



Artisan International Small-Mid Fund

MONTHLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 30 April 2019

Commentary

Following the Q1 rally, global equities remained ascendant in April with all major equity regions turning in solid gains. Risk assets benefited from positive macro data, as well as corporate earnings that have come in ahead of lowered expectations. Recent economic indicators in China, the US and parts of Europe, including Italy and Spain, have been favorable. Consistent with a better global growth outlook, cyclical led defensives during the month.

Our portfolio outpaced the MSCI ACWI ex USA SMID Index in April, adding to its year-to-date performance advantage. As in Q1, outperformance was broad-based across sectors and themes within the portfolio. A top gainer was Beijer Ref, a leading supplier of HVAC and refrigeration solutions in Europe. The company is benefiting from changing environmental regulations of the refrigeration industry promoting greater energy efficiency and the use of more environmental-friendly refrigerants that Beijer Ref manufactures.

Additional top contributors included holdings in our cloud software and next-generation auto themes. Cloud software providers NICE and OBIC are benefiting from the transition to cloud computing. Compared to traditional licensed software, cloud software boasts a greater customer lifetime value, higher operating margins and a greater mix of recurring revenue. In our next-generation auto theme, shares of Cree, Rohm and Aixtron were each up strongly. Cree and Rohm produce next-generation power semiconductors used in electric car batteries. Aixtron is a leader in metal-organic chemical vapor deposition (MOCVD) equipment critical in manufacturing these compound semiconductors. These companies are key enablers of the advanced-materials science needed to meet appropriate standards of safety, durability, power and range of electric and hybrid vehicles.

Our biggest detractors were LivaNova and SG Holdings. LivaNova is a global medical technology company that produces devices in the areas of cardiac surgery, neuromodulation and cardiac rhythm management. Organic growth in neuromodulation—its biggest and most profitable segment—slowed due to competitive dynamics and sales force turnover. Epidiolex®, a new epilepsy drug sold by a competitor, likely contributed to weak sales of VNS (vagus nerve stimulation) implants used to prevent seizures. We don't believe Epidiolex® is an enduring threat given the drug is not a cure for epilepsy, and VNS is typically used in combination with drug therapy.

SG Holdings is a Japanese provider of logistics and delivery services. After growing operating profit 25% year over year in the company's fiscal year 2018, the company expects growth of just 2% in the current fiscal year due to increased labor costs and spending on its delivery network. Management has a history of guiding conservatively, so we are not overly concerned. We remain attracted to the company's competitive advantage in Japan's parcel delivery market based on its superior parcel collection network that was built out over many years and the long-term tailwinds from steady volume growth and continued customer acceptance of rate hikes.

Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$13.67	\$13.67
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Annual Report 30 Sep 2018	1.55%	—
Prospectus 30 Sep 2018 ¹	1.36% ²	1.27% ³

¹See prospectus for further details. ²Restated to reflect a reduction in management fees, effective 1 Dec 2018. ³Includes estimated expenses for the current fiscal year.

Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	2.9
Tecan Group AG (Switzerland)	2.1
SG Holdings Co Ltd (Japan)	2.0
Cree Inc (United States)	1.9
Obic Co Ltd (Japan)	1.8
Koninklijke DSM NV (Netherlands)	1.5
Azbil Corp (Japan)	1.5
Davide Campari-Milano SpA (Italy)	1.5
Britvic PLC (United Kingdom)	1.3
Gardner Denver Holdings Inc (United States)	1.3
TOTAL	17.7%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD ¹
Communication Services	3.1	4.7
Consumer Discretionary	11.2	13.0
Consumer Staples	8.2	6.7
Energy	0.0	3.4
Financials	3.3	11.6
Health Care	25.2	7.2
Industrials	18.1	20.0
Information Technology	27.7	9.6
Materials	2.7	10.8
Real Estate	0.5	9.2
Utilities	0.0	3.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 3.8% of the total portfolio. ¹MSCI All Country World ex USA SMID Index.

Investment Results (%)

As of 30 April 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	5.15	5.15	21.08	-1.49	7.06	2.64	11.34	11.23
Advisor Class: APDJX	5.15	5.15	21.19	-1.49	7.06	2.64	11.34	11.23
MSCI All Country World ex USA SMID Index	2.36	2.36	12.85	-7.00	6.77	3.59	9.48	8.88
MSCI All Country World ex USA Small Cap Index	2.21	2.21	12.70	-8.54	6.81	3.75	10.37	9.64

As of 31 March 2019

Investor Class: ARTJX	1.33	15.15	15.15	-5.84	5.81	1.21	12.17	10.96
Advisor Class: APDJX	1.33	15.25	15.25	-5.84	5.81	1.21	12.17	10.96
MSCI All Country World ex USA SMID Index	0.27	10.25	10.25	-7.88	6.91	3.21	10.86	8.78
MSCI All Country World ex USA Small Cap Index	0.15	10.26	10.26	-9.49	7.01	3.26	11.86	9.55

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (21 December 2001); Advisor (4 December 2018). 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	ACxUS SMD ¹
EUROPE	55.0	43.6
United Kingdom	19.0	13.0
Switzerland	7.7	4.4
Germany	7.6	4.7
Sweden	5.6	3.3
Denmark	4.8	1.8
Netherlands	2.8	1.7
Spain	2.3	1.6
Italy	1.9	2.4
Finland	1.4	1.3
Belgium	0.9	1.2
France	0.9	5.3
Ireland	0.2	0.9
PACIFIC BASIN	21.5	29.6
Japan	20.0	19.8
Australia	1.4	5.2
AMERICAS	15.5	6.8
United States	11.2	—
Canada	4.3	6.8
MIDDLE EAST	4.8	1.0
Israel	4.8	1.0
EMERGING MARKETS	3.2	19.1
Brazil	2.5	1.8
India	0.7	2.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (MSCI). ¹MSCI All Country World ex USA SMID Index. Countries held in the index, but not held in the portfolio, are not listed.

Team Leadership



Portfolio Manager

Rezo Kanovich

Years of Investment Experience

20

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 All Country World ex USA SMID Index measures the performance of small- and mid-cap companies in developed and emerging markets excluding the US. MSCI All Country World ex USA Small Cap Index measures the performance of small-cap companies in developed markets 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 Apr 2019: AIXTRON SE 0.8%; Beijer Ref AB 1.0%; LivaNova PLC 0.6%; Rohm Co Ltd 1.2%. 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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