



**Mark L. Yockey, CFA, Portfolio Manager**

Artisan International Fund (ARTIX)  
Artisan Global Equity Fund (ARTHX)  
Artisan Global Small Cap Fund (ARTWX)  
Artisan International Small Cap Fund (ARTJX)

*P&I: Describe your overall investment philosophy.*

**Mark Yockey:** At the most fundamental level, we're stock pickers. We invest in high value-added growth companies—companies that sell their products at a premium, have strong financial positions and can grow for the next 10 or 20 years. Our strategy is based on finding long-term trends that we think are sustainable, and then we look for attractively valued companies that have the best business models to participate in and benefit from the trends that we've identified. We're always looking at what's changing in the world, and there's always something going on.

*P&I: What are the particular trends that present unique investment opportunities today?*

**Mark Yockey:** One of the major secular stories that we've identified is the growth of the emerging markets consumer. This began to develop in the past five to 10 years, and we think it's going to generate growth for the next 10 or 20 years. There are a number of key emerging markets economies that are growing much faster than their developed counterparts. The standard of living for a lot of people in emerging markets is growing much faster than in the western world, which is driving demand for goods and services. We look for global companies that serve those needs and can make significant profits doing it. There is a lot of opportunity in the consumer products sector, for example, because of this trend.

In addition, global demographic changes are driving growth opportunities. For instance, the median age in the United States and Western Europe is about 36; in Japan it's about 46. As people age, the need for more pharmaceuticals increases, and there is growing global demand for quality health care.

# Quality Investments and Sustainable Growth

**Mark Yockey, Portfolio Manager of Artisan International Fund, shares his investment philosophy on choosing quality growth-oriented investments.**

*P&I: What are the key elements of your investment process?*

**Mark Yockey:** We have three key elements to our process —The first is long-term secular trends, like growth in the emerging markets consumer or the aging of the global population—fairly broad themes. Secondly, we identify companies with strong business models and sustainable competitive advantages that are poised to benefit from those trends. In the case of the aging global population, for example, we have invested in some pharmaceutical, medical supply and biotech companies in the health care space. The third and final element is valuation. We look for companies with the most attractive valuations relative to their growth prospects. The intersection of these three elements is the sweet spot of our investment process.

*P&I: Tell us about the other sectors benefitting from global secular trends.*

**Mark Yockey:** Aerospace is a good example of a global growth story. The world is in the process of refitting its entire airplane fleet and there are only a handful of companies that are involved in making the engines and some of the key parts for these planes. We particularly like the companies that are involved in refitting the interiors of planes and refitting the engines—companies such as Rolls-Royce, Meggitt and Zodiac Aerospace.

Another area of growth is e-commerce and the technology associated with it. Mobile search, for example, is exploding around the world at a growth rate of in excess of 50% a year. Yet the pricing for mobile search is still significantly below that on a PC. But over time, we expect that balance will reach parity, and possibly even flip—mobile search will become more expensive. So that means companies like Baidu, the Google of China, and others in key growth markets will be huge beneficiaries, as e-commerce is likely to double in the next four or five years.

Two other sectors, beverages and industrial gases, have seen huge global consolidation over the years. There are only five major brewers in the world now, and only four multinational companies supplying industrial gases. These resulting companies are very well run with large shares in growing markets. We own, for example, Anheuser-Busch InBev and Linde. AB InBev has significant growth opportunities within the Brazilian market and Linde enjoys the #1 market share position in several emerging markets.

*P&I: What are the risks and opportunities in Japan right now?*

**Mark Yockey:** We have about 10 to 12% of Artisan International Fund invested in Japan. Japan has always been complicated. The priorities of management in Japan are often

different from the priorities of management in other parts of the world. But you can find some companies that have become more focused on increasing profitability. I think the jury's still out on whether there will be real structural change in Japan, but a little quantitative easing and buying back bonds can't hurt. Japan is the most heavily indebted country in the world, so this may be one of their last chances to make some fundamental changes. Where we've found growth is in companies that have significant global presence and that are extremely efficient. Companies like Honda, Toyota and Nissan are very competitive global companies that sell high-margin products.

