Artisan International Small-Mid Fund

QUARTERLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX | Institutional Class: APHJX

As of 30 June 2020

Investment Process

We seek long-term investments in high-quality businesses exposed to structural growth themes that can be acquired at sensible valuations in a contrarian fashion and are led by excellent management teams.

Investing with Tailwinds

We identify structural themes at the intersection of growth and change with the objective of investing in companies having meaningful exposure to these trends. Themes can be identified from both bottom-up and top-down perspectives.

High-Quality Businesses

We seek future leaders with attractive growth characteristics that we can own for the long term. Our fundamental analysis focuses on those companies exhibiting unique and defensible business models, high barriers to entry, proven management teams, favorable positions within their industry value chains and high or improving returns on capital. In short, we look to invest in small companies that have potential to become large.

A Contrarian Approach to Valuation

We seek to invest in high-quality businesses in a contrarian fashion. Mismatches between stock price and long-term business value are created by market dislocations, temporary slowdowns in individual businesses or misperceptions in the investment community. We also examine business transformation brought about by management change or restructuring.

Manage Unique Risks of International Small- and Mid-Cap Equities

International small- and mid-cap equities are exposed to unique investment risks that require managing. We define risk as permanent loss of capital, not share price volatility. We manage this risk by having a long-term ownership focus, understanding the direct and indirect security risks for each business, constructing the portfolio on a well-diversified basis and sizing positions according to individual risk characteristics.

Team Overview

Our team is intellectually curious about the world and how it is changing. Each team member is passionate about small company investing and discovering businesses with meaningful and open-ended growth opportunities.

Portfolio Management

Rezo Kanovich
Portfolio Manager

Investment Results (%)

As of 30 June 2020	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Investor Class: ARTJX	**26.84**	**-0.33**	**10.31**	**9.23**	**5.41**	**9.36**	**11.17**
Advisor Class: APDJX	**26.90**	**-0.26**	**10.48**	**9.31**	**5.46**	**9.39**	**11.19**
Institutional Class: APHJX	**26.86**	**-0.19**	**10.57**	**9.47**	**5.60**	**9.46**	**11.23**
MSCI All Country World ex USA SMID Index	21.19	-12.69	-5.13	0.03	2.41	5.72	7.98
MSCI All Country World ex USA Small Cap Index	22.83	-12.80	-4.34	-0.17	2.50	6.05	8.69

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (21 December 2001); Advisor (4 December 2018); Institutional (12 April 2016). 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.

Expense Ratios	ARTJX	APDJX	APHJX
Semi-Annual Report 31 Mar 2020[1]	1.34	1.20	1.09
Prospectus 30 Sep 2019[2,3]	1.40	1.26	1.15

[1]Unaudited, annualized for the six-month period. [2]Reflects a reduction in management fees, effective 1 Dec 2018. [3]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

Non-US equities snapped back strongly in Q2, aided by massive government stimulus initiatives globally and optimism about slowing COVID-19 infections. Following the worst quarter ever for the MSCI ACWI ex USA SMID Index (incepted in 1994), the index gained 21% in Q2—its best quarter since 2009. Despite the extreme dichotomy in market performance over the previous two quarters, we meaningfully outperformed our benchmark in both periods. The story of how is maybe less exciting than our readers will expect but hopefully reinforces the narrative we have put forth since our arrival at Artisan nearly two years ago about the resilience of our approach and the opportunity set the vast but niche world of international small-mid cap investing represents. The end result has been a consistently and highly diversified portfolio composed of idiosyncratic investments in high-quality, non-cyclical and structurally-advantaged businesses. We also believe our valuation discipline and the execution of our contrarian buyer approach has been additive, in both new purchases and the opportunistic recycling of capital.

Our thematic approach leads us to companies positioned on the "right side of history" as beneficiaries of structural growth tailwinds. Themes in our portfolio are enduring and do not change often, but as bottom-up investors, the opportunity set steadily evolves due to valuations, business fundamentals, changing competitive landscapes, etc. As we've observed, the pandemic is increasing the relevance and accelerating adoption of many existing portfolio themes. For example, the need for social distancing that has driven the WFH (work-from-home) dynamic is reinforcing existing secular trends toward e-commerce and cloud computing and heightening cybersecurity needs. We have several related holdings in these areas, including logistics companies SG Holdings and DSV Panalpina and software company HENNGE. SG Holdings and DSV serve the need for robust logistics commensurate with the growth in e-commerce. HENNGE, a Japanese software company, facilitates remote worker access via single sign-on technology for enterprises. We initiated a small position in HENNGE in Q4 2019 with the intention of awaiting a more attractive valuation to build a bigger position—and subsequently used Q1's selloff to expand our ownership. Additionally, the increased focus on health and greater demand for lab equipment, diagnostics and scientific instruments amid efforts to develop a vaccine and more efficacious treatments for COVID-19 are fueling stronger growth in the life sciences industry. Ambu, which produces single-use endoscope devices, is one of our top YTD performers. Ambu's product offers reduced risk of infection versus that of traditional, reusable scopes, which require sterilization after each procedure.

