Artisan International Fund

QUARTERLY Commentary

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

As of 31 March 2018

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

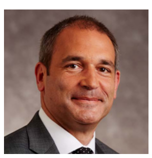
We use multiple valuation metrics to establish a target price range. We assess the relationship between our estimate of a company's sustainable growth prospects and its current valuation.

Team Overview

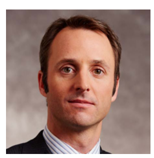
Our team approach combines the benefits of strong leadership with the creative ideas of a deep and highly experienced team of research analysts. We believe this approach allows us to leverage a broad set of perspectives into dynamic portfolios.

Portfolio Management

Mark L. Yockey, CFA
Portfolio Manager



Charles-Henri Hamker
Associate Portfolio Manager



Andrew J. Euretig
Associate Portfolio Manager

Investment Results (%)

			Average Annual Total Returns				
As of 31 March 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	**0.30**	**0.30**	**20.58**	**3.07**	**5.94**	**3.84**	**9.12**
Advisor Class: APDIX	**0.36**	**0.36**	**20.73**	**3.24**	**6.05**	**3.89**	**9.15**
Institutional Class: APHIX	**0.36**	**0.36**	**20.83**	**3.31**	**6.18**	**4.08**	**9.35**
MSCI EAFE Index	-1.53	-1.53	14.80	5.55	6.50	2.74	4.99
MSCI All Country World ex USA Index[1]	-1.18	-1.18	16.53	6.18	5.89	2.70	5.49

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (28 December 1995); Advisor (1 April 2015); Institutional (1 July 1997). For the period prior to inception, each of Advisor Class and Institutional Class's performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor or Institutional Class and each share's respective returns during that period would be different if such expenses were reflected. [1]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
Annual Report 30 Sep 2017	1.18	1.04	0.96
Prospectus 30 Sep 2017[1]	1.18	1.04	0.96

[1]See prospectus for further details.

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

The melt-up in global equities continued into the early weeks of 2018, fueled by the passage of US tax cuts. However, a lengthy period of historically low volatility abruptly ended in late January. The initial selloff was triggered by a pick-up in wage gains in the US, which added to existing concerns about rising Treasury yields, potential global inflationary pressures and the direction of monetary policy under new Fed leadership. These worries eased in March, although volatility remained elevated as headlines swirled over the specter of trade wars, turnover in the Trump White House and the threat of increased regulation (US) and taxation (Europe) of mega-cap Internet technology companies (i.e., the FAANGs). In Q1, there were 10 days when the MSCI EAFE Index gained or lost 1% or more, in contrast to just 9 for all of 2017.

Most major developed markets indices finished lower for the quarter. Emerging markets managed a small gain. All sectors (based on the MSCI EAFE Index) aside from utilities, technology and consumer discretionary were negative. US dollar weakness was a meaningful performance driver, with returns for USD-based investors augmented by a stronger euro and yen.

Notwithstanding the shift in investor sentiment, economic and corporate fundamentals have remained robust. Q4 earnings grew by double-digit percentages across all major regions (Europe, Japan and the US). Much of the growth was led by cyclicals, such as materials, technology and consumer discretionary. Defensives (consumer staples, telecom and utilities) delivered weaker results.

The Federal Reserve continued gradually withdrawing monetary stimulus, raising its benchmark rate by 25bps in March and allowing its balance sheet to shrink further. The ECB stood pat but removed its easing bias—citing the sustained economic recovery. The BOE similarly kept its main interest rate unchanged, but stated that ongoing monetary tightening would be appropriate based on the recent economic data. The Bank of Japan held off on tightening measures as well, but with inflation beginning to accelerate in Japan, the consensus is the BOJ will adjust its target for 10-year government bond yields within the next year.

Performance Discussion

Our portfolio outperformed the MSCI EAFE Index in Q1, driven by positive stock selection. In particular, our financials and industrials holdings contributed positively to performance. Regionally, our holdings in Europe and the US were a source of strength. Currency effects were favorable on an absolute basis but were a modest headwind relatively due to our exposure to the US dollar—we hold a number of non-US companies listed in the US. As with sector and regional impacts, currency impacts are generally a residual of our bottom-up stock selection process. We do not typically use hedging strategies as we believe currency exposure is a desirable element of portfolio diversification, with fluctuations generally offsetting over longer periods.

Deutsche Boerse, Nintendo and Airbus were among our top contributors. Deutsche Boerse is the largest exchanges operator in Europe and owner of Eurex, Europe's largest derivatives trading and clearing platform. The company began the year with a new CEO who is well-regarded by investors for his close relationships with German regulators and politicians from his tenure at UniCredit's German unit. In addition to strong structural growth drivers—such as the regulatory push to on-exchange trading—cyclical headwinds are turning to tailwinds with the reemergence of market volatility as bond yields normalize and central bank tapering comes into focus.

Japanese video game giant Nintendo sold over seven million Switch units in its recent quarter, significantly above expectations. Launched in March 2017, Switch has had the fastest start ever for a Nintendo hardware system. Switch is also driving strong sales of the company's higher-margin software.

Airbus is an aircraft manufacturer operating in the world's largest duopoly with Boeing. The robust backdrop for air-travel is supporting demand for new planes. Recent operating results were strong, reinforcing our investment case that free cash flow should increase as production ramps. Airbus currently has a 9-year, 6,000+ plane backlog. Top-line growth should be compelling, but we are particularly attracted to its cash flow growth potential over the next few years. As Airbus meaningfully ramps production of the A320 and A350 aircraft, volume increases should also lead to declining unit costs, while capital expenditures should fall as investment eases in program ramp-ups. As the company becomes more cash generative, we believe management will step up its return of cash to shareholders, either through dividends or buybacks.

