



Artisan International Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTJX

As of 31 March 2018

Commentary

After a continued melt-up in global equities in the early weeks of 2018, a lengthy period of historically low volatility abruptly ended in late January. The initial selloff was triggered by a pick-up in wage gains in the US, which added to existing concerns about rising Treasury yields, potential global inflationary pressures and the direction of monetary policy under new Fed leadership. These worries eased in March, although volatility remained elevated as headlines swirled over the specter of trade wars, turnover in the Trump White House, and threat of increased regulation (US) and taxation (Europe) of mega-cap Internet technology companies (i.e., FAANGs). In Q1, there were 13 days when the MSCI EAFE Small Cap Index gained or lost 1% or more, in contrast to just 8 for all of 2017.

Most major developed markets indices finished lower for the quarter. Small-cap stocks held up better than large caps, ending the period roughly flat. Emerging markets managed a small gain. By sector, returns were mixed—positive in health care, technology and financials and negative in telecom, energy and materials. US dollar weakness continued to be a meaningful performance driver with returns for USD-based investors augmented by a stronger euro and yen versus the dollar.

Our portfolio outperformed the MSCI EAFE Small Cap Index in Q1, driven by positive stock selection. Capital markets holdings Euronext and NEX Group were among our top contributors. Euronext, a pan-European stock exchange, delivered better-than-expected profits growth due to a release of tax provisions and strong trading revenue growth. We believe the company's earnings are likely to benefit from a supportive, multi-year cycle of increasing volatility driving volumes higher. NEX Group offers electronic trading platforms and post-trade services. The stock was buoyed by solid revenue growth in its NEX Optimisation division, a strong recovery in FX volatility resulting in increased volumes and tax benefits from a reduced US tax rate.

Our biggest detractor was RaySearch Laboratories, a provider of radiation treatment planning software used at cancer centers to optimize treatment plans. The stock was pressured by a rise in accounts receivables. However, we think this rise makes sense. As most cancer centers have limited capex budgets, many ask for 12- or even 24-month payment plans for the high upfront cost of a RayStation license. RayStation is currently installed in approximately 380 cancer centers for a 5% market share, but we see that increasing markedly due to its competitive advantages and the company building out its salesforce so it can target the entire cancer center market. We added to our position on weakness.

Portfolio Details

Net Asset Value (NAV)	\$23.48
ARTJX Inception	21 December 2001
Expense Ratios	
Annual Report 30 Sep 2017	1.57%
Prospectus 30 Sep 2017 ¹	1.57%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

NEX Group PLC (United Kingdom)	6.6
InterXion Holding NV (Netherlands)	6.6
Euronext NV (France)	4.7
Wirecard AG (Germany)	4.5
Cellnex Telecom SA (Spain)	3.9
Comet Holding AG (Switzerland)	3.4
Tele Columbus AG (Germany)	2.8
Ambu A/S (Denmark)	2.3
Banco Comercial Portugues SA (Portugal)	2.3
Aedas Homes SAU (Spain)	2.2
TOTAL	39.4%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE SC ¹
Consumer Discretionary	18.2	15.8
Consumer Staples	1.5	6.8
Energy	0.0	2.4
Financials	21.6	11.6
Health Care	11.8	7.4
Industrials	15.9	21.3
Information Technology	18.5	11.5
Materials	4.4	9.4
Real Estate	4.0	10.5
Telecommunication Services	4.1	1.3
Utilities	0.0	2.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 4.9% of the total portfolio. ¹MSCI EAFE Small Cap Index.

Investment Results (%)

As of 31 March 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	1.91	1.69	1.69	28.04	7.78	6.99	5.35	12.09
MSCI EAFE Small Cap Index	-1.13	0.24	0.24	23.49	12.25	11.10	6.48	10.84
MSCI EAFE Index	-1.80	-1.53	-1.53	14.80	5.55	6.50	2.74	6.37

Source: Artisan Partners/MSCI. 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 ¹
EUROPE	80.2	56.1
Germany	14.1	6.1
United Kingdom	11.4	18.1
Sweden	10.5	4.9
Netherlands	7.0	2.5
Spain	6.9	2.6
France	6.6	3.8
Italy	5.8	4.2
Denmark	5.0	1.6
Portugal	4.3	0.4
Ireland	3.7	1.1
Switzerland	3.5	4.8
Finland	1.4	1.5
PACIFIC BASIN	9.9	42.3
Japan	7.7	31.1
Australia	1.1	6.4
Hong Kong	1.1	2.1
EMERGING MARKETS	5.4	—
India	2.0	—
Mexico	1.8	—
Poland	1.6	—
AMERICAS	4.4	—
Canada	3.0	—
United States	1.4	—
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	37
Charles-Henri Hamker	28

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 Mar 2018: RaySearch Laboratories AB 1.9%. 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.

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