Our focus on quality applies not only to the businesses themselves but also to company management. If we are successful in our due diligence efforts, which include developing relationships with management teams through continual dialogue, we will have built a portfolio of durable business models with meaningful competitive advantages, and we will be aligned with dynamic management teams who can create substantial value during times of turbulence. There is probably no better example than NICE, a leading provider of cloud-based call center automation solutions, and our largest portfolio position. NICE has a high return on capital business model that is well-positioned to grow as enterprises increasingly shift from capital-intensive telecom hardware buildouts to cloud-based models for strategic decisions and risk management. The proliferation of cloud computing has led to a number of exciting opportunities across every industry vertical. Many industries are still early in the conversion cycle to the cloud. Further, NICE's management team has a demonstrated track record of successfully making critical strategic decisions, including shedding less profitable businesses while making accretive acquisitions and focusing on taking share in the contact center market. As a result, the company is now positioned to take advantage of multiple avenues for growth. For example, running on top of its call center software, the company has developed workforce management software featuring analytics and voice recognition technology to measure caller sentiment. Demand for these high-margin products is increasing from corporate customers interested in analyzing customer interactions. Another source of growth is the company's heavily AI-enabled suite of compliance and anti-financial fraud software used to detect insider trading, as well as make payments more secure. The next evolution in the business potentially is robotic process automation—currently a nascent business, but one we think is a free call option on what may be another leg of growth.

We are now more than a full quarter into operating amid COVID-19. The team continues functioning at a high level despite the drawbacks of working remotely. There are no substitutes for travel and in-person meetings, but we have fully embraced videoconferencing, and our calendars are as robust as ever. There are certainly silver linings as well, like virtual conferences in specialized industry niches, allowing us to balance and prioritize among multiple overlapping events. In certain geographies, like Japan, there were cultural impediments to videoconferencing previously. Amid the pandemic, there is now universal acceptance of video calls, which also bodes well for future functionality as we consistently seek to maximize our efficiency. Lastly, we are a focused and fairly tight-knit group and have experienced no interruption to our daily (and nightly) team communication.

Performance Discussion

The portfolio's Q2 performance benefited from broad-based positive stock selection, with strong contributions from a variety of themes, industries and geographies. Though we discuss only a few of our top and bottom Q2 contributors in depth in this letter, it's important to recognize that in a relatively flat portfolio such as this one, performance drivers are inherently diverse. Only a handful of positions have weightings above 2%, and most are below 1.0%. In Q2, 50 holdings produced total returns of 30%+, and over 100 holdings generated total returns of 10%+.

Top contributors this quarter included Kornit Digital and Cree. Kornit Digital is a leader in commercial printing solutions (i.e., equipment, software and ink) for the garment, apparel and textile industries. The company's revolutionary technology allows for direct printing on

garments and is enabling the apparel industry's structural shift to automation, fast fashion and increased customization. In March, the market became overly focused on a shock to sales conversion as a result of the operating environment. Taking advantage of short termism with long-duration investments is a hallmark of our approach, and Kornit is one recent example. This business's value derives from its premier customer relationships and the long tail of high-margin proprietary ink consumables consequent to printer installations. We do not see the health crisis negatively impacting the industry's structural shifts. In fact, the need for better inventory management and desire to bring production closer to the customer, may only be reinforced.

Cree, a holding in our next-generation auto theme, produces next-generation power semiconductors used in electric car batteries. The company's competitive position is strong. Cree is one of only a few companies with the intellectual property and process know-how to manufacture the silicon carbide wafers from which the next generation of power semiconductors used in electric vehicles is produced. Electrification of the automobile is not a distant event, and it's not just Tesla. The incumbent auto industry is planning a massive electrification of car models over the next five years. As the industry turns from the internal combustion engine, we have been steadfast in striving to understand these dynamics.

Other significant contributors included holdings in our cloud-computing theme, such as the aforementioned HENNGE and Zscaler, a cybersecurity solutions company we added to the portfolio in Q1. Additionally, two of our biggest Q1 detractors—MorphoSys and Neles (previously named Metso)—rebounded sharply in Q2, rewarding us for our continued conviction.

Our weakest contributors were SSP Group, ViewRay and Morinaga. SSP Group operates food service and retail outlets in airports, train stations and other travel-related locations. This is not a great time to be an airport catering company. Historically, this space has boasted rich margins, durable sales growth and a variable cost structure as rent is a revenue share with airports. For its part, SSP Group has been an efficient operator, financially conservative and an innovator in the space (e.g., employing new technology like iPad ordering and curating local partners to capture a region's culinary landscape). In March, the company moved quickly to conserve cash and liquidity, accessing the equity and debt markets to shore up its balance sheet. The business's strong leadership and financial positioning could springboard increased market-share gains, but as with most investments, we do not expect a linear experience and have kept the position smaller for now.

