



Artisan International Small-Mid Fund

MONTHLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 31 December 2023

Commentary

Global equities advanced in December after the Federal Reserve kept interest rates unchanged and hinted at cuts for 2024 as inflation pressures soften. The MSCI ACWI ex USA SMID Index rose in the month, with all sectors finishing in positive territory. Our portfolio outperformed the index in December. Stock selection in health care and information technology was the largest contributor to relative return. For the quarter, the portfolio outpaced the index, again led by security selection in health care and technology, aided by an overweight to technology.

NICE and Ambu were the largest contributors in Q4. Shares of NICE, a global leader in enterprise software for contact centers, reversed earlier declines in the quarter as concerns that the Israel-Hamas war would disrupt operations were quelled. NICE's quarterly results showed continued growth momentum, and we remain confident in its multiyear opportunity to build more artificial intelligence-enabled product enhancements and management decision tools and the ability to widen its market share lead—particularly at the high end of the customer base. Management expects AI revenue to reach several hundred million dollars over the next 18 months, and it continues to run the business profitably, with 20%+ margins, over a billion dollars of cash on the balance sheet and a focus on R&D to sustain its competitive positioning.

Ambu is a pioneer in single-use, disposable endoscopes. Initial markets included pulmonology, cystoscopy, and ear, nose and throat, and we believe entry into larger markets, like gastroenterology, is possible. Ambu reported strong cash flow generation and 14% year-over-year group organic growth, driven by 25% growth in endoscopy and 16% in pulmonology. Margins are temporarily under pressure as the new management team reorganizes its distribution strategy and R&D priorities. However, given Ambu's innovative modular design process and clear economic advantage versus incumbent devices, we believe the business's structural profitability is materially higher than its current levels and are confident in management's ability to execute.

Rohto Pharmaceutical and CAE were the largest detractors in Q4. Rohto is a Japan-based manufacturer and distributor of pharmaceuticals and cosmetics, including eye drops, contact lens care, dermal medicines, beauty products and over-the-counter medicines. With the inflationary environment in Japan, Rohto's high-value positioning as a premium skincare provider at an affordable price is resonating with customers. Sales, especially for skincare products, have been strong across Asia, and we expect further growth and better profitability. Worries of a demand slowdown in China weighed on the shares. We like Rohto's robust R&D pipeline and believe the concerns about revenue exposure to China is unwarranted.

CAE is a global flight simulation and outsourced training company for civil and military aviation. Shares were weaker after the company posted soft margin guidance for its defense segment. Despite this, the company's civil business, which is core to our investment thesis and accounts for the majority of operating profit, remained strong. CAE has transformed itself from a flight simulator equipment maker to a services company with high recurring revenues. We continue to believe the company is well positioned to benefit from a global shortage of civil pilots due to retirements and growing military budgets. Longer term, expanded training for civil and military pilots is an increasing trend as airlines and militaries seek to reduce costs and avoid large, fixed investments.

Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$17.32	\$17.41
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Annual Report 30 Sep 2023	1.30%	1.14%
Prospectus 30 Sep 2022 ¹	1.29%	1.14%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	3.9
ConvaTec Group PLC (United Kingdom)	3.1
Alcon Inc (Switzerland)	2.0
Swedish Orphan Biovitrum AB (Sweden)	2.0
JET2 PLC (United Kingdom)	2.0
CyberArk Software Ltd (Israel)	2.0
AIXTRON SE (Germany)	1.9
Fabrinet (United States)	1.8
Ambu A/S (Denmark)	1.8
Azbil Corp (Japan)	1.7
TOTAL	22.3%

Source: Artisan Partners/MSCI.

Sector Diversification (% of portfolio securities)

	Fund	ACxUS SMD ¹
Communication Services	0.7	4.5
Consumer Discretionary	4.2	11.3
Consumer Staples	7.3	6.0
Energy	1.8	3.8
Financials	4.9	13.5
Health Care	23.7	6.7
Industrials	27.7	20.1
Information Technology	26.4	11.3
Materials	2.4	11.2
Real Estate	0.5	7.6
Utilities	0.4	4.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 2.7% of the total portfolio. ¹MSCI All Country World ex USA SMID Index.

Investment Results (%)

As of 31 December 2023	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	8.18	11.38	11.03	11.03	-4.28	9.71	4.15	10.10
Advisor Class: APDJX	8.21	11.46	11.18	11.18	-4.12	9.89	4.22	10.14
MSCI All Country World ex USA SMID Index	5.97	9.91	15.79	15.79	0.89	7.07	4.38	8.01
MSCI All Country World ex USA Small Cap Index	6.35	10.12	15.66	15.66	1.49	7.89	4.88	8.80

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	48.1	34.2
United Kingdom	17.4	9.1
Germany	6.1	3.7
Denmark	6.0	1.3
Switzerland	5.5	3.4
Sweden	4.2	3.2
France	2.1	3.5
Finland	2.0	1.1
Netherlands	1.8	2.0
Italy	1.0	2.1
Norway	0.7	1.3
Belgium	0.7	0.9
Spain	0.5	1.1
AMERICAS	24.1	6.6
United States	18.2	—
Canada	5.9	6.6
PACIFIC BASIN	13.8	29.3
Japan	13.8	19.6
MIDDLE EAST	8.4	1.9
Israel	8.4	1.9
EMERGING MARKETS	5.7	28.0
India	2.4	5.3
Brazil	1.8	1.6
Mexico	0.7	0.8
China	0.4	3.7
Iceland	0.4	—
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

25

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. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. 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 and less developed markets, including frontier 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 Dec 2023: CAE Inc 1.6%, Rohto Pharmaceutical Co Ltd 0.7%. 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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