Artisan International Fund

QUARTERLY
Commentary

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

As of 30 June 2021

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 2021	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	**5.93**	**6.24**	**24.28**	**10.44**	**10.37**	**7.34**	**9.07**
Advisor Class: APDIX	**5.98**	**6.29**	**24.44**	**10.60**	**10.52**	**7.44**	**9.11**
Institutional Class: APHIX	**5.96**	**6.33**	**24.51**	**10.68**	**10.61**	**7.58**	**9.30**
MSCI EAFE Index	5.17	8.83	32.35	8.27	10.28	5.89	5.27
MSCI All Country World ex USA Index[1]	5.48	9.16	35.72	9.38	11.08	5.45	5.78

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 2021[1]	1.18	1.04	0.95
Prospectus 30 Sep 2020[2]	1.19	1.05	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

Non-US equities extended their YTD gains in Q2, supported by strong earnings results and economic releases. COVID-19 trends—vaccination rates, new variants and related lockdowns—remained in focus, as were inflation and interest rates amid continued accommodative monetary policies. However, in contrast to Q1's cyclicals-led rally, Q2 returns favored technology, health care and consumer staples stocks. Utilities and communication services stocks lagged. Regionally, developed markets edged emerging markets, driven by strength in the US and Europe in contrast to muted gains in China.

Vaccination campaigns accelerated in much of the developed world, allowing governments to ease mobility restrictions and providing a path to normalcy. Vaccination rollouts contributed to strong economic activity, particularly in the US. However, vaccination rates are still low in many parts of the world, and most recently there's been an uptick in case counts driven by the Delta variant that emerged from India. Based on available evidence, the Delta variant is more transmissible than other circulating variants, and experts predict it will soon become the predominant circulating strain. Fortunately, in places where vaccinations are high, hospitalizations and mortality rates are ebbing.

The reflation trade that took hold in late 2020 and dominated headlines in Q1 has cooled in recent months, evidenced by falling bond yields and signs of peaking economic growth rates. That helped growth stocks to outperform value this quarter after the huge rally in cheap cyclicals to start the year. Value still leads growth over the YTD and one-year time frames, however. Bond yields' move lower, as well as price declines in certain commodities, like copper and lumber, supports the Federal Reserve's stance that inflation is transitory—a result of temporary factors, such as supply-chains disruptions. While Fed policy remains highly accommodative—ultra-low interest rate policies and bond-buying programs—it has become slightly more hawkish as tapering discussions have started.

Regionally, US and European equities led the rest of the world, supported by economic reopening amid successful vaccination programs. The US also benefited from the prospect of increased fiscal stimulus as a bipartisan group of lawmakers reached a deal on a large infrastructure plan that could total $1.2 trillion over the next 8 years. The centerpiece of the package is spending on transportation infrastructure (e.g., roads, bridges, airports). The bipartisan deal also includes climate-related investments for the energy grid, electric vehicles infrastructure and electrifying bus fleets.

Stocks in Japan and China lagged in Q2. Japanese equities were held back by the country's relatively slow progress on vaccinations. China's economy has performed well, but investor sentiment has been negatively impacted by a few factors. Chinese regulators issued new anti-monopoly rules targeting the country's large Internet and tech giants. Additionally, fiscal and credit tightening efforts to balance growth and debt are taking hold. Investors are keeping a close eye on recent deceleration in China's economy due to its "first-in, first-out" status of the COVID-19 crisis. Slowing growth may also portend a return to disinflationary pressures.

Performance Discussion

The portfolio outperformed the MSCI EAFE Index in Q2, aided by positive stock selection in the health care and communication services sectors. Currency impacts were also beneficial due to our lighter exposure to the Japanese yen and above-benchmark exposure to the euro. While currency movements may impact absolute and relative returns, our focus is researching the underlying fundamentals of the industries and companies in our investment universe. We do not seek to forecast currency movements, which is a difficult endeavor at best and unlikely to be a significant contributor to excess returns over the long run, in our view.

Several of our biggest Q1 detractors rebounded strongly in Q2, including health care holdings Genmab, Roche and Lonza Group, as well as cloud-software company NICE. These stocks pulled back during Q1's sharp rotation from growth to value as investors sought companies perceived to benefit the most from stronger economic growth. In contrast, these health care and technology companies' long-term growth prospects are driven more by idiosyncratic factors—R&D, pipeline progress and product innovation—and are not dependent on the broader rate of GDP growth. We prefer these differentiated sources of growth that are within a company's control.

