



Artisan International Small-Mid Fund

MONTHLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

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, financials and industrials. Laggards were energy, consumer staples and health care.

Our portfolio outpaced the MSCI ACWI ex USA SMID Index in Q2, adding to its sizable YTD performance advantage. Q2 outperformance was broad-based across sectors and themes within the portfolio. Top performers included Beijer Ref and SolarEdge Technologies. Beijer Ref is a leading supplier of HVAC and refrigeration solutions in Europe. The company is benefiting from changing environmental regulations in the refrigeration industry, which are promoting greater energy efficiency and the use of more environmental-friendly refrigerants that Beijer Ref manufactures.

SolarEdge Technologies is an Israel-based producer of solar photovoltaic systems. After a few quarters of weak gross margins due to higher manufacturing costs and customer support expenses, shares rallied after the company's quarterly results showed a rebound in margins and continued strong top-line growth. We believe the company's intellectual property positions it well to benefit from the sustainability of solar power. The cost of solar, which is already on par with coal, is continuing to come down. We also expect that due to its expertise in power optimization, which is relevant in other fields (e.g., utility-scale solar, charging stations for electric vehicles), the company can develop into a broader electrical power company.

Among our biggest Q2 detractors were Teva Pharmaceutical Industries and LivaNova. Teva shares came under pressure due to a two-pronged legal battle, including concerns about liability surrounding the opioid epidemic and allegations of drug-pricing collusion between Teva and other generic manufacturers. These issues have been in the headlines on and off the past few years, so we were aware they could resurface. Our investment case remains centered on a turnaround in Teva's business, a consolidation of its operating infrastructure and the emergence of a promising pipeline of assets in development. We continue to monitor the situation including via direct dialogue with Teva's leadership, to ensure recent news is not detrimental to the long-term opportunity.

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.

Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$13.90	\$13.91
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Semi-Annual Report 31 Mar 2019	1.43% ¹	1.26% ²
Prospectus 30 Sep 2018 ³	1.36% ⁴	1.27% ⁵

¹Unaudited, annualized for the six-month period. ²Unaudited, for the period from commencement of operations 4 Dec 2018 through 31 Mar 2019. ³See prospectus for further details. ⁴Restated to reflect a reduction in management fees, effective 1 Dec 2018. ⁵Includes estimated expenses for the current fiscal year.

Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	2.7
Tecan Group AG (Switzerland)	2.3
SG Holdings Co Ltd (Japan)	2.2
Obic Co Ltd (Japan)	1.7
Cree Inc (United States)	1.6
Koninklijke DSM NV (Netherlands)	1.6
Azbil Corp (Japan)	1.5
Belimo Holding AG (Switzerland)	1.5
Almirall SA (Spain)	1.4
SolarEdge Technologies Inc (United States)	1.4
TOTAL	17.9%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD ¹
Communication Services	3.7	4.7
Consumer Discretionary	10.2	12.4
Consumer Staples	7.9	6.7
Energy	0.0	3.1
Financials	3.2	11.7
Health Care	25.0	7.4
Industrials	18.8	20.0
Information Technology	27.4	9.1
Materials	2.8	11.3
Real Estate	1.0	9.5
Utilities	0.0	4.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 4.0% of the total portfolio. ¹MSCI All Country World ex USA SMID 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: ARTJX	3.89	6.92	23.12	2.65	9.20	2.64	9.64	11.22
Advisor Class: APDJX	3.96	7.00	23.32	2.72	9.23	2.65	9.65	11.23
MSCI All Country World ex USA SMID Index	5.22	2.14	12.61	-3.81	8.15	2.80	7.93	8.78
MSCI All Country World ex USA Small Cap Index	4.41	1.21	11.60	-5.94	7.76	2.77	8.48	9.48

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	54.0	43.0
United Kingdom	17.9	12.6
Switzerland	7.4	4.8
Germany	7.4	4.5
Sweden	5.5	3.4
Denmark	5.3	1.7
Netherlands	3.0	1.7
Spain	2.5	1.6
Italy	1.7	2.4
Finland	1.3	1.1
Belgium	1.0	1.1
France	0.9	5.1
Ireland	0.2	0.8
PACIFIC BASIN	22.0	29.4
Japan	20.8	19.5
Australia	1.2	5.4
AMERICAS	16.0	6.5
United States	11.2	—
Canada	4.8	6.5
MIDDLE EAST	4.3	1.0
Israel	4.3	1.0
EMERGING MARKETS	3.7	20.1
Brazil	3.1	2.2
India	0.6	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

Years of Investment Experience

Rezo Kanovich

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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 Jun 2019: Beijer Ref AB 1.1%; LivaNova PLC 0.6%; Teva Pharmaceuticals Industries Ltd 0.6%. 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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