



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 31 July 2017

Commentary

Global markets started the back half of the year on a positive note, broadly notching gains in July. Emerging markets led, paced by China and Brazil, while foreign and domestic developed markets were also in the black. Global economic fundamentals largely remain intact—with the US, many euro zone and emerging markets economies all turning in a solid Q2 report card. Though the future direction of global monetary policy seems relatively opaque, markets seem to be largely shrugging off any lingering concerns about the pace of interest rate increases or the unwinding of massive balance sheets.

Our portfolio outperformed the Russell 2000® Growth and the Russell 2000® Indices in July and remains handily ahead for the year. Among our top contributors in July were Cognex, Visteon and BWX Technologies. Cognex has executed at a very high level as demand for vision technology has rapidly increased, spreading into new, versatile applications, both in mature as well as emerging industries. This expansion has broadened Cognex's growth runway, contributing to an accelerating profit cycle.

Visteon is capitalizing on secular tailwinds that are driving growing demand for next-generation automotive dashboards. In particular, demand for its SmartCore™ product, which integrates operation of a car's infotainment system, instrument cluster and other features, is accelerating, contributing to growing profits and expanding margins.

BWX Technologies is the dominant provider of nuclear reactors to the US Navy and a leading supplier of components and services to the commercial nuclear power industry. Based on the Navy's current procurement plans and the strength of BWX's commercial business, we believe the company is capable of growing profits at an impressive clip in the coming years.

Among our bottom contributors in July were Ellie Mae and John Bean Technologies. Shares of Ellie Mae were pressured by a relatively weaker mortgage market, particularly as refinancing slackened and relatively soft housing supply hampered new loan activity. While we maintain our conviction in the potential opportunity ahead of Ellie Mae, we are watching for signs the mortgage market headwinds are relatively temporary.

Shares of John Bean Technologies (JBT), a leading provider of technology solutions for the food processing and air transportation industries, pulled back mildly in July but remain up nicely for the year. We maintain our conviction in the company's underlying fundamentals and believe the company continues to benefit from multiple secular tailwinds.

Our process is focused on identifying franchises exposed to accelerating profit cycles with reasonable valuations. It is our belief that owning companies with these characteristics should lead to outperformance over full market cycles. We will continue to be disciplined and methodical in our approach.

Portfolio Details

	ARTSX	APDSX
Net Asset Value (NAV)	\$32.94	\$32.97
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2017	1.23 ¹ /—	1.18/1.15 ^{2,3}
Prospectus 30 Sep 2016 ⁴	1.25/—	1.10 ⁵ /—

¹Unaudited, annualized for the six month period. ²Unaudited, annualized for the period from commencement of operations 1 Feb 2017 through 31 Mar 2017. ³Reflects a contractual Fund expense reimbursement agreement in effect through 31 Jan 2018. ⁴See prospectus for more information. ⁵Includes estimated expenses for the current fiscal year.

Top 10 Holdings (% of total portfolio)

Veeva Systems Inc (Health Care)	3.8
Cognex Corp (Information Technology)	3.5
Acuity Brands Inc (Industrials)	3.4
Guidewire Software Inc (Information Technology)	3.3
BWX Technologies Inc (Industrials)	3.2
DexCom Inc (Health Care)	3.2
Teledyne Technologies Inc (Industrials)	3.2
Proofpoint Inc (Information Technology)	3.2
John Bean Technologies Corp (Industrials)	3.1
Visteon Corp (Consumer Discretionary)	2.9
TOTAL	32.8%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Consumer Discretionary	11.8	14.1
Consumer Staples	1.3	2.6
Energy	2.1	1.1
Financials	6.7	6.1
Health Care	18.1	23.8
Industrials	24.7	17.5
Information Technology	35.2	24.8
Materials	0.0	4.6
Real Estate	0.0	3.5
Telecommunication Services	0.0	1.0
Utilities	0.0	0.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 5.2% of the total portfolio. ¹Russell 2000® Growth Index.

Investment Results (%)

As of 31 July 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	1.70	1.70	17.68	15.50	11.67	13.37	7.90	8.86
Advisor Class: APDSX	1.70	1.70	17.79	15.61	11.71	13.39	7.91	8.86
Russell 2000® Growth Index	0.85	0.85	10.91	17.76	10.22	14.58	8.49	7.65
Russell 2000® Index	0.74	0.74	5.77	18.45	9.89	14.19	7.76	9.37

As of 30 June 2017

Investor Class: ARTSX	1.66	5.64	15.72	19.81	8.19	12.87	7.33	8.81
Advisor Class: APDSX	1.66	5.71	15.83	19.92	8.22	12.89	7.34	8.81
Russell 2000® Growth Index	3.44	4.39	9.97	24.40	7.64	13.98	7.82	7.64
Russell 2000® Index	3.46	2.46	4.99	24.60	7.36	13.70	6.92	9.37

Source: Artisan Partners/Russell. ¹Returns for periods less than one year are not annualized. Advisor Class performance is that of the Investor Class from 28 March 1995 through the inception of the Advisor Class on 1 February 2017, and actual Advisor Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Advisor Class for the period prior to the Class's inception, and Advisor Class performance results would differ 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.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
3.1+	68.9	23.6
2.4–3.1	13.8	22.5
1.7–2.4	5.7	18.6
1.1–1.7	9.1	16.6
0.0–1.1	2.6	18.8
TOTAL	100.0%	100.0%

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

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Craig A. Cepukenas, CFA (Lead)	28
James D. Hamel, CFA	20
Matthew H. Kamm, CFA	17
Jason L. White, CFA	17

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.

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.

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 31 Jul 2017: Ellie Mae Inc 1.7%. 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.

All information in this report includes all classes of shares, except performance and expense ratio information and as otherwise indicated, and is as of the date shown in the upper right hand corner unless otherwise indicated. 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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8/4/2017 A17623L_vR