMERGING MARKETS</b>	<b>7.8</b>	<b>—</b>
Taiwan	2.6	—
Mexico	2.5	—
Iceland	1.6	—
Poland	1.1	—
<b>PACIFIC BASIN</b>	<b>5.9</b>	<b>41.2</b>
Japan	2.3	30.2
Australia	2.0	6.2
Hong Kong	1.5	2.2
<b>AMERICAS</b>	<b>2.8</b>	<b>—</b>
United States	1.5	—
Canada	1.3	—
<b>MIDDLE EAST</b>	<b>—</b>	<b>1.5</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (MSCI). <sup>1</sup>MSCI 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	37
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 Oct 2017: Takkt AG 2.0%. 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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**Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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