



Artisan International Small-Mid Fund

MONTHLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 28 February 2022

Commentary

Non-US equities faced headwinds from multiple directions in February. Russia's invasion of Ukraine was the most impactful, causing significant short-term market fluctuations. We're thinking about the first- and second-order effects of this crisis, but in major market dislocations, it is important to: 1) continue focusing on long-term outcomes while being mindful of short-term vulnerabilities; and 2) lean into our bottom-up process to carefully assess the fundamentals of each business rather than the daily risk-on/risk-off fluctuations of the market. We've experienced turbulent markets over the past decade and take solace in the fact that we know what we own—best-in-class businesses, that operate in structurally growing areas of the market and that have intelligent management teams and the ability to self-fund growth. We have no direct investments in Russia or Ukraine.

Small- and mid-cap stocks declined across all sectors, with the exception of energy. Our portfolio trailed the MSCI ACWI ex USA SMID Index QTD mainly due to an overweight in information technology and security selection in industrials. Kornit Digital and NICE were the largest individual detractors despite their fundamental progress. Kornit's technology enables the apparel industry's structural shift to automation and instant fashion. Its long list of premier customer relationships continues to expand, and its competitive position should strengthen with a new product introduction cycle. Kornit has no debt, is raising prices—demonstrating its pricing power in an inflationary environment—and has margin expansion opportunities.

NICE has a market cap of \$14 billion, no debt and net cash of \$1.4 billion, top-line growth of +12% and meaningful margin expansion opportunities as it incorporates artificial intelligence across its product lines. NICE also has an entirely new line of technology growth and should generate \$600 million of free cash flow. Its stock price, in our view, massively undervalues the company's long-term growth.

Lantheus and Zogenix were the top contributors. Lantheus is a pioneer in medical imaging and has a pipeline of radiotherapeutics, PET imaging agents and small molecule therapeutics in oncology and cardiology. Shares outperformed on a successful launch of PYLARIFY®, a PET imaging agent that's becoming the standard of care for prostate cancer, and strong sales of DEFINITY®, an imaging agent for echocardiograms. The expected FDA approval for in-house manufacturing of DEFINITY® should meaningfully expand gross margins, and an improving product mix should boost profitability.

Zogenix is a leader in the treatment of epilepsy. In January 2022, global biopharmaceutical company UCB announced plans to acquire Zogenix for nearly \$2 billion, representing a 70+% premium. We initially purchased Zogenix in February 2021 with intentions for multi-year ownership but exited our position on the announcement.

Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$17.82	\$17.87
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Annual Report 30 Sep 2021	1.30%	1.14%
Prospectus 30 Sep 2021 ¹	1.31%	1.15%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	3.6
Kornit Digital Ltd (Israel)	2.7
Alcon Inc (Switzerland)	2.1
JET2 PLC (United Kingdom)	2.0
Wolfspeed Inc (United States)	2.0
CyberArk Software Ltd (Israel)	1.9
Azbil Corp (Japan)	1.9
SG Holdings Co Ltd (Japan)	1.8
Metso Outotec Oyj (Finland)	1.8
CAE Inc (Canada)	1.8
TOTAL	21.5%

Source: Artisan Partners/MSCI.

Sector Diversification (% of portfolio securities)

	Fund	ACxUS SMD ¹
Communication Services	0.7	4.9
Consumer Discretionary	5.3	10.9
Consumer Staples	6.5	6.2
Energy	1.6	3.2
Financials	2.7	11.9
Health Care	25.0	6.8
Industrials	28.6	20.1
Information Technology	26.3	10.6
Materials	2.1	12.2
Real Estate	1.3	8.8
Utilities	0.0	4.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 3.8% of the total portfolio. ¹MSCI All Country World ex USA SMID Index.

Investment Results (%)

As of 28 February 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	-2.89	-12.95	-12.95	-10.24	12.90	11.84	8.65	11.23
Advisor Class: APDJX	-2.83	-12.91	-12.91	-10.08	13.08	11.95	8.70	11.25
MSCI All Country World ex USA SMID Index	-0.99	-7.24	-7.24	0.11	8.40	7.35	6.37	8.75
MSCI All Country World ex USA Small Cap Index	-1.29	-7.46	-7.46	1.03	9.90	8.11	7.04	9.64

As of 31 December 2021

Investor Class: ARTJX	3.07	-0.64	3.66	3.66	23.39	15.81	11.93	12.09
Advisor Class: APDJX	3.12	-0.59	3.86	3.86	23.60	15.91	11.97	12.12
MSCI All Country World ex USA SMID Index	3.95	0.62	10.16	10.16	14.72	10.30	8.63	9.23
MSCI All Country World ex USA Small Cap Index	4.23	0.62	12.93	12.93	16.45	11.21	9.46	10.14

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 ¹
EUROPE	45.8	38.5
United Kingdom	16.8	10.8
Switzerland	8.1	3.6
Denmark	4.6	1.5
Germany	3.8	4.1
Sweden	3.1	3.9
France	3.1	4.4
Finland	2.3	1.1
Netherlands	2.2	1.7
Spain	0.8	1.2
Italy	0.7	2.3
Belgium	0.3	1.2
AMERICAS	20.6	6.9
United States	15.6	—
Canada	5.0	6.9
PACIFIC BASIN	16.2	28.1
Japan	16.1	18.4
Australia	0.1	6.3
MIDDLE EAST	11.3	2.1
Israel	11.3	2.1
EMERGING MARKETS	6.0	24.4
Brazil	2.4	1.5
India	2.0	4.0
China	1.1	3.2
Iceland	0.5	—
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. These holdings comprise the following percentages of the Fund's total net assets as of 28 Feb 2022: Lantheus Holdings Inc 1.2%. 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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Net cash is a figure that is reported on a company's financial statements. It is calculated by subtracting a company's total liabilities from its total cash. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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