



# Artisan International Small-Mid Fund

MONTHLY  
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 30 June 2022

## Commentary

Rising inflation, monetary policy tightening and geopolitical conflicts led global equities to negative returns in Q2 and to the largest first half declines in over 20 years. The materials and technology sectors fared the worst during the quarter, and no sector had positive returns.

Our portfolio modestly trailed the MSCI ACWI ex USA SMID Index in Q2. An overweight to tech and stock selection in industrials weighed on relative returns. Kornit Digital and Wolfspeed were key detractors. Kornit is an IP-protected leader in the apparel industry's digital transformation. For Q1, Kornit reported 32% YoY revenue growth but a slowdown in ink consumption due to lower garment production. During Q2, new printer installations slowed, signaling customer caution about a macroeconomic slowdown. The reaction in Kornit's stock has been dramatic, now pricing in not just a deep consumer recession but a fundamentally broken business. Kornit is back to a share price not seen in over three years, now under our original 2019 entry point. Since the start of 2019, the business has transformed meaningfully. The installed base of high throughput printers has doubled, ink consumables revenue is up 70%, and customer relationships have continued to expand. In tandem, Kornit's overall revenue and earnings have doubled, and its cash position has more than quintupled to \$734mn at present—while also continuing to spend on R&D. The R&D effort will lead to another meaningful product cycle expected next year, one that will increase automation, a significant positive development for increased throughput. In addition to its cash position, Kornit has no debt and the ability to self-fund growth, shielding it from rising financing costs and the need to tap capital markets. We're comfortable looking past the market's short-termism.

Wolfspeed manufactures silicon carbide (SiC) wafers and devices for the next generation of power semiconductors. Quarterly revenues reflected temporary logistics issues due to lockdowns in China, but its ability to secure new design contracts has not been impacted. Demand for power devices—particularly for EV production—is accelerating and still in the early stages. To meet increasing demand and to secure its position as an industry leader, Wolfspeed opened a new device manufacturing facility in April—the largest SiC facility in the world.

The top contributor in Q2 was Legend Biotech. Legend's Carvykti (cilta-cel), now approved in the US and EU, is a best-in-class B-cell maturation antigen-directed therapy in relapsed/refractory multiple myeloma. We're optimistic about Carvykti's long-term sales potential, the Johnson & Johnson partnership, and efforts to expand manufacturing capacity in support of a >\$5bn sales target. Legend has a robust pipeline of innovative cell therapies, including its newly approved drug application to treat gastric, esophageal and pancreatic cancers. We also like the strengthening of the US-based leadership team with the new CFO, global head of R&D and general counsel roles and the appointment of EY as a US-based auditor.

## Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$14.79	\$14.84
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Semi-Annual Report 31 Mar 2022 <sup>1</sup>	1.29%	1.13%
Prospectus 30 Sep 2021 <sup>2</sup>	1.31%	1.15%

<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)	4.0
ConvaTec Group PLC (United Kingdom)	2.3
Alcon Inc (Switzerland)	2.1
CAE Inc (Canada)	2.0
Toshiba Corp (Japan)	1.9
RS GROUP PLC (United Kingdom)	1.8
CyberArk Software Ltd (Israel)	1.7
SG Holdings Co Ltd (Japan)	1.7
Metso Outotec Oyj (Finland)	1.7
Swedish Orphan Biovitrum AB (Sweden)	1.6
<b>TOTAL</b>	<b>20.7%</b>

Source: Artisan Partners/MSCI.

## Sector Diversification (% of portfolio securities)

	Fund	ACxUS SMD <sup>1</sup>
Communication Services	1.5	4.8
Consumer Discretionary	4.9	10.9
Consumer Staples	6.3	6.4
Energy	1.5	4.0
Financials	2.7	12.1
Health Care	26.4	7.0
Industrials	27.4	19.8
Information Technology	25.7	10.2
Materials	2.3	11.5
Real Estate	1.4	8.8
Utilities	0.0	4.5
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 7.1% of the total portfolio. <sup>1</sup>MSCI All Country World ex USA SMID Index.

## Investment Results (%)

As of 30 June 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	-8.42	-17.19	-27.75	-29.21	3.31	5.43	7.13	10.03
Advisor Class: APDJX	-8.40	-17.14	-27.68	-29.08	3.46	5.54	7.18	10.06
MSCI All Country World ex USA SMID Index	-10.30	-16.63	-22.16	-22.41	1.44	1.95	5.57	7.67
MSCI All Country World ex USA Small Cap Index	-11.04	-17.55	-22.92	-22.45	2.94	2.55	6.22	8.50

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>46.7</b>	<b>35.6</b>
United Kingdom	15.1	9.6
Switzerland	7.0	3.2
Denmark	5.4	1.5
Germany	4.8	3.4
France	3.9	4.3
Sweden	3.5	3.6
Netherlands	2.5	1.6
Finland	2.1	1.1
Italy	1.5	2.3
Spain	0.5	1.3
Belgium	0.4	1.2
<b>AMERICAS</b>	<b>22.3</b>	<b>7.2</b>
United States	16.2	—
Canada	6.2	7.2
<b>PACIFIC BASIN</b>	<b>14.8</b>	<b>29.6</b>
Japan	14.7	19.3
Australia	0.1	6.5
<b>MIDDLE EAST</b>	<b>9.9</b>	<b>1.9</b>
Israel	9.9	1.9
<b>EMERGING MARKETS</b>	<b>6.2</b>	<b>25.8</b>
India	2.1	4.2
China	1.9	4.4
Brazil	1.7	1.5
Iceland	0.5	—
<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. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. 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 Jun 2022: Kornit Digital Ltd 1.5%; Legend Biotech Corp 1.4%; Wolfspeed Inc 1.4%. 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.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

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