Artisan International Small Cap Fund

QUARTERLY
Commentary

Investor Class: ARTJX | Institutional Class: APHJX

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

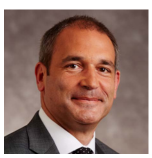
We use multiple valuation metrics to establish a target price range. We assess the relationship between our estimate of a company's sustainable growth prospects and its current valuation.

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
Portfolio Manager

Investment Results (%)

As of 31 March 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Investor Class: ARTJX	**1.69**	**1.69**	**28.04**	**7.78**	**6.99**	**5.35**	**12.09**
Institutional Class: APHJX	**1.73**	**1.73**	**28.28**	**7.91**	**7.07**	**5.39**	**12.11**
MSCI EAFE Small Cap Index	0.24	0.24	23.49	12.25	11.10	6.48	10.84
MSCI EAFE Index	-1.53	-1.53	14.80	5.55	6.50	2.74	6.37

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (21 December 2001); Institutional (12 April 2016). For the period prior to inception, Institutional Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Institutional Class and the share class's returns during that period would be different if such expenses were reflected.

Expense Ratios	ARTJX	APHJX
Annual Report 30 Sep 2017	1.57	1.37
Prospectus 30 Sep 2017[1]	1.57	1.37

[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 13 days when the MSCI EAFE Small Cap Index gained or lost 1% or more, in contrast to just 8 for all of 2017.

Most major developed markets indices finished lower for the quarter. Small-cap stocks held up better than large caps, ending the period roughly flat. Emerging markets managed a small gain. By sector (based on the MSCI EAFE Small Cap Index), returns were mixed—positive in health care, technology and financials and negative in telecom, energy and materials. 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 Small Cap Index in Q1. Although our above-benchmark exposure to the technology and health care sectors helped, outperformance was primarily driven by positive stock selection. In particular, our financials holdings were a source of strength, led by capital markets stocks NEX Group and Euronext. Shares of UK-headquartered NEX Group, which offers electronic trading platforms and post-trade services, surged on news that CME Group, a US exchange operator that owns the Chicago Board of Trade and the Chicago Mercantile Exchange, reached a deal to acquire NEX Group for £10 per share or about a 50% premium to its share price prior to takeover speculation. NEX's currencies and US Treasurys cash-trading businesses complement CME's derivatives-trading platforms, and its geographical footprint helps CME expand its international reach in the EMEA and APAC regions.

Euronext, a pan-European stock exchange, delivered better-than-expected profits growth due to a release of tax provisions and strong trading-revenue growth. We believe the company's earnings are likely to benefit from a supportive, multi-year cycle of increasing volatility driving volumes higher.

Additional top performers were Ambu and Nemetschek. Denmark-based Ambu produces single-use, disposable endoscopes. Growth in Ambu's endoscopy business has been driven by hospitals shifting from reusable to disposable endoscopes due to their reduced infection risk. Germany-headquartered Nemetschek is Europe's largest supplier of architecture, engineering and construction (AEC) software with a 45% market share in Europe and over 2 million users worldwide. A strong economic recovery in Europe has contributed to double-digit organic sales growth for the company.

On the downside, our biggest detractor was RaySearch Laboratories, a provider of radiation treatment planning software used at cancer centers to optimize treatment plans. The stock was pressured by a rise in accounts receivable. However, we think this rise makes sense. As most cancer centers have limited capex budgets, many ask for 12- or even 24-month payment plans for the high upfront cost of a RayStation license. RayStation is currently installed in approximately 380 cancer centers for a 5% market share, but we see that increasing markedly due to its competitive advantages and the company building out its sales force so it can target the entire cancer center market. We added to our position on weakness.

Other significant decliners were AA and Dignity. AA is the UK's leading roadside assistance service. Shares have been under pressure since mid-2017 when the company issued a profit warning and the new CEO highlighted the need for additional capital investments. Revenue growth has stagnated, while costs are on the rise. Dignity is one of the leading providers of funeral services in the UK. The UK funeral-services market has become increasingly competitive, leading to pricing pressure. To mitigate market-share losses, Dignity announced a new pricing strategy in Q1 that lowers the price on its simple funeral service. We've been actively trimming our stakes in both companies in recent months as fundamentals have declined and fully exited our positions in both stocks in Q1 due to our concerns about growth.

Portfolio Positioning

We identified a handful of new investment opportunities this quarter, including BRAIN Biotechnology Research & Information Network (BRAIN), CARE Ratings and Theratechnologies.

- BRAIN is a leading asset-light producer of bio-ingredients used in industrial or "white" biotechnology—a growing area of research and development that seeks to replace all health-damaging substances with healthier, natural bio-ingredients. Bio-ingredients are used in a number of industries, including chemicals, pharmaceuticals and food and beverage. The company's strong market position derives from its bio-ingredients database, which is one of the largest natural-resource collections in the world. In addition to benefiting from the long-term trend toward greener, less harmful bio-solutions, BRAIN has a strong pipeline of products, including flagship sugar and salt replacement products. We believe these new products will be important growth drivers over the next three years.

- CARE Ratings is India's second largest credit ratings agency. In India, the ratio of corporate bond issuance to GDP is approximately 19%, in comparison to 115% in the US. Over time, we would expect this gap to narrow as Indian credit markets continue to develop and mature and the growth rate of debt issuance in India outpaces that in the US and other developed markets. Besides the secular growth in Indian credit markets, recent regulatory changes support a structural increase in demand for credit ratings.

- Theratechnologies (TH) is a specialty pharmaceuticals company. In March, Ibalizumab (branded as Trogarzo™)—a new type of antiretroviral medication to treat multi-drug resistant HIV—was approved by the FDA. TH has exclusive sales and distribution rights to Ibalizumab, having acquired those rights in 2016. Though a small market, we believe its orphan status is attractive due to its associated patent protections and tax advantages. Furthermore, TH is well positioned to successfully launch Trogarzo™, in our view, due to its financial resources and existing sales force.

In addition to the aforementioned sales of AA and Dignity, we also sold NEXTDC and Advanced Accelerator Applications (AAAP). We sold NEXTDC, an Australian datacenter operator, as shares approached our target valuation. French radiopharmaceutical company AAAP was acquired by Novartis, a Swiss drug company.

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.

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 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 Fund's total net assets as of 31 Mar 2018: NEX Group PLC 6.6%; Euronext NV 4.7%; Ambu A/S 2.3%; Nemetschek SE 2.0%; RaySearch Laboratories AB 1.9%; BRAIN Biotechnology Research & Information Network AG 0.9%; Care Ratings Ltd 0.9%; Theratechnologies Inc 1.0%. 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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