



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX As of 31 May 2019

Commentary

Global equity markets pulled back in May, leaving QTD performance mostly in the red—with US markets leading QTD, followed by non-US developed and emerging markets. The pullback is likely tied to the recent halt to the US and China trade talks, which has seemingly disappointed investors and weighed on growth estimates. At the sector level, financials and communication services are among the leaders, while energy has been the primary laggard.

Our portfolio is outperforming the Russell 2000® Growth and Russell 2000® Indices QTD. Among our top contributors are Gardner Denver and Zynga. Gardner Denver (GDI) is a leading manufacturer of flow control and compression technologies for industrial end markets. In early May, the company announced an intended merger with Ingersoll Rand, in turn boosting shares as investors anticipate GDI will become a global leader in the industrial pump and compressor markets. We believe the company is executing well and maintain our conviction in the long-term profit cycle potential.

Zynga is a leading social game developer with its games played across web and mobile devices including Apple's iOS, Google's Android, Facebook and the company's eponymous website. The company has executed well in recent quarters, with solid bookings from newer games as well as promising user acquisition from distribution platforms such as Google Play and Apple's iOS.

Among our bottom contributors are holdings Glaukos and Tableau. Glaukos is an ophthalmic medical technology company focused on breakthrough products and therapies to transform the treatment of glaucoma. Shares have been pressured largely in sympathy with the health care sector, which faces political uncertainty-related headwinds. However, the company has executed well, rapidly expanding its international presence and improving gross margins. With ample catalysts ahead, we believe Glaukos has a compelling opportunity to become the leading treatment provider in a growing field.

Tableau provides unique, interactive data visualization software that allows customers to quickly translate complex data into compelling graphics. Though investors seemed disappointed by quarterly results, which weighed on shares, we believe there are a number of catalysts still ahead of the company—including several recent and upcoming product launches. Further, demand for data-analytics tools remains robust, and Tableau's competitive positioning is solid. We capitalized on recent weakness to increase our position at an attractive valuation.

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 May 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-5.56	-1.43	21.26	6.54	18.89	13.21	16.72	9.46
Advisor Class: APDSX	-5.54	-1.43	21.35	6.72	19.02	13.28	16.75	9.48
Russell 2000® Growth Index	-7.42	-4.60	11.76	-6.88	11.72	8.32	13.93	7.54
Russell 2000® Index	-7.78	-4.64	9.26	-9.04	9.75	6.71	12.84	8.86

As of 31 March 2019								
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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.

Portfolio Details

	ARTSX	APDSX
Net Asset Value (NAV)	\$31.60	\$31.72
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Semi-Annual Report 31 Mar 2019 ¹	1.21%	1.05%
Prospectus 30 Sep 2018 ²	1.21%	1.06%

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

Top 10 Holdings (% of total portfolio)

Q2 Holdings Inc (Information Technology)	4.3
Teledyne Technologies Inc (Industrials)	4.0
Guidewire Software Inc (Information Technology)	3.4
Veeva Systems Inc (Health Care)	3.0
Gardner Denver Holdings Inc (Industrials)	2.9
DexCom Inc (Health Care)	2.9
Chegg Inc (Consumer Discretionary)	2.7
HubSpot Inc (Information Technology)	2.7
Zynga Inc (Communication Services)	2.6
Tableau Software Inc (Information Technology)	2.5
TOTAL	31.1%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Communication Services	5.3	3.3
Consumer Discretionary	10.7	15.0
Consumer Staples	0.0	3.0
Energy	0.0	1.6
Financials	4.0	7.2
Health Care	24.2	25.9
Industrials	14.9	18.1
Information Technology	39.5	18.7
Materials	1.4	3.2
Real Estate	0.0	3.3
Utilities	0.0	0.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 5.6% of the total portfolio. ¹Russell 2000® Growth Index.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
3.4+	69.8	30.2
2.5–3.4	12.9	15.7
1.8–2.5	9.8	18.0
1.1–1.8	3.5	17.4
0.0–1.1	4.0	18.7
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)	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 May 2019: Glaukos 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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6/5/2019 A19661L_vR