



Artisan International Small-Mid Fund

MONTHLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 31 March 2019

Commentary

Stocks snapped back strongly in Q1 with all regions and sectors participating in the upswing. The MSCI ACWI ex USA SMID 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 outpaced the MSCI ACWI ex USA SMID Index in Q1. Outperformance was broad-based across sectors and themes with the vast majority of portfolio holdings producing robust gains. Among our top contributors in Q1 were ACADIA Pharmaceuticals and OBIC. Sales growth for ACADIA's lead drug Nuplazid® (pimavanserin), a next-generation antipsychotic for treating hallucinations and delusions associated with Parkinson's disease psychosis, continued to recover after reporting on the drug's safety risks. Although the FDA reaffirmed the drug's safety in September 2018, shares fell again in Q4 2018 amid the broader market selloff, providing us an attractive entry point. Our investment case in ACADIA is focused on the company rebuilding Nuplazid's position in the marketplace. We are also attracted to the large embedded option around potential label expansion for pimavanserin as ACADIA is engaged in multiple late-stage programs to broaden the drug's clinical use to additional indications such as major depressive disorder and schizophrenia.

OBIC is a leading provider of enterprise resource planning software in Japan. The company is capitalizing on the evolution of the software industry in Japan from customized solutions to package software, as well as the long-term transition from traditional licensed software to cloud computing. Relative to license software, we believe cloud software provides a greater customer lifetime value, higher operating margins and a greater mix of recurring revenue. Though still early, the company's cloud conversion is showing strong momentum.

Our weakest performers in Q1 were AC Immune and Metro Bank—both of which are smaller positions in the portfolio. AC Immune is a Swiss clinical-stage biopharmaceutical company that develops treatments for neurodegenerative diseases. Shares dropped on news AC Immune and partner Roche were halting late-stage clinical trials of its Crenezumab drug, a monoclonal antibody, for the treatment of Alzheimer's disease. We fully appreciated the high-risk and high-reward nature of the Alzheimer's market and therefore had kept the position size small. The company has several other drugs in development that have promise. AC Immune remains a small position in the portfolio.

Metro Bank, a UK provider of retail and commercial banking services, issued a profit warning for Q4 due to margin pressure—particularly in mortgages—and higher costs associated with the rollout of new branches. In addition, the company reported a weaker capital position driven by reclassifications of certain property-related loans into higher risk categories. As a result, the bank will need to hold more reserves. Though management's credibility took a hit from the news, we continue to like the bank's differentiated position in the UK marketplace with its strong digital banking platform and unique emphasis on customer service that have contributed to its excellence in deposit taking. We remain investors and will continue to monitor their execution.

Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$13.00	\$13.00
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Annual Report 30 Sep 2018	1.55%	—
Prospectus 30 Sep 2018 ¹	1.36% ²	1.27% ³

¹See prospectus for further details. ²Restated to reflect a reduction in management fees, effective 1 Dec 2018. ³Includes estimated expenses for the current fiscal year.

Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	2.8
Tecan Group AG (Switzerland)	2.3
SG Holdings Co Ltd (Japan)	2.1
Cree Inc (United States)	1.9
Obic Co Ltd (Japan)	1.8
Azbil Corp (Japan)	1.7
Koninklijke DSM NV (Netherlands)	1.6
Davide Campari-Milano SpA (Italy)	1.6
Britvic PLC (United Kingdom)	1.5
SSP Group PLC (United Kingdom)	1.5
TOTAL	18.7%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD ¹
Communication Services	3.2	4.7
Consumer Discretionary	11.0	12.9
Consumer Staples	8.3	6.8
Energy	0.0	3.5
Financials	3.4	11.4
Health Care	25.1	7.4
Industrials	18.4	19.6
Information Technology	27.1	9.4
Materials	2.8	11.0
Real Estate	0.6	9.5
Utilities	0.0	3.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 2.5% of the total portfolio. ¹MSCI All Country World ex USA SMID Index.

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: ARTJX	1.33	15.15	15.15	-5.84	5.81	1.21	12.17	10.96
Advisor Class: APDJX	1.33	15.25	15.25	-5.84	5.81	1.21	12.17	10.96
MSCI All Country World ex USA SMID Index	0.27	10.25	10.25	-7.88	6.91	3.21	10.86	8.78
MSCI All Country World ex USA Small Cap Index	0.15	10.26	10.26	-9.49	7.01	3.26	11.86	9.55

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	55.2	42.9
United Kingdom	18.8	12.8
Switzerland	7.8	4.4
Germany	7.5	4.5
Sweden	5.5	3.3
Denmark	5.2	1.7
Netherlands	2.9	1.7
Spain	2.0	1.6
Italy	2.0	2.4
Finland	1.9	1.3
Belgium	0.9	1.2
France	0.5	5.0
Ireland	0.2	0.8
PACIFIC BASIN	21.5	29.9
Japan	20.4	20.1
Australia	1.1	5.2
AMERICAS	15.3	6.9
United States	11.0	—
Canada	4.3	6.9
MIDDLE EAST	4.8	0.9
Israel	4.8	0.9
EMERGING MARKETS	3.2	19.3
Brazil	2.4	1.8
India	0.8	2.4
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

Rezo Kanovich

Years of Investment Experience

20

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 31 Mar 2019: AC Immune SA 0.1%; ACADIA Pharmaceuticals Inc 1.0%; Metro Bank PLC 0.1%. 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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