Artisan International Fund

QUARTERLY
Commentary

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

As of 31 March 2022

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 31 March 2022	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTIX	**-12.86**	**-12.86**	**-5.27**	**6.17**	**7.18**	**6.07**	**8.34**
Advisor Class: APDIX	**-12.85**	**-12.85**	**-5.14**	**6.32**	**7.33**	**6.18**	**8.38**
Institutional Class: APHIX	**-12.79**	**-12.79**	**-5.05**	**6.42**	**7.43**	**6.31**	**8.56**
MSCI EAFE Index	-5.91	-5.91	1.16	7.78	6.72	6.27	4.96
MSCI All Country World ex USA Index[1]	-5.44	-5.44	-1.48	7.51	6.76	5.55	5.34

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
Annual Report 30 Sep 2021	1.18	1.04	0.95
Prospectus 30 Sep 2021[1]	1.19	1.04	0.96

[1]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

The start of a central bank tightening cycle amid multi-decade-high inflation and the advent of the Russia-Ukraine war—Europe's worst conflict since World War II—caused global equities to decline in Q1. As Russia is one of the largest energy producers and Ukraine is a major source of global food supply, the war has only intensified existing inflationary impulses brought on by pandemic-related supply disruptions and pro-growth government policies. The MSCI EAFE Index returned -5.91% in Q1—its worst quarter since Q1 2020 when the pandemic began and third worst in the past five years. All sectors aside from energy and materials finished down. The technology, consumer discretionary and industrials sectors were weakest. Regionally, returns were negative across nearly all major markets; large commodities-producing countries like Canada, Australia and Norway were exceptions.

The steep rise in inflation globally risks undercutting what has been a strong recovery since 2020. In addition to higher raw materials prices, tight labor markets are driving the fastest wage gains in a generation. Inflation that began in the goods sector due to supply-chain disruptions has broadened to services. More than two years into the pandemic, inflation has not proven transitory. Consequently, the Federal Reserve and other major central banks now find themselves, in their own words, "behind the curve" in their fight against inflation. In Q1, the Fed began monetary policy tightening; it raised its benchmark rate for the first time since 2018 with a 25bps increase. However, it has much further to go with multiple 50bps hikes expected in addition to quantitative tightening—signaling its intention to shrink its balance sheet by up to $95bn per month. Fears of higher interest rates and reduced liquidity due to tighter monetary policies was a hindrance for risk assets generally. The attendant adjustments to discount rates applied to future earnings resulted in steep declines among longer duration, higher multiple growth stocks—most evident in the extreme divergence in returns by style. The MSCI EAFE Growth Index fell nearly 12% compared to a small gain for the MSCI EAFE Value Index.

While many of us have resumed some semblance of "normal" living—returning to the office, attending sporting events or eating out—the pandemic has not ended. That is, COVID-19 has not yet become endemic, a term epidemiologists use to describe a disease in which overall infection rates in a population are static and predictable. Case counts have been receding globally after the omicron-variant wave peaked in January, but it's not clear whether this trend will continue, nor how much of the improvement has been due to vaccinations, seasonality, mutations in the virus, herd immunity or other factors. What we do know is COVID continues to be highly disruptive to supply chains, particularly in China where the government's zero-COVID policy has resulted in severe lockdowns in its largest cities. This means more idle factories and clogged ports.

Unpredictable supply chains, whether due to COVID or geopolitics, has much of the world reconsidering globalization. Russia's invasion of Ukraine and China's repeated threats against Taiwan have made clear globalization's hidden risks. Regarding the former, European climate policy has contributed to the bloc's dependence on Russia for energy. For the latter, the desire to control costs has led to technology supply chains' reliance on a few suppliers of semiconductors that have access to both high-skilled and low-cost labor. These geopolitical considerations have the potential to reverberate for years to come, but we are already seeing their effects, as in the new deal struck between the US and Europe to increase US exports of liquid natural gas (LNG) and plans for reshoring semiconductor manufacturing.

Performance Discussion

Our portfolio meaningfully underperformed the MSCI EAFE Index in Q1 as the confluence of macro and market drivers discussed above overwhelmed company-specific fundamentals. First, our bias toward growth businesses was a headwind given the large performance swing in favor of value stocks. Our weakest individual performers included a few of our top contributors of 2021—companies such as materials and life sciences company DSM, customer interaction software provider Nice, and IT services provider Capgemini—that continue to grow earnings well. In our view, their recent share price declines were less about business results and more about the rotation away from the prior winners.

