Artisan International Fund

QUARTERLY
Commentary

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

As of 30 June 2020

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 (%)

As of 30 June 2020	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	**16.76**	**-8.06**	**-0.47**	**5.14**	**3.03**	**7.97**	**8.49**
Advisor Class: APDIX	**16.81**	**-7.99**	**-0.28**	**5.28**	**3.19**	**8.06**	**8.53**
Institutional Class: APHIX	**16.86**	**-7.93**	**-0.20**	**5.37**	**3.28**	**8.22**	**8.72**
MSCI EAFE Index	14.88	-11.34	-5.13	0.81	2.05	5.73	4.29
MSCI All Country World ex USA Index[1]	16.12	-11.00	-4.80	1.13	2.26	4.97	4.71

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 2020[1]	1.20	1.04	0.96
Prospectus 30 Sep 2019[2]	1.19	1.04	0.97

[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

Following one of the worst quarters in stock market history, non-US equities snapped back strongly in Q2, aided by massive government stimulus initiatives globally and optimism about slowing COVID-19 infections. The dichotomy in market sentiment between the first and second quarters of this year cannot be overstated. After the worst quarter in at least 40 years for the MSCI EAFE Index, it gained nearly 15% in Q2—its best quarter since 2010. Aside from energy, all sectors in the MSCI EAFE Index participated in the gains. Returns were led by technology, materials and consumer discretionary stocks. Regionally, returns were strongest in the US, followed by emerging markets, with Europe and Japan trailing but still up double digits.

The current investment environment is unique in our experience in that economic and financial conditions are being driven by a public health crisis rather than endogenous forces within the financial system. This started as a global health issue, and we believe it will continue to play out as one. Among the biggest investing clichés is to cite uncertainty. There is always uncertainty. However, this may be one of the few instances when the cliché is truly apt given many companies have suspended quarterly earnings guidance due to limited visibility into their underlying businesses. While this makes for a more challenging investment environment, we believe it may also create more opportunity for stock pickers.

A notable dynamic we have observed amid COVID-19 is the pandemic is accelerating prevailing secular trends. For instance, it's common knowledge e-commerce has been taking share from physical stores, and most would agree this trend should continue for years to come. However, this shift has sped up due to social distancing. People who were hesitant to adopt online shopping are now doing it out of necessity, and we do not believe they are going to go back to their previous habits. Similarly, the work-from-home trend has been hastened, and we believe increasing flexibility for remote working arrangements will continue. The cloud software companies are big beneficiaries of this trend. On the corporate side, more and more companies are shifting their technology backbone to the cloud, and this creates all kinds of opportunities we think will be enormous. A final example is the exceptional innovation already occurring in the life sciences and diagnostics industries that is now garnering greater interest due to the spotlight on efforts to develop a vaccine or more efficacious treatments for COVID-19. As always, identifying the winners across these themes and industries will be critical for investment success.

Performance Discussion

Our portfolio outperformed the MSCI EAFE Index in Q2, adding to its YTD lead. Q2 performance results benefited from positive stock selection, with financials our largest source of outperformance driven by holdings in our financial exchanges investment theme. Other top gainers included our biotechnology, telecom, and Internet/e-commerce-related stocks. Individual top contributors were Deutsche Boerse, Amazon.com and Genmab. Exchange operator Deutsche Boerse—our biggest position—benefited from surging volumes caused by macro uncertainty, as well as strong secular growth in its derivatives and market-data businesses.

In the case of Amazon, one would be hard-pressed to find a company better positioned in the current environment. Both of its core businesses—e-commerce and web services—are major beneficiaries of social distancing behaviors reinforcing the secular trends toward e-commerce and cloud software. According to eMarketer forecasts, total US retails sales are expected to be only 1% above 2019 levels in the year 2022. However, e-commerce is forecast to grow by 43%.

Genmab is a Denmark-based biotechnology company specializing in the development of antibody therapeutics for the treatment of cancer. In April, Genmab's partner Johnson & Johnson reported much stronger-than-expected sales of Darzalex®—the first monoclonal antibody to receive FDA approval to treat multiple myeloma—developed by Genmab. Separately, on May 1, Genmab announced that the subcutaneous formulation of Darzalex® was approved by the FDA. This formulation utilizes ENHANZE® technology, which aids delivery of biologics subcutaneously, as opposed to intravenously. The benefit is improved absorption and reduced drug administration time.

Other significant contributors included two recent purchases that were additions to the portfolio in Q1 and are illustrative of our investment approach in this environment—Deutsche Telekom and Wuliangye Yibin. Deutsche Telekom is Europe's largest integrated telecom company and owns 45% of T-Mobile US following T-Mobile's merger with Sprint. Wuliangye Yibin is China's second-largest spirits maker by market value and one of only two truly national baijiu brands. Though these two companies operate in unrelated industries and in different regions, both companies share a couple characteristics we believe should help them remain strong during tough economic times. Both companies operate in consolidated markets in which competition is muted and offer products or services that have shown stable growth trends across the business cycle. In Deutsche Telekom's case, demand is stable due to the essential nature of telecom services it provides. And Wuliangye Yibin has among the most valuable Chinese brands of baijiu—one of the world's most popular spirits—allowing it to be a price maker rather than a price taker.

