



Artisan International Small-Mid Fund

MONTHLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 31 May 2019

Commentary

The four-month rally in global equities, which had retraced most or all (depending on the index) of their Q4 2018 declines, ended abruptly in May with all major regions and sectors finishing lower for the month. The weakness was sparked by setbacks in US-China trade talks and the growing specter of a protracted conflict between the world's two largest economies. This, coupled with concerns about slowing global growth, was reflected in collapsing US government-bond and German bund yields.

Our portfolio outpaced the MSCI ACWI ex USA SMID Index in May, adding to its QTD and YTD performance advantages. QTD outperformance has been broad-based across sectors and themes within the portfolio. A top gainer was Beijer Ref, a leading supplier of HVAC and refrigeration solutions in Europe. The company is benefiting from changing environmental regulations in the refrigeration industry promoting greater energy efficiency and the use of more environmental-friendly refrigerants that Beijer Ref manufactures.

Additional top QTD contributors included holdings in our cloud software and next-generation auto themes. Cloud-software providers NICE and OBIC are continuing to execute on strategic plans, including capitalizing on the ongoing transition to cloud computing. Compared to traditional licensed software, cloud software boasts a greater customer lifetime value, higher operating margins and a greater mix of recurring revenue.

Among our biggest QTD detractors were Teva Pharmaceutical Industries and LivaNova. Teva shares came under pressure due to a two-pronged legal battle, including concern on liability surrounding the opioid epidemic and the allegation 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 will continue to monitor the situation including direct dialogue with Teva's leadership to ensure recent news is not distracting from 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)	\$13.38	\$13.38
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)	3.0
Tecan Group AG (Switzerland)	2.2
SG Holdings Co Ltd (Japan)	2.2
Obic Co Ltd (Japan)	2.0
Cree Inc (United States)	1.6
Azbil Corp (Japan)	1.5
Koninklijke DSM NV (Netherlands)	1.5
CAE Inc (Canada)	1.4
Davide Campari-Milano SpA (Italy)	1.4
Gardner Denver Holdings Inc (United States)	1.4
TOTAL	18.2%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD ¹
Communication Services	3.5	4.8
Consumer Discretionary	10.3	12.5
Consumer Staples	8.2	6.9
Energy	0.0	3.2
Financials	3.1	11.8
Health Care	25.0	7.5
Industrials	18.4	19.7
Information Technology	28.3	9.0
Materials	2.7	10.9
Real Estate	0.6	9.7
Utilities	0.0	4.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash and cash equivalents represented 3.5% of the total portfolio. ¹MSCI All Country World ex USA SMID Index.

Investment Results (%)

As of 31 May 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	-2.12	2.92	18.51	-2.75	5.63	1.82	9.41	11.04
Advisor Class: APDJX	-2.12	2.92	18.62	-2.75	5.63	1.82	9.41	11.04
MSCI All Country World ex USA SMID Index	-5.17	-2.93	7.02	-10.91	5.36	2.15	7.42	8.51
MSCI All Country World ex USA Small Cap Index	-5.16	-3.06	6.88	-12.37	5.17	2.33	8.10	9.26

As of 31 March 2019

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	53.8	42.7
United Kingdom	18.3	12.7
Germany	7.3	4.5
Switzerland	7.2	4.6
Sweden	5.6	3.2
Denmark	5.3	1.8
Netherlands	2.8	1.7
Spain	2.5	1.6
Italy	1.8	2.3
Finland	1.1	1.0
France	0.9	5.0
Belgium	0.9	1.2
Ireland	0.2	0.8
PACIFIC BASIN	22.8	29.8
Japan	21.5	19.9
Australia	1.3	5.5
AMERICAS	15.8	6.3
United States	11.2	—
Canada	4.6	6.3
MIDDLE EAST	4.4	1.1
Israel	4.4	1.1
EMERGING MARKETS	3.3	20.1
Brazil	2.6	2.1
India	0.7	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 May 2019: Beigier 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.

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