



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX As of 30 April 2020

Commentary

Despite lingering uncertainty around the magnitude and impact of the COVID-19 pandemic, global equity markets have moved sharply higher so far in Q2 amid record levels of fiscal and monetary stimulus and signs the number of new COVID-19 cases is slowing in many large municipalities globally. Developed markets are leading QTD, and at the sector level, energy and consumer discretionary are leading—while utilities and consumer staples are lagging.

Our portfolio has made up nearly all its YTD losses and is outperforming the Russell 2000® Growth and Russell 2000® Indices so far in Q2. Among our top contributors are Ollie's Bargain Outlet and Q2 Holdings. Ollie's has kept stores open during the COVID-19 pandemic, which we believe will help counterbalance a decline in retail foot traffic. Furthermore, the company has a solid balance sheet, and we believe it is positioned to thrive on the other side of the pandemic given a management team with a strong operational track record over the past decade and the strongest buying environment for closeout retailers since the global financial crisis.

Q2 Holdings is a leading provider of secure, cloud-based virtual banking solutions for smaller regional and community banks. Consumers have increasingly relied on mobile and online banking during the pandemic as most bank branches have limited in-person appointments and drive-through service or have completely closed. While we believe potential delays in bank decision-making could postpone Q2's near-term deal activity, we are remaining patient given a high level of visibility into current-year revenues and the tailwinds from increased adoption of the company's cloud-based solutions longer term.

Among our bottom QTD contributors are NeoGenomics and John Bean Technologies. NeoGenomics has experienced declines in physician visits and delays in clinical trial work from the pandemic. However, we believe these challenges should quickly abate as the economy comes back online. We remain confident in the longer term profit cycle potential and used the recent weakness to add to our position.

John Bean Technologies is a leading provider of technology solutions for the food-processing and air-transportation industries. With the bulk of the company's revenue (~70%) derived from its food-processing business, we believe it could be well-positioned to help the industry accelerate automation (currently highly labor intensive) on the other side of the pandemic. With a solid balance sheet and management team, we 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.

Investment Results (%)

As of 30 April 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	15.95	15.95	-1.42	7.60	16.91	12.74	14.52	9.67
Advisor Class: APDSX	15.94	15.94	-1.41	7.70	17.04	12.83	14.56	9.69
Russell 2000® Growth Index	14.89	14.89	-14.71	-9.22	4.21	5.19	9.96	7.17
Russell 2000® Index	13.74	13.74	-21.08	-16.39	-0.82	2.88	7.69	8.10

As of 31 March 2020								
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-12.92	-14.98	-14.98	-3.15	12.14	9.83	13.11	9.06
Advisor Class: APDSX	-12.91	-14.97	-14.97	-3.07	12.28	9.92	13.15	9.07
Russell 2000® Growth Index	-19.10	-25.76	-25.76	-18.58	0.10	1.70	8.89	6.60
Russell 2000® Index	-21.73	-30.61	-30.61	-23.99	-4.64	-0.25	6.90	7.58

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)	\$33.30	\$33.46
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Annual Report 30 Sep 2019	1.20%	1.08%
Prospectus 30 Sep 2019 ¹	1.21%	1.09%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Q2 Holdings Inc (Information Technology)	4.1
Halozyme Therapeutics Inc (Health Care)	3.8
Teledyne Technologies Inc (Industrials)	3.8
Chegg Inc (Consumer Discretionary)	3.6
Zynga Inc (Communication Services)	3.5
NeoGenomics Inc (Health Care)	3.2
Blackline Inc (Information Technology)	3.2
HubSpot Inc (Information Technology)	2.8
Ollie's Bargain Outlet Holdings Inc (Consumer Discretionary)	2.6
Coupa Software Inc (Information Technology)	2.6
TOTAL	33.2%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Communication Services	5.2	2.3
Consumer Discretionary	9.9	10.5
Consumer Staples	0.9	3.3
Energy	0.0	0.4
Financials	1.1	5.5
Health Care	28.1	34.1
Industrials	14.6	17.1
Information Technology	40.3	18.4
Materials	0.0	2.7
Real Estate	0.0	4.1
Utilities	0.0	1.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 5.1% of the total portfolio. ¹Russell 2000® Growth Index.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
4.0+	59.6	17.0
2.9–4.0	19.7	20.5
2.2–2.9	7.4	14.8
1.3–2.2	10.4	23.4
0.0–1.3	2.9	24.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell 2000[®] 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	20

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.

Current and future portfolio holdings are subject to risk. 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 2020: John Bean Technologies Corp 2.1%. 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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