Artisan International Explorer Fund

QUARTERLY Commentary

Advisor Class: ARDBX | Institutional Class: ARHBX

As of 30 June 2024

Investment Process

We seek to invest in high-quality, undervalued businesses that offer the potential for superior risk/reward outcomes. The investment universe is generally non-US equities with market caps below $5 billion.

Undervaluation

Determining the intrinsic value of a business is the heart of our research process. Intrinsic value represents the amount that a buyer would pay to own a company's future cash flows. We seek to invest at a significant discount to our estimate of the intrinsic value of a business.

Business Quality

We seek to invest in companies with histories of generating strong free cash flow, improving returns on capital and strong competitive positions in their industries.

Financial Strength

We believe that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management the ability to build value when attractive opportunities are available.

Shareholder-Oriented Management

Our research process attempts to identify management teams with a history of building value for shareholders.

Portfolio Management

Beini Zhou, CFA
Co-Portfolio Manager

Anand Vasagiri
Co-Portfolio Manager

N. David Samra
Managing Director

Investment Results (%)

As of 30 June 2024	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Advisor Class: ARDBX	**2.42**	**6.88**	**13.14**	—	—	—	**11.24**
Institutional Class: ARHBX	**2.42**	**6.88**	**13.21**	—	—	—	**11.30**
MSCI All Country World ex USA Small Cap Index	0.66	2.78	11.26	—	—	—	6.96

Source: Artisan Partners/MSCI. Returns for periods less than one year are not annualized. Class inception: Advisor (16 May 2022); Institutional (16 May 2022).

Expense Ratios (% Gross/Net)	ARDBX	ARHBX
Semi-Annual Report 31 Mar 2024[1,3,4]	1.42/1.40[2]	1.34/—
Prospectus 30 Sep 2023[2,3]	1.78/1.43	1.62/1.38

[1]Unaudited, annualized for the six-month period. [2]Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2025. [3]See prospectus for further details. [4]Excludes Acquired Fund Fees and Expenses as described in the prospectus.

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.

Tortured Investors Department

Our due diligence process adheres to rigor and discipline. In a deep dive, we start by looking at a company's annual reports; then we pore over whatever else it has disclosed over the years, interview its management, develop a discounted cash flow model in a spreadsheet, analyze its competitors, and talk to the company and other industry experts in the ecosystem. It's a well-orchestrated and almost mechanical process that's been honed over the years.

Investors, at least great ones, are perceived to be nothing but highly analytical. Their process supposedly leaves little room for imagination. In this regard, investors could not be any more different from poets, who are supposedly, at least in our cultural stereotype, full of imagination yet forever emotionally tormented. What could possibly be shared between the two departments? We opine that it is the power of imagination.

To become a great investor, one needs to see around the corner and through the facade. It takes imagination that goes beyond mere extrapolation from the present or taking management's words at their face value. As value investors who're obsessed with downside protection, we constantly ask ourselves, especially during goldilocks periods with rising earnings, what could possibly go wrong? We also ask what might be lurking beneath the surface regarding the past or the present that management is not sharing with us. We imagine downside narratives that could potentially sink a share price down the road. For instance, if the company is in a net cash position, can we imagine a plausible scenario where it might run into a cash crunch in the future? Or if the company just announced a major deal with great synergies anticipated, can we imagine the dissenting opinions that could split a boardroom and the resulting implications for future capital allocation?

There's a fine line, however, between informed imagination and speculation. The former is targeted and grounded in our experiences accumulated over the decades, while the latter is not. Coming up with downside narratives is only a starting point for us to probe further. We then run them by industry experts and the company's management team. We gauge their feedback, which is almost never black and white. We then assign probabilities, only in very crude terms, to each downside scenario. In contrast, as far as we know, poets never have to consider probabilities in their imaginations.

A case in point occurred in a recent management meeting in Australia. Based on the CFO's response to one of our questions, we veered off of our prepared questions. We said that we could imagine potential tension in the boardroom regarding balancing cost cuts and preserving organic growth potential, and then we asked how the board manages the two opposite camps. We weren't completely sure there was tension on the board, but the question that contained our hypothesis managed to tease out an insightful response from the CFO regarding how the board functions.

