



Artisan International Small-Mid Fund

MONTHLY
Commentary

Investor Class: ARTJX | Advisor Class: APDJX

As of 31 December 2024

Commentary

Global equities tumbled in December as the Federal Reserve signaled that it is unlikely to cut rates in 2025 as sharply as markets had priced in. Bond yields jumped, and stocks declined sharply, particularly US small caps. The MSCI ACWI ex USA SMID Index also retreated in December, led by the materials, real estate and energy sectors. Our portfolio lagged for the month, due to our health care and information technology holdings.

CAE and Madrigal Pharmaceuticals were the largest contributors in Q4. CAE, a global flight simulation and outsourced training company for civil and military aviation, has transformed from a hardware company with limited recurring revenue to a comprehensive software services company. Shares rose on improved revenues and operating income, expectations of sustainably stronger free cash flow and return on capital employed, as well as cost savings and balance sheet improvement. CAE should benefit from a global shortage of civil pilots due to retirements, further outsourcing of training and higher air travel demand. Also, military budget growth, increased complexity of military simulations and the expiration of less profitable defense contracts are potential tailwinds for profitability and margin expansion.

Madrigal develops and commercializes innovative therapeutic candidates for cardiovascular, metabolic and liver diseases. Lead drug Rezdiffra (resmetirom) was the first FDA-approved treatment for metabolic dysfunction-associated steatohepatitis, a disease that can lead to liver failure. Madrigal shares rose on Rezdiffra's strong launch and recent positive updates at an American Association for the Study of Liver Diseases meeting. We took profits to keep the position appropriately sized but believe there is still meaningful upside as Rezdiffra's adoption curve advances.

Ambu and Myriad Genetics were the largest detractors in Q4. Ambu is a pioneer in disposable endoscopes. Product range has expanded, from the initial offerings in pulmonology to the bigger markets of ENT (ear, nose and throat), urology and gastroenterology. Ambu has also been developing a direct go-to-market strategy in the US. Shares fell on concerns of margin pressure from higher near-term operating costs. Management is focused on top-line growth, which requires investments, but reiterated its 20% margin target by fiscal year 27/28. Ambu has operating leverage based on the launch of multiple products and its modular design process, and we believe its structural profitability is materially higher than trading levels imply.

Myriad Genetics is a pioneer in genetic testing, with expertise in gene panels for cancers, prenatal deformities and diseases, and mental health. We believe Myriad is in an advantaged position, having both intellectual property and commercial infrastructure to reach diagnostics sites. The stock sold off after UnitedHealthcare (UHC) paused reimbursement payments on Myriad's mental health panel. Myriad has taken action to address the UHC concerns around efficacy, and while it's reasonable to believe UHC will reverse this decision, we believe shares have overreacted to this news. Additionally, we are excited about two pipeline opportunities: 1) an innovative way to measure tumor response to treatment, with a blood test that shows the presence of tumor DNA; and 2) an early detection blood test that reveals markers for tumor DNA.

Portfolio Details

	ARTJX	APDJX
Net Asset Value (NAV)	\$17.09	\$17.20
Inception	21 Dec 2001	4 Dec 2018
Expense Ratios		
Annual Report 30 Sep 2024	1.32%	1.15%
Prospectus 30 Sep 2023 ¹	1.31%	1.15%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Nice Ltd (Israel)	3.3
ConvaTec Group PLC (United Kingdom)	2.9
JET2 PLC (United Kingdom)	2.5
Swedish Orphan Biovitrum AB (Sweden)	2.2
CAE Inc (Canada)	1.9
Alcon AG (Switzerland)	1.8
Ambu A/S (Denmark)	1.8
Azbil Corp (Japan)	1.6
Kornit Digital Ltd (Israel)	1.6
Smiths Group PLC (United Kingdom)	1.5
TOTAL	21.1%

Source: Artisan Partners/MSCI.

Sector Diversification (% of portfolio securities)

	Fund	ACxUS SMD ¹
Communication Services	0.1	4.7
Consumer Discretionary	5.6	11.2
Consumer Staples	7.1	6.0
Energy	0.8	3.9
Financials	7.5	15.1
Health Care	25.1	6.9
Industrials	30.5	20.8
Information Technology	20.1	10.6
Materials	2.3	10.0
Real Estate	1.0	6.8
Utilities	0.0	4.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/MSCI. Cash and cash equivalents represented 2.6% of the total portfolio. ¹MSCI All Country World ex USA SMID Index.

Investment Results (%)

As of 31 December 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTJX	-4.83	-7.29	-0.49	-0.49	-5.57	3.03	5.43	9.62
Advisor Class: APDJX	-4.86	-7.30	-0.33	-0.33	-5.43	3.18	5.52	9.66
MSCI All Country World ex USA SMID Index	-2.19	-7.53	3.49	3.49	-1.19	3.55	5.06	7.81
MSCI EAFE Small Cap Growth Index	-2.39	-8.52	0.96	0.96	-6.74	1.49	5.63	7.62

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Investor (21 December 2001); Advisor (4 December 2018). For the period prior to inception, Advisor Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor Class and the share class's returns during that period would be different if such expenses were reflected.

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.

Region/Country Allocation (% of portfolio securities)

REGION	Fund	ACxUS SMD ¹
EUROPE	46.4	31.0
United Kingdom	20.5	8.0
Denmark	5.7	1.1
Switzerland	4.3	3.3
Germany	3.8	3.8
Sweden	3.7	3.0
Finland	2.7	1.0
Netherlands	2.0	1.6
Belgium	1.1	0.7
France	0.8	2.9
Norway	0.8	1.2
Spain	0.5	1.0
Italy	0.4	2.2
AMERICAS	23.1	6.9
United States	17.6	—
Canada	5.5	6.9
PACIFIC BASIN	17.7	28.9
Japan	17.7	19.4
MIDDLE EAST	8.3	2.4
Israel	8.3	2.4
EMERGING MARKETS	4.4	30.8
China	1.5	4.5
Brazil	1.1	1.2
India	0.7	6.9
Mexico	0.5	0.6
Iceland	0.5	—
Korea	0.1	3.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/MSCI. ¹MSCI All Country World ex USA SMID Index. Countries held in the index, but not held in the portfolio, are not listed.

Team Leadership



Portfolio Manager

Rezo Kanovich

Years of Investment Experience

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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. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. 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 and less developed markets, including frontier 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 EAFE Small Cap Growth Index measures the performance of small-cap companies in developed markets, excluding the US and Canada, with higher forecasted and historical growth rates. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The discussion of portfolio holdings does not constitute a recommendation of any individual security. These holdings comprise the following percentages of the Fund's total net assets as of 31 Dec 2024: Madrigal Pharmaceuticals Inc 1.0%; Myriad Genetics Inc 0.6%. Securities named in the Commentary, but not listed as a Top Ten Holding or not listed here are not held in the Fund as of the date of this report. The portfolio managers' views and portfolio holdings are subject to change and the Fund disclaims any obligation to advise investors of such changes.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

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Country exposure percentages reflect country designations as classified by MSCI as of the date shown. Securities not classified by MSCI reflect country designations as of the date the report was generated. Sector exposure percentages reflect sector designations as currently classified by GICS.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Return on Capital Employed (ROCE)** is a profitability ratio that measures net income as a percentage of total assets minus current liabilities.

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