



Artisan International Fund

MONTHLY
Commentary

Investor Class: ARTIX | Advisor Class: APDIX As of 30 November 2018

Commentary

After October's steep decline, non-US equities steadied in November finishing roughly unchanged on the month. Risk assets rallied in the last week of the month following Fed Chair Powell's more dovish comments, which signaled fewer additional rate hikes than were priced by markets. Commodity markets were not as sanguine. Fading global growth expectations sent commodities prices, and especially oil, lower. The price of WTI crude tumbled by a third since early October—from mid-\$70s a barrel to just above \$50. In turn, the commodity-focused energy and materials sectors were weakest for the month and QTD periods.

Our portfolio performed in line with the MSCI EAFE Index in November and remains ahead QTD and YTD. QTD outperformance has been driven 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). The asset disposals required by the FTC were in line with market expectations. We estimate the combined entity should realize more than \$1 billion in cost synergies within three years.

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-elect Bolsonaro has echoed his support of the current fuel pricing policy and is supportive of further deregulation in the sector. For its part, Petrobras is driving shareholder value through disciplined capital allocation. Besides divestitures of non-core assets, strong free cash flow at prevailing oil prices is enabling the company to rapidly deleverage. We believe the stock is meaningfully undervalued relative to its growth outlook as it trades at a discount to other major oil producers despite a superior production profile.

Our weakest QTD performers included Wirecard and ConvaTec Group. Despite recent stock price weakness, electronic payments company Wirecard remains our top YTD contributor. The company is delivering robust organic growth as it's taking advantage of the secular growth in e-commerce as well as the convergence of payments between online, mobile and in-store. Wirecard's valuation remains reasonable against our long-term earnings estimates.

ConvaTec is a manufacturer of medical products and technologies in the areas of wound and skin care, ostomy care, continence and critical care as well as infusion devices. Following further disappointing organic sales growth on a combination of softening 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 and see the management change as a potential catalyst for internal improvements.

Investment Results (%)

As of 30 November 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	-0.05	-6.32	-5.87	-5.56	2.94	1.60	9.45	8.54
Advisor Class: APDIX	-0.05	-6.30	-5.74	-5.42	3.09	1.72	9.52	8.57
MSCI EAFE Index	-0.13	-8.08	-9.39	-7.94	4.12	1.84	7.47	4.46
MSCI All Country World ex USA Index ¹	0.95	-7.26	-10.13	-8.12	5.43	1.79	7.66	4.90

As of 30 September 2018	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	0.27	2.86	0.48	4.45	8.30	3.99	6.64	8.92
Advisor Class: APDIX	0.27	2.89	0.60	4.58	8.46	4.11	6.70	8.95
MSCI EAFE Index	0.87	1.35	-1.43	2.74	9.23	4.42	5.38	4.88
MSCI All Country World ex USA Index ¹	0.46	0.71	-3.09	1.76	9.97	4.12	5.18	5.28

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.

Portfolio Details

	ARTIX	APDIX
Net Asset Value (NAV)	\$28.66	\$28.57
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)	6.2
Deutsche Boerse AG (Germany)	6.0
Wirecard AG (Germany)	4.5
Petroleo Brasileiro SA (Brazil)	4.4
Medtronic PLC (United States)	4.2
Nestle SA (Switzerland)	3.8
Airbus SE (France)	3.7
Deutsche Post AG (Germany)	3.4
ING Groep NV (Netherlands)	3.1
Aon PLC (United States)	3.0
TOTAL	42.3%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE ¹
Communication Services	0.4	5.6
Consumer Discretionary	0.0	11.0
Consumer Staples	12.7	11.5
Energy	4.5	5.8
Financials	31.4	19.7
Health Care	10.9	11.7
Industrials	19.7	14.3
Information Technology	5.1	6.0
Materials	14.3	7.3
Real Estate	0.0	3.6
Utilities	1.0	3.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 2.7% of the total portfolio. ¹MSCI EAFE Index.

Region/Country Allocation (% of total portfolio equities)

REGION	Fund	EAFE ¹
EUROPE	71.5	62.6
Germany	21.7	8.9
United Kingdom	14.7	17.3
France	12.7	10.9
Switzerland	6.6	8.7
Netherlands	5.7	3.5
Italy	3.5	2.3
Belgium	2.3	1.0
Denmark	1.8	1.7
Ireland	1.6	0.5
Finland	1.0	1.0
AMERICAS	11.9	—
United States	9.8	—
Canada	2.2	—
EMERGING MARKETS	9.7	—
Brazil	4.8	—
India	2.4	—
Russia	1.4	—
Indonesia	0.8	—
China	0.3	—
PACIFIC BASIN	6.8	36.8
Japan	3.8	24.8
Hong Kong	3.0	3.7
MIDDLE EAST	—	0.6
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	28
Andrew J. Euretig	14

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 Nov 2018: ConvaTec Group PLC 1.0%. 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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