



# Artisan International Small-Mid Fund

MONTHLY  
Commentary

Investor Class: ARTJX | Advisor Class: APDJX As of 31 December 2020

## Commentary

Global equities advanced in Q4 amid commencement of the COVID-19 vaccine rollout and associated optimism for an accelerated post-pandemic recovery. The MSCI ACWI ex USA SMID Index climbed nearly 18% in Q4. Strength was broad-based by sector and geography, but the most economically sensitive stocks benefited most from the improved economic backdrop, led by energy, materials and industrials.

Our portfolio outpaced the MSCI ACWI ex USA SMID Index in Q4. Performance results benefited from positive stock selection across a variety of sectors. Our mid-single digit cash position represented the largest relative drag, along with holdings in the cyclically oriented consumer discretionary and materials sectors, where we are underweight as compared to our benchmark.

Cree and Codemasters Group were the top Q4 individual contributors. Cree, a holding in our next-generation auto theme, is one of the only companies with the IP and process know-how to manufacture the silicon carbide wafers from which the next generation of power semiconductors used in electric vehicles (EVs) is produced. Investors are increasingly recognizing Cree's critical role as the electrification of autos accelerates. In our view, we are still in the early innings of this implementation, and we continue to have confidence in Cree's talented management team to navigate the evolving opportunity set.

Codemasters Group, a UK-based video game developer and publisher we first purchased in May 2019, manages franchises in the racing games category, including DiRT, GRID and F1. The franchise is valuable for its opportunity to further enhance the gaming experience of racing through virtual and augmented reality. Industry players are now recognizing this as well as two larger platforms (Electronic Arts and Take-Two Interactive) compete for the acquisition. Codemasters is an example of our differentiated approach to finding interesting assets trading at a valuation that, in our view, significantly discounts the long-term value proposition.

Among the portfolio's largest Q4 detractors were MorphoSys and Raccoon Holdings. MorphoSys is a German biotechnology company focused on the development of antibodies for a wide range of diseases. It is common for uncertainty to emerge around the launch of a new drug, especially during a pandemic, and sentiment—not fundamentals—drove MorphoSys' share price volatility. MorphoSys recently launched Monjuvi™ (tafasitamab), an engineered antibody used to treat patients with relapse and refractory large B-cell lymphoma and patients who cannot receive a stem cell transplant. Our investment case remains focused on the large opportunity for Monjuvi™, its potential for additional indications, and the optionality of Morphosys' robust pipeline and diverse royalty deals.

Japan-based Raccoon enables online business-to-business (B2B) transactions in the classified marketplace. There is a structural need for digitizing B2B transactions between small suppliers and retailers as digital solutions reduce cost and increase convenience. The pandemic, which hindered merchants from attending in-person trade shows, has accelerated the trend toward online platforms, and we believe Raccoon's innovation should drive disruption.

As always, our approach is distinctly focused on idiosyncratic investments and a long-term orientation. We believe that with a foundation in structural tailwinds and resilient businesses, the portfolio has adapted well to directional market shifts.

## Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$20.31	\$20.32
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Annual Report 30 Sep 2020	1.33%	1.18%
Prospectus 30 Sep 2019 <sup>1,2</sup>	1.40%	1.26%

<sup>1</sup>Reflects a reduction in management fees, effective 1 Dec 2018. <sup>2</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	2.9
Metso Outotec Oyj (Finland)	2.5
Azbil Corp (Japan)	2.3
Cree Inc (United States)	2.1
MorphoSys AG (Germany)	2.1
Kornit Digital Ltd (Israel)	2.1
AIXTRON SE (Germany)	1.9
SG Holdings Co Ltd (Japan)	1.7
Rotork PLC (United Kingdom)	1.6
Codemasters Group Holdings PLC (United Kingdom)	1.5
<b>TOTAL</b>	<b>20.7%</b>

Source: Artisan Partners/MSCI.

## Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD <sup>1</sup>
Communication Services	2.4	5.0
Consumer Discretionary	8.6	12.4
Consumer Staples	5.4	6.0
Energy	0.0	2.5
Financials	2.9	11.0
Health Care	27.3	7.5
Industrials	23.4	19.6
Information Technology	27.3	10.8
Materials	1.8	12.1
Real Estate	0.9	8.7
Utilities	0.0	4.5
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 3.3% of the total portfolio. <sup>1</sup>MSCI All Country World ex USA SMID Index.

## Investment Results (%)

As of 31 December 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	7.23	17.88	33.00	33.00	14.65	11.85	9.70	12.56
Advisor Class: APDJX	7.23	17.92	33.11	33.11	14.74	11.91	9.72	12.57
MSCI All Country World ex USA SMID Index	6.29	17.78	12.01	12.01	4.37	8.94	5.61	9.18
MSCI All Country World ex USA Small Cap Index	6.99	18.56	14.24	14.24	4.59	9.37	5.95	10.00

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 <sup>1</sup>
<b>EUROPE</b>	<b>53.1</b>	<b>40.3</b>
United Kingdom	18.6	11.4
Germany	7.4	4.9
Switzerland	6.5	3.5
Denmark	6.4	1.7
Finland	4.3	1.1
Sweden	3.8	4.3
France	2.0	4.7
Netherlands	2.0	1.5
Spain	0.8	1.2
Italy	0.7	2.2
Belgium	0.6	1.1
<b>AMERICAS</b>	<b>17.9</b>	<b>5.9</b>
United States	14.4	—
Canada	3.5	5.9
<b>PACIFIC BASIN</b>	<b>16.4</b>	<b>29.7</b>
Japan	16.4	20.4
<b>MIDDLE EAST</b>	<b>8.3</b>	<b>1.4</b>
Israel	8.3	1.4
<b>EMERGING MARKETS</b>	<b>4.3</b>	<b>22.6</b>
Brazil	1.9	1.7
India	1.8	2.7
China	0.6	3.4
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/MSCI. <sup>1</sup>MSCI 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

22

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.

Current and future portfolio holdings are subject to risk. 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 Dec 2020: Raccoon Holdings Inc 0.5%. 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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