Artisan International Fund

QUARTERLY
Commentary

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

As of 30 September 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 September 2020	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Investor Class: ARTIX	**7.46**	**-1.20**	**6.52**	**5.75**	**7.54**	**7.10**	**8.72**
Advisor Class: APDIX	**7.51**	**-1.09**	**6.71**	**5.91**	**7.71**	**7.19**	**8.76**
Institutional Class: APHIX	**7.51**	**-1.02**	**6.80**	**5.99**	**7.79**	**7.34**	**8.94**
MSCI EAFE Index	4.80	-7.09	0.49	0.62	5.26	4.62	4.44
MSCI All Country World ex USA Index[1]	6.25	-5.44	3.00	1.16	6.23	4.00	4.92

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 Q2's historic rebound, the recovery in non-US equities continued in Q3 as earnings results came in better than feared. Returns were led by the more economically sensitive industrials, materials and consumer discretionary sectors, reflecting optimism regarding recovering economic indicators and progress on a COVID-19 vaccine. Financials and energy stocks were the worst performers, finishing lower. Certainly, asset prices broadly have been buttressed by the notions that central banks have investors' backs if volatility were to reemerge and additional fiscal support is in the offing. Regionally, both developed and emerging markets turned in high single-digit returns in Q3. In the developed world, the US outperformed Japan and Europe. Emerging markets were paced by double-digits gains in China and India.

Currency movements were favorable for USD-based returns in Q3. The appreciation of all other G10 currencies versus the US dollar owed to markets' pricing a protracted period of low or negative US real interest rates amid record US budget deficits and a shift in Federal Reserve policy toward acceptance of higher inflation. The euro was also lifted by the European Union's agreement in July to a €750 billion joint stimulus plan representing a historic step toward greater fiscal integration among the 27-nation bloc as it seeks to bolster its economy and avoid another debt crisis.

Perhaps no topic among investors has received more interest over the past year than the extreme performance dispersion between growth and value stocks. Growth stocks have led for most of the current market cycle that began after the global financial crisis, but growth's dominance has intensified of late. The MSCI EAFE Growth Index gained over 8% in Q3, beating the MSCI EAFE Value Index by more than 700bps, and year to date this margin is nearly a staggering 2300bps. Over the past three and five years, the growth index has outperformed its value counterpart by approximately 1300bps and 800bps per annum, respectively. The dynamics favoring growth are well understood; investors are willing to pay up for growth in an environment where growth is scarce and interest rates are low or even negative.

While we are growth investors, we are not growth "at any price" investors. A key facet of our approach is our valuation discipline. We seek to invest in companies with sustainable growth characteristics selling at attractive valuations. Some would deem us GARP (growth at a reasonable price) investors. So while our growth orientation has aided our relative performance in recent years compared to broad non-US equity indices, including the MSCI EAFE Index, our valuation discipline and unwillingness to chase growth at any price has made it tough to keep pace with growth-style indices, such as the MSCI EAFE Growth Index. Rather than try to second-guess style rotations, we prefer to adhere to bottom-up, fundamental company analysis. Therefore, we will maintain our investment discipline and commitment to an investment approach that has been shown to perform well over varied market environments and add value over the long term.

Performance Discussion

Our portfolio outperformed the MSCI EAFE Index in Q3, adding to its YTD lead. Relative performance results benefited from positive stock selection, with strong contributions from our industrial gases, e-commerce and beverage holdings. Specifically, top contributors were Alibaba, Amazon.com, Linde, Air Liquide and Wuliangye Yibin. In recent quarterly letters, we've discussed the common dynamics supporting these high-quality companies, including secular tailwinds that have accelerated due to the pandemic and sustainable growth characteristics we seek in our portfolio companies: dominant industry positions, strong pricing power and a history of steady growth across the cycle.

Among our top contributors, Chinese holdings Alibaba and Wuliangye Yibin had the biggest gains, each up more than 30%. Alibaba is China's largest e-commerce company. Like Amazon, Alibaba is experiencing strong organic growth in its core e-commerce business, driven by user growth and improving user engagement. Alibaba's core e-commerce business generates strong free cash flow that funds growth initiatives. Though still a small component of overall revenue (<10%), the company's cloud business is growing rapidly and, as the leader in China, is well-positioned to become more profitable as it scales up and improves its average revenue per user (ARPU) by offering more value-added services.

Wuliangye Yibin is China's second-largest spirits maker by market value and one of only two truly national baijiu brands. Shares sold off in late January when news of COVID-19 broke, offering an attractive entry point, with the stock selling for a ~25% discount to key competitor Kweichow Moutai. Despite the February lockdown, we believed the company could grow sales mid- to high-single digits, driven by a recent price hike and resilient consumer demand given its premium brand power. Sales and earnings growth have exceeded our expectations, with 1H20 revenue and net profit growth in the mid-teens.

