Artisan International Small Cap Fund

QUARTERLY
Commentary

Investor Class: ARTJX | Institutional Class: APHJX

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

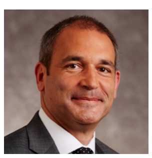
We use multiple valuation metrics to establish a target price range. We assess the relationship between our estimate of a company's sustainable growth prospects and its current valuation.

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
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: ARTJX	**-1.92**	**-0.26**	**15.10**	**4.75**	**6.15**	**5.84**	**11.76**
Institutional Class: APHJX	**-1.87**	**-0.17**	**15.35**	**4.90**	**6.24**	**5.89**	**11.79**
MSCI EAFE Small Cap Index	-1.57	-1.33	12.45	10.09	11.32	6.81	10.56
MSCI EAFE Index	-1.24	-2.75	6.84	4.90	6.44	2.84	6.19

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
Semi-Annual Report 31 Mar 2018[1]	1.56	1.34
Prospectus 30 Sep 2017[2]	1.57	1.37

[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 small-cap 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 modestly trailed the MSCI EAFE Small Cap Index in Q2, though it remains ahead YTD. Our sector positioning worked against us on a relative basis due to our lack of energy exposure and above-benchmark weighting in financials. Regionally, our emerging markets exposure was a hindrance.

Our biggest detractor was Tele Columbus (TC1), Germany's third-largest cable operator. Delays in expected synergies from recent acquisitions and disappointing broadband subscriber additions weighed on shares. Notwithstanding TC1's poor execution, we remain attracted to the competitive advantage of the company's cable infrastructure and the potential for upselling existing customers to higher-margin broadband and telephony services.

Other major underperformers were Comet Holding and Superdry. Comet is a Swiss manufacturer of components for niche high-tech markets. The company's primary products include vacuum capacitors (used in industrial manufacturing) and x-ray systems (used for non-destructive inspection). Sentiment on the stock was impacted by trade war-related headlines. Additionally, top-line growth slowed on weak demand from the semiconductor end market, which constitutes most of company sales. Management also announced the disposal of the company's lossmaking US-based e-beam systems business, which produces technology to sterilize surfaces. Structural trends in semiconductor demand due to mobile devices and Internet of things remain positive for the company's long-term growth; however, we pared our position due to a disappointing near-term growth outlook.

Superdry is a UK-based apparel and accessories designer and seller. Same-store sales growth was weaker than expected. However, the e-commerce channel continued to perform well, benefiting from recent investments in online campaigns, social media influencers and brand videos. Additionally, the company remains cash generative and is in a strong financial position with net cash on the balance sheet. Over the next few years, we see annualized growth rates in the high single digits on the top line, driven by the continued global rollout of the brand, and low double digits on the bottom line from further restructuring.

Payments processor Wirecard was our top contributor. The company is delivering robust organic growth, driven by transaction volumes as momentum in e-commerce growth shows no signs of slowing. 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.

Other top contributors were health care companies Ambu and Theratechnologies. Denmark-based Ambu produces single-use, disposable endoscopes. Growth in Ambu's endoscopy business has benefited from hospitals' shifting from reusable to disposable endoscopes due to their reduced infection risk.

Theratechnologies (TH) is a specialty pharmaceuticals company, which we added to the portfolio in Q1. Ibalizumab (branded as Trogarzo™)—a new type of antiretroviral medication to treat multidrug resistant HIV—was approved by the FDA in March and launched in April. TH has exclusive sales and distribution rights to Ibalizumab, having acquired those rights in 2016. Initial feedback on the drug from private and public payors has been positive, which augurs well for coverage by insurance plans.

Portfolio Positioning

We identified a handful of new investment opportunities that met our investment criteria in Q2. Notable new purchases were Cellavision, PVA TePla and ViewRay.

- Cellavision is a leading developer of digital cell morphology solutions for medical microscopy in hematology, which replaces manual analysis by a technician. Cellavision's product is now the standard in the US and Canada. We believe that as Cellavision machines become the global standard over the next decade, sales should grow at a high-teens CAGR.
- PVA TePla (PVA) is a provider of vacuum solutions for high-temperature and plasma treatment processes. We believe PVA should be a major beneficiary of electric vehicle adoption given the company's dominant position in using silicon carbide to manufacture semiconductor wafers for high-performance and energy-efficient components, which are ideal for electric vehicles.
- ViewRay develops magnetic resonance imaging (MRI) systems. The company's MRIdian MR-LINAC system is a leading platform for real-time visualization of soft-tissue cancer improving the safety and efficacy of radiation therapy. We believe there is a multi-year growth opportunity based on MR-LINAC becoming the standard LINAC over the next five years, which is not currently appreciated by the consensus.

We exited our position in Banco del Bajio, a medium-sized commercial bank in Mexico, as shares approached our target valuation. We also sold Ossur, a maker of prosthetics, and Takkt, a business equipment company, in favor of better opportunities.

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.

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 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 Fund's total net assets as of 30 Jun 2018: Tele Columbus AG 1.6%; Comet Holding AG 1.2%; Superdry PLC 0.7%; Wirecard AG 5.4%; Ambu A/S 0.6%; Theratechnologies Inc 2.4%; Cellavision AB 1.7%; PVA TePla AG 1.0%; ViewRay Inc 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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