*P&I: What about China? Are you concerned about monetary policy, the financial sector, and slowing growth?*

**Mark Yockey:** China has a reasonably stable economy. A lot of investors think the real estate market and the banking sector will collapse, but I don't think it will. I think there's risk in the future, but they have government-run banks lending to government-owned companies. It's a circular financial system that in many ways works reasonably well. The currency is pretty stable, interest rates are controlled by the government, and exports continue to be strong.

It's funny how expectations for different parts of the world take on a life of their own. In China people think it's the end of the world because the economy's growing at only 7% instead of 10%. Yet in Japan they get excited because the economy's growing at 1% instead of zero. Despite the macro backdrop in either of these countries, we remain focused on finding high-quality companies with sustainable competitive advantages that are poised for long-term growth.

*P&I: Where are you finding opportunity in European markets?*

**Mark Yockey:** In recent years, I think Europe has gotten a bad rap. Europe has one of the most productive labor forces in the world, and we have found some fantastic companies based there. Some examples are France-based Pernod Ricard, which sells cognac in China; Netherlands-based Unilever, which sells deodorant in Brazil and soup in Indonesia; and Switzerland-based Nestle, which sells baby food in Latin America.

A lot of European companies are terrific and really well run. Twenty years ago, many were not well managed, and not very profitable. But today they have profit margins that approach and in some cases exceed those of U.S. companies. The ones in which we have made meaningful investments tend to do most of their business outside of Europe, in the growth parts of the world, not necessarily selling to the European consumer. ❖

**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 800.468.1770. Read carefully before investing.**

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.

This material represents the views and opinions of Mark Yockey, portfolio manager of Artisan International Fund, as of 6-Aug-13 and is subject to change without notice. While the information is believed to be reliable, there is no guarantee to the accuracy or completeness of the information. This material is for informational purposes only and should not be considered as investment advice or a recommendation of any investment service, product or individual security. The holdings mentioned comprised the following percentages of Artisan International Fund's total net assets (including all share classes) as of 30-Jun-13 and are subject to change without notice: Anheuser-Busch InBev NV 2.9%; Baidu Inc 2.8%; Honda Motor Co Ltd 3.3%; Linde AG 4.2%; Meggitt PLC 1.0%; Nestle SA 3.2%; Nissan Motor Co Ltd 1.0%; Pernod Ricard SA 1.1%; Rolls-Royce Holdings PLC 1.4%; Toyota Motor Corp 1.8%; Unilever NV 3.2%; Zodiac Aerospace 1.7%. Artisan 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 Funds, is wholly owned by Artisan Partners Holdings LP.

**Read, print, and email this Q&A to a colleague at...**

[www.pionline.com/InvestmentInsights\\_Artisan](http://www.pionline.com/InvestmentInsights_Artisan)



## ARTISAN PARTNERS

## Artisan International Fund (ARTIX)

# \$11,875<sup>1</sup>

## Total Mutual Fund Assets (Mil.)

<sup>1</sup>As of 30-Jun-13. Source: Artisan Partners.

# 79<sup>2</sup>

## Number of Holdings

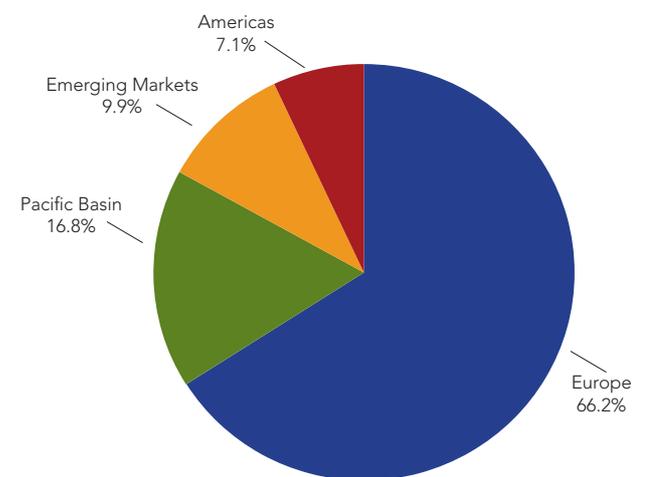
<sup>2</sup>As of 31-Jul-13. Source Artisan Partners.

