



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 31 January 2019

Commentary

Markets rose in relatively uniform fashion in January—led by emerging markets, which were followed closely by the US and foreign developed markets—as investors largely put aside concerns that plagued much of 2018. As the month ended, the US Fed soothed investors' nerves, indicating signs of softer economic growth would lead to a pause in rate hikes for now. Sector returns were uniformly positive, with the energy sector among the top performers as it bounced back along with oil prices. Utilities, health care and staples were the bottom performers. From a style perspective, growth outperformed value, and smaller stocks generally outperformed their larger counterparts.

Our portfolio outperformed the Russell 2000® Growth and Russell 2000® Indices in January. Among our top contributors were Veeva Systems and Q2 Holdings. Veeva Systems, a leading provider of cloud-based SaaS solutions for the pharmaceutical and life sciences industries, is executing impressively as it expands its product offerings and enters new industries. Q2 Holdings, a provider of secure, cloud-based virtual banking solutions to regional and community banks, is capitalizing on the secular trend toward digital payments to drive a compelling profit cycle. Shares of both companies were pressured in Q4 as investors seemed to generally sell better performing stocks. As fundamentals seemed to regain primacy among investors in January, shares of both bounced back nicely.

Among our very few negative contributors in January were GardenSM holdings Tabula Rasa and Acceleron Pharma. Tabula Rasa is a medication risk-mitigation provider serving primarily Provider for All-Inclusive for the Elderly (PACE) markets. Acceleron Pharma is a biotechnology company focused on the biology of TGF-beta (Transforming Growth Factor-beta), a family of proteins associated with repair and growth in human tissue. We believe the fundamentals for both companies remain intact and are remaining patient while we watch for signs our theses are taking hold as anticipated.

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.

Investment Results (%)

As of 31 January 2019	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	14.54	14.54	14.54	11.22	20.90	8.73	18.30	9.34
Advisor Class: APDSX	14.58	14.58	14.58	11.40	21.01	8.79	18.33	9.35
Russell 2000® Growth Index	11.55	11.55	11.55	-2.63	15.55	7.83	15.68	7.64
Russell 2000® Index	11.25	11.25	11.25	-3.52	14.71	7.26	14.52	9.07

As of 31 December 2018

Investor Class: ARTSX	-11.87	-19.85	2.25	2.25	11.02	6.38	15.60	8.75
Advisor Class: APDSX	-11.87	-19.80	2.38	2.38	11.11	6.43	15.63	8.76
Russell 2000® Growth Index	-11.68	-21.65	-9.31	-9.31	7.24	5.13	13.52	7.17
Russell 2000® Index	-11.88	-20.20	-11.01	-11.01	7.36	4.41	11.97	8.62

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)	\$29.85	\$29.95
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)

Veeva Systems Inc (Health Care)	5.0
Teledyne Technologies Inc (Industrials)	4.1
Q2 Holdings Inc (Information Technology)	3.8
DexCom Inc (Health Care)	3.5
Guidewire Software Inc (Information Technology)	3.1
Tableau Software Inc (Information Technology)	3.1
Chegg Inc (Consumer Discretionary)	2.7
HubSpot Inc (Information Technology)	2.7
Webster Financial Corp (Financials)	2.6
Benefitfocus Inc (Information Technology)	2.5
TOTAL	33.1%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Communication Services	3.8	3.5
Consumer Discretionary	11.8	14.8
Consumer Staples	0.0	2.9
Energy	0.7	1.8
Financials	4.1	7.2
Health Care	23.7	26.3
Industrials	17.1	17.8
Information Technology	37.3	18.6
Materials	1.4	3.4
Real Estate	0.0	3.1
Utilities	0.0	0.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 1.1% of the total portfolio. ¹Russell 2000® Growth Index.

Average Annual Total Returns

Artisan Small Cap Fund

Investor Class: ARTSX | Advisor Class: APDSX

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
3.4+	67.5	25.6
2.5-3.4	14.3	17.6
1.8-2.5	9.1	19.6
1.1-1.8	8.5	18.0
0.0-1.1	0.5	19.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet/Russell. ¹Russell 2000® Growth Index.

Team Leadership (Pictured left to right)



Portfolio Managers

Craig A. Cepukenas, CFA (Lead)

30

James D. Hamel, CFA

22

Matthew H. Kamm, CFA

19

Jason L. White, CFA

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 31 Jan 2019: Acceleron Pharma Inc 0.8%; Tabula Rasa HealthCare Inc 0.9%. 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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