



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 28 February 2018

Commentary

February was most noteworthy for the return of significant volatility, which markets hadn't experienced in some time. Despite the sharp downturn, most major markets remain in the black for the year, with emerging markets leading. Many are blaming a mild increase in global inflation for the volatility—tied to concerns of tighter monetary policy. Information technology and consumer discretionary lead both global and US markets YTD, with energy, utilities and staples among the bottom performing sectors.

Our portfolio leads the Russell 2000® Growth and the Russell 2000® Indices for the quarter. Among our top QTD contributors are Q2 Holdings and Veeva Systems. Shares of Q2 Holdings have rebounded after consolidating gains in late 2017. As banks increasingly see the need to spend to upgrade legacy software systems—particularly smaller and regional banks—Q2's sales are accelerating, in turn contributing to attractive earnings growth. Further, Q2 has been successful in cross-selling and innovating its services as it brings on new customers, which should improve customer stickiness and help cement an attractive recurring revenue stream.

Veeva continues extending its dominant software footprint among global biopharmaceutical companies, as customers appear eager to standardize on the Vault platform as Veeva introduces new applications. In addition, Veeva is seeing early traction expanding its quality assurance software tools into regulated industries beyond life sciences. The company's attractive business model based on recurring revenues supports both heavy growth investments and impressive cash flows.

Among our bottom QTD contributors are Zynga and Rogers. Zynga's shares have been pressured primarily for near-term sentiment reasons, in our view. The company is executing well on management's plan to support its existing IP as opposed to continually developing new content—a strategy which is contributing to solid earnings growth and margin growth.

Shares of Rogers were pressured as the company struggled to keep up with high demand, forcing it to utilize less efficient production processes and in turn crimping margins. We maintain our conviction in Rogers' position relative to several meaningful, secular tailwinds, including the next wave of wireless infrastructure buildout, electric vehicles and clean energy. Though it remains firmly in the GardenSM while we watch for signs its recent capacity issues are indeed short term, we capitalized on the recent pullback to add modestly to our position.

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 28 February 2018	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	0.00	5.30	5.30	23.72	11.85	13.16	10.95	9.22
Advisor Class: APDSX	0.03	5.33	5.33	23.85	11.90	13.19	10.97	9.23
Russell 2000® Growth Index	-2.85	0.94	0.94	18.44	8.93	13.72	10.74	7.95
Russell 2000® Index	-3.87	-1.36	-1.36	10.51	8.55	12.19	9.75	9.44

As of 31 December 2017	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-0.23	5.60	26.81	26.81	10.33	13.73	8.86	9.04
Advisor Class: APDSX	-0.20	5.66	26.96	26.96	10.37	13.76	8.87	9.05
Russell 2000® Growth Index	0.12	4.59	22.17	22.17	10.28	15.21	9.19	7.96
Russell 2000® Index	-0.40	3.34	14.65	14.65	9.96	14.12	8.71	9.58

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)	\$32.17	\$32.22
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)

Teledyne Technologies Inc (Industrials)	3.8
Veeva Systems Inc (Health Care)	3.6
Proofpoint Inc (Information Technology)	3.5
BWX Technologies Inc (Industrials)	3.3
Q2 Holdings Inc (Information Technology)	3.2
Guidewire Software Inc (Information Technology)	3.2
John Bean Technologies Corp (Industrials)	3.2
Webster Financial Corp (Financials)	2.9
Visteon Corp (Consumer Discretionary)	2.8
Atlassian Corp PLC (Information Technology)	2.4
TOTAL	31.9%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Consumer Discretionary	15.3	13.4
Consumer Staples	0.6	2.4
Energy	3.5	1.2
Financials	6.2	6.2
Health Care	13.0	24.9
Industrials	22.9	18.0
Information Technology	38.4	25.0
Materials	0.0	4.5
Real Estate	0.0	3.0
Telecommunication Services	0.0	0.8
Utilities	0.0	0.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 1.8% 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+	63.1	25.3
2.9–3.8	13.0	16.0
2.1–2.9	11.4	18.9
1.3–2.1	8.7	19.6
0.0–1.3	3.8	20.2
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 28 Feb 2018: Rogers Corp 1.3%; Zynga Inc 1.3%. 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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