Our biggest Q2 detractor was German payments company Wirecard. In June, the stock plummeted after the company admitted to auditors it could not trace $2bn in its financial accounts and delayed its FY19 annual report. As one of the biggest corporate accounting scandals in recent years, the events leading to its June bankruptcy filing have been well-chronicled in the financial press. Fortunately, we were able to avoid most of the declines as we had gradually reduced our position over the prior nine months, fully liquidating our position in May, for risk management due to growing concerns over governance. The key catalyst for exiting our position was KPMG's April 2020 report, which highlighted the lack of transparency into third-party finances. As a core holding in our electronic payments theme, the stock was a weak performer over the past year; however, over our full holding period—since September 2015—the stock was still among our top contributors to returns. It remains to be seen whether management was a victim or complicit in Wirecard's downfall, but as investors, we must adhere to our process and risk discipline in sizing positions based on facts and not promises. A key lesson reinforced from this experience is to always retain a healthy skepticism toward management.

Aside from Wirecard, no other holding detracted by more than 8bps. The majority of these bottom performers were smaller positions that we sold during the quarter. Consequently, their contributions to quarterly results weren't necessarily reflective of their actual stock returns in Q2. Among these were several financials sector holdings, including Indian housing finance company Housing Development Finance Corporation (HDFC) and European banks ING, Intesa Sanpaolo and UniCredit. We chose to exit all four of these financial services companies due to our negative outlook on the interest rate and credit environments in their geographies.

Positioning

We made several new purchases in Q2 that reflect a few of the long-term growth themes we have already discussed. In addition to the aforementioned e-commerce and cloud computing, other long-term growth themes include cybersecurity, the global rollout of 5G wireless technology, smart and more energy-efficient buildings, online advertising and electronic payments. Notable new purchases in these themes were Accenture, Ericsson, Siemens and Tencent Holdings.

- Accenture is an IT outsourcing and consulting firm providing the "picks and shovels" of corporate IT investment, with long-term growth tailwinds in the areas of digital, cloud and security (70% of revenues), which we believe should remain more resilient during the pandemic.

- Ericsson is a Swedish telecommunications equipment and software provider operating in a consolidated industry that should be a beneficiary of massive spending over the next few years to upgrade to 5G technology. Additionally, the US-China trade war presents Ericsson the opportunity to gain market share from Chinese provider Huawei and lead the rollout of 5G technology around the world.

- Siemens is an engineering and manufacturing company focused on electrification, automation and digitalization. The company is transitioning from a classic German industrial conglomerate that is complicated and overdiversified into a holding company structure with three high-quality verticals (Digital Industries, Smart Infrastructure and Mobility). With its decision to exit the energy business in the September 2020 spin-out of Siemens Energy—its lowest margin and highest asset-intensity business—the remaining company emerges as a higher return and growth enterprise.

- Tencent is a major Chinese Internet company, best known for its WeChat messaging service, that operates in several secular growth markets, including social networking, mobile games, e-commerce, cloud software and payments. Gaming, its largest business, has a strong pipeline in 2020 supporting growth through 2021, and the pandemic has created an additional tailwind driving increased game play. The other businesses operate in structurally high-growth markets, with upside potential from improved monetization and market-share gains.

In addition to the sales of Wirecard, HDFC and European banks ING, Intesa and UniCredit, we also exited our positions in Brazilian oil and gas company Petrobras and French aerospace components manufacturer Safran in favor of better opportunities.

Outlook

Amid the COVID-19 pandemic, rising tensions between the US and China, and with unprecedented levels of fiscal and monetary stimulus, the world and financial markets are littered with uncertainty. Although equities have staged a swift comeback following one of the greatest selloffs in history, we believe the effects of the novel coronavirus will be felt for some time due to the abundance of caution many people will exhibit as they reemerge from lockdown. Hence, we expect the recovery will take longer than what we perceive is priced by markets and believe companies will need staying power to survive this period and come out stronger on the other side. We believe the winners that emerge will be companies that 1) provide essential goods and services, 2) possess unique assets, 3) offer value-added capabilities, and 4) are beneficiaries of changing behavior.

Business Update

Jason Kantor, an analyst on the team, is no longer employed by Artisan Partners effective May 15, 2020. Jason focused on health care companies. We wish him well in his future endeavors and thank him for his contributions. Coverage of existing holdings has been assumed by other team members.

In June, the team added Navdeep Singh as an analyst primarily focusing on biopharmaceutical companies. Prior to joining Artisan Partners, Mr. Singh was a global biotechnology research analyst for Fidelity Institutional Asset Management. Before that, he conducted equity research in biotechnology as a vice president for both Goldman Sachs and Deutsche Bank.

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.

Current and future portfolio holdings are subject to risk. 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 2020. 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 2020: Artisan International Fund—Deutsche Boerse 6.7%; Amazon.com Inc 3.0%; Genmab A/S 3.6%; Deutsche Telekom AG 2.4%; Wuliangye Yibin Co Ltd 1.7%; Accenture PLC 1.2%; Telefonaktiebolaget LM Ericsson 1.1%; Siemens AG 1.1%; Tencent Holdings Ltd 2.1%. Artisan Global Equity Fund—Deutsche Boerse 3.6%; Amazon.com Inc 3.7%; Genmab A/S 2.6%; Deutsche Telekom AG 1.7%; Wuliangye Yibin Co Ltd 1.5%; Telefonaktiebolaget LM Ericsson 0.6%; Siemens AG 0.5%; Tencent Holdings Ltd 1.5%. 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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