



# Artisan International Small-Mid Fund

MONTHLY  
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 28 February 2021

## Commentary

Non-US small- and mid-cap equities have advanced QTD, with markets reacting positively to COVID-19 vaccine developments and pledges of continued fiscal and monetary support globally. Performance has been strong in the financials, consumer discretionary and materials sectors—which have been buoyed by the continued recovery in macroeconomic fundamentals.

Our portfolio lags the MSCI ACWI ex USA SMID Index modestly QTD, with performance hampered by our information technology holdings. Bottom QTD contributors include NICE and Azbil. NICE is an Israel-based provider of cloud-based and on-premise enterprise software solutions. Shares fell in late February in sympathy with technology stocks. In our view, short-term market disruptions should not have a significant impact on NICE's long-term performance. The business continues to benefit 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.

Azbil is a Japanese manufacturer of automated control systems for HVAC equipment. The company has faced headwinds during the pandemic amid construction delays and a decline in building sales. Over the long term, Azbil benefits from the trend toward office-building modernization associated with green buildings, energy efficiency and increasing software intensity and connectivity. Buildings consume approximately 40% of the world's energy, presenting a large opportunity to renovate and thereby decarbonize the existing stock of energy-inefficient buildings. We believe Azbil is well-positioned to benefit from this secular tailwind due to its dominant market position in Japan.

Top QTD contributors include Aixtron and Kornit Digital. Aixtron engineers and manufactures metal organic chemical vapor deposition equipment for the semiconductor industry. Customers use its equipment to produce compound semiconductor layer structures for use in LED, laser, solar cell, transistor, telecommunications and other applications. Recently, the company was awarded funding from the German Federal Ministry of Education and Research to develop a production process for energy-efficient neuromorphic artificial intelligence (AI) chips. Aixtron is a key enabler of the advanced-materials science needed to meet appropriate standards of safety in this advanced technology.

Kornit Digital is a leader in commercial printing solutions (e.g., equipment, software and ink) for the garment, apparel and textile industries. The company's revolutionary technology allows for direct printing on garments and is enabling the apparel industry's structural shift to automation, fast fashion and increased customization. This business's value is derived from its premier customer relationships and the long tail of high-margin proprietary ink consumables consequent to printer installations. The need for better inventory management and desire to bring production closer to the customer have been reinforced by the COVID-19 pandemic.

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 should adapt well to directional market shifts.

## Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$20.42	\$20.44
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Annual Report 30 Sep 2020	1.33%	1.18%
Prospectus 30 Sep 2020 <sup>1</sup>	1.34%	1.19%

<sup>1</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Kornit Digital Ltd (Israel)	2.5
Nice Ltd (Israel)	2.5
AIXTRON SE (Germany)	2.4
Metso Outotec Oyj (Finland)	2.3
SG Holdings Co Ltd (Japan)	1.9
MorphoSys AG (Germany)	1.8
Rotork PLC (United Kingdom)	1.7
Cree Inc (United States)	1.7
Azbil Corp (Japan)	1.6
JET2 PLC (United Kingdom)	1.6
<b>TOTAL</b>	<b>20.0%</b>

Source: Artisan Partners/MSCI.

## Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD <sup>1</sup>
Communication Services	0.7	4.9
Consumer Discretionary	8.9	12.4
Consumer Staples	6.0	5.7
Energy	0.0	2.8
Financials	3.1	11.3
Health Care	27.5	7.2
Industrials	26.3	19.6
Information Technology	24.8	11.0
Materials	1.7	12.3
Real Estate	1.0	8.5
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 2.0% of the total portfolio. <sup>1</sup>MSCI All Country World ex USA SMID Index.

## Investment Results (%)

As of 28 February 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	2.00	0.54	0.54	46.92	14.94	14.50	10.05	12.48
Advisor Class: APDJX	2.05	0.59	0.59	47.10	15.05	14.57	10.09	12.49
MSCI All Country World ex USA SMID Index	2.43	2.07	2.07	29.59	4.89	11.00	5.63	9.22
MSCI All Country World ex USA Small Cap Index	3.62	3.44	3.44	34.33	5.49	11.81	6.21	10.11

  

As of 31 December 2020								
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>53.9</b>	<b>40.1</b>
United Kingdom	20.4	11.6
Germany	7.5	4.7
Switzerland	6.9	3.5
Denmark	5.9	1.6
Sweden	3.8	4.3
Finland	3.6	1.2
France	1.9	4.5
Netherlands	1.9	1.6
Spain	0.8	1.2
Italy	0.7	2.2
Belgium	0.5	1.2
<b>AMERICAS</b>	<b>18.2</b>	<b>6.1</b>
United States	14.8	—
Canada	3.4	6.1
<b>PACIFIC BASIN</b>	<b>15.2</b>	<b>29.2</b>
Japan	15.2	20.1
<b>MIDDLE EAST</b>	<b>7.9</b>	<b>1.4</b>
Israel	7.9	1.4
<b>EMERGING MARKETS</b>	<b>4.8</b>	<b>23.2</b>
India	2.1	3.0
Brazil	1.8	1.5
China	0.9	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.

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