Artisan International Fund

QUARTERLY
Commentary

Investor Class: ARTIX | Advisor Class: APDIX

As of 30 June 2017

Investment Process

We seek to invest in companies, within our preferred themes, with sustainable growth characteristics at attractive valuations that do not fully reflect their long-term potential.

Themes

We identify long-term secular growth trends with the objective of investing in companies that have meaningful exposure to these trends. Our fundamental analysis focuses on those industry leaders with attractive growth and valuation characteristics that will be long-term beneficiaries of any structural change and/or trend.

Sustainable Growth

We apply a fundamental approach to identifying the long-term, sustainable growth characteristics of potential investments. We seek high-quality companies that typically have a sustainable competitive advantage, a superior business model and a high-quality management team.

Valuation

We use multiple valuation metrics to establish a target price range. We assess the relationship between our estimate of a company's sustainable growth prospects and its current valuation.

Team Overview

Our team approach combines the benefits of strong leadership with the creative ideas of a deep and highly experienced team of research analysts. We believe this approach allows us to leverage a broad set of perspectives into dynamic portfolios.

Portfolio Management

Mark L. Yockey, CFA
Portfolio Manager

Charles-Henri Hamker
Associate Portfolio Manager

Andrew J. Euretig
Associate Portfolio Manager

Investment Results (%)

As of 30 June 2017	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTIX	**9.53**	**19.37**	**13.37**	**-0.25**	**7.86**	**2.43**	**8.97**
Advisor Class: APDIX	**9.58**	**19.44**	**13.56**	**-0.11**	**7.95**	**2.47**	**8.99**
MSCI EAFE Index[3]	6.12	13.81	20.27	1.15	8.69	1.03	4.78
MSCI All Country World ex USA Index[3,4]	5.78	14.10	20.45	0.80	7.22	1.13	5.22

Source: Artisan Partners/MSCI. [1]Returns for periods less than one year are not annualized. [2]Investor Class inception: 28 December 1995. Advisor Class performance is that of the Investor Class from 28 December 1995 through the inception of the Advisor Class on 1 April 2015, and actual Advisor Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Advisor Class for the period prior to the Class's inception, and Advisor Class performance results would differ if such expenses were reflected. [3]Inception 31 Dec 1995. [4]Performance represents the MSCI ACWI ex USA (Gross) Index from inception to 31 Dec 2000 and the MSCI ACWI ex USA (Net) Index from 1 Jan 2001 forward.

Expense Ratios	ARTIX	APDIX
Semi-Annual Report 31 Mar 2017[1]	1.22	1.04
Prospectus 30 Sep 2016[2]	1.19	1.01

[1]Unaudited, annualized for the six month period. [2]See prospectus for more information.

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.

Investing Environment

Non-US equities advanced in Q2 as markets responded to a pick-up in global growth and solid corporate earnings. Further, Macron's election victory in France buoyed sentiment as it raised hopes of reforms, not only in France, but throughout the euro zone. Strength was fairly broad-based as all sectors participated in the advance, save energy—a top performer in 2016—as commodity-oriented stocks generally lagged. Oil market volatility reemerged, pressuring the energy sector, tied to increased oil production from US shale hampering efforts by OPEC to rebalance the oil market via production cuts.

Growth stocks meaningfully outpaced their value peers, a continuation from Q1. This was evidenced by outperformance of the technology sector, which led all sectors, as markets generally favored secular growers over commodity-oriented stocks. The MSCI EAFE Growth Index outgained the MSCI EAFE Value Index by roughly 275bps in Q2 and approximately 550bps YTD. Even so, the value index is ahead by more than 900bps over the one-year period ended June 30, 2017.

From a regional perspective, non-US equities—developed and emerging markets—outperformed US equities in US dollar terms, due partly to euro appreciation over the dollar. Economic recovery in Europe, coupled with market-friendly outcomes in European elections that reduced perceived political risk, provided a favorable backdrop for the euro—Europe returned 7% in USD but less than 2% in local terms. US equities gained about 3%, and Japanese equities returned 5% in USD.

