



# Artisan International Fund

MONTHLY  
Commentary

Investor Class: ARTIX | Advisor Class: APDIX As of 28 February 2019

## Commentary

Stocks have snapped back strongly QTD, with all regions and sectors participating in the upswing. Solid corporate earnings, which have been generally better than expected, a dovish pivot by the Fed and anticipation of a US-China trade deal have been among the key storylines impacting global equity markets.

Our portfolio is roughly in line with the MSCI EAFE Index for the QTD period. Positive stock selection, driven by strength in our energy and industrials holdings, has been offset by currency impacts—namely our lighter exposure to the British pound. Brazilian oil and gas company Petrobras and aerospace company Airbus are among our top QTD contributors. Investors received Petrobras's new CEO Roberto Castello Branco's inaugural comments well. Mr. Castello outlined his key priorities over the next year, which are focused on divesting lower return businesses, cost cutting, deleveraging the balance sheet and reducing the company's cost of capital. While the company has no control over prevailing commodities prices, these are all positive self-help measures that should contribute to increased business value, if achieved.

Airbus rallied when the company announced it met full-year guidance of 800 aircraft deliveries, an 11% increase over the prior year. The stock was one of our weaker performers in Q4 2018 due partly to concerns that supply chain bottlenecks would hinder its deliveries and free cash flow. Our investment case in Airbus remains centered around the company's decade-long, 6,000+ aircraft backlog and the potential to grow free cash flow as production increases and program ramp-up-related capital expenditures fall.

Our biggest detractor was top-10 holding Wirecard, an electronic payments company. Shares plummeted on reports by the *Financial Times* that the company may have engaged in fraudulent activity. Citing a presentation provided by a whistleblower, the reports allege Wirecard's Singapore office falsified contracts and moved currency in and out of Wirecard subsidiaries designed to meet regulators' funding rules. Wirecard has vehemently denied these allegations and released a statement indicating it is taking legal actions against the *FT* to protect the rights of employees who may have been slandered. Furthermore, an internal investigation has found no evidence to support the allegations. Additionally, in May 2018, Wirecard hired an external law firm to conduct an independent investigation. This audit is about to be completed, with no conclusions to date. Until the report is released, we expect the stock to be volatile. Our investment case in Wirecard remains focused on sustainable growth in electronic payments processing due to the secular tailwinds of e-commerce and the convergence of mobile, online and offline payments—augmented by market-share gains, new value-added services and global footprint expansion. We continue to have high conviction in the management team and long-term growth trajectory of the business. Shares are reasonably valued in our view, selling at a PEG ratio of 0.7X our estimates of 2019 earnings per share.

## Portfolio Details

	ARTIX	APDIX
Net Asset Value (NAV)	\$29.64	\$29.57
Inception	28 Dec 1995	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2018	1.18%	1.04%
Prospectus 30 Sep 2018 <sup>1</sup>	1.18%	1.04%

<sup>1</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Linde PLC (United Kingdom)	6.6
Deutsche Boerse AG (Germany)	5.7
Petroleo Brasileiro SA (Brazil)	4.6
Wirecard AG (Germany)	4.5
Airbus SE (France)	4.0
Nestle SA (Switzerland)	3.8
AIA Group Ltd (Hong Kong)	3.5
Medtronic PLC (United States)	3.4
ING Groep NV (Netherlands)	3.3
Deutsche Post AG (Germany)	3.3
<b>TOTAL</b>	<b>42.8%</b>

Source: Artisan Partners/FactSet (MSCI).

## Sector Diversification (% of total portfolio equities)

	Fund
Communication Services	2.1
Consumer Discretionary	3.1
Consumer Staples	7.6
Energy	4.7
Financials	32.5
Health Care	9.6
Industrials	19.0
Information Technology	5.4
Materials	14.7
Real Estate	0.0
Utilities	1.2
<b>TOTAL</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS). Cash and cash equivalents represented 3.8% of the total portfolio.

## Investment Results (%)

As of 28 February 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	2.74	9.21	9.21	-4.12	7.99	1.80	11.10	8.61
Advisor Class: APDIX	2.78	9.24	9.24	-3.94	8.16	1.93	11.18	8.64
MSCI EAFE Index	2.55	9.29	9.29	-6.04	9.32	2.07	9.56	4.59
MSCI All Country World ex USA Index <sup>1</sup>	1.95	9.66	9.66	-6.46	10.72	2.50	9.63	5.05

As of 31 December 2018

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 <sup>1</sup>	-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. <sup>1</sup>Performance 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.

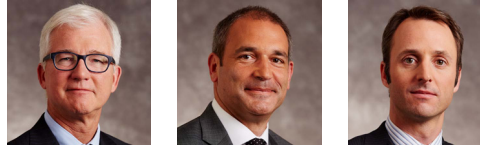
Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance.

## Region/Country Allocation (% of total portfolio equities)

REGION	Fund
<b>EUROPE</b>	<b>67.7</b>
Germany	19.7
France	13.6
United Kingdom	13.2
Switzerland	6.3
Netherlands	6.0
Italy	2.9
Ireland	2.1
Denmark	2.0
Finland	1.1
Belgium	0.8
<b>AMERICAS</b>	<b>14.9</b>
United States	13.5
Canada	1.4
<b>EMERGING MARKETS</b>	<b>9.6</b>
Brazil	5.2
India	1.9
Russia	1.3
Indonesia	0.7
China	0.5
<b>PACIFIC BASIN</b>	<b>7.8</b>
Hong Kong	4.3
Japan	3.5
<b>MIDDLE EAST</b>	<b>—</b>
<b>TOTAL</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (MSCI).

## Team Leadership (Pictured left to right)



Portfolio Manager	Years of Investment Experience
Mark L. Yockey, CFA	38
<b>Associate Portfolio Managers</b>	
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. 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. The **PEG Ratio** (an indicator of a stock's potential value) measures the ratio of the P/E of a company to the growth rate.

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