



Artisan Small Cap Fund

MONTHLY
Commentary

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

Commentary

Developed markets notched a positive Q3, led by US equities. Emerging markets were in the red in Q3, with China the biggest drag as investors weighed ongoing global trade tensions' potential impact. A handful of European countries were also down as debt concerns resurfaced, while the UK faced Brexit-related headwinds. The US Fed raised rates in September as expected, while most major developed-world central banks stood pat. Health care and technology stocks led in Q3, with real estate and materials trailing, while growth again outperformed value.

Our portfolio outperformed the Russell 2000® Growth and Russell 2000® Indices in Q3 and remains ahead YTD. Among our top Q3 contributors were Veeva Systems and DexCom. Veeva Systems' Vault applications continue to be rapidly adopted by life sciences customers looking to enhance their clinical, regulatory, manufacturing and commercial operations by introducing modern cloud-based software tools. Importantly, Veeva is adding new products which should broaden its growth runway in the period ahead.

Since competitive pressures intensified in late 2017 and early 2018, DexCom has capitalized on growing patient awareness about continuous glucose monitors (CGM)—as well as the fact that DexCom's CGM is covered by Medicare—to drive increased uptake. Growth has been broad-based across patients, payors and geographies, while innovation is proceeding at a rapid pace. We maintain our conviction in the profit cycle potential ahead of DexCom as it seeks to continue taking share in a significant global market.

Among our bottom Q3 contributors were Visteon and Floor & Décor Holdings, both of which were pressured by trade-related concerns. For Visteon, trade pressures have dented China's auto-related demand, in turn slowing sales for Visteon (and other similarly exposed auto suppliers). Floor & Décor faces headwinds tied to rising cost of goods, as much flooring is imported from China. However, we believe there remain attractive company-specific drivers for each of these companies and are remaining patient for now.

We will comment further on these and other holdings in our forthcoming quarterly letter.

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 September 2018	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-1.64	10.24	27.56	34.71	20.81	12.73	14.41	9.88
Advisor Class: APDSX	-1.66	10.25	27.66	34.89	20.89	12.78	14.43	9.89
Russell 2000® Growth Index	-2.34	5.52	15.76	21.06	17.98	12.14	12.65	8.37
Russell 2000® Index	-2.41	3.58	11.51	15.24	17.12	11.07	11.11	9.77

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)	\$38.97	\$39.05
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Semi-Annual Report 31 Mar 2018 ¹	1.22%	1.07%
Prospectus 30 Sep 2017 ²	1.21%	1.12%

¹Unaudited, annualized for the six-month period. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Veeva Systems Inc (Health Care)	4.5
Teledyne Technologies Inc (Industrials)	4.1
Q2 Holdings Inc (Information Technology)	3.5
Guidewire Software Inc (Information Technology)	3.3
DexCom Inc (Health Care)	3.2
Proofpoint Inc (Information Technology)	2.8
John Bean Technologies Corp (Industrials)	2.8
Canada Goose Holdings Inc (Consumer Discretionary)	2.8
BWX Technologies Inc (Industrials)	2.7
Donaldson Co Inc (Industrials)	2.6
TOTAL	32.5%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Communication Services	2.3	3.5
Consumer Discretionary	14.0	14.8
Consumer Staples	0.0	2.8
Energy	1.7	2.3
Financials	3.7	7.3
Health Care	20.1	27.2
Industrials	20.6	17.8
Information Technology	36.4	17.4
Materials	1.2	3.9
Real Estate	0.0	2.5
Utilities	0.0	0.4
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+	58.1	21.5
2.9–3.8	18.8	18.2
2.1–2.9	17.0	19.9
1.3–2.1	2.3	19.8
0.0–1.3	3.8	20.7
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 Sep 2018: Floor & Decor Holdings Inc 0.6%; Visteon Corp 2.0%. 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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