



# Artisan International Small-Mid Fund

MONTHLY  
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 31 October 2023

## Commentary

Global equities fell in October as concern grew that the Israel-Hamas war could escalate, the 10-year US Treasury yield approached 5% and central banks remained steadfast on keeping policy rates higher for longer. The MSCI ACWI ex USA SMID Index declined in the month. Every sector finished in negative territory, with industrials delivering the weakest performance. Our portfolio lagged the index in October. Stock selection in health care and industrials were the largest detractors from relative return.

Aixtron and WNS were the largest detractors QTD. Aixtron engineers and manufactures metal organic chemical vapor deposition equipment. It has evolved from a single-product company focused on LED light to a broad industrial powerhouse with expertise in compound semiconductors, micro-LED display technologies and next-generation photonics. Aixtron's Q3 results included weaker-than-expected order growth due to seasonality. We believe long-term company fundamentals remain strong. Demand for silicon carbide and gallium nitride (GaN) products is robust, and Aixtron's new GaN platform, which is designed to improve customers' chip production yields and uniformity, should have strong adoption beginning in 2024.

WNS, an India-based global business process management company, reported weaker-than-expected quarterly results and cautioned that revenues could soften over the next two quarters due to macroeconomic headwinds and client-specific reasons. As long-term investors, we retain our conviction in WNS and believe it will successfully integrate artificial intelligence with its deep industry knowledge and analytics to enhance productivity and deliver better business outcomes, such as pricing model automation for travel/leisure and claims automation for insurance. We like WNS's end-to-end vertical integration that aligns with customer business lines and results in strategic, stickier relationships and cross-sell opportunities.

Agilysys and SG Holdings were the largest contributors QTD. Agilysys specializes in point-of-sale and inventory management for hotels—an underpenetrated market. The company has notably rebuilt its product portfolio to be cloud native and recently won a significant deal with Marriott. Quarterly results were uniformly positive, including record-level subscription revenues. The company also raised its 2024 revenue guidance.

SG Holdings, a logistics services provider in Japan, announced price hikes for the second consecutive year for home deliveries, starting in April 2024, to help offset higher costs. The company is also in negotiations to raise rates with business clients. Our interest is focused on SG's long-term opportunities to further increase profitability with technological advancements in robotics and software that enable warehouse automation. Additionally, the company's strong market position and critical services should allow it to keep exercising pricing power in a rising demand environment.

## Portfolio Details

|   | ARTJX       | APDJX      |
|---|-------------|------------|
| Net Asset Value (NAV)                       | \$14.25     | \$14.32    |
| Inception                                   | 21 Dec 2001 | 4 Dec 2018 |
| Expense Ratios                              |             |            |
| Semi-Annual Report 31 Mar 2023 <sup>1</sup> | 1.29%       | 1.14%      |
| Prospectus 30 Sep 2022 <sup>2</sup>         | 1.29%       | 1.14%      |

<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)                    | 3.7          |
| ConvaTec Group PLC (United Kingdom)  | 3.0          |
| Alcon Inc (Switzerland)              | 2.3          |
| Fabrinet (United States)             | 2.0          |
| Swedish Orphan Biovitrum AB (Sweden) | 1.9          |
| Azbil Corp (Japan)                   | 1.9          |
| CyberArk Software Ltd (Israel)       | 1.9          |
| CAE Inc (Canada)                     | 1.8          |
| JET2 PLC (United Kingdom)            | 1.8          |
| Agilysys Inc (United States)         | 1.7          |
| <b>TOTAL</b>                         | <b>21.9%</b> |

Source: Artisan Partners/MSCI.