On the downside, shares of Chinese Internet company NetEase declined following solid, late-2017 gains. The company's recent video game releases have seen early success—regularly topping the charts for most downloads and demonstrating NetEase's strong development capabilities. With solid franchises and a strong pipeline, we continue to believe the company is well positioned to benefit from the secular trend in mobile gaming.

Other detractors in Q1 included ING and Linde. ING is a Netherlands-based diversified financial services company. Shares were pressured by higher-than-expected costs due to the company front-loading planned investments in its digital transformation project. The company is at the forefront of digital banking—a major cost reducer as physical bank branches are replaced by online and mobile solutions. We anticipate costs reductions will accelerate in 2019 and 2020 as investments play out. We also believe growth in its loan book will continue and net interest margins will benefit in a rising rate environment. Finally, the company is in an excellent capital position following its restructuring.

Linde is one of the world's largest industrial gas providers, supplying customers across a diverse range of industries. The company's planned merger with Praxair to create the world's largest operator still appears on track. However, EU antitrust authorities are requiring asset sales that are more onerous than initially expected and have stopped the clock on the review process as they await requested information from the two companies. The proposed merger with Praxair would provide over $1 billion in cost synergies. In the event the merger falls through, we think the downside is limited, in part because Linde is trading at a larger-than-average discount versus peers. Moreover, Linde possesses a strong market position in an attractive industry having exposure to mega-trends of emerging markets urbanization, resource constraints, environmental factors and health & nutrition. Linde remains one of our biggest positions.

Positioning

Our biggest quarter-over-quarter shifts in sector exposure were an increase in financials and a decrease in technology. In financials, we purchased Housing Development Finance Corp (HDFC), HSBC and Standard Chartered (STAN). HDFC is the largest standalone mortgage financier in India where the underpenetrated mortgage market should see long-term demand growth due to favorable demographics and rising urbanization. Given its brand equity, management strength and the consolidated market in which it operates, we think HDFC is poised to benefit from the ensuing loan growth.

HSBC and STAN are UK-based global diversified financial services providers with strong presences in the Asia Pacific region. Approximately 46% and 66% of revenues for HSBC and STAN, respectively, are generated in Asia Pacific. Both companies are strategically focused on targeting higher-ROE growth opportunities, notably wealth management, cash management services and FX lending, while avoiding lower-ROE syndicated and plain vanilla lending. Additionally, a rising rate environment should contribute to net interest margin improvement for these firms.

Aside from financials, our biggest new purchase was Petrobras, one of the largest oil companies in the world and number one in ultra-deepwater oil production. In addition to benefiting from a recovery in oil prices, company-specific earnings drivers include operating cost-reduction plans, resumption of asset sales and an improved production profile due to longer plateaus and slower declines.

Our technology sector weighting decreased as we chose to take profits in a number of our top performers of the past year. Adhering to our valuation discipline, we exited Samsung Electronics and Tencent and trimmed Alibaba. Technology stocks have had a tremendous run over the past one to two years as investors favored secular growers over more staid fare. Tech sector valuations typically trade at a premium to the rest of the market, but the premium is now high relative to its long-run average. From a risk-management perspective, we thought it prudent to trim exposure from momentum areas that might be more vulnerable in volatile markets.

Outlook

The exuberance that markets displayed at the outset of 2018 quickly evaporated in February and March as markets were hammered on a number of fronts, not least of which were headlines around trade wars. From our vantage point, the potential economic impact of trade wars looks relatively small, but we think the bigger risk is to investor confidence, which feeds directly into earnings multiples. High turnover in the Trump White House and an unpredictable US president have added to the uncertainty. Market participants are clearly on edge. As a result, we are somewhat more cautious than we were at the end of last quarter, but our general view of the market and positive outlook for our portfolio have not changed.

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. We believe our bottom-up process will serve our investors well, yielding fundamentally sound companies with sustainable growth characteristics that are capable of standing up to varied market environments.

Business Update

In February, the team added Ian Chua as an analyst primarily focusing on disruptive business models in the Asia Pacific region. Prior to joining Artisan Partners in February 2018, Mr. Chua was a portfolio manager covering the China and Hong Kong markets for Lion Global Investors. Prior to that, he was a co-portfolio manager for a global disruptive innovation fund at Lion. Earlier in his career, Mr. Chua was a research analyst at Citigroup Research where he maintained coverage for Singapore banks, real estate developers and REITs. Ian is fluent in Mandarin.

Our investment philosophy and process takes us around the globe in search of investment opportunities, which may be domiciled in or outside of the US. Using the same investment process as the Artisan International Fund, our team also manages the Artisan Global Equity Fund. Since its inception in 2010, returns for the Global Equity Fund have been driven by stock selection based on our best ideas identified around the globe. For those interested in exploring the global Fund, please visit www.artisanpartners.com.

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 31 Mar 2018. 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 31 Mar 2018: Deutsche Boerse AG 5.7%; Nintendo Co Ltd 1.9%; Airbus SE 2.9%; NetEase Inc 1.2%; ING Groep NV 3.4%; Linde AG 4.6%; Housing Development Finance Corp Ltd 1.7%; HSBC Holdings PLC 0.6%; Standard Chartered PLC 0.6%, Petroleo Brasileiro SA 1.7%; Alibaba Group Holding Ltd 0.8%. 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. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity.

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