Second, the invasion of Ukraine and the resultant sanctions on Russia caused the stock prices of our two Russian holdings—Russia's largest bank Sberbank and metals and mining company Norilsk Nickel—to collapse. With trading suspended in the ADRs of both Russian companies, we chose to price both positions to zero, although we firmly believe both companies have value. Losses from these two positions alone accounted for about -350bps of our portfolio's Q1 return or about half of our relative shortfall versus the MSCI EAFE Index.

Sberbank was bought in 2021 as a beneficiary of higher inflation and growth in the domestic Russian economy. At the time of purchase, it was among the largest and fastest growing banks in Europe. Loan growth was over 15%, powered by retail loans growing at over 20% and corporate loans at over 10%, while deposits were also growing at double-digit rates. Profitability was strong and was reflected in a 23% return on equity in 2021. Net interest margins were over 5%, while the valuation was very attractive at 0.9X price/book value and a 4.8X P/E multiple. Prior to the invasion of Ukraine and the subsequent sanctions, Sberbank was very attractively valued given the expected growth in its core business while also benefiting from higher inflation and energy costs that benefit the Russian economy. As Sberbank now represents 0.0% of the portfolio, it is therefore more of an option on the company's survival, and we are inclined to think it will survive.

Norilsk is the world's largest producer of nickel (12% of global supply, 25% of battery grade nickel) and palladium (40% of global supply). To add range to an electric vehicle battery, you need to add nickel, and after the diesel scandal in Europe, palladium has substituted for

platinum as an auto catalyst. In our view, it is unlikely that Norilsk will be sanctioned as 60% of all auto catalysts sourced by Ford and GM come from Norilsk. Also, over 30% of their nickel comes from Norilsk. That number is even higher for European auto makers. The consequences of sanctions on both the US and EU auto industry would be very severe. Nonetheless, we cannot ignore the cloud of uncertainty which will inevitably hang over the shares going forward.

Our other European bank holdings were an additional source of weakness. Besides Sberbank, we have investments in BNP Paribas, Barclays, ING and Intesa Sanpaolo. The bank stocks came under pressure due to weakening growth expectations driven by geopolitical uncertainty. Although each bank has a unique geographic footprint and business models that vary, there are a few common elements to our investment thesis for all four banks. We believe they should each benefit from interest rate normalization as nominal economic growth in Europe increases, driving net interest margins higher. Additionally, a combination of cost improvements and reduced loan-loss provisioning should flow through to the bottom line. Return of capital is the third leg of our thesis as these banks have disciplined managements, solid free cash flow and attractive dividend yields.

On the positive side, our top individual contributor was Canadian Pacific Railway (CP), a company we've known for a long time as an investor. A holding in our infrastructure theme, CP is a dominant trans-Canadian railroad that benefits from increased infrastructure spending in North America. A key component of our investment thesis for CP is its physical railroad network, a unique and hard-to-duplicate asset. We believe companies which possess unique assets are often able to leverage a dominant market position, high barriers to entry and pricing power, all of which lay a solid foundation for sustainable growth and are especially desirable in today's inflationary environment. Additionally, the recent rise in commodity prices may drive stronger railroad volumes of key commodities, including grain, fertilizers and crude oil.

Aon was another top performer this quarter. Aon is a leading global risk management, insurance and reinsurance brokerage provider. Double-digit year-over-year organic growth was driven by its commercial risk and reinsurance businesses. The company also expanded operating margins. Our interest in Aon stems from its high cash generation and shareholder-friendly management team that has consistently returned capital to shareholders. Aon repurchased $2bn in shares in Q4 and $3.5bn for the full year, which equates to a 5% yield. In today's high inflation environment, we believe companies like Aon that can maintain or expand margins and generate free cash flow will be favored.