Genmab is a biotechnology company specializing in the development of antibody therapeutics for the treatment of cancer. Genmab's partner Johnson & Johnson reported strong sales of Darzalex®—a monoclonal antibody used to treat multiple myeloma. Growth was attributable to strong share gains in all regions and solid uptake of the subcutaneous formulation launched in 2020. Genmab is an example of our approach to investing in biopharma, an industry often viewed as speculative or high risk. However, we believe one can meaningfully lower the risk level and still capture significant upside. We believe our systematic approach allows us to identify biotechs that fall into this "sweet spot" of low risk/high reward. The key is to look for major de-risking events (i.e., phase 3 clinical data and/or FDA drug approval) and determine if there is upside thereafter. We seek to avoid unbalanced risk/reward in: 1) unproven drug or technology, 2) companies pursuing difficult-to-penetrate markets, and 3) big pharma lacking exciting pipeline.

NICE, a leader in customer interaction software, is benefiting from the ongoing transition to cloud computing and increased adoption of its analytics and AI solutions. Call centers around the world have become the new front door as brick and mortar businesses have shifted to e-commerce business models, and the pandemic has only accelerated this shift. NICE is also growing adjacent businesses in compliance and robotic process automation, which are becoming more visible. We remain enthusiastic as NICE expands its analytics offerings.

Alphabet, a long-time holding, was an additional winner and is our top contributor YTD. Alphabet is the parent company of Google, the world's leading Internet search engine and among the largest players in digital advertising. Though US domiciled, the company generates more than half its revenue overseas. The company's advertising business is hitting on all cylinders with growth accelerating in search and YouTube. This is consistent with the strong results across digital ad platforms broadly. The company's cloud business is also growing rapidly.

Among our biggest laggards were Volkswagen, a German auto company, which was our top Q1 contributor, and Sony, a Japanese technology and media conglomerate. Volkswagen has had a strong start to the year, growing its margins in its Volkswagen, Porsche and Audi brands, but shares have been consolidating previous gains. Our investment case remains focused on the company's opportunity to accelerate its electric vehicle offerings, and though current industrywide semiconductor shortages will likely constrain near-term top-line growth, we do not believe this is a structural headwind.

Historically known for consumer hardware—TVs, PCs, cameras and audio equipment—Sony has undergone a dramatic transformation into a growth entertainment company focused on games, music, entertainment studios and image sensors. All four businesses are favorably levered to secular trends in media, such as streaming, direct-to-consumer subscriptions, digitization and mobile. Though recent results have been strong, including 20%+ growth in its gaming software and music streaming segments, the company, which has a history of conservatism, issued weaker-than-expected earnings guidance. Management is factoring in a headwind from the unwind of COVID-related gaming revenues, but we believe several growth drivers will mitigate this potential impact, from higher prices on next-generation gaming titles to recently signed film licensing deals with Netflix and Disney.

Several of our other detractors were travel and bank stocks that took a breather after big gains in prior months on expectations of economic reopening. These included European airlines groups International Consolidated Airlines (IAG) and Ryanair, and UK-based global financial services provider Barclays. With respect to the airlines, we continue to look for a recovery in travel demand to buoy these businesses. We have been long-time holders of Ryanair due to our interest in its leading market position, low-cost operating model and history of returning capital to shareholders. IAG is a more recent purchase, but it's a company we know well from past ownership. IAG, owner of British Airways, Iberia, Aer Lingus and Vueling, derives roughly two-thirds of its revenues from the UK, US and Spain—leading countries in vaccination deployment—supporting our thesis on a recovery in travel demand in the company's key markets.

Barclays, one of Europe's largest banks, operates in about 55 countries. In addition to interest rate normalization, we believe the bank should benefit from a supportive environment for corporate and investment banking (two-thirds of earnings). As well, a combination of cost improvements and reduced loan-loss provisioning should help drive earnings growth over the next three years. Capital return is another leg of our thesis. Barclays launched a $975mn stock buyback plan that should contribute along with dividends to a total capital return yield of 5.8%. And despite the stock's price gains over the past year, it still sells cheaply at about 0.65X tangible book value.

Positioning

New purchase activity was minimal in Q2, reflecting the significant number of new purchases made during the previous few quarters in the areas we believe are best positioned for the post-pandemic economy. These include aforementioned Volkswagen, building and construction materials companies CRH and Holcim in our infrastructure theme; European banks Barclays, ING and BNP Paribas in our financials theme; and leading semiconductor companies Samsung Electronics and Taiwan Semiconductor Manufacturing Company in our technology theme. Besides rebounding end markets and tight supply, we believe these semiconductor companies should continue benefiting from secular increases in semiconductor complexity and applications as the Internet of things (IoT) proliferates.

