



Artisan International Small-Mid Fund

MONTHLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 30 September 2019

Commentary

Following a strong first half of the year, non-US equities weakened in Q3 as softening global growth and the US-China trade conflict returned to the fore of investor concerns. Reflecting macro uncertainties, returns were weak among cyclicals, such as energy, industrials and financials. Interest rate proxies (real estate and utilities) were the best performers.

Our portfolio modestly trailed the MSCI ACWI ex USA SMID Index in Q3 yet remains solidly ahead YTD. Among our biggest Q3 detractors were New Work and SG Holdings. New Work (formerly Xing) is a German online business networking platform operator a la US-based LinkedIn. After a strong run-up in the first half of the year, the stock fell sharply in Q3—essentially returning to similar price levels at which it started 2019. There is obvious fear the business cycle is slowing in Europe. In addition, the company's reported top-line growth has slowed from 25% in FY 2018 to high-teens percentages. We believe the business is more defensive than people think and continue to like its positioning in the structurally growing professional social networking market.

SG Holdings is a Japanese provider of logistics and delivery services. After growing operating profit 25% year over year in the company's fiscal year 2018, it expects low single-digit growth in the current fiscal year due to increased labor costs and spending on its delivery network. We remain attracted to the company's competitive advantage in Japan's parcel delivery market based on its superior parcel collection network that was built out over many years and the long-term tailwinds from steady volume growth and customers' willingness to pay higher rates.

SolarEdge Technologies and ACADIA Pharmaceuticals were our top Q3 contributors. SolarEdge 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 have rallied on 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.

ACADIA is a biopharmaceutical company and maker of Nuplazid® (pimavanserin), the only approved treatment for Parkinson's disease psychosis. The company's late-stage trial for pimavanserin in dementia-related psychosis—for which there are currently no approved products—achieved its primary endpoint with respect to time of relapse. The positive trial outcome moves up the timeline for regulatory approval and reinforces our investment thesis centered on the potential for label expansion as ACADIA is engaged in multiple late-stage programs to broaden pimavanserin's clinical use. We continue to believe this option value is not appropriately reflected in ACADIA's stock price.

Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$13.61	\$13.62
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)	2.9
Tecan Group AG (Switzerland)	2.1
SG Holdings Co Ltd (Japan)	1.9
Obic Co Ltd (Japan)	1.8
Cree Inc (United States)	1.8
SolarEdge Technologies Inc (United States)	1.8
Azbil Corp (Japan)	1.6
Almirall SA (Spain)	1.6
Koninklijke DSM NV (Netherlands)	1.5
CAE Inc (Canada)	1.3
TOTAL	18.2%

Source: Artisan Partners/FactSet (MSCI).

Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD ¹
Communication Services	2.6	4.9
Consumer Discretionary	9.8	12.3
Consumer Staples	9.1	6.8
Energy	0.0	3.0
Financials	3.5	11.5
Health Care	25.7	7.2
Industrials	17.5	19.8
Information Technology	27.7	9.3
Materials	2.7	10.9
Real Estate	1.3	9.9
Utilities	0.0	4.4
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 30 September 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	0.96	-2.09	20.55	-1.38	6.63	4.86	7.28	10.92
Advisor Class: APDJX	0.96	-2.08	20.74	-1.31	6.66	4.87	7.29	10.93
MSCI All Country World ex USA SMID Index	2.31	-1.47	10.96	-4.54	5.03	3.90	5.69	8.56
MSCI All Country World ex USA Small Cap Index	2.43	-1.19	10.28	-5.63	4.64	3.98	6.13	9.27

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	50.9	42.5
United Kingdom	16.7	12.5
Switzerland	6.9	4.7
Germany	6.9	4.5
Denmark	6.3	1.7
Sweden	4.5	3.3
Netherlands	2.7	1.7
Spain	2.1	1.5
Finland	1.6	1.1
Italy	1.5	2.3
Belgium	0.9	1.2
France	0.7	5.2
Ireland	0.2	0.8
PACIFIC BASIN	23.0	30.1
Japan	21.4	20.5
Australia	1.6	5.4
AMERICAS	16.9	6.7
United States	11.6	—
Canada	5.3	6.7
MIDDLE EAST	5.5	1.1
Israel	5.5	1.1
EMERGING MARKETS	3.7	19.5
Brazil	3.7	2.3
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 30 Sep 2019: ACADIA Pharmaceuticals Inc 1.2%; New Work SE 0.8%. 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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