



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX As of 31 July 2020

Commentary

The global equity market rally persisted through July, leaving the MSCI AC World Index virtually flat for 2020 and not too far off all-time highs. Among the contributors to the quarter's strong start were progress toward the development of a vaccine, a slight increase in forward corporate earnings expectations as well as a steady recovery in several leading economic indicators including unemployment, retail sales, housing starts and industrial production. Strength was broad-based at the sector level, with consumer discretionary, materials and information technology leading. Energy lagged and was the only sector to deliver a negative total return. Growth outperformed value.

Our portfolio is outperforming the Russell 2000® Growth and Russell 2000® Indices so far in Q3 and remains ahead of both indices YTD. Among our top QTD contributors are Chegg and Clarivate. Chegg has recently benefited from a marked increase in new customers as the COVID-19 pandemic has driven students online. We believe the company is well-positioned to become the go-to digital platform for students both through organic additions and bolt-on acquisitions.

Clarivate is a specialized provider of analytics, data, information and workflow solutions to economic sectors that are intellectual property (IP)- and brand-intensive. The company recently announced it is acquiring CPA Global, a provider of IP software and services to corporate customers and law firms. CPA Global automates the IP filing process, manages the IP lifecycle and provides data and analytics about IP workflows which we believe will build out Clarivate's existing IP franchise and improve the company's overall growth profile over time.

Among our bottom QTD contributors are Ascendis Pharma and PROS Holdings. Ascendis Pharma recently announced an equity offering to fund the development of its pipeline of multiple, best-in-class therapies. We remain confident in the profit cycle ahead given recent positive data for TransCon PTH, an expectation TransCon HGH will be launched in early 2021 and the longer term potential of the company's platform technology—particularly in the area of oncology.

PROS uses data science and machine learning to provide science-based pricing and revenue optimization for companies in the travel and business-to-business industries. The company's customer base is facing significant headwinds in the current environment—limited airline travel and exposure to oil/gas, chemicals, commodities, etc.—which is in turn weighing on PROS. With our thesis not playing out as expected, we have begun harvesting our position.

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 July 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	6.42	6.42	24.19	28.30	24.23	16.98	18.01	10.57
Advisor Class: APDSX	6.41	6.41	24.25	28.43	24.37	17.08	18.06	10.59
Russell 2000® Growth Index	3.44	3.44	0.27	6.00	8.77	7.49	12.58	7.78
Russell 2000® Index	2.77	2.77	-10.57	-4.59	2.69	5.10	10.07	8.56

As of 30 June 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	4.73	37.26	16.70	24.58	22.37	15.33	17.69	10.34
Advisor Class: APDSX	4.76	37.32	16.76	24.73	22.51	15.43	17.75	10.36
Russell 2000® Growth Index	3.84	30.58	-3.06	3.48	7.86	6.86	12.92	7.67
Russell 2000® Index	3.53	25.42	-12.98	-6.63	2.01	4.29	10.50	8.47

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)	\$41.95	\$42.17
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Semi-Annual Report 31 Mar 2020 ¹	1.22%	1.09%
Prospectus 30 Sep 2019 ²	1.21%	1.09%

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

Top 10 Holdings (% of total portfolio)

Chegg Inc (Consumer Discretionary)	5.4
Halozyme Therapeutics Inc (Health Care)	4.2
Q2 Holdings Inc (Information Technology)	3.8
Zynga Inc (Communication Services)	3.7
Blackline Inc (Information Technology)	3.6
NeoGenomics Inc (Health Care)	3.6
Ollie's Bargain Outlet Holdings Inc (Consumer Discretionary)	3.2
Zscaler Inc (Information Technology)	3.2
HubSpot Inc (Information Technology)	3.1
Teledyne Technologies Inc (Industrials)	2.9
TOTAL	36.7%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Communication Services	5.5	2.7
Consumer Discretionary	12.5	13.3
Consumer Staples	1.2	3.2
Energy	0.0	0.2
Financials	0.9	4.3
Health Care	29.1	32.6
Industrials	11.8	13.5
Information Technology	39.0	21.8
Materials	0.0	2.8
Real Estate	0.0	3.9
Utilities	0.0	1.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 4.2% of the total portfolio. ¹Russell 2000® Growth Index.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
4.0+	71.1	20.8
2.9-4.0	15.2	21.6
2.2-2.9	3.3	16.2
1.3-2.2	6.1	19.7
0.0-1.3	4.2	21.7
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 31 Jul 2020: Ascendis Pharma A/S 2.5%; Clarivate PLC 2.3%; PROS Holdings Inc 0.1%. 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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