Artisan International Fund

QUARTERLY Commentary

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

As of 30 June 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

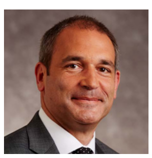
We use multiple valuation metrics to establish a target price range. We assess the relationship between our estimate of a company's sustainable growth prospects and its current valuation.

Team Overview

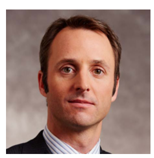
Our team approach combines the benefits of strong leadership with the creative ideas of a deep and highly experienced team of research analysts. We believe this approach allows us to leverage a broad set of perspectives into dynamic portfolios.

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 30 June 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	**-2.60**	**-2.31**	**7.23**	**2.32**	**5.39**	**3.71**	**8.89**
Advisor Class: APDIX	**-2.58**	**-2.23**	**7.33**	**2.48**	**5.51**	**3.76**	**8.91**
Institutional Class: APHIX	**-2.53**	**-2.18**	**7.44**	**2.57**	**5.64**	**3.95**	**9.11**
MSCI EAFE Index	-1.24	-2.75	6.84	4.90	6.44	2.84	4.87
MSCI All Country World ex USA Index[1]	-2.61	-3.77	7.28	5.07	5.99	2.54	5.31

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
Semi-Annual Report 31 Mar 2018[1]	1.18	1.03	0.95
Prospectus 30 Sep 2017[2]	1.18	1.04	0.96

[1]Unaudited, annualized for the six-month period. [2]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

After Q1's spike in volatility, equity markets were more placid in Q2. Non-US equities rose in local terms in Q2 but finished negative in USD terms due to the US dollar's strong rebound. The strengthening US dollar also weighed on emerging markets currencies, which contributed to EM equities trailing developed markets in Q2 after outperforming earlier in the year. Within developed markets, the US was a standout as tax cuts boosted profit-growth momentum.

Central bank policies figured prominently in the US dollar's strength as global monetary policy increasingly diverges. The Fed continued its gradual rate-hiking approach—raising its benchmark interest rate by 25 basis points and signaling two additional increases by year-end. In contrast, the ECB pushed out its previous quantitative easing end date to December. It also indicated it expects to hold interest rates at present levels through the summer of 2019. In Japan, with recent inflation somewhat weaker than expected and economic growth turning negative in Q1, the BOJ maintained its ultra-loose monetary policy—keeping its short-term interest rate-target negative and seeking to hold 10-year government bond yields around 0%.

Geopolitical uncertainty remained another major theme during the quarter. The rising threat of a trade war between the US and China was an unsettling factor for markets. The overall economic impact of announced tariffs appears minimal, but the uncertainty of escalation poses a significant risk to business confidence and capital spending plans. Moreover, the imposition of tariffs comes at a time when China is already experiencing slower growth as the government aims to rein in credit after years of debt-fueled growth. Indeed, Chinese retail sales, residential property prices and fixed asset investment have each decelerated over the past year.

In Europe, populist movements are again on the rise. Following its inconclusive election, Italy's months-long political crisis came to a head when an unlikely coalition selected a euro-sceptic as its economic minister. Government bond yields spiked, and Italian financials sold off on the risk of a repeat vote—seen as a potential referendum on Italy's membership in the euro zone—but were calmed when an election was averted with the formation of a coalition government.

By sector, energy led the way on rising oil prices. The financials sector was the weakest on the flattening in the US yield curve and the push-out of expected rate hikes in Europe and Japan. Overall, corporate earnings remain healthy; however, macro news has been more mixed in 2018, and the global economy appears decidedly less synchronized as growth is moderating in Europe, China and Japan.

Performance Discussion

Our portfolio trailed the MSCI EAFE Index in Q2, though it remains ahead YTD. The largest source of relative weakness was the energy sector. Our below-benchmark weighting hurt us, and our sole holding—Petrobras, a Brazilian oil and gas company—was a significant underperformer. Our above-benchmark financials exposure—diversified across bank, insurance and exchange holdings—was an additional headwind given the sector's underperformance.

Petrobras became embroiled in Brazil's supply crisis, which was brought on by a trucker strike protesting soaring diesel prices. With airports closing and food and fuel shortages threatening to bring the economy to a standstill, Petrobras cut fuel prices, raising fears among investors of government interference in the company's management. Days later, the company's CEO, Pedro Parente, resigned. Parente had led the company's turnaround since mid-2016, shifting its strategy toward free-market policies and away from government interests. The equally respected CFO was elevated to CEO, soothing some investors' concerns. Although the new pricing mechanism's overall financial impact (including tax breaks and government reimbursements) should be nominal, in our view, headline risk will persist as the company's pricing policy is now a political issue heading into October's general election. Still, we believe company fundamentals remain intact, and shares look cheap versus our earnings estimates.

Other major detractors were Deutsche Post and Nintendo. Deutsche Post is Europe's largest postal service provider, offering standard mail delivery, international express parcel delivery through its DHL business and supply-chain management. The global DHL business has performed strongly, but parcel volumes have declined for the German parcel business, and wages and transportation costs have exceeded expectations. In our view, the company is rightly stepping up needed investments in automation, digitalization and network utilization to improve its parcel division's profitability, but the expected increase in operating expenses has reduced near-term earnings estimates.