Our biggest detractors were biopharma companies Amarin and Idorsia. Amarin shares fell sharply in early September when the US Court of Appeals upheld a lower court's March 2020 ruling in favor of generic competition for its heart disease drug Vascepa®—invalidating the company's US patent. After the March ruling, we maintained a small position in the stock based on our view that the majority of the stock's value derived from its opportunity in Europe where it has 10 years of exclusivity.

Idorsia is a Swiss biotechnology company that was spun off from Actelion in 2017. The company has a broad clinical development pipeline, with several phase III proprietary programs in the areas of insomnia, resistant hypertension management and Fabry disease, among others. Shares fell on mixed results for its second phase III study for lead pipeline asset daridorexant for the treatment of insomnia, as statistical significance was not found at the lower dose. However, we still see a high probability of the combined phase III dataset supporting approval for the higher dose.

Positioning

New purchase activity was relatively light this quarter as we remain confident in our overall positioning. Though we didn't make any meaningful new purchases, we did build our positions in Q2 2020 purchases Ascendis Pharma and UCB. Ascendis Pharma, a Danish biopharmaceuticals company, utilizes its TransCon™ technology to develop drugs that provide for the predictable and sustained release of an unmodified parent drug, thereby improving the drug's effect on patients. Since this technology is applied to proven drug targets, development risk is lower compared to other biotech companies. Our interest is focused on its de-risked pipeline candidates, including for pediatric growth hormone deficiency and hypoparathyroidism.

UCB is a Belgium-based biopharmaceuticals company specializing in the treatment of central nervous system disorders and inflammatory diseases. The majority of its revenue is from Cimzia® for autoimmune disorders—such as Crohn's disease, rheumatoid arthritis and psoriatic arthritis—and a portfolio of epilepsy drugs. We believe these products should continue their growth over the next decade, but our investment case is based on the substantial growth potential of two pipeline assets: 1) EVENITY® for severe osteoporosis and 2) bimekizumab for psoriasis. EVENITY® has already been approved in the US, EU and Japan, and in just a few quarters is already on a €400 million annual run rate. Initial phase III data for bimekizumab in psoriasis demonstrated the drug provides materially greater skin clearance vs. current standard-of-care treatments and thus confirmed bimekizumab's potential as "best-in-disease."

We exited a few of our European financials holdings this quarter in favor of better opportunities. Our biggest sales were wealth manager UBS Group and insurance companies Allianz and Assicurazioni Generali.

Outlook

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 financial system forces. This started as a global health issue, and we believe it will continue to play out as one. Amid the pandemic, a global economy reliant on unprecedented levels of fiscal and monetary stimulus and potential geopolitical shifts due to the US election, Brexit and an emerging deglobalization trend, 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 COVID-19 will be felt for some time due to the "abundance of caution" many people will exhibit while progress continues on a vaccine. 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) benefit from changing behavior.

Business Update

Ian Chua, an analyst on the team, is no longer employed by Artisan Partners effective September 18, 2020. Ian conducted multi-sector research, primarily focusing on disruptive business models in the Asia Pacific region. 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 September, the team added Joe Del Gaudio as a multi-sector analyst. Prior to joining Artisan Partners, Mr. Del Gaudio was an equity research analyst at Neuberger Berman where he was a generalist on the global equities team covering the industrials, technology and consumer sectors. Earlier in his career, he was an equity analyst focusing on technology at Sanford C. Bernstein and a management consultant focusing on technology, industrials and transportation at Booz & Company.

Our investment philosophy and process take 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 the 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 EAFE Growth Index measures the performance of developed markets companies, excluding the US and Canada, that exhibit growth style characteristics according to MSCI. MSCI EAFE Value Index measures the performance of developed markets companies, excluding the US and Canada, that exhibit value style characteristics according to MSCI. 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 Sep 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 Sep 2020: Artisan International Fund—Alibaba Group Holding Ltd 4.1%, Amazon.com Inc 2.4%, Linde PLC 5.9%, Air Liquide SA 4.5%; Wuliangye Yibin Co Ltd 1.4%; Amarin Corp PLC 0.1%; Idorsia Ltd 0.7%; Ascendis Pharma A/S 1.3%; UCB SA 1.8%. Artisan Global Equity Fund—Alibaba Group Holding Ltd 2.2%, Amazon.com Inc 3.2%, Linde PLC 2.9%, Air Liquide SA 1.5%; Wuliangye Yibin Co Ltd 1.1%; Amarin Corp PLC 0.1%; Idorsia Ltd 0.7%; Ascendis Pharma A/S 1.3%; UCB SA 1.4%. 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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Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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