Artisan International Fund

QUARTERLY
Commentary

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

As of 31 December 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 31 December 2020	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Investor Class: ARTIX	**8.87**	**7.56**	**7.56**	**7.39**	**7.95**	**7.35**	**9.00**
Advisor Class: APDIX	**8.90**	**7.72**	**7.72**	**7.57**	**8.11**	**7.45**	**9.04**
Institutional Class: APHIX	**8.92**	**7.82**	**7.82**	**7.64**	**8.20**	**7.59**	**9.22**
MSCI EAFE Index	16.05	7.82	7.82	4.28	7.45	5.51	5.02
MSCI All Country World ex USA Index[1]	17.01	10.65	10.65	4.88	8.93	4.92	5.53

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

[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

Equity markets experienced a historic rally in Q4, fueled by positive news on COVID-19 vaccines and further aided by the removal of policy uncertainty related to the US election. The MSCI EAFE Index's 16.0% gain was its best quarterly return since 2010, and the 15.5% return in November—when the bulk of Q4's gains were produced—was the index's second-best month in over 40 years. The shift in sentiment led to a huge pro-cyclical rotation, with the energy and financials sectors—the worst YTD performers through September—leading the way in Q4. Regionally, all major markets participated in the gains; however, emerging markets led developed markets. The US, Europe and Japan all returned double-digits percentages. Currency movements continued to provide a tailwind for USD-based returns as all the world's major currencies appreciated versus the US dollar. Indeed, the MSCI EAFE Index returned just 0.8% in local currency terms in 2020 but 7.8% in USD.

It became a cliché in 2020 to refer to market moves as historic. But truly, 2020 was a year like no other. We had one of the worst bear markets in history by speed and magnitude, triggered by a pandemic rather than an economic or financial circumstance. We then experienced one of the fastest and strongest market rebounds in history, led by growth and momentum stocks. Bitcoin's four-fold appreciation in USD in a four-month span and Tesla's 12-fold rise since its March-lows, as we write this letter in early January, are poster children for overly ebullient markets fueled by easy money and the assurance that central banks will always be there to provide backstops during times of crisis.

While we are just as keen as anyone else to find the next 10-bagger, our approach is rooted firmly in fundamental analysis as we seek to understand how businesses make money, the sustainability of their competitive advantages and the durability of their earnings power. Reinforcing our fundamentals-based approach is a thematic framework in which we look to identify long-term growth trends that have the power to provide tailwinds for our portfolio companies for years to come. As examples, the long-term trend in digitization, the buildout of 5G infrastructure and the proliferation of the Internet of Things are key technology and infrastructure themes represented by our investments in Deutsche Telekom, Ericsson and Samsung Electronics. Another example is our long-standing environmental theme. Currently, our environmental-theme investments are oriented toward companies involved in the areas of energy efficiency and renewable power, such as Siemens Energy and EDP–Energias de Portugal, which we believe should benefit from the increasing focus on reducing greenhouse gases.

The third core element of our approach is our valuation discipline. While we are growth investors, we won't invest at *any* price. We want to invest in growth at a *reasonable* price. We compare a company's earnings growth rate and the sustainability of cash flows with its price. 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. As the greatest growth-over-value period since we began at Artisan in the mid-1990s—even surpassing the tech bubble—this performance headwind has been particularly acute during the past year. 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 our time-tested investment approach that has performed well over varied market environments and added value over the long term.

Performance Discussion

Our portfolio was unable to keep pace with the MSCI EAFE Index in Q4, with nearly all the relative performance shortfall occurring in November when stocks surged on the vaccine news. Our aversion to cheap cyclicals with subpar long-term growth drivers and our bias toward sustainable growth businesses with competitive advantages was largely responsible for our underperformance. In particular, our portfolio suffered from a lack of exposure to banks—one of the period's strongest performers—and underperformance among our e-commerce, financial exchange and insurance brokerage holdings. We chose to sell our European banks in Q2 due to our concerns about interest rate and credit risks in a recessionary environment. Though the stocks have recently come back to life on economic recovery hopes, we still believe these business models are impaired over the long term due to zero interest rate policies. The bank stocks may continue to do well in the near term, but we believe we have been able to find better opportunities in other areas.

