



# Artisan International Fund

MONTHLY  
Commentary

Investor Class: ARTIX | Advisor Class: APDIX As of 31 January 2019

## Commentary

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

Our portfolio performed roughly in line with the MSCI EAFE Index in January. Strength in some of our energy and industrials holdings was offset by weakness in some biopharma and consumer names. Key detractors included Genmab and Henkel. Shares of Danish biopharma company Genmab were held back by slower-than-expected sequential sales growth in the US of its lead product Darzalex<sup>®</sup>, the first monoclonal antibody treatment for multiple myeloma. However, Darzalex<sup>®</sup> sales growth outside the US was much stronger, as was overall year-over-year growth. These figures support our view of a continued strong growth trajectory for the treatment. Henkel, a German home- and beauty-care products company, reduced its fiscal-year profits guidance by 10% due to an increase in planned operating expenditures.

Among our top contributors were Brazilian oil and gas company Petrobras and aerospace company Airbus. 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.

## Portfolio Details

	ARTIX	APDIX
Net Asset Value (NAV)	\$28.85	\$28.77
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)	6.3
Deutsche Boerse AG (Germany)	6.2
Wirecard AG (Germany)	4.9
Petroleo Brasileiro SA (Brazil)	4.7
Nestle SA (Switzerland)	3.7
Airbus SE (France)	3.7
Medtronic PLC (United States)	3.5
Deutsche Post AG (Germany)	3.2
AIA Group Ltd (Hong Kong)	3.1
ING Groep NV (Netherlands)	3.1
<b>TOTAL</b>	<b>42.5%</b>

Source: Artisan Partners/FactSet (MSCI).

## Sector Diversification (% of total portfolio equities)

	Fund	EAFE <sup>1</sup>
Communication Services	0.0	5.5
Consumer Discretionary	2.9	11.3
Consumer Staples	10.3	11.4
Energy	4.9	5.9
Financials	33.3	19.3
Health Care	9.7	11.0
Industrials	17.9	14.4
Information Technology	5.6	6.1
Materials	14.2	7.5
Real Estate	0.0	3.8
Utilities	1.3	3.8
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 3.4% of the total portfolio. <sup>1</sup>MSCI EAFE Index.

## Investment Results (%)

As of 31 January 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	6.30	6.30	6.30	-11.71	6.22	2.38	10.03	8.51
Advisor Class: APDIX	6.28	6.28	6.28	-11.57	6.36	2.50	10.10	8.54
MSCI EAFE Index	6.57	6.57	6.57	-12.51	7.74	2.66	8.11	4.49
MSCI All Country World ex USA Index <sup>1</sup>	7.56	7.56	7.56	-12.58	9.59	3.11	8.35	4.98

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	EAFE <sup>1</sup>
<b>EUROPE</b>	<b>69.7</b>	<b>62.3</b>
Germany	21.2	8.8
United Kingdom	14.3	17.0
France	12.6	11.0
Switzerland	6.2	8.6
Netherlands	5.5	3.4
Italy	3.6	2.3
Belgium	2.0	1.0
Denmark	1.7	1.7
Ireland	1.7	0.5
Finland	1.1	1.1
<b>AMERICAS</b>	<b>12.5</b>	<b>—</b>
United States	11.2	—
Canada	1.3	—
<b>EMERGING MARKETS</b>	<b>10.2</b>	<b>—</b>
Brazil	5.3	—
India	2.2	—
Russia	1.3	—
Indonesia	0.9	—
China	0.4	—
<b>PACIFIC BASIN</b>	<b>7.6</b>	<b>37.1</b>
Japan	3.8	24.7
Hong Kong	3.7	3.9
<b>MIDDLE EAST</b>	<b>—</b>	<b>0.6</b>
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (MSCI). <sup>1</sup>MSCI 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
<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. These holdings comprise the following percentages of the Fund's total net assets as of 31 Jan 2019: Genmab A/S 1.7%; Henkel AG & Co KGaA 0.7%. 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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