



# Artisan International Small-Mid Fund

MONTHLY  
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 30 September 2020

## Commentary

Non-US small- and mid-cap equities pared their gains in September but finished solidly in positive territory for Q3. Broad-based strength among more economically sensitive sectors, including industrials, materials and consumer discretionary, reflected the continued recovery in economic fundamentals, as well as a backdrop of extensive fiscal and monetary policy support globally. Regionally, both developed and emerging markets turned in high single-digit returns. The appreciation of all G10 currencies versus the US dollar provided a further tailwind for USD-based returns.

Our portfolio outpaced the MSCI ACWI ex USA SMID Index in Q3, adding to its YTD lead. Outperformance was broad-based, with strong contributions from a variety of themes, industries and geographies. Our top individual contributors were SG Holdings and Tecan Group. SG Holdings is a Japanese provider of logistics and delivery services akin to UPS. Operating profit in the most recent fiscal quarter rose 47% as growth in business-to-consumer freight more than offset declines in business-to-business freight. SG Holdings' improved delivery efficiency was also a key driver. Our long-term interest remains focused on the opportunities to increase profitability as technological advancements in robotics and software enable the company to charge higher prices and earn better margins for additional services as it moves up the value chain. We are also looking at how this crisis may reinforce the secular trends in e-commerce and warehouse automation since the fewer people who touch a package, the better.

Tecan Group is a Swiss leader in the design and manufacturing of life-sciences tools and diagnostics instruments. Tecan's core specialty is designing robotic liquid handling—automated systems that are highly complicated and require exquisite precision—with important applications in molecular diagnostics and gene sequencing. Demand for Tecan's diagnostic instruments has received a near-term boost related to COVID-19, which is offsetting potential COVID-19-related pressures in other parts of the business.

Our biggest detractors were ACADIA Pharmaceuticals and Almirall. ACADIA is a biopharmaceutical company and maker of Nuplazid® (pimavanserin), the only approved treatment for Parkinson's disease psychosis. The stock fell in July after Nuplazid® missed a primary endpoint in a trial for major depressive disorder. At this time, ACADIA does not plan to conduct another trial in this indication. However, the FDA accepted Nuplazid's® supplemental new drug application for dementia-related psychosis, which represents a large market opportunity with no other approved drugs.

Almirall is a Spanish pharmaceuticals company that is a leading player in the global dermatology and aesthetics markets. The dermatology business in the US and EU has been negatively affected by the COVID-19 pandemic, with reduced patient visits during the lockdowns and changes in prescription habits. We see these headwinds as temporary. Moreover, CEO Peter Guenter recently announced he will leave the company at year end. We are waiting to see who is appointed to fill the role and plan to meet with management when appropriate. We believe our longer term investment case, which is predicated on sustainable growth derived from Almirall's robust pipeline, remains intact. The pipeline of new drugs includes those for psoriasis, actinic keratosis, acne and atopic dermatitis.

## Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$17.33	\$17.35
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Semi-Annual Report 31 Mar 2020 <sup>1</sup>	1.34%	1.20%
Prospectus 30 Sep 2019 <sup>2,3</sup>	1.40%	1.26%

<sup>1</sup>Unaudited, annualized for the six-month period. <sup>2</sup>Reflects a reduction in management fees, effective 1 Dec 2018. <sup>3</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	2.8
MorphoSys AG (Germany)	2.2
Metso Outotec Oyj (Finland)	2.2
SG Holdings Co Ltd (Japan)	2.1
Azbil Corp (Japan)	1.9
Kornit Digital Ltd (Israel)	1.8
Cree Inc (United States)	1.7
Tecan Group AG (Switzerland)	1.7
Rotork PLC (United Kingdom)	1.6
AIXTRON SE (Germany)	1.5
<b>TOTAL</b>	<b>19.6%</b>

Source: Artisan Partners/MSCI.

## Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD <sup>1</sup>
Communication Services	1.8	5.0
Consumer Discretionary	8.9	12.1
Consumer Staples	5.8	6.4
Energy	0.0	2.1
Financials	2.9	10.4
Health Care	27.1	8.3
Industrials	23.2	19.6
Information Technology	26.6	11.7
Materials	2.3	11.6
Real Estate	1.2	8.7
Utilities	0.0	4.2
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 5.3% of the total portfolio. <sup>1</sup>MSCI All Country World ex USA SMID Index.

## Investment Results (%)

As of 30 September 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	1.11	13.19	12.83	27.52	10.99	9.65	8.62	11.75
Advisor Class: APDJX	1.11	13.18	12.88	27.70	11.06	9.69	8.65	11.76
MSCI All Country World ex USA SMID Index	-1.64	8.93	-4.89	4.88	0.79	6.40	4.85	8.36
MSCI All Country World ex USA Small Cap Index	-1.26	10.50	-3.64	6.97	0.93	6.80	5.31	9.15

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>53.6</b>	<b>40.8</b>
United Kingdom	17.5	11.0
Germany	8.0	4.9
Switzerland	7.6	3.6
Denmark	6.5	2.2
Finland	3.7	1.1
Sweden	3.4	4.6
Netherlands	2.4	1.5
France	2.1	5.0
Italy	0.9	2.2
Spain	0.8	1.0
Belgium	0.6	1.2
Ireland	0.1	0.4
<b>PACIFIC BASIN</b>	<b>17.1</b>	<b>31.0</b>
Japan	17.1	21.4
<b>AMERICAS</b>	<b>16.9</b>	<b>5.9</b>
United States	13.4	—
Canada	3.6	5.9
<b>MIDDLE EAST</b>	<b>7.8</b>	<b>1.3</b>
Israel	7.8	1.3
<b>EMERGING MARKETS</b>	<b>4.6</b>	<b>21.0</b>
Brazil	2.2	1.6
India	1.8	2.0
China	0.6	3.7
<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

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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 30 Sep 2020: Almirall SA 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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