Positioning

In our 25+ years at Artisan, we've experienced these types of periods before when the macro seems to overwhelm the micro. This first quarter was one such period. After the past quarter, we feel it might be helpful to look back at prior periods when our investment approach was similarly out of step with market moves. They say history doesn't repeat itself, but it rhymes. Though the specifics may be different today, the effect of macro shifts and sharp market rotations reminds us of our challenges during the 2016 calendar year when our portfolio similarly suffered a large relative performance shortfall. In 2016, our bottom-up search for sustainable growth contributed to outsized weightings in defensive sectors (e.g., consumer staples, telecom), which proved a headwind as sentiment improved and interest rates moved sharply higher. We also missed out on some of the stronger performing areas of the market as we had little exposure to cyclical commodities (i.e., energy, metals and mining). Rather than dig in our heels, which investors can sometimes do when markets move against them, we instead repositioned our portfolio for what we believed was the next wave of growth, and that willingness to reconsider our views and pivot ultimately proved beneficial, contributing to strong alpha generation in each of the subsequent three years.

Like 2016, we believe there are real changes to the investing environment that in the current instance merit rethinking our long-held stance on commodity producers. Our process has generally led us away from cyclical commodity companies that are largely dependent on forces outside of company control. By contrast, we seek high value-added companies that can innovate, command higher pricing power or provide a unique solution. However, over the past few months, we've made notable investments in the energy sector, initiating new positions in Shell and Schlumberger. The Russia-Ukraine war has highlighted Europe's energy dependence as it transitions to a cleaner energy future. The world needs "clean producers"—energy majors like Shell extracting, refining and retailing hydrocarbons. LNG is the cleanest fossil fuel and can be an important bridge fuel as the renewables sector grows. The bold plans announced by Germany are hugely supportive to Shell's future as the largest listed LNG player in the world. The strong oil price backdrop adds to the compelling value creation story.

Schlumberger is the world's largest oilfield services and equipment company. Schlumberger's primary business is providing technology and information solutions to customers in the oil and gas industry that optimize reservoir performance. It is the company's technological leadership within the industry that has contributed to its consistent strong cash generation and attracted us to the long-term opportunity for value creation. We also like that the services business is relatively resilient to inflation and less dependent on commodity prices, though we appreciate that current strong supply/demand fundamentals underpin an attractive multi-year outlook for spending by its E&P customers.

These additions contributed to our energy sector weighting increasing to 8% as of quarter end—the highest figure in at least 10 years. These purchases were financed in part from sales of select technology and health care holdings. Examples were IT services

provider Accenture, software company AVEVA Group, and life sciences companies ICON and Lonza Group.

Outlook

While top-line growth trends remain favorable, we are keeping a close eye on rising input costs in many areas of the economy. In an inflationary environment, we expect that shares of companies that are unable to maintain margins will be particularly penalized. Our long-standing interest in businesses that have dominant market positions, operate in consolidated industries, possess unique assets and provide differentiated solutions, helps us identify companies with pricing power—a critical attribute to have in the current environment. While we have adjusted our exposures as a result of the current macro environment, our investment philosophy has not changed. We remain committed to our investment process focused on identifying companies possessing sustainable growth characteristics exposed to secular growth themes, selling at reasonable valuations. We continue to 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.

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. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. 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 31 Mar 2022. 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 31 Mar 2022: Artisan International Fund—Koninklijke DSM NV 3.4%; Capgemini SE 3.9%; Nice Ltd 1.9%; Sberbank of Russia PJSC 0.0%; MMC Norilsk Nickel PJSC 0.0%; BNP Paribas SA 3.8%; Barclays PLC 2.8%; ING Groep NV 2.3%; Intesa Sanpaolo SpA 1.9%; Canadian Pacific Railway Ltd 4.0%; Aon PLC 3.0%; Shell PLC 4.0%; Schlumberger NV 2.8%. Artisan Global Equity Fund—Capgemini SE 1.1%; Sberbank of Russia PJSC 0.0%; MMC Norilsk Nickel PJSC 0.0%; BNP Paribas SA 1.1%; Barclays PLC 1.1%; ING Groep NV 1.8%; Canadian Pacific Railway Ltd 3.2%; Aon PLC 1.5%; Shell PLC 2.8%; Schlumberger NV 3.0%. As of 3 Mar 2022, Russian holdings are valued at zero. 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. **Book Value** is the net asset value of a company, calculated by total assets minus intangible assets and liabilities. **Price-to-Book (P/B) Ratio** is a valuation measure used to compare a stock's market value to its book value. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings.

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