



Artisan International Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTJX

As of 31 May 2018

Commentary

Non-US small-cap equities declined in May driven by weakness in Europe, where signs of slowing economic growth are mounting after the sharp acceleration experienced in 2016 and 2017. Returns were particularly weak in Italy as a months-long political crisis—following its inconclusive election—came to a head when an unlikely coalition of extremes selected a euro-sceptic as its economic minister. Government bond yields spiked and Italian financials sold off on the risk of a repeat vote—seen as a potential referendum on Italy's membership in the euro zone. After a 48-hour period of uncertainty, markets calmed on signs that an election would be avoided with the two anti-establishment parties ultimately agreeing to form a coalition government.

For the QTD period, non-US small-cap equities rose in local terms; however, the US dollar's strong rebound dented USD-based returns. By sector, energy led the way, while financials were weakest. QTD, our portfolio trailed the MSCI EAFE Small Cap Index, though it remains ahead YTD. Our sector positioning worked against us on a relative basis due to our lack of energy exposure and above-benchmark weighting in financials.

Our biggest individual detractor was Tele Columbus (TC1), Germany's third-largest cable operator. Delays in expected synergies from recent acquisitions and disappointing broadband subscriber additions weighed on shares. Notwithstanding TC1's poor execution, we remain attracted to the competitive advantage of the company's cable infrastructure and the potential for upselling existing customers to higher margin broadband and telephony services.

Payments processor Wirecard was our top contributor. The company continues to deliver robust organic growth, driven by transactions volumes as momentum in e-commerce growth shows no signs of slowing. The company recently inked agreements with French bank Crédit Agricole to provide e-commerce and acquiring services in France and other European countries and with Mizuho Bank to provide acquiring and issuing services to the bank's corporate clients in Asia.

Portfolio Details

Net Asset Value (NAV)	\$23.40
ARTJX Inception	21 December 2001
Expense Ratios	
Semi-Annual Report 31 Mar 2018 ¹	1.56%
Prospectus 30 Sep 2017 ²	1.57%

¹Unaudited, annualized for the six-month period. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

InterXion Holding NV (Netherlands)	6.8
NEX Group PLC (United Kingdom)	6.6
Wirecard AG (Germany)	6.0
Euronext NV (France)	4.2
Cellnex Telecom SA (Spain)	3.7
Theratechnologies Inc (Canada)	2.9
Aedas Homes SAU (Spain)	2.8
Comet Holding AG (Switzerland)	2.8
Zenkoku Hoshio Co Ltd (Japan)	2.7
Ambu A/S (Denmark)	2.6
TOTAL	41.1%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE SC ¹
Consumer Discretionary	15.4	15.7
Consumer Staples	1.5	7.0
Energy	0.0	2.7
Financials	20.3	11.1
Health Care	14.7	7.3
Industrials	16.0	21.0
Information Technology	20.2	11.8
Materials	3.0	9.6
Real Estate	4.9	10.5
Telecommunication Services	3.9	1.3
Utilities	0.0	2.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 5.0% of the total portfolio. ¹MSCI EAFE Small Cap Index.

Investment Results (%)

As of 31 May 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	-0.85	-0.34	1.34	15.94	4.24	5.64	4.70	11.94
MSCI EAFE Small Cap Index	-0.96	0.39	0.63	14.65	10.34	10.92	6.10	10.75
MSCI EAFE Index	-2.25	-0.02	-1.55	7.97	4.33	5.93	2.10	6.30

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	79.6	55.7
Germany	13.3	6.0
Sweden	13.1	5.0
United Kingdom	11.8	18.4
Spain	7.5	2.5
Netherlands	7.2	2.5
France	6.0	3.7
Italy	4.4	3.7
Ireland	4.0	1.1
Denmark	4.0	1.7
Portugal	3.9	0.4
Switzerland	2.9	4.7
Finland	1.5	1.5
PACIFIC BASIN	8.6	42.8
Japan	7.3	31.5
Hong Kong	1.3	2.0
AMERICAS	7.2	—
Canada	4.9	—
United States	2.2	—
EMERGING MARKETS	4.6	—
India	2.7	—
Poland	1.8	—
Argentina	0.2	—
MIDDLE EAST	—	1.6
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 May 2018: Tele Columbus AG 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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