



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 31 May 2017

Commentary

Markets notched another positive month in May. Quarter to date, foreign developed stocks lead, with emerging markets and the US also in the black. European markets got a boost following the French election, which put a more moderate candidate in office than some had feared. Growth stocks continued pacing value for the quarter and year, with larger stocks leading smaller. The domestic and foreign energy sectors were the weakest QTD as oil prices continued falling.

Our portfolio is nicely ahead of the Russell 2000® Growth and the Russell 2000® Indices for both the quarter and the year. Among our top QTD contributors are Veeva Systems, Take-Two Interactive and CoStar Group. Veeva Systems is capitalizing on the early stages of meaningful shifts in the life-sciences industry to software-as-a-service and the cloud. Its Vault product, which helps customers manage highly regulated marketing and clinical trial data and content, is showing signs of rapid uptake in a pattern similar to its customer relationship management software.

Take-Two, a video game developer, is benefiting from solid sales of its high-quality gaming IP as well as the ongoing shift to digital gaming, which should help expand margins. With its promising pipeline, we believe the company is a well-positioned and compelling franchise.

CoStar, a leading provider of information services to the global real estate industry, is expanding its potential market and driving an attractive profit cycle tied to its tremendous analytics capabilities. Though we anticipate revenues to accelerate as it integrates recent investments, we have pared our exposure QTD as it has approached our estimate of private market value.

Among our relatively few negative contributors QTD are DexCom, Acuity Brands and SVB Financial. Shares of DexCom have been pressured as sales have moderated more than anticipated. While we believe the company is positioned well longer term, it seems to be facing headwinds tied to its ability to scale growth sufficiently to keep up with investors' broad expectations as well as a more complex competitive environment. We're monitoring to ensure it can begin scaling its margins while continuing to deliver strong sales growth.

Acuity's business momentum has decelerated, partly tied to a slowdown in smaller customer orders. While we believe these headwinds are likely short-term and the company remains well positioned, we are watching for signs of reacceleration.

SVB Financial has faced an incrementally more competitive lending environment, which has crimped net interest margins along with marginally lower interest rates quarter to date. Despite the recent headwinds, we believe SVB remains a unique and well-positioned franchise.

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)	\$31.86	\$31.89
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)

Cognex Corp (Information Technology)	3.9
Veeva Systems Inc (Health Care)	3.9
Acuity Brands Inc (Industrials)	3.4
DexCom Inc (Health Care)	3.4
Proofpoint Inc (Information Technology)	3.3
Teledyne Technologies Inc (Industrials)	3.2
Guidewire Software Inc (Information Technology)	3.2
BWX Technologies Inc (Industrials)	3.0
John Bean Technologies Corp (Industrials)	3.0
Q2 Holdings Inc (Information Technology)	2.9
TOTAL	33.1%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Consumer Discretionary	12.3	14.7
Consumer Staples	1.4	3.0
Energy	0.5	1.1
Financials	5.8	5.3
Health Care	18.2	21.5
Industrials	24.7	15.5
Information Technology	37.1	26.4
Materials	0.0	5.1
Real Estate	0.0	5.6
Telecommunication Services	0.0	1.0
Utilities	0.0	0.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 5.3% of the total portfolio. ¹Russell 2000® Growth Index.

Investment Results (%)

As of 31 May 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	1.53	3.91	13.83	21.67	10.42	13.50	7.20	8.76
Advisor Class: APDSX	1.59	3.98	13.93	21.79	10.46	13.52	7.21	8.77
Russell 2000® Growth Index	-0.91	0.92	6.31	19.71	8.59	14.36	7.39	7.50
Russell 2000® Index	-2.03	-0.96	1.48	20.36	8.00	14.04	6.40	9.24

As of 31 March 2017

Investor Class: ARTSX	1.49	9.54	9.54	23.38	4.85	10.61	7.58	8.64
Advisor Class: APDSX	1.49	9.57	9.57	23.42	4.86	10.62	7.58	8.64
Russell 2000® Growth Index	1.18	5.35	5.35	23.03	6.72	12.10	8.06	7.52
Russell 2000® Index	0.13	2.47	2.47	26.22	7.22	12.35	7.12	9.36

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+	71.9	29.4
2.4–3.1	10.2	17.5
1.7–2.4	7.3	17.7
1.1–1.7	7.0	17.6
0.0–1.1	3.6	17.8
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 May 2017: CoStar Group Inc 2.2%; SVB Financial Group 1.8%; Take-Two Interactive Software Inc 2.4%. 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.

Private Market Value is an estimate of the value of a company if divisions were each independent and established their own market stock prices.

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6/5/2017 A17586L_vR