



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 29 February 2024

Commentary

The Russell 2000® Index returned 5.7% in February. Aided by renewed enthusiasm over rapid advancements in artificial intelligence, equities rallied in February despite a surge in US inflation readings and dwindling rate-cut expectations. After pricing in aggressive rate cuts from the US Federal Reserve in late 2023 and early 2024, investors have moderated their outlook in the wake of a string of strong US economic data points and signs that inflation may fall slower than expected.

Our portfolio outperformed the Russell 2000® Growth Index in the QTD period. Among our top contributors were Shockwave and Iovance Biotherapeutics. Shockwave is a medical device company developing and commercializing products for calcified cardiovascular disease. The company is a leader in using miniaturized lithotripsy (soundwave) technology to break up heavy calcification in arteries, enabling safer and more effective treatment of cardiovascular disease. Shares have rebounded after a challenging 2023 due to strong financial results, including 41% revenue growth, and fading investor concerns around increased requirements for pre-authorization by insurers.

Iovance Biotherapeutics is a biotechnology company focused on innovating, developing and delivering novel polyclonal tumor infiltrating lymphocyte (TIL) cell therapies for patients with cancer. Immuno-oncology remains a key area of drug development, and Iovance is the leader in TIL development and manufacturing, having secured technology through collaboration with the leading TIL academic institutions. Shares rallied significantly after the company announced that the US Food and Drug Administration has approved AMTAGVI™ (lifileucel) for advanced melanoma. We added to the position.

Among our top detractors were Exact Sciences and Workiva. Exact Sciences is a leading provider of diagnostic testing and a maker of the noninvasive colorectal cancer screening test Cologuard®. The company reported another solid quarter with revenues growing 18% and, importantly, screening (Cologuard) revenues growing 21%. However, growing optimism around a competing blood-based test has led to competitive fears and corresponding performance weakness. While the company presents strong arguments against these tests, we are monitoring the situation.

Workiva is a leading provider of cloud software for financial reporting with approximately 70% of its business tied to SEC reporting through its core Wdesk offering. Our profit cycle thesis is based on the company's capability to identify and quickly roll out new products, expand beyond North America and benefit from the ramp-up of ESG regulatory reporting longer term. While the company reported financial results that exceeded expectations, shares declined due to disappointing forward guidance. However, we believe trends are supportive for the company to grow over a multiyear period and remain invested.

Investment Results (%)

As of 29 February 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	9.82	6.86	6.86	8.82	-9.93	6.33	7.99	9.10
Advisor Class: APDSX	9.85	6.84	6.84	8.95	-9.80	6.47	8.09	9.14
Russell 2000® Growth Index	8.12	4.66	4.66	14.18	-4.59	6.50	7.33	7.65
Russell 2000® Index	5.65	1.54	1.54	10.05	-0.94	6.89	7.13	8.86

As of 31 December 2023

Investor Class: ARTSX	9.00	9.18	9.29	9.29	-11.10	9.65	8.00	8.91
Advisor Class: APDSX	9.04	9.26	9.51	9.51	-10.97	9.81	8.11	8.94
Russell 2000® Growth Index	11.97	12.75	18.66	18.66	-3.50	9.22	7.16	7.53
Russell 2000® Index	12.22	14.03	16.93	16.93	2.22	9.97	7.16	8.85

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (28 March 1995); Advisor (1 February 2017). 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.

Portfolio Details

	ARTSX	APDSX
Net Asset Value (NAV)	\$34.44	\$34.81
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Annual Report 30 Sep 2023	1.23%	1.07%
Prospectus 30 Sep 2023 ¹	1.23%	1.07%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Lattice Semiconductor Corp (Information Technology)	6.1
Ascendis Pharma A/S (Health Care)	4.8
Guidewire Software Inc (Information Technology)	4.5
Halozyne Therapeutics Inc (Health Care)	4.4
Shockwave Medical Inc (Health Care)	4.1
Argenx SE (Health Care)	3.8
SPX Technologies Inc (Industrials)	2.9
Novanta Inc (Information Technology)	2.9
Saia Inc (Industrials)	2.6
Tyler Technologies Inc (Information Technology)	2.5
TOTAL	38.8%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	0.0	2.0
Consumer Discretionary	10.2	10.9
Consumer Staples	1.2	4.7
Energy	0.0	4.2
Financials	2.2	6.1
Health Care	33.8	22.1
Industrials	14.9	20.2
Information Technology	37.8	22.9
Materials	0.0	4.1
Real Estate	0.0	1.6
Utilities	0.0	1.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.5% of the total portfolio. ¹Russell 2000® Growth Index.

Average Annual Total Returns

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	R2G ¹
5.9+	70.2	24.3
4.1–5.9	14.5	17.4
2.9–4.1	8.1	19.5
1.8–2.9	4.2	19.4
0.0–1.8	3.1	19.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell 2000[®] Growth Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Craig Cepukenas, CFA (Co-Lead)	35
Jay Warner, CFA (Co-Lead)	22
James Hamel, CFA	27
Jason White, CFA	24
Matthew Kamm, CFA	24

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.

Russell 2000[®] Growth Index measures the performance of US small-cap companies with higher price/book ratios and forecasted growth values. Russell 2000[®] Index measures the performance of roughly 2,000 US small-cap companies. 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 29 Feb 2024: Exact Sciences Corp 1.4%; Iovance Biotherapeutics Inc 2.5%; Workiva Inc 2.3%. 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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Sector exposure percentages reflect sector designations as currently classified by GICS.

Our capital allocation process is designed to build position size according to our conviction. Portfolio holdings develop through three stages: GardenSM, CropSM and HarvestSM. GardenSM investments are situations where we believe we are right, but there is not clear evidence that the profit cycle has taken hold, so positions are small. CropSM investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. HarvestSM investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. HarvestSM investments are generally being reduced or sold from the portfolios.

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