Our biggest new purchase was Ferrovial, a Spain-headquartered transportation infrastructure management company providing development, construction and maintenance services for airports, toll roads, railroads and parking garages. Operating in multiple countries, including the US where it derives nearly 40% of total revenue, the company is well-positioned to benefit from normalizing traffic volumes as economies reopen, with additional upside potential if increased infrastructure investment occurs in the US.

We also meaningfully added to our positions in Deutsche Post and ING. Deutsche Post, one of Europe's largest postal service providers, offers domestic mail delivery, international parcel services and freight delivery, as well as logistics services. The logistics industry benefits from structural growth drivers from e-commerce growth. We also believe Deutsche Post's advantageous positioning in emerging markets and strength in its express segment will serve as key drivers of sustainable growth. Operating in an oligopoly, the company's DHL Express division benefits from pricing power, evidenced by recent price increases of 5%-6% varying by market.

ING is a global banking and insurance conglomerate with exposure to structural demand for banking and wealth protection. The company is at the forefront of digital banking—a major cost reducer as physical bank branches are replaced by online and mobile solutions. We believe ING should benefit from interest rate normalization as nominal economic growth in the EU recovers, as well as from declines in loan-loss provisioning following increased provisioning in 2020 driven by model losses amid the pandemic. Additionally, the company has an excellent capital position, supporting a strong capital return story—from delayed dividends, if EU dividend restrictions expire in

September as expected, and a possible buyback—which should provide a mid-teens total capital return yield over the next 12 months.

We exited Chinese technology companies Alibaba and Tencent due to concerns about increasing regulatory risk. We also sold Siemens Energy, a majority owner of renewable energy company Siemens Gamesa, in favor of better opportunities.

Outlook

Over the past 18 months, we've seen extremes in market momentum from growth (COVID-19 beneficiaries) to value (reopening trade). Our quality "GARP" style may be less rewarded in periods when markets are less discerning about valuations as occurred in 2020, as well as during cyclical-led rallies that historically occur in the earliest phase of economic recovery (Nov 2020 – Mar 2021); similar environments occurred in 2003, 2010 and 2016. As these extreme style performance gaps dissipate or normalize, we believe our GARP approach is more likely to add value, as seen in Q2.

The rapid development and approvals of COVID-19 vaccines are game changers, in our minds. Though there are still risks, including a slower-than-expected vaccine rollout globally and new variant strains, the market is looking through those to better times in late 2021 or early 2022. Corporate profitability has also held up better than expected, and aside from a few areas like travel and leisure that were hit hard by the pandemic, most companies have navigated the past year quite well.

We have positioned the portfolio for the post-pandemic period by seeking as we always do, sustainable growth at attractive valuations that are exposed to secular growth themes. We believe that innovative companies with exposure to powerful secular trends tend to grow earnings faster and can sustain earnings growth longer than the average company. Secular themes such as Financials, Demographics, Environment, Infrastructure and Technology help to identify investment opportunities. Our thematic approach is balanced with our fundamental analysis.

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 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 2021. 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 2021: Artisan International Fund—Genmab A/S 2.6%; Roche Holding AG 3.4%; Lonza Group AG 1.1%; Nice Ltd 3.2%; Alphabet Inc 3.0%; Volkswagen AG 2.1%; Porsche Automobil Holding SE 0.7%; Sony Group Corp 1.6%; International Consolidated Airlines Group SA 1.2%; Ryanair Holdings PLC 2.7%; Barclays PLC 2.0%; CRH PLC 1.9%; Holcim Ltd 1.4%; BNP Paribas SA 2.9%; ING Groep NV 1.9%; Samsung Electronics Co Ltd 2.1%; Taiwan Semiconductor Manufacturing Co Ltd 1.9%; Ferrovial SA 0.7%; Deutsche Post AG 1.8%. Artisan Global Equity Fund—Roche Holding AG 0.9%; Nice Ltd 0.6%; Alphabet Inc 2.9%; Porsche Automobil Holding SE 0.9%; Ryanair Holdings PLC 0.7%; CRH PLC 1.7%; BNP Paribas SA 0.9%; ING Groep NV 1.8%; Samsung Electronics Co Ltd 1.0%; Ferrovial SA 1.1%; Deutsche Post AG 1.8%. 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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Capital return yield, expressed as a percentage, refers to the total combined return of capital, including dividends and share buybacks each year relative to a company's stock price. **Tangible Book Value** is a measure of a company's shareholder equity after removing any intangible assets.

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