



# Artisan International Small-Mid Fund

MONTHLY  
Commentary

Investor Class: ARTJX | Advisor Class: APDJX As of 31 May 2022

## Commentary

Non-US equities declined in May despite a late month rally. Lower energy and agricultural exports from Russia added to inflationary pressures—particularly weighing on Europe and emerging markets, and China's ongoing zero-COVID policy negatively impacted global supply chains. Quarter-to-date returns for small- and mid-cap stocks were negative across every sector, with the exception of energy stocks. Health care and information technology sectors were the weakest performers.

Our portfolio underperformed the MSCI ACWI ex USA SMID Index QTD. Health care and technology were the biggest sources of relative drag, due to both overweight positions and security selection during the quarter. Kornit Digital and Wolfspeed were the largest individual detractors. Kornit reported year-over-year revenue growth of 32% but a slowdown in growth of ink consumption. Kornit's stock is currently priced as if the business is fundamentally broken, and the market is ignoring positive developments—such as new product launches that accelerate the use of high-margin consumables and the signing of a new marquee customer in its EMEA business. Kornit is an IP-protected company enabling key structural shifts in the apparel industry toward automation, the near-shoring of production, and less waste. We have added to our position and believe the valuation is very attractive.

Wolfspeed manufactures silicon carbide wafers for the next generation of power semiconductors. Recently reported quarterly revenues reflected temporary logistics issues rooted in lockdowns in China. However, demand for power devices—particularly for electric vehicle 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. We continue to have confidence in Wolfspeed's management team to navigate the evolving opportunity set.

Aixtron and Toshiba were the top individual contributors. Aixtron is an engineer and manufacturer of metal organic chemical vapor deposition equipment with more than 50% market share and a focus on R&D to secure its competitive position. The company has evolved from a single-product business focused on the LED end market, to a broad industrial powerhouse focused on compound semiconductor production. Silicon carbide and gallium nitride are replacing traditional silicon semis, a trend we think will continue for several years.

Toshiba has transformed itself by stripping noncore businesses and partially monetizing its successful flash memory business, Kioxia. The remaining businesses, in our view, are extraordinarily undervalued. Shares rose with higher FY21 sales in all business units, higher operating income in semis and energy and improvement in free cash flow and orders. Toshiba's long-standing commitment to R&D has created significant IP in power generation, hydrogen technologies and quantum computing, and the business is buttressed by its very steady infrastructure services operation.

## Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$16.15	\$16.20
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)	3.8
ConvaTec Group PLC (United Kingdom)	2.1
Alcon Inc (Switzerland)	2.1
Metso Outotec Oyj (Finland)	2.0
Toshiba Corp (Japan)	2.0
JET2 PLC (United Kingdom)	1.9
RS GROUP PLC (United Kingdom)	1.9
CAE Inc (Canada)	1.8
CyberArk Software Ltd (Israel)	1.8
Kornit Digital Ltd (Israel)	1.7
<b>TOTAL</b>	<b>21.1%</b>

Source: Artisan Partners/MSCI.

## Sector Diversification (% of portfolio securities)

	Fund	ACxUS SMD <sup>1</sup>
Communication Services	1.8	4.8
Consumer Discretionary	5.5	10.5
Consumer Staples	5.9	6.1
Energy	1.5	4.0
Financials	2.7	11.9
Health Care	24.8	6.6
Industrials	28.9	20.0
Information Technology	25.2	10.2
Materials	2.2	12.3
Real Estate	1.4	8.9
Utilities	0.0	4.8
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 3.7% of the total portfolio. <sup>1</sup>MSCI All Country World ex USA SMID Index.

## Investment Results (%)

As of 31 May 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	-1.58	-9.57	-21.10	-21.20	7.74	7.11	8.39	10.55
Advisor Class: APDJX	-1.58	-9.55	-21.05	-21.07	7.92	7.22	8.44	10.57
MSCI All Country World ex USA SMID Index	-0.41	-7.05	-13.22	-14.04	6.98	4.24	7.17	8.28
MSCI All Country World ex USA Small Cap Index	-0.92	-7.32	-13.36	-13.37	8.58	5.07	7.82	9.16

As of 31 March 2022

Investor Class: ARTJX	0.22	-12.75	-12.75	-8.24	12.49	11.41	8.63	11.19
Advisor Class: APDJX	0.22	-12.72	-12.72	-8.08	12.67	11.51	8.68	11.21
MSCI All Country World ex USA SMID Index	0.66	-6.63	-6.63	-1.31	8.54	7.03	6.54	8.74
MSCI All Country World ex USA Small Cap Index	1.02	-6.52	-6.52	0.03	10.22	7.89	7.28	9.65

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>49.3</b>	<b>37.9</b>
United Kingdom	17.0	10.2
Switzerland	7.4	3.4
Denmark	5.5	1.5
Germany	4.9	3.9
France	4.0	4.4
Sweden	3.4	3.9
Netherlands	2.5	1.7
Finland	2.4	1.1
Italy	1.4	2.4
Spain	0.6	1.3
Belgium	0.4	1.2
<b>AMERICAS</b>	<b>20.4</b>	<b>7.3</b>
United States	14.7	—
Canada	5.7	7.3
<b>PACIFIC BASIN</b>	<b>14.7</b>	<b>28.1</b>
Japan	14.5	17.9
Australia	0.1	6.6
<b>MIDDLE EAST</b>	<b>9.7</b>	<b>1.9</b>
Israel	9.7	1.9
<b>EMERGING MARKETS</b>	<b>5.9</b>	<b>24.9</b>
Brazil	2.1	1.7
India	2.0	4.1
China	1.3	3.0
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 31 May 2022: AIXTRON SE 1.7%; Wolfspeed Inc 1.5%. 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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**Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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