



Artisan International Small-Mid Fund

MONTHLY
Commentary

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

Commentary

Equity markets produced positive returns in Q1 amid additional fiscal stimulus in the US and a global ramp-up in COVID-19 vaccine distribution. Energy and financials sectors fared best, benefiting from the anticipation for higher global growth. The market's focus on the potential for rising inflation and higher interest rates drove sharp price movement across sectors, with health care emerging as the primary laggard.

Our portfolio trailed the MSCI ACWI ex USA SMID Index in Q1, driven by information technology holdings and an overweight to health care. Bottom individual contributors were NICE and MorphoSys. Shares of NICE—an increasingly cloud-based provider of enterprise software for contact centers—fell amid a market rotation away from software after a strong 2020. The business is benefiting from the ongoing transition to cloud computing, increased adoption of its analytics and artificial intelligence capabilities, and robotic process automation solutions. We believe this next stage of growth has the potential to meaningfully enhance the growth and margin profile, and we have used the opportunity to increase our position.

Immunotherapy company MorphoSys issued a lower-than-expected 2021 outlook amid sluggish royalties from its Johnson & Johnson partnered drug Tremfya, a slower US launch for Monjuvi® which treats relapse and refractory large B-cell lymphoma—and a delay in regulatory milestone payments. Our investment case remains focused on the large opportunity for Monjuvi®, its potential for additional indications, the optionality of MorphoSys' robust pipeline and diverse royalty deals.

Among top contributors for the quarter were Aixtron and Metso Outotec. Aixtron manufactures metal organic chemical vapor deposition equipment used in the production of highly evolved compound semiconductor materials, including silicon carbide and gallium nitride on silicon. Aixtron technology driving next-generation material science will help increase the range and speed of charging for electric vehicles and the emerging 5G ecosystem.

Metso Outotec manufactures mining equipment to automate mining operations with a focus on electrification and IoT-driven sensors. The shift toward mine automation should improve workers' well-being and reduce the use of raw materials, in addition to improving margins. Metso is benefiting from increasing demand for battery materials, and its equipment is becoming indispensable for the decarbonization of processes. The latter is important as the industry trends away from diesel and customers seek carbon credits.

Our team has managed through sharp rotations before, and we remain true to our orientation toward long-term fundamentals and structural tailwinds. With a foundation in high-quality businesses with high returns on capital, low to no debt and adept management teams, we believe our portfolio will withstand short-term market fascinations and deliver results over the long term.

Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$20.02	\$20.04
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Annual Report 30 Sep 2020	1.33%	1.18%
Prospectus 30 Sep 2020 ¹	1.34%	1.19%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	2.6
Metso Outotec Oyj (Finland)	2.2
Kornit Digital Ltd (Israel)	2.2
AIXTRON SE (Germany)	2.1
SG Holdings Co Ltd (Japan)	2.0
Rotork PLC (United Kingdom)	1.7
MorphoSys AG (Germany)	1.7
Azbil Corp (Japan)	1.7
Alcon Inc (Switzerland)	1.6
JET2 PLC (United Kingdom)	1.6
TOTAL	19.3%

Source: Artisan Partners/MSCI.

Sector Diversification (% of total portfolio equities)

	Fund	ACxUS SMD ¹
Communication Services	0.7	4.8
Consumer Discretionary	8.6	12.6
Consumer Staples	6.7	5.8
Energy	0.0	2.8
Financials	3.0	11.4
Health Care	27.6	6.9
Industrials	27.0	19.8
Information Technology	23.6	10.8
Materials	1.7	12.3
Real Estate	1.1	8.5
Utilities	0.0	4.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 1.5% of the total portfolio. ¹MSCI All Country World ex USA SMID Index.

Investment Results (%)

As of 31 March 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	-1.96	-1.43	-1.43	66.84	13.47	12.94	9.31	12.30
Advisor Class: APDJX	-1.96	-1.38	-1.38	67.03	13.58	13.01	9.34	12.32
MSCI All Country World ex USA SMID Index	2.11	4.22	4.22	62.05	6.07	9.62	5.77	9.29
MSCI All Country World ex USA Small Cap Index	2.03	5.53	5.53	69.82	6.61	10.40	6.32	10.17

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	53.2	40.1
United Kingdom	20.5	11.6
Switzerland	7.3	3.5
Germany	6.7	4.6
Denmark	6.2	1.6
Finland	3.3	1.1
Sweden	3.2	4.4
Netherlands	2.0	1.6
France	1.9	4.5
Spain	0.9	1.2
Italy	0.7	2.3
Belgium	0.4	1.1
AMERICAS	18.2	6.2
United States	14.3	—
Canada	3.9	6.2
PACIFIC BASIN	16.5	29.3
Japan	16.5	20.2
MIDDLE EAST	7.7	1.4
Israel	7.7	1.4
EMERGING MARKETS	4.5	23.1
India	1.9	3.0
Brazil	1.7	1.5
China	0.8	3.4
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

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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. 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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Country exposure percentages reflect country designations as classified by MSCI as of the date shown. Securities not classified by MSCI reflect country designations as of the date the report was generated. Sector exposure percentages reflect sector designations as currently classified by GICS.

Return on Capital (ROC) is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

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