



Artisan International Fund

MONTHLY
Commentary

Investor Class: ARTIX | Advisor Class: APDIX As of 31 December 2018

Commentary

Non-US equities suffered further selling pressure in December as end-of-cycle ruminations centered around normalizing monetary policies, softening global growth and the US-China trade conflict. This led to the MSCI EAFE Index's worst quarter since Q3 2011. No regions were unscathed. Europe, Japan and the US were each down double-digit percentages. Emerging markets, which trailed developed markets through the first three quarters of 2018, held up better. They were down about 7% in Q4 but declined 14% for the full year in line with non-US developed markets.

Fading global growth expectations also sent commodities prices, especially oil, lower. The price of WTI crude tumbled by 40% from mid-\$70s a barrel to mid-\$40s. In turn, the energy sector was the weakest performer followed by other cyclical (industrials, technology and consumer discretionary). Defensives (consumer staples, health care) and interest rate plays (utilities, real estate) fared better to varying degrees.

Though absolute returns were disappointing, our portfolio held up slightly better than the MSCI EAFE Index in Q4 and solidly outperformed for the full year. Q4 outperformance was driven entirely by stock selection. Top 10 holdings Linde and Petrobras were key standouts. After several months of uncertainty over the approval of Linde's pending merger with fellow industrial gases producer Praxair, the companies received the last pending regulatory approval from the US Federal Trade Commission (FTC).

Brazilian oil and gas company Petrobras—one of our weakest performers earlier in the year when a nationwide trucker strike forced the government to lower diesel prices—continued to recover. The political uncertainty that dogged the stock is now behind it following the country's presidential election, easing concerns about Brazil's future energy policy. President Bolsonaro has echoed his support of the current fuel pricing policy and is supportive of further deregulation in the sector.

Our weakest Q4 performers included Wirecard and ConvaTec Group. Despite recent stock price weakness, electronic payments company Wirecard was our top contributor in 2018. The company is delivering robust organic growth as it's taking advantage of the secular growth in e-commerce and in our view should continue to benefit from the convergence of payments among online, mobile and in-store.

ConvaTec is a manufacturer of several medical products and technologies in the areas of wound management and skin care. Following the softening of end-market demand and company-specific execution challenges, the company lowered its FY18 guidance and announced its CEO was stepping down. We appreciate the company's growth challenges but believe the stock is attractively priced following further reductions in expectations. We also see the management change as a potential catalyst for internal improvements and anticipate improving organic sales growth due to upcoming product launches and potential gross margin expansion on cost controls.

Portfolio Details

	ARTIX	APDIX
Net Asset Value (NAV)	\$27.14	\$27.07
Inception	28 Dec 1995	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2018	1.18%	1.04%
Prospectus 30 Sep 2017 ¹	1.18%	1.04%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Linde PLC (United Kingdom)	6.6
Deutsche Boerse AG (Germany)	6.1
Wirecard AG (Germany)	4.8
Medtronic PLC (United States)	4.2
Petroleo Brasileiro SA (Brazil)	4.2
Nestle SA (Switzerland)	3.8
Airbus SE (France)	3.4
Deutsche Post AG (Germany)	3.2
AIA Group Ltd (Hong Kong)	3.2
ING Groep NV (Netherlands)	3.0
TOTAL	42.5%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE ¹
Communication Services	0.0	5.6
Consumer Discretionary	1.3	11.2
Consumer Staples	12.1	11.6
Energy	4.3	5.9
Financials	32.1	19.5
Health Care	10.9	11.2
Industrials	18.2	14.3
Information Technology	5.4	6.0
Materials	14.5	7.4
Real Estate	0.0	3.7
Utilities	1.2	3.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 2.0% of the total portfolio. ¹MSCI EAFE Index.

Investment Results (%)

As of 31 December 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	-5.30	-11.29	-10.86	-10.86	1.80	0.09	8.03	8.26
Advisor Class: APDIX	-5.25	-11.22	-10.68	-10.68	1.96	0.22	8.10	8.29
MSCI EAFE Index	-4.85	-12.54	-13.79	-13.79	2.87	0.53	6.32	4.22
MSCI All Country World ex USA Index ¹	-4.53	-11.46	-14.20	-14.20	4.48	0.68	6.57	4.67

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. ¹Performance 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. Class inception: Investor (28 December 1995); Advisor (1 April 2015). For the period prior to inception, Advisor Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor Class and the share class's returns during that period would be different 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.

Region/Country Allocation (% of total portfolio equities)

REGION	Fund	EAFE ¹
EUROPE	71.7	62.4
Germany	21.9	8.8
United Kingdom	15.2	16.9
France	12.6	11.1
Switzerland	6.2	8.6
Netherlands	5.3	3.4
Italy	3.6	2.3
Denmark	2.1	1.7
Belgium	2.1	0.9
Ireland	1.6	0.5
Finland	1.1	1.0
AMERICAS	11.3	—
United States	9.8	—
Canada	1.5	—
EMERGING MARKETS	9.6	—
Brazil	4.6	—
India	2.5	—
Russia	1.3	—
Indonesia	0.8	—
China	0.3	—
PACIFIC BASIN	7.4	37.0
Japan	3.9	24.6
Hong Kong	3.5	3.9
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	Years of Investment Experience
Mark L. Yockey, CFA	38
Associate Portfolio Managers	
Charles-Henri Hamker	29
Andrew J. Euretig	15

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 Dec 2018: ConvaTec Group PLC 0.9%. 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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