



Artisan Partners Growth Team

SVB Financial Group

SVB Financial Group was a leading provider of banking services to the innovation economy. Headquartered in Silicon Valley, SVB offered financial products to clients in the technology, life science/health care and private equity/venture capital end markets.

Given our process of allocating less capital towards positions with more uncertainty in their profit cycle, SVB Financial was a GardenSM position in the portfolio. Our thesis had been that it was at the bottom of a profit cycle as venture capital (VC) funding activity was at a low and net interest margins had been pressured by the unprecedented rise in rates. But given that they had a leading franchise position in the innovation economy, their relatively low credit risk (only 3% of loans are to early-stage companies), and the stock's discounted valuation, we believed it made sense to position in the GardenSM for an eventual thawing in VC activity (lots of cash on the sidelines) and moderation in interest rates.

We reviewed our thesis in December and January (including an onsite meeting with management and a review of fourth-quarter results) and concluded that trends were stabilizing. Then, earlier last week, the company announced a plan to raise capital in order to restructure its security portfolio to position for added flexibility in a higher-for-longer interest rate environment. The announcement catalyzed a cycle of confusion and concern amongst depositors, which left the company unable to complete the capital raise and prompting the FDIC to step in and place the bank into receivership (which we believe was an unprecedented act for a bank not experiencing serious credit quality issues).

We sold a portion of our SVB position at a significant loss before the FDIC stepped in on Friday. We do not expect to realize any value on our remaining position. We have trimmed other interest-rate sensitive financials positions across the portfolio and eliminated our position in First Republic Bank, which was held in our Mid Cap and Global Discovery portfolios and, like SVB Financial Group, was a GardenSM position in each.

Last, our team has been evaluating potential second-order effects on the broader economy and portfolio, including reaching out to our portfolio holdings for information regarding their deposit exposure that could potentially be at risk. We have not come across any significant concerns so far, but this remains a highly fluid situation and we will try to remain as transparent as possible going forward.

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.

The views and opinions expressed are based on current market conditions as of 13 Mar 2023, which will fluctuate and those views are subject to change without notice. While the information contained herein is believed to be reliable, there is no guarantee to the accuracy or completeness of any statement in the discussion. 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. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

As of 9 March 2023, SVB Financial Group comprised the following percentage of the Funds' total net assets: Artisan Global Opportunities Fund 0.5%. Artisan Global Discovery Fund 0.5%. Artisan Mid Cap Fund 0.3%. Artisan Small Cap Fund 0.5%. As of March 10, 2023, shares of SVB Financial Group that had not been sold were valued at zero across the Funds.

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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