



# Artisan International Small-Mid Fund

MONTHLY  
Commentary

Investor Class: ARTJX | Advisor Class: APDJX As of 31 July 2021

## Commentary

Global equities had generally lackluster gains in July. The materials, real estate and information technology sectors, which led the MSCI ACWI ex USA SMID Index, returned less than 3%, and the energy, consumer discretionary and communication services sectors delivered negative returns. Positive corporate earnings, cautious optimism for vaccine efficiency against the delta variant and ongoing fiscal support, however, helped equities finish the month in positive territory.

Our portfolio has performed in-line with the index QTD. Stock selection in information technology and industrials contributed the most to absolute and relative returns. Individual securities NICE and Intersect ENT were the top contributors. NICE continued to benefit from the ongoing transition to cloud computing and is leading the commercialization of AI in its customer interaction software and financial fraud and compliance platform, Actimize. AI allows the company to meaningfully broaden the number of seats within the enterprise and to cross-sell high value analytics and robotic process automation tools. NICE has a highly recurring revenue business model with a product suite that is difficult to replace and is early in its penetration potential.

Intersect, which focuses on treatments for chronic sinusitis, benefited from the gradual return of elective surgeries and in-person doctor visits. The company is meaningfully expanding its product range from its core bioabsorbable, drug-eluting sinus implants to include stents, balloon sinus dilation tools and surgical navigation systems. We believe it has significant growth potential in a large, underserved and fragmented market and can achieve benefits of scale with operational improvements.

Our holdings in health care and consumer discretionary were the main detractors from absolute and relative returns. MorphoSys and Glaukos were the largest individual detractors. MorphoSys' share price has suffered as a result of soft sales for Monjuvi®—a first of its kind treatment for relapse and refractory large B-cell lymphoma—and the news of a recent acquisition funded through monetizing part of its royalty portfolio. We are patient investors who maintain a long-term view. We see promise in MorphoSys' portfolio and believe the company's valuation is extremely attractive. However, we also eagerly await further transparency and follow-on discussion with management once the deal closes and full disclosure is available.

Glaukos, a pioneer in micro-invasive glaucoma surgery, focuses on novel therapies for the treatment of glaucoma, corneal disorders and retinal diseases. Undeterred by COVID-19-related delays of elective eye procedures, we're focused on the long-term demand, advances in material science from the miniaturization and robotization of procedures and AI-enabled remote diagnostics. Ophthalmology's high barriers to entry, high margins and pricing power are especially attractive. Glaukos' robust pipeline of medical devices and pharmaceuticals should lead it to gain commercial leadership in each of its areas of specialization and potentially generate durable, strong earnings.

## Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$21.52	\$21.56
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Semi-Annual Report 31 Mar 2021 <sup>1</sup>	1.31%	1.14%
Prospectus 30 Sep 2020 <sup>2</sup>	1.34%	1.19%

<sup>1</sup>Unaudited, annualized for the six-month period. <sup>2</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	3.7
Kornit Digital Ltd (Israel)	2.8
SG Holdings Co Ltd (Japan)	2.3
Metso Outotec Oyj (Finland)	1.9
ConvaTec Group PLC (United Kingdom)	1.7
Alcon Inc (Switzerland)	1.7
Rotork PLC (United Kingdom)	1.7
CAE Inc (Canada)	1.6
Azbil Corp (Japan)	1.6
Electrocomponents PLC (United Kingdom)	1.5
<b>TOTAL</b>	<b>20.4%</b>

Source: Artisan Partners/MSCI.

## Sector Diversification (% of portfolio securities)

	Fund	ACxUS SMD <sup>1</sup>
Communication Services	0.8	4.8
Consumer Discretionary	7.7	12.2
Consumer Staples	7.0	5.9
Energy	0.9	2.6
Financials	2.4	11.3
Health Care	25.8	7.3
Industrials	27.4	20.1
Information Technology	25.0	11.1
Materials	1.9	11.9
Real Estate	1.2	8.7
Utilities	0.0	4.1
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 1.3% of the total portfolio. <sup>1</sup>MSCI All Country World ex USA SMID Index.

## Investment Results (%)

As of 31 July 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	0.14	0.14	5.96	34.20	15.66	14.25	9.94	12.49
Advisor Class: APDJX	0.19	0.19	6.10	34.49	15.81	14.33	9.98	12.52
MSCI All Country World ex USA SMID Index	0.24	0.24	10.78	36.04	8.64	10.02	6.47	9.47
MSCI All Country World ex USA Small Cap Index	0.80	0.80	13.14	41.16	9.81	10.94	7.10	10.38

As of 30 June 2021

Investor Class: ARTJX	1.94	7.34	5.81	41.19	16.93	15.19	9.78	12.54
Advisor Class: APDJX	1.94	7.39	5.91	41.34	17.06	15.27	9.82	12.56
MSCI All Country World ex USA SMID Index	-0.63	6.05	10.52	41.80	8.97	11.21	6.38	9.50
MSCI All Country World ex USA Small Cap Index	-0.62	6.35	12.24	47.04	9.78	11.97	7.02	10.38

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 portfolio securities)

REGION	Fund	ACxUS SMD <sup>1</sup>
<b>EUROPE</b>	<b>48.6</b>	<b>41.0</b>
United Kingdom	19.2	11.6
Switzerland	7.5	3.7
Denmark	5.5	1.7
Germany	4.6	4.8
Finland	3.0	1.3
Sweden	2.6	4.6
Netherlands	2.2	1.6
France	2.0	4.7
Spain	0.8	1.0
Italy	0.8	2.3
Belgium	0.4	1.1
<b>AMERICAS</b>	<b>18.6</b>	<b>6.4</b>
United States	14.2	—
Canada	4.4	6.4
<b>PACIFIC BASIN</b>	<b>17.0</b>	<b>27.5</b>
Japan	16.9	18.3
Australia	0.1	5.9
<b>MIDDLE EAST</b>	<b>10.1</b>	<b>1.5</b>
Israel	10.1	1.5
<b>EMERGING MARKETS</b>	<b>5.7</b>	<b>23.6</b>
Brazil	2.2	1.7
India	2.1	3.5
China	0.9	3.2
Iceland	0.6	—
<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 31 Jul 2021: Glaukos Corp 0.8%; Intersect ENT Inc 1.2%; MorphoSys AG 1.0%. 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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