Inflationary pressures remain weak in most major economies, allowing central banks to keep monetary policy highly accommodative as they seek to spur faster economic growth. In the euro zone, the ECB's QE program is currently making €60bn in monthly asset purchases while maintaining its benchmark interest rate at zero. However, comments by ECB policy makers in June suggest the central bank is preparing markets for tapering of stimulus over the coming year. In Japan, the BOJ left its existing policy of QE and yield curve control in place with the 10-year bond yield capped at 0%. In the US, the Fed continued its steady pace of tightening—hiking its target rate in June—the fourth time since December 2015. The Fed also provided more detail on upcoming balance sheet normalization as it seeks to unwind its $4.5 trillion bond portfolio. Nonetheless, US financial conditions remain easy as corporate borrowing costs are still historically low.

Performance Discussion

Our portfolio outpaced its benchmark in Q2, putting it solidly ahead YTD. Outperformance during the quarter was largely driven by stock selection, which was especially strong in the financials, technology, industrials and consumer staples sectors. Our minimal exposure to a weak energy sector was also beneficial. Further, the portfolio benefited from the growth-over-value performance pattern which had acted as a relative-performance headwind in 2016's value-led market.

Many of our biggest holdings were among our top contributors, including long-time holdings Ryanair, a low-cost airline, and Linde, an industrial gases supplier. Among our other top contributors were stocks we added to the portfolio in 2016, including Alibaba, China's largest e-commerce company, and European financials Deutsche Boerse, ING and Intesa Sanpaolo.

With its low fares and low cost base, Ryanair is taking market share and growing substantially faster than overall European air traffic while generating strong free cash flow. Cost control was an additional bright spot with non-fuel unit costs down year over year, whereas for most other European airlines, they are either flat or up. Additionally, the company's load factors—a measure of capacity utilization—remained above 90%, which is best among the European airlines. With strong cash generation and a €4.4bn gross cash position on its balance sheet, the company is returning cash to shareholders. After completing €1.0bn in share buybacks in FY17, the company announced a €600mn stock buyback. Valuation is also attractive with the stock trading cheaper than its historical relationship with European stocks.

Shares of Linde recovered from early 2017 declines following concerns about Linde's ongoing merger negotiations with Praxair, a US-based competitor. Though business results have been solid—organic growth is improving driven by all regions outside the Americas—markets have been more focused on the potential Praxair merger. In early June, the respective boards approved the merger of equals, creating a global industrial gases leader and pairing Praxair's strength in the Americas with Linde's dominant European and Asian positions. Further, management anticipates the merger should result in cost synergies of $1.2bn. Combined with France-based Air Liquide's 2016 purchase of US-based Airgas—which made Air Liquide the largest industrial gas company by sales—the industry has consolidated from four to two companies which will constitute about 85% of worldwide industrial gases revenue. We consequently believe Linde's dominant market position in a global duopoly should contribute to sustainable growth.

Alibaba continues to grow at a fast pace with quarterly revenues up 60% year over year. Impressively, the bulk of the growth is organic as acquisitions contributed only about 12% of that number. Online marketing services growth was driven by increased paid clicks, bolstered by mobile user growth and higher relevancy from personalization. Alibaba's cloud computing business is also growing quickly with revenues doubling from a year ago as it adds customers.

Our biggest detractors included Liberty Global, the largest cable operator in Europe, Westpac Banking, an Australian financial services company, and Tenaris, a provider of steel pipe products mainly for the oil and gas industry.

Liberty's pace of new builds in the UK—its largest geography—were weaker than expected, thereby reducing its forward growth estimates

in the UK business. Though disappointing, we remain attracted to Liberty's market-share dominance, pricing power and superior broadband network in a data-centric world. The stock is cheap, in our view, and we like the company's aggressive repurchasing of shares, which is a good use of capital at current valuations and provides downside protection.

Westpac's results were mixed with soft revenue growth, good cost controls and a strong core equity capital position on continued run-off in riskier assets. Yet, the primary cause of the stock's weakness was the Australian government's plan to levy a new bank tax on the country's biggest banks. With other more attractive opportunities available, we sold our position in early July, shortly after Q2 closed.

Tenaris, a smaller position in the portfolio, was weak alongside much of the energy sector. We exited Tenaris in favor of other opportunities.

Positioning

In comparison to the second half of 2016, when we had above-average portfolio activity as our fundamental research identified new areas of growth at more compelling valuations, name turnover in Q2 was more in-line with historical averages. Among our new purchases this quarter were Deutsche Telekom, a German telecommunications company, Eiffage, a French construction and public works company, and Tencent, a Chinese Internet company, which we have previously owned.

