Artisan International Small Cap Fund

QUARTERLY
Commentary

Investor Class: ARTJX | Institutional Class: APHJX

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
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: ARTJX	**7.91**	**24.70**	**13.09**	**5.75**	**8.36**	**3.41**	**11.90**
Institutional Class: APHJX	**7.94**	**24.81**	**13.31**	**5.83**	**8.42**	**3.43**	**11.91**
MSCI EAFE Small Cap Index	7.46	25.42	21.84	11.13	12.85	4.63	10.77
MSCI EAFE Index	5.40	19.96	19.10	5.04	8.38	1.34	6.40

Source: Artisan Partners/MSCI. [1]Returns for periods less than one year are not annualized. [2]Investor Class inception: 21 December 2001. Institutional Class performance is that of the Investor Class from 21 December 2001 through the inception of the Institutional Class on 12 April 2016, 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.

Expense Ratios	ARTJX	APHJX
Semi-Annual Report 31 Mar 2017[1]	1.55	1.35
Prospectus 30 Sep 2016[2]	1.52	1.35

[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

International small-cap 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 the MSCI EAFE Small Cap Index was augmented by currency translation effects as the euro, as well as a broad basket of currencies, 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) outperformed 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. Small-cap growth stocks remain ahead of value YTD, although in Q3, returns by style were relatively undifferentiated. By market cap, international 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 produced strong absolute returns for the quarter and YTD periods and modestly outperformed the MSCI EAFE Small Cap Index in Q3. Outperformance was largely driven by our technology and health care holdings. Wirecard, Comet Holding and Advanced Accelerator Applications (AAAP) drove our returns in these sectors.

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. 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.

Comet is a producer of components for niche high-tech markets. Sales growth in the first half of 2017 accelerated to its fastest pace since 2010 on the back of booming demand in its semiconductor capital equipment business as customers stepped up their purchases of equipment for producing chips and flat screen displays. We believe there is also significant growth potential in Comet's newer e-beam product, which can be used to sterilize food and liquid containers.

AAAP, a Q1 2017 purchase, is a radiopharmaceutical company that produces radioactive drugs used to diagnose and treat cancer, among other diseases. Lutathera, the company's new drug for treating neuroendocrine tumors (NETs), received final EU approval in September and is now expected to receive FDA approval by January 2018. Our thesis has been based on our expectation that Lutathera's impressive clinical results indicated a high probability of regulatory approval. In addition, we believed the market was underappreciating the opportunity for the drug to treat all types of NETs, beyond the specific type studied in clinical trials.

Among our biggest detractors were AA, Takkt and Parques Reunidos. AA is the UK's leading roadside assistance service. Investors were caught by surprise when AA announced the removal of Chairman Bob McKenzie due to a personal issue, which was not related to the business. The company also reduced its outlook for full-year earnings as the first six months of the year were negatively impacted by volatility in work-load patterns with June and July seeing significant spikes in demand. We believe the stock price weakness was overdone. The company has a stable and cash flow-positive business model—roughly three quarters of its earnings derive from roadside assistance contracts, which historically generated 50% margins and renewal rates of roughly 80%.

Takkt is a German business equipment provider with revenues sourced roughly equally from Europe and the US. Takkt provides one-stop shopping for equipment, supplies and accessories for offices and warehouses. Organic growth was down slightly due to weak demand for food-service equipment and supplies, in addition to a calendar effect as there were fewer working days versus the year-ago period. However, the company reiterated is fiscal-year guidance, which we believe is achievable. We continue to find Takkt's non-capital intensive business model and exceptional free cash flow generation attractive, and we see additional upside opportunity through market share gains in fragmented European markets.

Parques Reunidos is an operator of leisure parks with properties in 14 countries in the Americas, Europe and Asia. Revenues in the first three weeks of July—a period that accounts for a disproportionate share of annual revenue—were disappointing, and August weather conditions in some locations suggested additional weakness in the business's all-

important summer season. We trimmed our position in favor of better opportunities.

Portfolio 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. Our biggest quarterly new purchases were SuperGroup, Hibernia REIT and Cramo.

SuperGroup is a European apparel and accessories designer and seller. Strong growth across all channels and regions over the past three to five years has enabled it to reinvest in stronger systems and infrastructure, creating economies of scale and positioning it for further growth, in our view. Moreover, shares are trading at a discount to peers despite a higher growth rate.

Hibernia REIT is an Irish commercial real estate investment trust that is growing its portfolio through development and redevelopment. We believe it should be a beneficiary of Brexit-related staff relocations from the UK financial sector.

Cramo is a leading provider of equipment rental services in the Nordic countries and Eastern Europe, and a holding in our outsourcing theme. We believe the company should experience continued volume growth due to positive cyclical trends across its end markets.

Our biggest sales—Cosmax, SATS and Vallourec—were sold in favor of better opportunities. Cosmax is a Korea-based manufacturer of cosmetics. Deteriorating relations between the Korean and Chinese governments have been an overhang on the stock as China is a major market for the company. Given the increased risk from its heavy exposure to Chinese demand, we exited our position. SATS is a provider of food solutions and gateway services to the air travel industry. Revenue and earnings growth have not met our expectations, and we anticipate top-line pressures from a weak airline environment and increasing costs from wage inflation. We sold Vallourec, a leading provider of products and steel fabrication used in the oil and gas industry, due to concerns about potential softening in oilfield activity and rig count momentum.

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 Small Cap Index measures the performance of small-cap companies in developed markets, excluding the US and Canada. MSCI EAFE Index measures the performance of developed markets, excluding the US and Canada. 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 Fund's total net assets as of 30 Sep 2017: Wirecard AG 6.3%; Comet Holding AG 5.8%; Advanced Accelerator Applications SA 3.9%; AA PLC 1.1%; Takkt AG 2.5%; Parques Reunidos Servicios Centrales SAU 0.4%; SuperGroup PLC 1.3%; Hibernia REIT plc 1.3%; Cramo OYJ 0.7%. 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.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

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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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