



Artisan International Small-Mid Fund

MONTHLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 31 January 2020

Commentary

After rising for most of the month, global equities came under selling pressure late in the month on concerns about the mounting coronavirus outbreak in China and its potential impacts on international trade, global supply chains and the world's second-largest economy.

Our portfolio held up better than the MSCI ACWI ex USA SMID Index in January. NICE and Kornit Digital were among our top performers. NICE, an Israel-based provider of cloud-based and on-premise enterprise software solutions, happens to be our largest position. The company is benefiting from the ongoing transition to cloud computing, contributing to increased adoption of its analytics and AI solutions. We believe this next stage of growth has the potential to meaningfully enhance the margin profile of the business.

Kornit Digital is a leader in commercial printing solutions (i.e., equipment, software and ink) for the garment, apparel and textile industries. The company announced a big customer win in its polyester and poly-blend sportswear business, getting GEAR of Sports, a division of Hanesbrands that has several of the largest names in athletic wear, including Under Armour, Champion and Hanes. The win validates the company's technological leadership in direct-to-garment systems that are enabling the apparel industry's structural shift to automation, fast fashion and increased customization.

On the down side, MorphoSys and Metso were among our biggest detractors. MorphoSys is a German biotechnology company focused on the development of antibodies for a wide range of diseases, including cancer, rheumatoid arthritis and multiple sclerosis. In January, the company signed a deal with Incyte to develop and commercialize tafasitamab, a treatment for large B-cell lymphoma. In the deal, MorphoSys will receive a \$750 million upfront payment, a \$150 million equity investment and co-promotion rights in the US. This news was met with some skepticism as investors may have instead anticipated an outright sale of the company. We are pleased that the company was not sold. The company has a portfolio of partnerships and royalty deals with leading pharmaceuticals companies, such as Novartis, Roche and GlaxoSmithKline, that generates meaningful royalty income. This income underpins the development of its proprietary product pipeline, which we believe is underappreciated.

Metso is a Finland-based mining equipment company. Shares declined on recent indications of weaker equipment demand. Though we recognize the near-term cyclical headwinds, our investment case is long term in nature. With a new CEO and a restructuring in progress, we believe there is meaningful opportunity for margin improvement. In addition, we like the company's plans to merge with Outotec, which has a complementary portfolio of R&D and technology solutions. Extraction technology is increasingly valuable in mining due to degraded ore quality as well as industry trends toward electrification and IoT-driven sensors.

Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$15.08	\$15.09
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Annual Report 30 Sep 2019	1.43%	1.25% ¹
Prospectus 30 Sep 2019 ^{2,3}	1.40%	1.26%

¹For the period from commencement of operations 5 Dec 2018 through 30 Sep 2019. ²Reflects a reduction in management fees, effective 1 Dec 2018. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	3.2
MorphoSys AG (Germany)	2.2
Tecan Group AG (Switzerland)	2.1
Obic Co Ltd (Japan)	1.6
Cree Inc (United States)	1.6
SG Holdings Co Ltd (Japan)	1.6
Azbil Corp (Japan)	1.4
Jeol Ltd (Japan)	1.4
Belimo Holding AG (Switzerland)	1.4
Metso Oyj (Finland)	1.4
TOTAL	17.8%

Source: Artisan Partners/MSCI.

Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD ¹
Communication Services	3.4	4.8
Consumer Discretionary	9.1	12.0
Consumer Staples	8.2	6.6
Energy	0.0	2.8
Financials	3.5	11.2
Health Care	28.6	7.7
Industrials	17.2	20.1
Information Technology	26.4	10.2
Materials	2.4	10.3
Real Estate	1.3	9.9
Utilities	0.0	4.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 5.7% of the total portfolio. ¹MSCI All Country World ex USA SMID Index.

Investment Results (%)

As of 31 January 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	-1.82	-1.82	-1.82	22.59	12.99	7.54	8.36	11.35
Advisor Class: APDJX	-1.82	-1.82	-1.82	22.79	13.05	7.57	8.38	11.36
MSCI All Country World ex USA SMID Index	-2.86	-2.86	-2.86	10.21	7.29	5.94	6.42	8.81
MSCI All Country World ex USA Small Cap Index	-3.12	-3.12	-3.12	9.98	7.14	6.45	6.79	9.53

As of 31 December 2019

Investor Class: ARTJX	3.78	13.03	36.25	36.25	14.75	7.88	8.06	11.52
Advisor Class: APDJX	3.78	13.13	36.60	36.60	14.81	7.92	8.07	11.53
MSCI All Country World ex USA SMID Index	4.36	10.27	22.36	22.36	9.78	6.59	6.40	9.03
MSCI All Country World ex USA Small Cap Index	4.93	11.01	22.42	22.42	9.65	7.04	6.92	9.77

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	52.3	43.0
United Kingdom	17.0	12.5
Germany	8.2	4.6
Switzerland	6.8	4.7
Denmark	6.0	1.8
Sweden	3.7	3.5
Netherlands	2.4	1.7
Finland	2.1	1.1
Spain	1.7	1.5
Italy	1.5	2.2
Belgium	1.4	1.3
France	1.3	5.3
Ireland	0.1	0.8
PACIFIC BASIN	21.2	29.2
Japan	20.6	19.8
Australia	0.6	5.4
AMERICAS	16.6	6.3
United States	12.3	—
Canada	4.3	6.3
MIDDLE EAST	6.7	1.2
Israel	6.7	1.2
EMERGING MARKETS	3.2	20.4
Brazil	3.0	2.7
China	0.2	2.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/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

21

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 Jan 2020: Kornit Digital Ltd 0.9%. 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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