



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX As of 30 April 2019

Commentary

Markets continued their steady rise in April, with US stocks leading the way, followed by foreign developed markets and then emerging. Investors seemed pleased with the combination of steady economic data, solid corporate earnings and growing signs of trade resolution between the US and China. At the sector level, financials and technology were among the leaders, while health care was the primary laggard amid amplifying political rhetoric, particularly in the US.

Our portfolio is outperforming the Russell 2000® Growth and Russell 2000® Indices QTD. Among our top contributors are John Bean Technologies (JBT) and Cree. JBT is a leading provider of technology solutions for the food-processing and air-transportation industries. Shares have largely bounced back from Q4's weakness given the combination of easing global trade tensions, improved orders from Asia and growing sales of higher margin products. We believe JBT remains well-positioned to introduce innovative products, which should broaden the company's growth runway in coming quarters.

Cree, which has a dominant position in the silicon carbide (SiC) business, is capitalizing on expanded manufacturing capacity along with easing trade-related sentiment to drive accelerating growth. In April, the FTC granted antitrust clearance for Ideal Industries' purchase of Cree's lighting business—a divestiture of a legacy business which we anticipate will allow Cree to focus more narrowly on its rapidly growing SiC business in the period ahead.

Among our bottom contributors are health care holdings Benefitfocus and Glaukos. Benefitfocus is a cloud-based supplier of benefits software, and Glaukos is an ophthalmic medical technology company focused on breakthrough products and therapies to transform the treatment of glaucoma. We believe both companies' shares were pressured largely in sympathy with the health care sector, which faces political uncertainty-related headwinds. However, we maintain our conviction in both of these high-quality franchises and are remaining patient for now.

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 adhere to this approach, regardless of the macro backdrop and how it evolves in the period ahead.

Portfolio Details

| | ARTSX | APDSX |
|-------------------------------------|-------------|------------|
| Net Asset Value (NAV) | \$33.46 | \$33.58 |
| Inception | 28 Mar 1995 | 1 Feb 2017 |
| Expense Ratios | | |
| Annual Report 30 Sep 2018 | 1.20% | 1.06% |
| Prospectus 30 Sep 2018 ¹ | 1.21% | 1.06% |

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

| Q2 Holdings Inc (Information Technology) | 4.2 |
|---|--------------|
| Teledyne Technologies Inc (Industrials) | 4.0 |
| Veeva Systems Inc (Health Care) | 3.6 |
| Guidewire Software Inc (Information Technology) | 3.4 |
| HubSpot Inc (Information Technology) | 2.7 |
| Gardner Denver Holdings Inc (Industrials) | 2.7 |
| DexCom Inc (Health Care) | 2.7 |
| ACI Worldwide Inc (Information Technology) | 2.6 |
| Tableau Software Inc (Information Technology) | 2.6 |
| Cree Inc (Information Technology) | 2.5 |
| TOTAL | 31.1% |

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

| | Fund |
|------------------------|---------------|
| Communication Services | 4.3 |
| Consumer Discretionary | 11.6 |
| Consumer Staples | 0.0 |
| Energy | 0.0 |
| Financials | 4.0 |
| Health Care | 21.9 |
| Industrials | 15.4 |
| Information Technology | 41.1 |
| Materials | 1.6 |
| Real Estate | 0.0 |
| Utilities | 0.0 |
| TOTAL | 100.0% |

Source: Artisan Partners/FactSet (GICS). Cash and cash equivalents represented 5.5% of the total portfolio.

Investment Results (%)

| As of 30 April 2019 | Average Annual Total Returns | | | | | | | |
|----------------------------|------------------------------|------|-------|-------|-------|-------|-------|-----------|
| | MTD | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
| Investor Class: ARTSX | 4.37 | 4.37 | 28.40 | 18.73 | 22.81 | 14.75 | 17.90 | 9.76 |
| Advisor Class: APDSX | 4.35 | 4.35 | 28.46 | 18.88 | 22.93 | 14.82 | 17.94 | 9.77 |
| Russell 2000® Growth Index | 3.05 | 3.05 | 20.71 | 6.91 | 15.64 | 10.22 | 15.24 | 7.91 |
| Russell 2000® Index | 3.40 | 3.40 | 18.48 | 4.61 | 13.60 | 8.63 | 14.10 | 9.26 |

As of 31 March 2019

| | | | | | | | | |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|------|
| Investor Class: ARTSX | -1.29 | 23.02 | 23.02 | 16.91 | 21.57 | 10.91 | 19.29 | 9.60 |
| Advisor Class: APDSX | -1.26 | 23.11 | 23.11 | 17.11 | 21.69 | 10.98 | 19.32 | 9.61 |
| Russell 2000® Growth Index | -1.35 | 17.14 | 17.14 | 3.85 | 14.87 | 8.41 | 16.52 | 7.80 |
| Russell 2000® Index | -2.09 | 14.58 | 14.58 | 2.05 | 12.92 | 7.05 | 15.36 | 9.15 |

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.

Market Cap Distribution (% of total portfolio equities)

| \$ in billions | Fund | R2G ¹ |
|----------------|---------------|------------------|
| 3.4+ | 73.3 | 30.5 |
| 2.5–3.4 | 14.1 | 18.1 |
| 1.8–2.5 | 5.6 | 18.8 |
| 1.1–1.8 | 5.1 | 15.8 |
| 0.0–1.1 | 2.0 | 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) | 30 |
| James D. Hamel, CFA | 22 |
| Matthew H. Kamm, CFA | 19 |
| Jason L. White, CFA | 19 |

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 2019: Benefitfocus Inc 1.6%; Glaukos Corp 2.0%; John Bean Technologies Corp 2.5%. 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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