Artisan International Fund

QUARTERLY
Commentary

Investor Class: ARTIX | Advisor Class: APDIX | Institutional Class: APHIX

As of 30 September 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 September 2017	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTIX	**5.59**	**26.04**	**15.39**	**3.23**	**7.47**	**2.45**	**9.13**
Advisor Class: APDIX	**5.60**	**26.12**	**15.56**	**3.38**	**7.56**	**2.50**	**9.15**
Institutional Class: APHIX	**5.62**	**26.21**	**15.66**	**3.47**	**7.71**	**2.69**	**9.36**
MSCI EAFE Index[3]	5.40	19.96	19.10	5.04	8.38	1.34	4.98
MSCI All Country World ex USA Index[3,4]	6.16	21.13	19.61	4.70	6.97	1.28	5.44

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. Institutional Class performance is that of the Investor Class from 28 December 1995 through the inception of the Institutional Class on 1 July 1997, and actual Institutional Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Institutional Class for the period prior to the Class's inception, and Institutional 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	APHIX
Semi-Annual Report 31 Mar 2017[1]	1.22	1.04	0.96
Prospectus 30 Sep 2016[2]	1.19	1.01	0.95

[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 added to their YTD gains in Q3 as volatility remained historically low. As they have for the year, emerging markets led most broad indices in Q3. Headlines were dominated by geopolitics, natural disasters and monetary policy—though markets shrugged off most headlines as economic fundamentals and corporate earnings remain sound overall.

The Q3 return (in USD terms) for non-US equities was augmented by currency translation effects as the euro strengthened versus the US dollar. The euro has rallied as European economic data has beaten expectations and European elections have been won by establishment candidates, reducing fears of rising populism. Conversely, the US dollar has been weak for much of the year, partially due to skepticism around the Fed's commitment to normalizing interest rates.

In contrast to Q2, the commodities sectors (i.e., energy and materials) performed well as prices in the underlying commodities rallied, helped by strong Chinese industrial demand and USD weakness. Technology stocks were also a source of strength due to continued sector-wide earnings momentum. Trailing the rest of the market were the more defensive consumer staples and health care sectors as investors positioned portfolios for stronger economic prospects. Growth stocks remain ahead of value YTD, although in Q3, returns by style were relatively undifferentiated. By market cap, non-US small-cap stocks outpaced their large-cap peers.

In the US, the Trump administration's pro-business agenda focusing on deregulation and tax cuts has proven positive for sentiment. In Europe, Germany's election resulted in a fourth term for Angela Merkel, but left her in a weaker position as she seeks to form a coalition government. In China, as fears of a slowdown were assuaged by economic data, stocks and commodities strengthened.

Though global monetary policy remains highly accommodative, central banks have set the stage for normalization. As was widely anticipated, the Federal Reserve announced its decision to begin reducing its balance sheet and signaled the possibility of an additional rate hike in December. Likewise, the ECB is expected to announce in October that it will begin tapering bond purchases.

Performance Discussion

Our portfolio modestly outperformed the MSCI EAFE Index in Q3, maintaining its sizable performance edge over the index YTD. Our technology and financials holdings were positive contributors to our absolute and relative performance in Q3. Our above-benchmark exposure to the technology sector was also beneficial. Wirecard and Alibaba drove our returns in the technology sector, while Allianz was a standout among our financials.

Wirecard, a global payments processing company, is benefiting from structural growth in online payments and the convergence of online and offline payments, evidenced by strong gains in transactions volume. In fact, the company has been able to sustainably grow its top line organically by 20%+ over the past three years due to that structural market growth, along with market share gains and an expanding geographic footprint. Despite the strong YTD gain in Wirecard's stock price, shares still look reasonably valued to us given the company's strong market position in a secular growth industry.

Alibaba, China's largest e-commerce company, is experiencing strong organic growth in its core e-commerce business, driven by user growth and improving user engagement. Though still a small component of overall revenue, the cloud business grew 96% year over year as customer numbers topped 1 million. We remain attracted to the secular growth prospects in online and mobile commerce—particularly given China's still-low Internet penetration rate versus major developed markets.

Allianz is a diversified insurance and asset management services company. Execution across business lines has been solid, highlighted by better-than-expected underwriting results in the property and casualty insurance business and strong inflows at its PIMCO asset management subsidiary. Strong operating results and a superior balance sheet are supporting a strong capital return policy via dividends and share buybacks.

Aside from our technology and financial holdings, one of our biggest Q3 gainers was Deutsche Post (DP), Europe's largest postal service provider, known for its DHL brand. DP offers standard mail delivery, international express parcel delivery through its DHL business, as well as supply-chain management. DP is a holding in our outsourcing theme, though it also ties to our technology theme as a major long-term beneficiary of e-commerce trends. Recent results were supported by growth in e-commerce and an improving European economy.

Among our biggest detractors were Medtronic, Calbee, Japan Tobacco and Ryanair Holdings. Medtronic, a medical devices company, experienced an IT system disruption during the week of June 19 causing delays to customer orders and fulfillment. The issue was fixed, but some sales were pushed into the following quarter. We believe this is a temporary issue.

