



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 31 January 2020

Commentary

Global equity markets were modestly lower in January as signs of economic stability were outweighed by the potential global economic impact of the coronavirus. The US Fed left its benchmark rate unchanged—citing moderate GDP growth and a strong job market. Developed markets led, and growth outperformed value. At the sector level, utilities and information technology led, while energy and materials lagged.

Our portfolio leads the Russell 2000® Growth and Russell 2000® Indices QTD. Among our top contributors are Acceleron Pharma and Clarivate Analytics. Acceleron is a biotechnology company focused on the biology of TGF-beta (transforming growth factor-beta), a family of proteins associated with human tissue repair and growth. Shares were rewarded following the release of positive phase 2 data for Acceleron's drug, sotatercept, which treats high blood pressure in the lung's arteries. Though these results lend us confidence in the meaningful opportunity ahead of sotatercept and its ability to expand the potential drug pipeline, we trimmed the position back to a large GardenSM holding while we assess the timing, cost and scale of pivotal trials still ahead and their potential impact on earnings growth in the interim.

Clarivate is a provider of analytics, data, information and workflow solutions with specialization in economic sectors that are intellectual property- and brand-intensive. The company recently acquired Decision Resources Group (DRG), a leading provider of data, analytics and insights to the health care and life sciences industry. We believe the acquisition has the potential to drive meaningful synergies, particularly within Clarivate's existing life sciences products, and boost the company's overall growth profile given DRG's higher organic growth rate.

Among our bottom QTD contributors are Ollie's Bargain Outlet and ACI Worldwide. Ollie's shares have recently been pressured by a higher level of holiday promotions and discounts. We believe the markdowns are transitory, not a reflection of the underlying health of the business. We capitalized on the weakness to accumulate more shares and believe our long-term thesis—a solid management team, limited competition and our confidence the company can scale up the business—remains intact.

ACI Worldwide is a provider of financial payment software and subscription-based services. The company recently announced a large license deal that was expected to close in Q4 2019 has been delayed. We continue to believe the company is well-positioned to benefit from the ongoing trend toward digital payments 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.

Investment Results (%)

As of 31 January 2020	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	2.22	2.22	2.22	25.07	21.05	15.23	16.15	9.93
Advisor Class: APDSX	2.24	2.24	2.24	25.22	21.21	15.33	16.19	9.95
Russell 2000® Growth Index	-1.10	-1.10	-1.10	13.91	11.48	9.60	13.40	7.88
Russell 2000® Index	-3.21	-3.21	-3.21	9.21	7.28	8.23	11.88	9.08

As of 31 December 2019

	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	0.30	10.10	40.14	40.14	22.03	13.99	15.27	9.87
Advisor Class: APDSX	0.33	10.16	40.33	40.33	22.18	14.07	15.32	9.89
Russell 2000® Growth Index	2.29	11.39	28.48	28.48	12.49	9.34	13.01	7.96
Russell 2000® Index	2.88	9.94	25.52	25.52	8.59	8.23	11.83	9.26

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)	\$34.53	\$34.70
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)	4.3
Teledyne Technologies Inc (Industrials)	4.2
DexCom Inc (Health Care)	4.1
Chegg Inc (Consumer Discretionary)	3.3
Guidewire Software Inc (Information Technology)	3.2
LivePerson Inc (Information Technology)	3.0
Blackline Inc (Information Technology)	3.0
HubSpot Inc (Information Technology)	2.7
John Bean Technologies Corp (Industrials)	2.7
Zynga Inc (Communication Services)	2.6
TOTAL	33.2%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Communication Services	4.3	2.3
Consumer Discretionary	8.9	12.3
Consumer Staples	0.0	3.2
Energy	0.0	0.5
Financials	2.5	5.9
Health Care	26.5	29.6
Industrials	16.7	19.1
Information Technology	40.1	17.8
Materials	1.1	2.9
Real Estate	0.0	4.7
Utilities	0.0	1.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 4.3% of the total portfolio. ¹Russell 2000® Growth Index.

Average Annual Total Returns

	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	2.22	2.22	2.22	25.07	21.05	15.23	16.15	9.93
Advisor Class: APDSX	2.24	2.24	2.24	25.22	21.21	15.33	16.19	9.95
Russell 2000® Growth Index	-1.10	-1.10	-1.10	13.91	11.48	9.60	13.40	7.88
Russell 2000® Index	-3.21	-3.21	-3.21	9.21	7.28	8.23	11.88	9.08

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
4.0+	62.6	20.9
2.9-4.0	17.1	21.8
2.2-2.9	9.8	17.8
1.3-2.2	5.1	20.0
0.0-1.3	5.5	19.6
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.

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 2020: Acceleron Pharma Inc 1.2%; ACI Worldwide Inc 2.2%; Clarivate Analytics PLC 2.1%; Ollie's Bargain Outlet Holdings Inc 1.4%. 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.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

The Global Industry Classification Standard (GICS[®]) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell[®] is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

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.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2020 Artisan Partners. All rights reserved.

2/5/2020 A20514L_vR