

## Artio International Equity Fund II

### Performance (%) as of 12/31/09

	Inception Date	1 Mo	3 Mo	YTD	1 Yr	3 Yr *	Since Inception *	Gross Exp. Ratio †	Net Exp. Ratio †
Class A:									
JETAX	5/4/05	1.41	2.17	24.48	24.48	-4.90	5.88	1.28	1.21 <sup>1</sup>
Class I:									
JETIX	5/4/05	1.43	2.27	24.79	24.79	-4.63	6.20	1.00	0.93 <sup>1</sup>
MSCI ACWI (ex-US)	N/A	2.11	3.74	41.45	41.45	-3.49	6.48	N/A	N/A

Class A = Retail Shares Class I = Institutional Shares

\* Annualized

† As stated in the prospectus dated 3/1/09

1. Reflects a voluntary expense reduction agreement that may be discontinued at any time. The Investment Adviser has also agreed to waive a portion of its management fees; this waiver may be discontinued at any time by the Fund's board. Additional expenses are net of reductions related to custody offset arrangements.

*The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling 800 387 6977 or visiting [www.artiofunds.com](http://www.artiofunds.com).*

Investment performance reflects fee waivers. In the absence of such waivers, total return would be reduced.

Despite starting off on a good note, the first month of the new decade was a tough one for international equity markets. Developed markets were almost universally in negative territory. The most notable exception was Japan, which was ironic given its status as 2009's worst performing large developed market.

European markets were on shaky ground in large part due to Greece's growing sovereign debt. During January, Greek bond yields surged to a 10-year high and investors became concerned that economic growth could falter as the European Central Bank (and other central banks around the world) begin to curb stimulus measures. Several of Europe's largest corporations also missed analysts' fourth quarter earnings estimates, further dampening stock returns. One bit of good news was that statistics released showed the UK broke out of recession in the final three months of 2009, posting a feeble increase after six quarters of contraction. Unfortunately, this news was not enough to move the country's returns anywhere close to positive.

For the first time in six months, emerging market returns lagged those of developed markets. Questions were raised as to whether China's booming economy could endure. Figures released in January showed China overtaking the US as the world's biggest auto market and moving past Germany as the biggest exporter of manufactured goods. However, the Chinese government's attempts to cool the economy by increasing bank reserve

requirements and slightly raising a key interest rate led the market to post some of the region's worst monthly returns.

The big surprise came from Japan's positive return after closing what many referred to as their second 'lost decade'. The month's uncertainties had many investors viewing Japan as a relatively safe country, however deflation remains a concern and the government is expected to extend quantitative easing measures. Also in January, the Japanese yen strengthened versus the US dollar, hurting the country's exporters.

For the month, the Artio International Equity Fund II (Class A Shares) returned -5.64%, underperforming the -4.89% return of the MSCI ACWI (ex-US). Both our allocation between emerging and developed markets (including Japan) as well as our sector allocation and stock selection decisions within developed markets detracted. While portfolios were nearly fully invested, the low levels of cash held during the month provided a boost to returns in the down markets.

Our underweight positioning to the Japanese market including domestically oriented stocks and the strengthening yen accounted for a large component of the overall underperformance. Although Japan saw strong returns, our views on the country have not changed. We continue to believe that better opportunities exist elsewhere and anticipate the focus of our investments will be in companies we deem "global players".

Developed markets outside Japan also detracted with the largest part of the negative impact coming from our overweight to materials. That sector saw the steepest decline, due in part to its close association/dependence on Chinese growth. The remainder of the relative underperformance was broadly distributed. In general, cyclically oriented sectors experienced a greater drop than defensive ones and our cyclical bias hurt. One notable exception was an underweight position to developed market financials, which was a positive contributor to returns.

Within emerging market regions, Asia suffered the largest monthly drop largely due to China, followed by Latin America where

resource rich markets fell on decreased demand for commodities. Eastern European markets posted a small positive return. In line with this, we benefited from our exposure to Russia, Poland and Hungary. However, this was not sufficient to offset the drag from holdings in China, Korea and Mexico.

In January, we lowered exposure to cyclical industries, including financial and materials sector holdings. We also reduced exposure to emerging markets, specifically companies in Asia and Latin America including those that we view as highly leveraged to Chinese construction and real estate.

**Investing internationally involves additional risks such as currency fluctuations, currency devaluations, price volatility, social and economic instability, differing securities regulation and accounting standards, limited publicly available information, changes in taxation, periods of illiquidity and other factors. These risks are greater in the emerging markets. Stocks of mid-capitalization companies are slightly less volatile than those of small-capitalization companies but both still involve substantial risk and they will be subject to more abrupt or erratic movements than large-capitalization companies. In order to achieve its investment goals and objectives, the Fund may invest in derivatives such as futures, options, and swaps to a very substantial extent. Derivatives involve special risks including correlation, counterparty, liquidity, operational, accounting and tax risks. These risks, in certain cases, may be greater than the risks presented by more traditional investments and are fully disclosed in the prospectus. As of 1/31/10, the Fund invested approximately 0.30% of its net assets in derivatives (excluding forward foreign exchange contracts).**

The MSCI ACWI (ex-US) is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets excluding the US. It is not possible to invest directly in an index.

The Artio International Equity Fund II holdings, sector allocations, and geographic allocations are subject to change and are not a recommendation to buy or sell any security. **Current and future portfolio holdings are subject to risk.**

The views expressed solely reflect those of Artio Global Management LLC ("Artio Global") and the managers of the Artio International Equity Fund II and do not necessarily reflect the views of any affiliated companies.

The material contains forward-looking statements regarding the intent, beliefs, or current expectations. Readers are cautioned that such forward-looking statements are not a guarantee of future performance, involve risks and uncertainties, and actual results may differ materially from those statements as a result of various factors. The views expressed are subject to change based on market and other conditions. Furthermore, the opinions expressed do not constitute investment advice or recommendation by the managers, Artio Global, the Artio International Equity Fund II, or any affiliated company.

*The Artio International Equity Fund II investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company, and it may be obtained by calling 800 387 6977 or visiting the Fund's website at [www.artiofunds.com](http://www.artiofunds.com). Please read the prospectus carefully before investing.*

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