Shares of video-game company Nintendo hit multi-year highs in Q1 and was among our top performers on strong sales of its Switch console, but the stock sold off in Q2 as investors took profits. While the Switch platform is driving solid business results, there is a dearth of new game title launches scheduled for the next few months. Since new games are often a catalyst for console sales, we anticipate lackluster near-term sales growth. We still believe Nintendo has a long runway for growth but chose to sell our position in favor of better opportunities.

Our top contributors were Wirecard, a payment processor; Linde, an industrial gases provider; and Amazon.com, a leader in e-commerce and cloud services. Wirecard, one of our largest positions and one of our strongest performers in 2017, is delivering robust organic growth driven by transaction volumes, as momentum in e-commerce growth shows no signs of slowing. The new business pipeline is also quite strong. The company recently inked agreements with French bank Crédit Agricole to provide e-commerce and acquiring services in France and other European countries, and with Mizuho Bank to provide acquiring and issuing services to the bank's corporate clients in Asia.

With respect to Linde, the main focus remains its merger with Praxair, which appears on track for completion in the second half of 2018. The proposed merger would provide over $1 billion in cost synergies. However, if the merger falls through, we see limited downside as Linde looks significantly undervalued on a standalone basis.

Amazon, which generates roughly a third of total sales outside the US, is firing on all cylinders. Besides strong results in its Internet retail business, growth is accelerating in its high-margin Amazon Web Services (AWS) cloud business, having grown 42%, 45% and 49% year over year in the last three quarters. In addition to AWS's significant growth opportunity, customer switching costs are high, yielding a more stable and predictable earnings stream.

Positioning

Sector positioning was little changed quarter over quarter. Our largest sector exposures remain financials and industrials, where our ownership is well diversified. In financials, we hold a mix of companies in capital markets, banks and insurance. Likewise, our industrials holdings are a diverse collection of businesses in multiple sub-sectors, including aerospace, freight & logistics, construction & engineering, wholesale distribution and rail. Though valuations in the consumer space are beginning to improve, our exposure continued to decline as we found more attractive growth elsewhere.

We initiated new positions in a handful of stocks this quarter, including Air Liquide and Sonova, and re-purchased Tencent.

- Air Liquide is a global leader in the consolidated industrial gases industry (along with existing long-time holding Linde), where the technical and capital requirements to compete deter new entrants, and concentrated industry structure affords strong pricing power. We also believe the industrial gases industry should benefit from growing global industrial production and fixed asset investment.
- Sonova is the largest hearing-aids company by market share, possessing strong brands Unitron, Phonak and Hansaton, among others. It's a highly consolidated market, which we like, and a business that plays into our demographics theme of aging developed-world populations. Additionally, Sonova is launching a range of new Bluetooth-enabled hearing-aids products that we believe will accelerate sales growth and drive share gains and margin improvement.
- 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 sold Tencent in Q1 along with a few of our other technology holdings as we sought to reduce risk by trimming exposure to higher-valuation, momentum areas. With the valuation improved, we came back to the stock in Q2. We continue to believe Tencent is one of the best-positioned Chinese Internet companies in terms of mobile monetization and looks uniquely positioned to benefit from its 40% stake in Epic Games, maker of Fortnite.

Our biggest sales included Japan Tobacco, Liberty Global and the aforementioned Nintendo. We sold Japan Tobacco due to market-share losses resulting from repeated delays in the rollout of its next-generation Ploom Tech smokeless tobacco product. We exited Liberty Global based on concerns about weak subscriber net-additions in its core UK market. We also trimmed beverage distributor Coca-Cola European Partners as its stock price approached our target valuation.

Outlook

Corporate earnings and fundamentals, generally, remain healthy. In the US, where tax reform augmented existing profit-growth momentum, corporate profits are at all-time highs and companies are generating high levels of cash which they are deploying in shareholder-friendly ways. Yet, with tax reform in the rearview mirror, growth rates are inclined to come down in our estimation as comparisons become more difficult in upcoming quarters. Besides peaking earnings growth, other key risks we see to the market environment include tightening monetary policy, increasing trade tensions, currency volatility and signs of moderating growth in parts of the world, such as Europe, Japan and China. Consequently, our outlook is less sanguine than at the outset of 2018.

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

Andrew Ziccardi, an analyst on the Artisan Partners Global Equity team, is no longer employed by Artisan Partners effective June 1, 2018. Andrew resigned due to family reasons. We wish him well in his future endeavors and thank him for his contributions. Andrew covered consumer and real estate companies. Coverage of existing holdings has been assumed by other team members.

Additionally, Dan Reagan, a research associate on the team since 2015 covering health care companies, was promoted to an analyst position in recognition of his contributions to the team.

The Global Equity team combines deep and experienced research coverage with seasoned leadership and long-term stability of decision making. The portfolio management team, which includes Mark Yockey, Charles Hamker and Andrew Euretig, averages more than 26 years of investment experience. As founder of the Global Equity team, Mr. Yockey has adhered to the same philosophy and process since 1995.

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 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 our global fund, please visit www.artisanpartners.com.

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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 Jun 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 30 Jun 2018: Petroleo Brasileiro SA 2.5%; Deutsche Post AG 2.7%; Wirecard AG 5.4%; Linde AG 5.7%; Amazon.com Inc 1.9%; Air Liquide SA 1.5%; Sonova Holding AG 0.4%, Tencent Holdings Ltd 1.1%; Coca-Cola European Partners PLC 0.2%. 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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