



Artisan International Fund

MONTHLY
Commentary

Investor Class: ARTIX

Advisor Class: APDIX

As of 30 September 2017

Commentary

September failed to live up to its reputation as one of the more precarious months for equities as volatility remained stolid and the broad indices added to their Q3 and YTD gains. Economic indicators globally continue to point to solid growth, supporting earnings growth and market sentiment. Besides the now-regular headlines surrounding North Korea, key macro news of the month concerned the German election and the Federal Reserve's widely anticipated decision to begin reducing its balance sheet. The German election resulted in a fourth term for Angela Merkel, but left her in a weaker position as she seeks to form a coalition government. The Q3 return (in USD terms) for non-US equities was augmented by currency translation effects as the euro strengthened versus the US dollar. Returns were led by the energy and materials sectors as commodity prices rallied. Additionally, tech and industrials stocks were areas of strength. The more defensive health care and consumer staples sectors trailed.

Our portfolio modestly outperformed the MSCI EAFE Index in Q3 and leads the index YTD by approximately 600bps. Our technology and financials holdings were positive contributors to our absolute and relative performance in Q3. Wirecard and Alibaba drove our returns in the technology sector, while Allianz was a standout in the financials sector. Wirecard, a global payments processing company, is benefiting from structural growth in online payments evidenced by strong gains in transactions volume. Alibaba, China's largest e-commerce company, is experiencing strong organic growth in its core commerce business, driven by user growth and improving user engagement. We remain attracted to the secular growth prospects in online and mobile commerce—particularly given China's still-low Internet penetration rate versus major developed markets.

Allianz is a diversified insurance and asset management services company. Execution across business lines has been solid, highlighted by better-than-expected underwriting results in the property and casualty insurance business and strong inflows at its PIMCO asset management subsidiary. Strong operating results and a superior balance sheet are supporting a strong capital return policy via dividends and share buybacks.

Among our detractors were Medtronic, a medical devices company, and Calbee, a Japanese-based maker of snack foods. Medtronic experienced an IT system disruption during the week of June 19 causing delays to customer orders and fulfillment. The issue was fixed, but some sales were pushed into the following quarter. We believe this is a temporary issue.

Calbee's sales of potato chips have sputtered due to a potato shortage in Japan caused by typhoons earlier in the year. In addition to the sales hit, the potato shortage has also crimped margins owing to the higher cost of imported potatoes. We expect results to improve markedly in the second half of the year as the shortage eases. We continue to like the company's dominant position in the Japanese snack market and believe it can drive earnings growth from new product introductions in Japan, cost reductions and expansion into overseas markets.

Investment Results (%)

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

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)	\$32.28	\$32.25
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)	4.8
Linde AG (Germany)	4.5
Alibaba Group Holding Ltd (China)	4.3
Allianz SE (Germany)	3.8
ING Groep NV (Netherlands)	3.6
Canadian Pacific Railway Ltd (Canada)	3.5
Nestle SA (Switzerland)	3.3
Aon PLC (United States)	3.2
Wirecard AG (Germany)	3.0
Liberty Global PLC (United States)	3.0
TOTAL	37.2%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE ¹
Consumer Discretionary	5.2	12.2
Consumer Staples	14.6	11.2
Energy	0.3	5.1
Financials	25.9	21.5
Health Care	6.2	10.6
Industrials	18.5	14.4
Information Technology	17.7	6.3
Materials	8.9	7.9
Real Estate	0.0	3.5
Telecommunication Services	2.6	4.1
Utilities	0.0	3.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 1.4% of the total portfolio. ¹MSCI EAFE Index.

Artisan International Fund

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Region/Country Allocation (% of total portfolio equities)

REGION	Fund	EAFE ¹
EUROPE	57.8	64.8
Germany	24.7	9.8
United Kingdom	7.3	17.8
Netherlands	6.9	3.7
Italy	5.0	2.5
Switzerland	4.7	8.2
France	4.2	10.8
Ireland	3.0	0.5
Spain	1.6	3.5
Denmark	0.4	1.9
AMERICAS	18.1	—
United States	14.6	—
Canada	3.5	—
EMERGING MARKETS	13.2	—
China	6.3	—
Korea	2.8	—
Taiwan	1.3	—
Russia	1.1	—
Brazil	0.8	—
Indonesia	0.6	—
Chile	0.2	—
Mexico	0.1	—
PACIFIC BASIN	10.9	34.7
Japan	8.3	23.0
Hong Kong	2.6	3.5
MIDDLE EAST	—	0.5
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

Mark L. Yockey, CFA

Years of Investment Experience

37

Associate Portfolio Managers

Charles-Henri Hamker

27

Andrew J. Euretig

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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 Sep 2017: Calbee Inc 1.0%; Medtronic PLC 3.0%. 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.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

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