Deutsche Telekom (DT) is a leading integrated telecom operator in Germany offering wireline, broadband, mobile and IT services. DT's high-quality wireless network extends into Eastern Europe, while its largest wireless business is in the US via its investment in T-Mobile. The company ties into our technology theme. Specifically, we see the company benefiting from the long-term trends in mobility, connectivity and cloud computing. Our belief is economic recovery in Europe and the company's renewed focus on core businesses while shedding non-core assets, should contribute to better growth and profitability. We are also attracted to DT's high levels of recurring free cash flow. Though not central to our investment thesis, its faster growth US wireless business is a strong candidate for a strategic merger.

Eiffage is one of only a handful of fully integrated construction companies with the expertise to design and execute turnkey comprehensive projects within a specified budget. We believe Eiffage is well positioned to capitalize on an improving French construction market outlook, while its high-margin, recurring revenue toll-roads business yields a stable source of cash flow.

Tencent is a major Chinese Internet company with a widely used mobile messaging and social networking platform. Tencent provides Internet, mobile, and telecommunication value-added services in China. Its products include games for both PC and mobile devices as well as the WeChat messaging service. We think Tencent is one of the best-positioned Chinese Internet companies in terms of mobile monetization.

Our largest sales this quarter were AXA, a global property and casualty and life insurer, LafargeHolcim, a supplier of cement, concrete and asphalt, and Atlantia, an Italian toll road collector. All three companies had contributed positively to our year-to-date portfolio return. Maintaining our sell discipline, we exited these stocks as prices approached our target valuations.

Outlook

After a slowdown in 2015 and 2016, global growth appears to be gaining momentum as growth broadens to more cyclical parts of the economy, such as manufacturing, as well as across geographies outside of the US. Improved economic growth has coincided with the synchronized upswing in global corporate profits that has powered equity markets higher.

However, we're also realistic about the potential for downside risk, especially at this later stage of the bull market. Geopolitical and policy uncertainties are increasing. The geopolitical backdrop—including the UK's path to Brexit and President Trump's agenda—is ever evolving and especially difficult to handicap. Markets, no doubt, will keep a close eye on worldwide central bank actions. Meanwhile, portfolio positioning remains focused on our themes and geared toward what we consider to be dominant, high-quality companies that are exposed to positive secular trends. As always, we will maintain our focus on sustainable growth, placing a high amount of conviction behind companies we believe offer sustainable competitive advantages, strong management teams and reasonable valuations.

Business Update

In May, the team added analyst Nikola (Nik) Legetic, CFA. Nik is a multi-sector analyst primarily focusing on energy, materials, emerging markets and financials. Prior to joining Artisan, Nik was an analyst at GQG Partners LLC, where he covered emerging markets, global and international equities. Earlier in his career, he was an equity research analyst at Raymond James Financial/Eagle Asset Management, where he focused on financial services and energy. Nik is fluent in Serbo-Croatian.

For more information: Visit www.artisanpartners.com | Call 800.344.1770

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.

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 EAFE Index measures the performance of developed markets, excluding the US and Canada. MSCI All Country World ex USA Index measures the performance of developed and emerging markets, excluding the US. MSCI EAFE Value Index measures the performance of developed markets companies, excluding the US and Canada, that exhibit value style characteristics according to MSCI. MSCI EAFE Growth Index measures the performance of developed markets companies, excluding the US and Canada, that exhibit growth style characteristics according to MSCI. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

This summary represents the views of the portfolio managers as of 30 Jun 2017. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The holdings mentioned above comprised the following percentages of the International Fund's total net assets as of 30 Jun 2017: Ryanair Holdings PLC 3.2%; Linde AG 4.3%; Alibaba Group Holding Ltd 3.8%; Deutsche Boerse AG 4.4%; ING Groep NV 3.4%; Intesa Sanpaolo SpA 1.9%; Liberty Global PLC 3.2%; Westpac Banking Corp 0.1%; Deutsche Telekom AG 1.3%; Eiffage SA 1.1%; Tencent Holdings Ltd 0.5%. Securities named in the commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner. This material does not constitute investment advice.

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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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