On an individual basis, our weakest Q4 contributors to return were Alibaba, a China e-commerce and cloud computing company, and Deutsche Boerse, a European financial exchanges operator. Shares of Alibaba and other leading Chinese companies came under pressure due to news of potential for increased antitrust regulation in China. We believe the market has likely overreacted since the Chinese government does not want to hamper the large e-commerce platforms that are key growth drivers for the economy. Though the uncertain regulatory environment has driven short-term volatility in Chinese Internet stocks, we have confidence that Alibaba, one of China's best-managed companies, will find ways to adapt and continue growing.

Deutsche Boerse's third-quarter revenues declined as lower market volatility and low interest rates hurt net interest income for its Clearstream custody and settlement services division. Despite the cyclical headwinds, we like the company's entrenched market position, attractive business model and the secular tailwinds from regulations pushing the shift to on-exchange trading and the ever-increasing sophistication of financial investors driving demand for data, indices and analytic tools. The latter trend is contributing to the growth of the company's new Qontigo indices and analytics division born from the merger of STOXX and Axioma.

An additional detractor was AVEVA Group, a leading provider of industrial design software. The company's exposure to weak end markets, namely oil and gas, and a couple deals that slipped into the subsequent quarter, resulted in weaker-than-expected revenue growth. We believe these are cyclical headwinds rather than structural issues. AVEVA's 2018 combination with Schneider Software expanded the business to become an end-to-end industrial design and build player. In August 2020, the company agreed to acquire OSIsoft, a leader in industrial operational data software used to capture and store data from physical sensors to optimize assets and predict failures. The plan is to integrate OSIsoft's data platform with AVEVA's analytics and asset optimization software. We believe this acquisition strengthens the company's leadership position in industrial digitization, creates opportunities for revenue and cost synergies, and diversifies its end markets.

Our top Q4 contributor was Ryanair Holdings, a low-cost European airline. The positive vaccine-related news caused Ryanair and other travel and leisure stocks to rally sharply as markets looked ahead to travel demand's recovery in 2021. We continue to like Ryanair's leading market position, low cost base and history of returning capital to shareholders.

Other top performers were AIA and NICE. AIA is a leading insurance provider in the Asia Pacific region where penetration rates are significantly lower than in the US. A long-standing holding in our demographics theme, we believe AIA Group is well-positioned to benefit from wealth accumulation and increasing demand for insurance in emerging economies, thanks to its diversified product portfolio and history of disciplined management. In Q4, AIA announced it has received approval to establish a new branch in Sichuan province. This is the first new branch since the full subsidiarization of AIA China. Sichuan represents over 5% of China's GDP with a population of 84mn. AIA now will operate in three provinces (Jiangsu, Guangdong and Sichuan) and four cities (Beijing, Shanghai, Tianjin and Shijiazhuang). This represents over 40% of China's GDP.

NICE is an Israeli software company that provides software for call centers, which combines omnichannel routing of customer inquiries (e.g., voice, text, email, social media) with analytics/AI, workforce management and robotic process automation (RPA). NICE has best-in-class software across each of these software categories and has a strong value proposition of both improving the customer experience of call center interactions while simultaneously reducing operating costs through automation, intelligence and flexibility. We believe the company should benefit from the ongoing transition to cloud computing, contributing to increased adoption of its analytics and AI solutions.

For the full year, the portfolio's performance was in line with that of the MSCI EAFE Index. Positive stock selection was offset by sector and currency allocation-related impacts owing to our above-benchmark weightings in the financials and health care sectors and our USD exposure. Sector-wise, our consumer staples and consumer discretionary holdings were sources of relative strength; however, individual top performers came from a variety of industries, including biotechnology company Genmab, e-commerce and cloud services company Amazon.com, China's second-largest spirits maker Wuliangye Yibin, SaaS company NICE, and industrial gases supplier Linde. A common thread among these companies is they went unscathed by the COVID-19 pandemic due to either a lack of cyclical exposure or because they, in fact, benefited from the pandemic's role as an accelerant of secular trends, like e-commerce and remote working arrangements. Conversely, our weakest full-year performers were companies in the hardest-hit areas of the economy, like Airbus, an aerospace manufacturer, and Petrobras, a Brazilian oil and gas company.