ViewRay'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. COVID-19 has delayed planned system installations for this year and is impacting new orders due to limited sales rep access. Despite the near-term disruption, we believe MR-LINAC will become the standard and represents a multi-year growth opportunity. Postponing cancer radiotherapy is not a realistic outcome, and ViewRay is adequately financed, in our opinion. Closely monitoring companies' liquidity, cash burn and overall financial strength has become a requisite exercise. We are believers in the MR-LINAC opportunity and hold the two leading companies with this technology, ViewRay and Swedish competitor Elekta.

Morinaga, one of the largest confectionary companies in Japan, has been impacted by lower demand in Japan. Shares were down about 5% in Q2. The company has a few characteristics we find interesting. First, Morinaga's management is focused on increased profitability through optimizing and modernizing legacy manufacturing facilities. This includes adopting automation and divesting certain plants, which should unlock real estate value. Next, we believe the company's pricing power is set to increase meaningfully on the back of its strong brand and the normalization of retail prices in Japan. Japan has historically been one of the cheapest places in the world to buy chocolate, so there is significant upside potential as pricing equalizes with the West's. Additionally, the company's health foods division produces nutritional jelly drinks that serve as convenient and efficient delivery mechanisms of vitamins and minerals for the large and growing populations of health-minded and elderly customers. Lastly, Hi-Chew™, Morinaga's dairy-based fruit chew candy, is gaining share and shelf space in the US market and after years of investment is on the cusp of breaking even. The candy industry has high barriers to entry, and it can take years to gain the necessary shelf space to break even. But, once a company has an entrenched position, the candy business can be highly profitable.

Positioning and Outlook

As mentioned earlier, our consistent and disciplined approach to valuations and our effort to acquire and build positions in a contrarian fashion have contributed to our recent performance. We'd like to highlight some examples of this contrarian activity, including Rotork and Alcon.

Rotork, a flow control company and previously small position within our "high value-added bottleneck" theme, makes actuators providing fluid controls for various industries, including oil and gas and water utilities. Investors have viewed anything exposed to oil and gas as toxic, and the stock price sold off sharply. Going against the herd, we added to our position, given Rotork's opportunity to enable the technological transition from mechanical to electrical actuation, and the stock is now a top-20 holding.

Alcon is a global ophthalmology business that develops and manufactures surgical equipment and vision care products to treat eye diseases and disorders. Alcon is highly profitable, as customers tend not to be price sensitive when it comes to their vision care. However, the stock sold off in Q1 amid concern about postponement of elective procedures for glaucoma and cataracts. This presented us a rare opportunity to purchase this attractive, high-quality business at a discount, and we continued building our position in Q2.

Among the new positions added during the quarter were Balfour Beatty, TechMatrix and WNS Holdings. Balfour Beatty is a UK infrastructure services company focused on the UK and US markets. The company is well-positioned in consolidated markets to benefit from what we believe will be heightened governmental emphasis on infrastructure buildouts. Current management is intent on improving structural profitability by shrinking the company's footprint and focusing on markets with fewer players where it has scale and can maintain price discipline. TechMatrix is an IT systems integrator heavily focused on bringing best-in-class, in-house solutions to Japan in contrast to off-the-shelf solutions from the US. The company should also benefit, in our view, from the secular shift toward subscription-based cloud-infrastructure solutions. WNS Holdings is a multinational business process management company based in India. The company's exposure to end markets experiencing COVID-19-related dislocation (e.g., travel and leisure) presented us with an attractive entry point. WNS's pricing model, based on customer savings and outcomes, is distinguished and should help strengthen and grow customer relationships. We also believe management has executed well throughout the current health crisis.

Notable exits in Q2 included Ariake Japan, Beijer Ref, Cellavision and Fuji Soft, all of which were once positions in the top half of the portfolio. The overarching theme for all four was price discipline, combined with our assessment of the near-term opportunity set.

As always, the portfolio activity discussed in this letter is not an exhaustive report but a representative sampling of the promising investment opportunities we are finding. We hope our readers stay healthy through this unprecedented journey, and we look forward to continuing the conversation.

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.

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 All Country World ex USA SMID Index measures the performance of small- and mid-cap companies in developed and emerging markets excluding the US. MSCI All Country World ex USA Small Cap Index measures the performance of small-cap companies in developed markets 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: Hennge KK 1.1%; DSV PANALPINA A/S 1.3%; SG Holdings Co Ltd 1.9%; Ambu A/S 1.0%; Nice Ltd 2.8%; Kornit Digital Ltd 1.6%; Cree Inc 1.9%; Neles Oyj 1.7%; MorphoSys AG 2.3%; Zscaler Inc 1.1%; SSP Group PLC 0.4%; ViewRay Inc 0.4%; Morinaga & Co Ltd 1.1%; Rotork PLC 1.3%; Alcon Inc 1.2%; Balfour Beatty PLC 0.4%; TechMatrix Corp 0.5%; WNS Holdings Ltd 1.0%; Elekta AB 0.9%. 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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Return on Capital (ROC) is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

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