



# Artisan Small Cap Fund

MONTHLY  
Commentary

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

## Commentary

Global equity markets have posted solid QTD gains on better than expected earnings results and renewed optimism around global growth with the US and China making progress toward a phase-one trade deal. US markets are leading, followed by non-US developed and emerging markets. At the sector level, health care, information technology and industrials are leading, while only utilities is in the red.

Our portfolio leads the Russell 2000® Growth and Russell 2000® Indices QTD and YTD. Among our top QTD contributors are DexCom and NeoGenomics. DexCom, the market leader for continuous glucose-monitoring systems, has recently made meaningful market-share gains both in the US and abroad. We maintain our conviction in the profit cycle potential ahead of DexCom as it seeks to continue taking share in a significant global market.

NeoGenomics, an operator of cancer-focused genetic laboratories, is now the largest oncology lab in the US with significant scale and broad distribution into pathologists and hospitals across the country—enabling the company to take share from other labs. Furthermore, a building backlog of pharmacy services bookings, an on-track integration of recently acquired Genoptix, and ongoing investments in next-gen molecular sequencing should all add to future profit growth potential.

Among our bottom QTD contributors are Tabula Rasa HealthCare and Canada Goose. Tabula Rasa is a medication risk-mitigation provider primarily serving the Program for All-Inclusive Care for the Elderly (PACE) market. Shares were recently pressured amid a one-off contract cancellation signed by a large, recently merged HMO. We believe the fundamentals remain intact and are remaining patient while we watch for signs our thesis is taking hold as anticipated.

Shares of Canada Goose have been pressured amid building signs of growth deceleration—namely, higher inventory levels and turbulence in Hong Kong. While we believe the long-term profit-cycle potential remains intact, we are reviewing our thesis and are prepared to pivot accordingly.

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 30 November 2019	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
<b>Investor Class: ARTSX</b>	<b>7.89</b>	<b>9.78</b>	<b>39.73</b>	<b>23.14</b>	<b>20.72</b>	<b>14.43</b>	<b>16.18</b>	<b>9.89</b>
<b>Advisor Class: APDSX</b>	<b>7.89</b>	<b>9.80</b>	<b>39.88</b>	<b>23.28</b>	<b>20.87</b>	<b>14.51</b>	<b>16.23</b>	<b>9.91</b>
Russell 2000® Growth Index	5.89	8.90	25.61	10.93	12.15	9.48	13.68	7.89
Russell 2000® Index	4.12	6.86	22.01	7.51	8.57	8.22	12.38	9.16

As of 30 September 2019

<b>Investor Class: ARTSX</b>	<b>-3.72</b>	<b>-3.04</b>	<b>27.28</b>	<b>2.02</b>	<b>16.00</b>	<b>13.93</b>	<b>14.83</b>	<b>9.54</b>
<b>Advisor Class: APDSX</b>	<b>-3.73</b>	<b>-3.03</b>	<b>27.39</b>	<b>2.16</b>	<b>16.12</b>	<b>14.00</b>	<b>14.87</b>	<b>9.56</b>
Russell 2000® Growth Index	-0.82	-4.17	15.34	-9.63	9.79	9.08	12.25	7.57
Russell 2000® Index	2.08	-2.40	14.18	-8.89	8.23	8.19	11.19	8.93

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)	\$33.68	\$33.83
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Annual Report 30 Sep 2019	1.20%	1.08%
Prospectus 30 Sep 2018 <sup>1</sup>	1.21%	1.06%

<sup>1</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Teledyne Technologies Inc (Industrials)	4.5
Q2 Holdings Inc (Information Technology)	4.3
DexCom Inc (Health Care)	4.0
Guidewire Software Inc (Information Technology)	3.6
Chegg Inc (Consumer Discretionary)	3.2
LivePerson Inc (Information Technology)	3.0
Zynga Inc (Communication Services)	2.8
Blackline Inc (Information Technology)	2.7
John Bean Technologies Corp (Industrials)	2.6
Gardner Denver Holdings Inc (Industrials)	2.5
<b>TOTAL</b>	<b>33.3%</b>

Source: Artisan Partners/FactSet (GICS).

## Sector Diversification (% of total portfolio equities)

	Fund	R2G <sup>1</sup>
Communication Services	6.0	2.4
Consumer Discretionary	9.5	12.1
Consumer Staples	0.0	3.3
Energy	0.0	0.6
Financials	3.3	5.8
Health Care	24.2	29.6
Industrials	16.0	19.2
Information Technology	39.5	17.9
Materials	1.5	3.1
Real Estate	0.0	4.6
Utilities	0.0	1.5
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 2.0% of the total portfolio. <sup>1</sup>Russell 2000® Growth Index.

Average Annual Total Returns

## Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G <sup>1</sup>
3.4+	71.8	31.1
2.5–3.4	16.0	19.4
1.8–2.5	6.3	19.1
1.1–1.8	2.1	15.5
0.0–1.1	3.8	14.9
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

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

## Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Craig A. Cepukenas, CFA (Lead)	31
James D. Hamel, CFA	23
Matthew H. Kamm, CFA	20
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<sup>®</sup> Growth Index measures the performance of US small-cap companies with higher price/book ratios and forecasted growth values. Russell 2000<sup>®</sup> 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 Nov 2019: Canada Goose Holdings Inc 1.5%; NeoGenomics Inc 2.1%; Tabula Rasa HealthCare 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: Garden<sup>SM</sup>, Crop<sup>SM</sup> and Harvest<sup>SM</sup>. Garden<sup>SM</sup> 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. Crop<sup>SM</sup> investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest<sup>SM</sup> investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. Harvest<sup>SM</sup> investments are generally being reduced or sold from the portfolios.

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