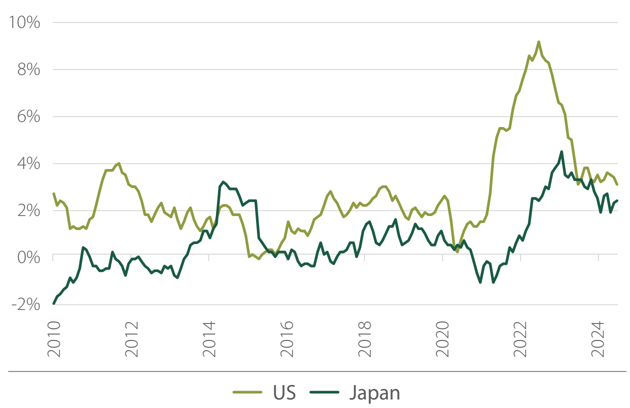
We're thankfully not emotionally tormented like some poets, but at the same time, we're not as mechanical as our described process may lead you to believe. Much more so than you might realize, we invoke the power of imagination in our due diligence process to help us see around the corner and through the company facade.

Schrödinger's Cat

Just like the cat that is both dead and alive in the classic thought experiment, the equity markets and the economy seem to be flourishing and struggling at the same time. On the one hand, we have leading indices such as the S&P 500® Index and MSCI ACWI Index hitting all-time highs in the recent quarter. Still, the largest 10 companies in the S&P 500® Index gained 14% in Q2, while the remaining 490 index constituents fell by almost 3%.

US real GDP growth is expected to be about 2.7% in 2024, according to International Monetary Fund estimates, while many parts of the world are still struggling or just trying to emerge from soft patches. But despite this growth, the incumbent in the upcoming presidential election is struggling as higher interest rates and inflationary pressures shrink voters' disposable income. These inflationary pressures are even more evidently acute in Japan. The country that dealt with deflation for so long is now dealing with inflation pressures that are only marginally less than those of the US. On our latest trip, we noted that companies in Japan continue to face wage inflation. Some small businesses, like mom and pop restaurants, are trying to survive by shrinking portion sizes and imposing other requirements on patrons.

Exhibit 1: US vs. Japan Consumer Prices (YOY)



Source: Bloomberg. As of 30 Jun 2024.

These conditions have the potential to create sudden shocks and impact equity prices adversely, so we have been quite busy visiting companies in different parts of the world in an attempt to grow our watchlist.

What We Bought and Sold in the Quarter

We did not have any purchases or sales in the quarter. We were as occupied as ever, however. We visited companies in Europe and Asia-Pacific. The trips were productive, and we came back with a few ideas that we're exploring further. We also attended CMDs (capital markets days) at two of our portfolio companies along the way. We happened to be one of the very few US-based investors that bothered to show up at these CMD events. Even though both were webcast live, we firmly believe nothing beats in-person interactions. We had some insightful side chats with C-suite executives, who, impressed with our long-term thinking, kindly introduced us to speak with their division-level leaders—a level of access not possible over Zoom.

Top Contributors and Detractors

We outperformed our benchmark by approximately 175bps this quarter.

Our top two contributors in Q2 were M&C Saatchi and AlzChem.

M&C Saatchi is a UK-based advertising agency that we have commented on in past letters. As our largest position by a meaningful margin since inception, the weighting has contributed to its outsized performance in our portfolio. It reported 2023 full-year earnings early in the quarter. Even though we would not characterize the numbers as robust, they showed a clear recovery trend from the first half of Saatchi's fiscal year to the second half. More importantly, its new chairwoman, who joined in June 2023 and acted as its interim CEO after the prior CEO resigned, immediately embarked on a restructuring program to cut costs and dispose of underperforming business units. Less than a year later, the reported numbers clearly show that her actions have already borne fruit. A new permanent CEO just took the baton from the chairwoman mid-May. We're looking forward to working with him to bring the company to new heights.

