



Artisan International Fund

MONTHLY
Commentary

Investor Class: ARTIX | Advisor Class: APDIX As of 30 June 2019

Commentary

Global equities finished higher in Q2 as expectations for low interest rates—on the back of additional central bank stimulus—mitigated ongoing trade concerns. From a regional perspective, developed markets outperformed emerging markets as the latter were held back by weakness in China. By sector, returns were led by technology, consumer discretionary and industrials. Laggards were energy, utilities and real estate. From a style perspective, growth remained in favor versus value.

Our portfolio outpaced the MSCI EAFE Index by a wide margin in Q2, putting it solidly ahead for the year-to-date period. Outperformance was driven by stock selection that was broad-based across sectors and our global themes, with meaningful contributions from our materials, financials and technology stocks. We attribute our outperformance to a continued focus on high-quality companies with sustainable growth characteristics that we believe can generate above-average earnings growth in varied macro environments.

Many of our largest positions were also among our biggest gainers in Q2. These included Wirecard, a payments processor; Linde, an industrial gases company; Deutsche Boerse, a financial exchanges operator; Nestle, a consumer brands company; and AIA, an insurance provider. Wirecard—our biggest detractor in Q1—was our top contributor in Q2. In Q1, shares fell in the wake of a series of articles by the *Financial Times* alleging wrongdoing that raised concerns about the company's accounting and compliance practices. In the intervening months, we've maintained regular communication with management and continued to closely monitor the situation. In April, the stock received a lift from the company's release of full-year results showing continued strong free cash flow and organic growth, driven by transactions volume and news that it received a clean audit opinion from its accountant Ernst & Young. In addition, Wirecard announced that SoftBank, a Japanese holding company, had signed terms to take a 5.6% stake in Wirecard through a €900 million convertible bond, providing a welcome vote of confidence amid ongoing allegations by the *FT*. Besides the financing, Wirecard and SoftBank entered into a strategic partnership that will promote Wirecard's growth in Japan and South Korea.

Our biggest Q2 detractors were Ryanair Holdings, a low-cost airline, and Infineon Technologies, a semiconductor company. Ryanair is contending with a potential lower fare environment due to market capacity growth and a worsening travel demand backdrop in Europe. We continue to like Ryanair's leading market position, low cost base and history of returning capital to shareholders. Infineon was a small position in the portfolio. We sold Infineon after the company announced it was acquiring Cypress Semiconductor. In addition to a purchase price we see as too rich, we find most of Cypress's business to be secularly challenged and commodity oriented.

Portfolio Details

	ARTIX	APDIX
Net Asset Value (NAV)	\$32.39	\$32.31
Inception	28 Dec 1995	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2019 ¹	1.19%	1.05%
Prospectus 30 Sep 2018 ²	1.18%	1.04%

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

Top 10 Holdings (% of total portfolio)

Linde PLC (United Kingdom)	6.7
Deutsche Boerse AG (Germany)	5.8
Wirecard AG (Germany)	5.3
AIA Group Ltd (Hong Kong)	4.1
Petroleo Brasileiro SA (Brazil)	4.1
Nestle SA (Switzerland)	4.0
Airbus SE (France)	4.0
Aon PLC (United States)	3.3
Deutsche Post AG (Germany)	3.0
Air Liquide SA (France)	3.0
TOTAL	43.4%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE ¹
Communication Services	1.9	5.4
Consumer Discretionary	4.1	11.1
Consumer Staples	5.8	11.7
Energy	4.3	5.5
Financials	32.7	18.9
Health Care	10.0	11.2
Industrials	16.7	14.8
Information Technology	8.7	6.7
Materials	15.4	7.4
Real Estate	0.0	3.6
Utilities	0.4	3.7
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 4.9% of the total portfolio. ¹MSCI EAFE Index.

Investment Results (%)

As of 30 June 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	6.48	8.18	19.34	8.89	9.80	2.99	8.83	8.89
Advisor Class: APDIX	6.46	8.20	19.36	9.03	9.94	3.13	8.90	8.92
MSCI EAFE Index	5.93	3.68	14.03	1.08	9.11	2.25	6.90	4.71
MSCI All Country World ex USA Index ¹	6.02	2.98	13.60	1.29	9.39	2.16	6.54	5.13

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.

Region/Country Allocation (% of total portfolio equities)

REGION	Fund	EAFE ¹
EUROPE	66.2	63.1
Germany	20.0	8.8
France	14.2	11.4
United Kingdom	11.6	16.8
Switzerland	7.4	9.3
Netherlands	5.7	3.6
Italy	2.4	2.3
Denmark	2.1	1.7
Ireland	2.0	0.5
Finland	0.4	1.0
Sweden	0.3	2.6
Spain	0.1	3.0
AMERICAS	15.3	—
United States	13.5	—
Canada	1.9	—
PACIFIC BASIN	9.2	36.3
Hong Kong	5.2	4.0
Japan	4.1	23.7
EMERGING MARKETS	8.9	—
Brazil	4.8	—
India	2.2	—
China	0.9	—
Russia	0.7	—
Indonesia	0.3	—
MIDDLE EAST	0.4	0.6
Israel	0.4	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	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 30 Jun 2019: Ryanair Holdings PLC 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.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

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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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