



Artisan International Fund

MONTHLY
Commentary

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

Commentary

Stocks snapped back strongly in Q1 with all regions and sectors participating in the upswing. The MSCI EAFE Index turned in its strongest quarterly gain since 2013. 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 performed slightly ahead of the MSCI EAFE Index in Q1. Positive stock selection, driven by our industrials, financials and energy holdings, was partially offset by currency impacts—namely our heavier exposure to the euro and below-benchmark exposure to the British pound. Brazilian oil and gas company Petrobras and aerospace company Airbus were among our top 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 weakest 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.

In a strong quarter for equities, only a handful of portfolio holdings finished lower. Our biggest detractor was top-10 holding Wirecard, an electronic payments company. Shares fell due to a series of articles by the *Financial Times* alleging wrong-doing. 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 vehemently denied these allegations and had hired a Singapore law firm to conduct an independent investigation. The law firm found no evidence of criminal liability at Wirecard's German headquarters but did find some local issues in Singapore. Though the law firm's findings partly lifted the overhang on the stock, shares may remain volatile while the Singaporean regulators continue their investigation and heading into the company's release of full-year results in late April. 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 attractively valued in our view, selling at a PEG ratio of 0.7X our estimates of 2019 earnings per share.

Investment Results (%)

As of 31 March 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	1.01	10.32	10.32	-1.96	6.49	2.45	10.24	8.62
Advisor Class: APDIX	0.98	10.31	10.31	-1.83	6.64	2.58	10.31	8.65
MSCI EAFE Index	0.63	9.98	9.98	-3.71	7.27	2.33	8.96	4.60
MSCI All Country World ex USA Index ¹	0.60	10.31	10.31	-4.22	8.09	2.57	8.85	5.06

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.

Portfolio Details

	ARTIX	APDIX
Net Asset Value (NAV)	\$29.94	\$29.86
Inception	28 Dec 1995	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2018	1.18%	1.04%
Prospectus 30 Sep 2018 ¹	1.18%	1.04%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Linde PLC (United Kingdom)	6.6
Deutsche Boerse AG (Germany)	5.8
Petroleo Brasileiro SA (Brazil)	4.5
Wirecard AG (Germany)	4.2
Airbus SE (France)	4.1
Nestle SA (Switzerland)	3.9
AIA Group Ltd (Hong Kong)	3.6
Deutsche Post AG (Germany)	3.5
Medtronic PLC (United States)	3.4
Aon PLC (United States)	3.1
TOTAL	42.7%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	EAFE ¹
Communication Services	2.2	5.4
Consumer Discretionary	3.3	11.0
Consumer Staples	7.6	11.8
Energy	4.6	5.8
Financials	31.8	18.9
Health Care	9.9	11.3
Industrials	18.5	14.4
Information Technology	6.3	6.3
Materials	14.6	7.5
Real Estate	0.0	3.9
Utilities	1.2	3.7
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 2.3% of the total portfolio. ¹MSCI EAFE Index.

Region/Country Allocation (% of total portfolio equities)

REGION	Fund	EAFE ¹
EUROPE	67.3	62.9
Germany	19.2	8.6
France	13.3	11.3
United Kingdom	12.8	17.1
Switzerland	6.9	8.9
Netherlands	6.5	3.6
Italy	2.8	2.4
Ireland	2.0	0.5
Denmark	2.0	1.8
Finland	1.0	1.0
Belgium	0.8	1.0
AMERICAS	14.9	—
United States	13.4	—
Canada	1.5	—
EMERGING MARKETS	9.5	—
Brazil	5.0	—
India	2.0	—
Russia	1.2	—
Indonesia	0.6	—
China	0.5	—
PACIFIC BASIN	8.2	36.6
Hong Kong	4.4	4.1
Japan	3.8	24.0
MIDDLE EAST	0.1	0.5
Israel	0.1	0.5
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. 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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