AlzChem is a German specialty chemicals business based on the calcium carbide chain. Calcium carbide, unlike the oil- and gas-derived chemicals chain, uses three key feedstocks: coal, lime and electricity. It's a dominant player with approximately 80% market share in Europe. We've owned its shares since inception in May 2022. This was shortly after the Ukraine war started, which immediately led to soaring gas and electricity prices in Europe. As a result, the entire European chemicals sector, which is energy intensive, has suffered in recent years. Bucking the overall industry trend, however, AlzChem has shown remarkable resiliency and pricing power thanks to its strong market position in various niches. Its profit this year is expected to be at least 50% higher than its pre-war level in 2021. This is absolutely remarkable for a chemicals business in the hinterland of Europe and amid a war. Its share price didn't initially react to its relatively solid fundamentals, but this started to change late last year. We trimmed the position as its valuation discount narrowed significantly in the quarter.

Our bottom two detractors in Q2 were Alten and Impro Precision Industries.

Alten, headquartered in France, is one of the world's biggest outsourced R&D engineering services provider. It services a diverse range of end markets, including auto, aerospace and defense, telecom, multimedia, energy, life sciences, IT and finance. No single end market accounts for more than 20% of its revenue. For example, if Volkswagen were to approach Alten for development help on a next-generation electric vehicle platform, it would assign a team of engineers to work closely with the auto company. We've owned this name since inception. The market was not pleased with its Q1 2024 organic sales growth of only 3%. Its margin expectation for 2024 has also been brought down due to weaker-than-expected top-line growth. We believe there's no structural weakness in its business model, and its top-line growth is due to decelerate at some point after three consecutive years of strong growth. Most important of all, the company is run by an owner-operator whom we highly respect, and who's still the largest shareholder with a close to 15% stake. Its valuation has come down to nearly 9X EBITA. We used the share price weakness to add to our position.

Impro is a Chinese industrial precision components maker listed in Hong Kong. It specializes in a manufacturing method called casting. If you're familiar with Precision Castparts, which is owned by Warren Buffett's Berkshire Hathaway, then you can loosely consider Impro as the Precision Castparts of China. It ran into headwinds last year from an appreciating Mexican peso as well as initial operational teething issues in its new Mexican plant, which opened in 2022. We've visited that plant and are glad that it has stayed ahead of the curve in the near-shoring trend to service large North America-based customers. No fundamental news surfaced this quarter, as far as we can tell. It reports twice a year since it is a Hong-Kong listed company with first-half numbers to come in August. Its valuation has come down to a level where its dividend yield, at roughly 7.5%, is higher than its price-to-earnings multiple.

For more information: Visit www.artisanpartners.com | Call 800.344.1770

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. Such risks include new and rapidly changing political and economic structures, which may cause instability; underdeveloped securities markets; and higher likelihood of high levels of inflation, deflation or currency devaluations. 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. Value securities may underperform other asset types during a given period.

MSCI All Country World ex USA Small Cap Index measures the performance of small-cap companies in developed markets and emerging markets excluding the US. MSCI All Country World Index measures the performance of developed and emerging markets. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

The S&P 500® ("Index") is a product of S&P Dow Jones Indices LLC ("S&P DJI") and/or its affiliates and has been licensed for use. Copyright © 2024 S&P Dow Jones Indices LLC, a division of S&P Global, Inc. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. S&P® is a registered trademark of S&P Global and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). None of S&P DJI, Dow Jones, their affiliates or third party licensors makes any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and none shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

This summary represents the views of the portfolio managers as of 30 Jun 2024. 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. These holdings comprise the following percentages of the Fund's total net assets (including all classes of shares) as of 30 Jun 2024: M&C Saatchi PLC 10.3%, Alten SA 4.0%, AlzChem Group AG 3.2%, Impro Precision Industries Ltd 2.4%. 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.

ESG assessments represent one of many pieces of research available and the degree to which it impacts holdings may vary based on manager discretion.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

This material is provided for informational purposes without regard to your particular investment needs and shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Price-to-Book (P/B) Ratio** is a valuation measure used to compare a stock's market value to its book value. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **Earnings Before Interest, Taxes and Amortization (EBITA)** is a measure of a company's operating profit.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

ARTISAN PARTNERS