### Country Allocation<sup>3</sup> (As a percentage of total portfolio equities)

REGION	FUND	REGION	FUND
<b>EUROPE</b>	<b>66.2%</b>	<b>EMERGING MARKETS</b>	<b>9.9%</b>
Germany	21.1	China	7.5
United Kingdom	16.9	Indonesia	0.6
Switzerland	11.7	Nigeria	0.5
France	7.5	Korea	0.5
Netherlands	4.3	Brazil	0.3
Belgium	3.9	India	0.3
Spain	0.6	Malaysia	0.1
Denmark	0.3		
<b>PACIFIC BASIN</b>	<b>16.8%</b>	<b>AMERICAS</b>	<b>7.1%</b>
Japan	11.9	United States	5.8
Hong Kong	4.3	Canada	1.3
Singapore	0.5		

<sup>3</sup>As of 31-Jul-13.

Source: Artisan Partners/FactSet (MSCI).



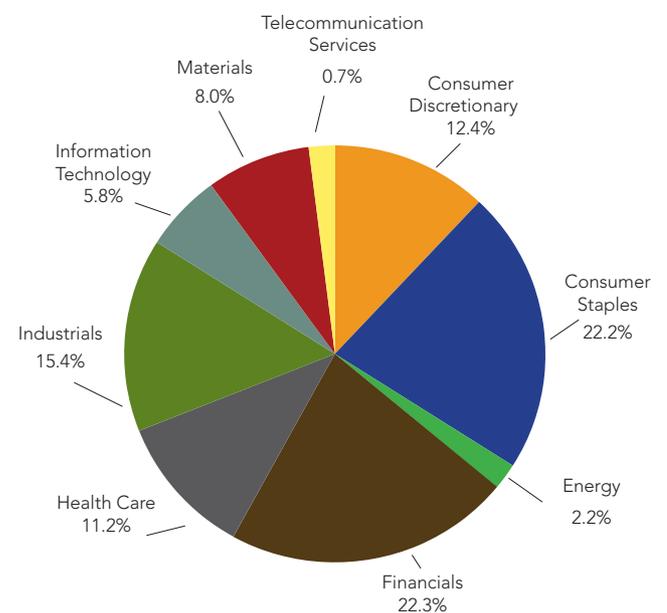
## Strategy Spotlight

### Equity

Artisan International Fund employs a fundamental stock selection process focused on identifying long-term growth opportunities to build a portfolio of non-U.S. growth companies of all market capitalizations. The team seeks to invest in companies within its preferred themes with sustainable growth characteristics at attractive valuations that do not reflect their long-term potential.

### Sector Diversification<sup>5</sup>

(as a percentage of total portfolio equities)



<sup>5</sup>As of 31-Jul-13.

Source: Artisan Partners/FactSet (GICS)/MSCI. Cash represented 2.1% of the portfolio as of 31-Jul-13.

### Top 10 Holdings<sup>4</sup>

(As a percentage of total portfolio)

Linde AG (Germany)	4.0%
Baidu Inc. (China)	3.7
Alia Group Ltd (Hong Kong)	3.4
Nestle SA (Switzerland)	3.1
Unilever NV (Netherlands)	3.1
Bayer AG (Germany)	3.0
Japan Tobacco Inc. (Japan)	2.9
Anheuser-Busch InBev NV (Belgium)	2.5
Honda Motor Co Ltd (Japan)	2.5
SABMiller PLC (United Kingdom)	2.5
<b>TOTAL</b>	<b>30.9%</b>

<sup>4</sup>As of 31-Jul-13.

Source: Artisan Partners/FactSet (MSCI).

## Portfolio Manager

Mark L. Yockey, CFA

Associate Portfolio Managers:  
Charles-Henri Hamker, Andrew J. Euretig

## Key Contacts

Edward P. Mooney, Jr., Managing Director, Institutional Marketing  
800.468.1770 | edward.mooney@artisanpartners.com

Scott Raue, Institutional Marketing  
800.468.1770 | scott.raue@artisanpartners.com