## Sector Diversification (% of portfolio securities)

|                        | Fund          | ACxUS SMD <sup>1</sup> |
|------------------------|---------------|------------------------|
| Communication Services | 0.9           | 4.4                    |
| Consumer Discretionary | 4.1           | 11.4                   |
| Consumer Staples       | 7.8           | 6.2                    |
| Energy                 | 2.2           | 4.4                    |
| Financials             | 4.4           | 13.8                   |
| Health Care            | 23.0          | 6.1                    |
| Industrials            | 28.2          | 19.9                   |
| Information Technology | 25.6          | 10.7                   |
| Materials              | 2.6           | 11.5                   |
| Real Estate            | 0.7           | 7.4                    |
| Utilities              | 0.4           | 4.1                    |
| <b>TOTAL</b>           | <b>100.0%</b> | <b>100.0%</b>          |

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 3.5% of the total portfolio. <sup>1</sup>MSCI All Country World ex USA SMID Index.

## Investment Results (%)

As of 31 October 2023

|   | MTD   | QTD   | YTD   | 1 Yr  | 3 Yr  | 5 Yr | 10 Yr | Inception |
|---|-------|-------|-------|-------|-------|------|-------|-----------|
| Investor Class: ARTJX                         | -8.36 | -8.36 | -8.65 | -3.32 | -4.36 | 3.63 | 2.59  | 9.20      |
| Advisor Class: APDJX                          | -8.32 | -8.32 | -8.56 | -3.22 | -4.22 | 3.78 | 2.67  | 9.24      |
| MSCI All Country World ex USA SMID Index      | -5.41 | -5.41 | -0.34 | 9.40  | 2.29  | 2.87 | 2.94  | 7.34      |
| MSCI All Country World ex USA Small Cap Index | -5.59 | -5.59 | -0.84 | 8.82  | 2.96  | 3.51 | 3.43  | 8.11      |

As of 30 September 2023

|   |       |       |       |       |       |      |      |      |
|---|-------|-------|-------|-------|-------|------|------|------|
| Investor Class: ARTJX                         | -6.10 | -8.10 | -0.32 | 11.87 | -2.45 | 3.15 | 3.97 | 9.68 |
| Advisor Class: APDJX                          | -6.13 | -8.12 | -0.26 | 12.08 | -2.30 | 3.28 | 4.04 | 9.71 |
| MSCI All Country World ex USA SMID Index      | -3.54 | -1.98 | 5.35  | 19.95 | 3.24  | 1.95 | 3.82 | 7.64 |
| MSCI All Country World ex USA Small Cap Index | -3.76 | -1.70 | 5.03  | 19.01 | 4.01  | 2.58 | 4.35 | 8.42 |

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>47.6</b>   | <b>32.7</b>            |
| United Kingdom          | 16.7          | 8.6                    |
| Germany                 | 6.2           | 3.6                    |
| Switzerland             | 5.8           | 3.1                    |
| Denmark                 | 5.8           | 1.3                    |
| Sweden                  | 3.8           | 2.9                    |
| France                  | 2.5           | 3.4                    |
| Finland                 | 2.0           | 1.1                    |
| Netherlands             | 1.8           | 1.8                    |
| Italy                   | 1.1           | 2.3                    |
| Norway                  | 0.8           | 1.2                    |
| Belgium                 | 0.5           | 0.9                    |
| Spain                   | 0.5           | 1.2                    |
| <b>AMERICAS</b>         | <b>24.2</b>   | <b>6.9</b>             |
| United States           | 18.2          | —                      |
| Canada                  | 6.0           | 6.9                    |
| <b>PACIFIC BASIN</b>    | <b>13.5</b>   | <b>29.8</b>            |
| Japan                   | 13.5          | 20.3                   |
| <b>MIDDLE EAST</b>      | <b>8.0</b>    | <b>1.7</b>             |
| Israel                  | 8.0           | 1.7                    |
| <b>EMERGING MARKETS</b> | <b>6.7</b>    | <b>28.8</b>            |
| India                   | 3.1           | 5.8                    |
| Brazil                  | 1.9           | 1.6                    |
| Mexico                  | 0.7           | 0.7                    |
| China                   | 0.6           | 4.1                    |
| Iceland                 | 0.4           | —                      |
| <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 | Years of Investment Experience |
|-------------------|--------------------------------|
| Rezo Kanovich     | 24                             |

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 Oct 2023: AIXTRON SE 1.5%, SG Holdings Co Ltd 1.4%, WNS Holdings Ltd 1.6%. 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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