Calbee is a Japan-based maker of snack foods. Sales of potato chips sputtered due to a potato shortage in Japan caused by typhoons earlier in the year. In addition to the sales hit, the potato shortage has crimped margins owing to the higher cost of imported potatoes. We expect results to improve markedly in the second half of the year as the shortage eases. We continue to like the company's dominant position in the Japanese snack market and believe it can drive earnings growth from new product introductions in Japan, cost reductions and expansion into overseas markets.

Sales volumes for Japan Tobacco, a leading international tobacco company, have been pressured by shifting consumption patterns away from traditional cigarettes toward potentially less-harmful

nicotine alternatives (e.g., electronic cigarettes/vaporizers). Having ceded some market share as competitors have been quicker to market with their next-generation products, Japan Tobacco has invested heavily in production capacity for its own next-generation Ploom TECH vapor device—and is in the process of expanding distribution of Ploom TECH in all areas of Tokyo.

Low-cost airline Ryanair is facing customer backlash after cancelling thousands of flights because it failed to properly schedule vacation time for pilots. Ryanair's crisis was due in part to a change in Irish labor laws that forced the airline to compress a year's worth of vacation into a nine-month transitional period. For now, the financial impact looks fairly contained despite some reputational impact.

Positioning

Despite the continued appreciation in the broader equity market, we are still finding high-quality companies with sustainable growth characteristics selling at reasonable valuations. One market where we see solid growth potential is video games. Driven by advancing technology—faster broadband speeds, digital distribution and expanded hardware storage capacity—the video games industry is undergoing a transformation. Digital distribution has superior business economics than traditional retail distribution, offering higher margins. Additionally, there is a generational shift with younger users more willing to pay for in-game and digital purchases, which provides steady, recurring revenue, whereas earnings historically have been lumpy—highly driven by product cycles.

In Q3, we purchased Nintendo, the world's largest video game company. We also hold Chinese companies Tencent and NetEase which have gaming businesses of their own. Besides our positive outlook for the overall industry, we are attracted to Nintendo's unparalleled intellectual property—it has 15 of the top 16 game titles of all time. We believe a new online subscription service, coming in 2018, will drive increased digital monetization of Nintendo's intellectual property. Additionally, earnings growth should benefit from a new hardware product cycle from the 2017 launch of the Nintendo Switch console.

Another area where we see growth potential is electric vehicles. Rather than investing directly in the original equipment manufacturers—which grab the bulk of business headlines—we purchased metals companies Glencore and Sumitomo Metal Mining this quarter. We believe the rise of electric vehicles will be a notable driver of demand for key metals, such as copper, lithium, nickel, manganese and cobalt, over the next decade. Glencore is a diversified commodities producer and marketer. Its valuation looks compelling based on current free cash flow, and even more so in an improving commodity price environment. Sumitomo Metal Mining (SMM) is a leader in the non-ferrous industry. SMM is ramping production capacity for 2018 in line with the planned expansion by Tesla's manufacturing partner Panasonic of lithium-ion automotive battery production in Japan.

Our largest sales this quarter were Nippon Telegraph & Telephone, a Japanese telco, Vonovia, a German residential REIT, and Bridgestone, a global tire manufacturer. We exited these stocks as prices approached our target valuations.

Outlook

As we head into the final quarter of 2017, the general economic backdrop continues to remain supportive of equities. Broadening economic growth across geographies and faster inflation has pushed up bond yields and positioned central banks to normalize monetary policy after nearly a decade of extraordinary accommodation following the financial crisis. How smoothly markets digest these policy transitions will likely be a focus of investors over the next year. In the coming weeks, we expect increasing speculation on who will be selected to chair the Fed when Janet Yellen's term expires in early 2018. Markets will also no doubt keep a close eye on political developments, with North Korea-related tensions, Brexit proceedings and US tax reform (or lack thereof) among the likely candidates.

While valuations have risen over the past year, we are still finding sustainable growth opportunities that are reasonably priced against our conservative earnings estimates. 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 July, the team added Sam Zarnegar as an analyst primarily focusing on the technology sector. Prior to joining Artisan, Sam was an analyst for Glenview Capital Management where he covered the technology sector for the firm's long/short equity hedge fund. Before that, he worked as an investment associate at SageView Capital, a public/private equity hybrid fund, where he focused on TMT investments across the capital structure. Earlier in his career, Mr. Zarnegar was an investment banking analyst across a variety of industry verticals at Evercore Partners. Sam is fluent in Persian.

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. 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 Sep 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 Sep 2017: Wirecard AG 3.0%; Alibaba Group Holding Ltd 4.3%; Allianz SE 3.8%; Deutsche Post AG 2.4%; Medtronic PLC 3.0%; Calbee Inc 1.0%; Japan Tobacco Inc 2.5%; Ryanair Holdings PLC 2.9%;Nintendo Co Ltd 2.2%; Tencent Holdings Ltd 0.8%; NetEase Inc 0.6%; Glencore PLC 1.0%; Sumitomo Metal Mining Co Ltd 0.9%. 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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