Positioning

The biggest quarter-over-quarter shift in portfolio positioning was an increase in our technology theme holdings. Two of our new purchases in that area were Samsung Electronics and NXP Semiconductors. Samsung is a leader in the consolidated memory semiconductor and wireless communications markets. In the highly consolidated DRAM market where three vendors account for 95% of the market, Samsung leads with about 42% market share. We believe we are at the beginning of a new DRAM pricing cycle as demand has been strengthening and an improving automotive sector should help to drive a broad-based semiconductor cycle. Demand from AI and 5G are additional secular tailwinds.

NXP is a Netherlands-based supplier of high performance mixed-signal and digital integrated circuits to a variety of end markets such as automotive, identification, mobile, consumer, computing and wireless infrastructure. We believe sustainable growth is supported by the secular trend toward digitization across a range of applications from automotive to IoT, the expected reacceleration of 5G infrastructure spending and the cyclical upturn globally that should drive improving demand across business lines, especially automotive (~50% of sales).

We also initiated a new position in our infrastructure theme: CRH is a global building materials producer. We believe CRH is well-positioned to expand margins as global growth recovers and as it rationalizes its cost base. It also has an embedded option for increased US infrastructure spending as Democrats are poised to take control of the legislative and executive branches. We also like the company's history of strong free cash flow generation and disciplined capital allocation focused on maintaining its dividend.

Our biggest sales in Q4 were Medtronic, a diversified medical devices company, and Intercontinental Exchange, a financial exchanges operator. In both instances, we employed our valuation discipline by selling as shares hit our price targets. We also sold Diageo, an alcoholic beverages producer, in favor of better opportunities.

Outlook

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 and worsening coronavirus trends, 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. Rather than try to forecast the course of the pandemic or make a market call, we will continue to ply our trade as bottom-up, fundamentals-based investors.

Portfolio positioning remains focused on our themes and geared toward what we consider to be dominant, high-quality companies, led by strong management teams, exposed to positive secular trends. Notable long-term themes expressed in the portfolio include energy efficiency and renewable power within our environmental theme; e-commerce, Internet platforms, next-generation semiconductors and SaaS within our technology theme; 5G and cloud infrastructure within our infrastructure theme; and advances in biotechnology and life sciences tools within our health care theme. As always, we seek to invest in companies within our preferred themes with sustainable growth characteristics at attractive valuations that do not reflect their long-term potential.

Business Update

We are pleased to announce the promotion of team member Mike West to analyst. Mike West is based in our New York office and covers the technology sector. Since joining Artisan Partners in 2018, he's contributed significantly to the team's research in that area. Prior to joining Artisan Partners, Mr. West was a manager in human resource analytics at Morgan Stanley. Before that, he was a human resource management analyst at Mount Sinai Health System.

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 31 Dec 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 31 Dec 2020: Artisan International Fund—Deutsche Telekom AG 2.8%; Telefonaktiebolaget LM Ericsson 1.5%; Samsung Electronics Co Ltd 2.2%; Siemens Energy AG 1.5%; EDP – Energias de Portugal SA 1.2%; Alibaba Group Holding Ltd 2.9%; Deutsche Boerse AG 4.6%; AVEVA Group PLC 1.9%; Ryanair Holdings PLC 2.8%; AIA Group Ltd 3.9%; Nice Ltd 3.6%; Genmab A/S 2.9%; Amazon.com Inc 2.6%; Linde PLC 4.6%; Wuliangye Yibin Co Ltd 1.2%; NXP Semiconductors NV 1.0%; CRH PLC 1.3%. Artisan Global Equity Fund—Samsung Electronics Co Ltd 1.0%; Siemens Energy AG 1.4%; EDP – Energias de Portugal SA 1.0%; Alibaba Group Holding Ltd 1.1%; Deutsche Boerse AG 1.2%; AVEVA Group PLC 1.9%; AIA Group Ltd 1.2%; Genmab A/S 0.8%; Amazon.com Inc 3.0%; Linde PLC 1.5%; Wuliangye Yibin Co Ltd 0.6%; NXP Semiconductors NV 1.0%; CRH PLC 1.2%. 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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