



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX As of 30 April 2018

Commentary

Markets traded sideways in April, continuing Q1's volatility, on concerns about rising inflation, the consequent direction of global monetary policy, trade dust-ups and geopolitical machinations. Reversing recent trends, emerging markets were negative in April, while US stocks were modestly in the black but trailed foreign developed markets. Value outperformed growth in April, and the energy sector led by a wide margin in US and foreign markets as oil prices rose. Small stocks outperformed larger, which were relatively flat to start Q2.

Our portfolio led the Russell 2000® Growth and the Russell 2000® Indices in April and remains solidly ahead YTD. Among our top contributors were SVB Financial (SIVB) and Visteon. SIVB is a leading banking franchise specializing in the West Coast tech community and is outgrowing its competitors. The company is driving solid revenue growth across its segments amid a strong funding environment for technology start-ups. Further, it should benefit from generally rising interest rates; however, we have pared our exposure as its market cap has approached the small-cap threshold.

Visteon, a producer of next-generation automotive dashboards, is capitalizing on growing demand for its SmartCore™ product to drive solid order growth. Positively, the company's recent wins are markedly larger than they were a year ago, which is contributing to margin expansion. We have added to our position on the strength of our conviction in the growth runway ahead.

Among our bottom contributors were Veeva Systems and Rogers. Shares of Veeva consolidated year-to-date gains in April—though we believe the fundamentals are intact and that the company remains well-positioned to capitalize on the ongoing transition to cloud-based software, particularly as it expands its offering beyond the biopharmaceutical and life sciences industries.

As we have discussed recently, Rogers has faced operational challenges related to high demand, which have in turn crimped the company's margins. While we maintain our conviction in Rogers's position relative to several meaningful, secular tailwinds, including the next wave of wireless infrastructure buildout, electric vehicles and clean energy, we are watching for signs management is able to rectify its operational issues in the period ahead.

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 30 April 2018	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	2.77	2.77	10.57	25.07	12.55	13.72	11.47	9.39
Advisor Class: APDSX	2.79	2.79	10.62	25.23	12.61	13.76	11.49	9.39
Russell 2000® Growth Index	0.10	0.10	2.40	16.60	9.89	13.07	10.41	7.95
Russell 2000® Index	0.86	0.86	0.78	11.54	9.64	11.74	9.49	9.47

As of 31 March 2018

Investor Class: ARTSX	2.18	7.59	7.59	24.56	12.18	12.85	11.39	9.29
Advisor Class: APDSX	2.17	7.62	7.62	24.69	12.23	12.88	11.40	9.30
Russell 2000® Growth Index	1.35	2.30	2.30	18.63	8.77	12.90	10.95	7.98
Russell 2000® Index	1.29	-0.08	-0.08	11.79	8.39	11.47	9.84	9.46

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)	\$33.78	\$33.84
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Annual Report 30 Sep 2017	1.21%	1.12% ¹
Prospectus 30 Sep 2017 ²	1.21%	1.12%

¹For the period from commencement of operations 1 Feb 2017 through 30 Sep 2017. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Proofpoint Inc (Information Technology)	3.6
Teledyne Technologies Inc (Industrials)	3.6
Veeva Systems Inc (Health Care)	3.4
BWX Technologies Inc (Industrials)	3.4
Q2 Holdings Inc (Information Technology)	3.3
Guidewire Software Inc (Information Technology)	3.3
Visteon Corp (Consumer Discretionary)	3.2
Webster Financial Corp (Financials)	3.0
John Bean Technologies Corp (Industrials)	3.0
Tyler Technologies Inc (Information Technology)	2.5
TOTAL	32.3%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Consumer Discretionary	15.0	13.4
Consumer Staples	0.6	2.5
Energy	3.8	1.4
Financials	6.1	6.1
Health Care	13.6	25.5
Industrials	21.7	17.2
Information Technology	39.2	25.0
Materials	0.0	4.4
Real Estate	0.0	3.2
Telecommunication Services	0.0	0.8
Utilities	0.0	0.7
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 5.0% of the total portfolio. ¹Russell 2000® Growth Index.

Average Annual Total Returns

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
3.8+	61.9	26.7
2.9–3.8	12.7	14.8
2.1–2.9	11.3	19.0
1.3–2.1	11.3	19.1
0.0–1.3	2.8	20.3
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	18
Jason L. White, CFA	18

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 30 Apr 2018: SVB Financial Group 1.2%; Rogers Corp 1.0%. 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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