



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 31 October 2017

Commentary

Global markets broadly advanced in October, with most major indices positive. Emerging markets led, and US stocks modestly outperformed non-US developed markets. Speculation grew around who will be named next head of the Fed, while the ECB said it will not increase interest rates for the foreseeable future, though it intends to begin scaling back monetary stimulus. Meanwhile, economic fundamentals globally remain solid.

Our portfolio led the Russell 2000® Growth and the Russell 2000® Indices in October and remains ahead of both indices YTD. Among our top contributors in October were Atlassian and SVB Financial. We first purchased Atlassian, a provider of a suite of innovative, customizable team-collaboration software tools, for its best-in-class technology and its attractive subscription-based model, which we anticipated would generate growing levels of recurring revenues. We have been gratified to see that thesis largely playing out—and with new potential opportunities ahead of Atlassian in the form of additional platforms currently under development, we believe an ample growth runway remains ahead of the company.

Against the backdrop of a benign credit environment, SVB Financial has delivered solid results, growing loans and net interest margins. Though expenses have been higher, much of that capital has gone to hiring additional salespeople and investing in initiatives likely to improve service and increase automation—investments which we anticipate will contribute to future growth. We have pared our exposure in accordance with our valuation discipline.

Among our bottom contributors in October were Benefitfocus and NeoGenomics. Benefitfocus, a cloud-based supplier of benefits software, has been impacted by the uncertainty surrounding health care reform. Though the company continues building its pipeline, its conversion ratio has been low, especially among smaller customers, who seem to be taking a wait-and-see approach to any potential reform. We believe Benefitfocus remains a high-quality franchise but are monitoring its fundamentals for signs of reacceleration.

NeoGenomics operates a network of cancer-focused genetic laboratories. It has faced recent headwinds tied to lingering impacts from Hurricane Irma, which impacted one of its main labs in Florida, as well as ongoing overhangs from recently integrated labs. We believe these challenges will prove short-term in nature and maintain our conviction in the company's growth outlook as demand for cancer testing continues growing.

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.

Investment Results (%)

As of 31 October 2017	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	3.30	3.30	24.04	25.17	10.58	14.13	7.72	9.01
Advisor Class: APDSX	3.33	3.33	24.15	25.28	10.61	14.15	7.73	9.01
Russell 2000® Growth Index	1.55	1.55	18.62	31.00	10.51	15.36	8.16	7.88
Russell 2000® Index	0.85	0.85	11.89	27.85	10.12	14.49	7.63	9.53

As of 30 September 2017	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	1.69	3.77	20.08	13.56	11.78	12.33	7.66	8.89
Advisor Class: APDSX	1.66	3.73	20.15	13.63	11.80	12.34	7.67	8.89
Russell 2000® Growth Index	5.45	6.22	16.81	20.98	12.17	14.28	8.47	7.84
Russell 2000® Index	6.24	5.67	10.94	20.74	12.18	13.79	7.85	9.53

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.

Portfolio Details

	ARTSX	APDSX
Net Asset Value (NAV)	\$34.72	\$34.75
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)

Teledyne Technologies Inc (Industrials)	3.8
Guidewire Software Inc (Information Technology)	3.5
BWX Technologies Inc (Industrials)	3.4
Veeva Systems Inc (Health Care)	3.4
John Bean Technologies Corp (Industrials)	3.3
Proofpoint Inc (Information Technology)	3.2
Take-Two Interactive Software Inc (Information Technology)	3.1
Visteon Corp (Consumer Discretionary)	3.1
Q2 Holdings Inc (Information Technology)	3.0
Cognex Corp (Information Technology)	2.7
TOTAL	32.6%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Consumer Discretionary	12.2	13.4
Consumer Staples	0.7	2.6
Energy	2.5	1.2
Financials	7.1	6.2
Health Care	14.2	23.0
Industrials	23.7	18.3
Information Technology	39.6	25.1
Materials	0.0	4.8
Real Estate	0.0	3.5
Telecommunication Services	0.0	1.1
Utilities	0.0	0.7
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 7.3% of the total portfolio. ¹Russell 2000® Growth Index.

Average Annual Total Returns

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
3.1+	73.0	31.1
2.4–3.1	11.9	17.9
1.7–2.4	6.4	17.8
1.1–1.7	4.9	16.4
0.0–1.1	3.8	16.8
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)	29
James D. Hamel, CFA	21
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 Oct 2017: Atlassian Corp PLC 2.4%; Benefitfocus Inc 1.1%; NeoGenomics 0.9%; SVB Financial Group 1.8%. 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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