



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 31 March 2020

Commentary

The COVID-19 global pandemic and the threat of an oil price war decimated equity market returns in Q1. We expect the virus to temporarily disrupt global supply chains and demand, pressuring corporate profits for at least the first half of 2020. While recent efforts by central banks and governments around the globe have seemingly helped markets find a near-term bottom, we suspect markets will remain volatile until COVID-19 cases trend more favorably and investors can better grasp the magnitude of the impact on consumers and corporations.

While our portfolio was down in Q1, we were encouraged by its relative durability, meaningfully outperforming the Russell 2000® Growth and Russell 2000® Indices. Among our top contributors were DexCom and Zscaler. DexCom continues firing on all cylinders, recently making meaningful market-share gains in the US and abroad as the company benefits from growing continuous glucose-monitoring demand, improving market access and growing manufacturing capacity. While we believe the growth runway ahead remains significant, we have been harvesting our position as its market cap exceeds our small-cap mandate.

Zscaler is a global cloud-based information security company that provides fast, secure connections between users and applications. The company has benefited from corporations around the globe moving their employees into remote workspaces in response to COVID-19. We believe this workplace-dynamic shift accelerates our market share-gain thesis as significantly more employees require secure connections to the workplace via virtual private networks.

Among our bottom Q1 contributors were Webster Financial and ACI Worldwide. We have begun harvesting our position in Webster Financial as recent results have showed slowing in the company's HSA business. Furthermore, the weaker macro environment makes it highly unlikely the company will be able to accelerate profits in its banking subsidiary. We are using the proceeds to upgrade our capital in high-quality franchises we believe will be resilient through the current downturn.

ACI Worldwide is a provider of financial payment software and subscription-based services. Shares have been pressured amid widespread concerns about a meaningful reduction in consumer spending. The company also hired a new CEO, putting takeout speculation to rest. We believe the company is well-positioned to benefit from the ongoing trend toward digital payments and are remaining patient for now.

We will discuss these and other holdings in more depth in our forthcoming quarterly commentary.

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 March 2020	Average Annual Total Returns							
	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)	\$28.72	\$28.86
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)

Teledyne Technologies Inc (Industrials)	4.1
Zynga Inc (Communication Services)	3.8
Halozyne Therapeutics Inc (Health Care)	3.5
Q2 Holdings Inc (Information Technology)	3.5
Chegg Inc (Consumer Discretionary)	3.5
DexCom Inc (Health Care)	3.3
Blackline Inc (Information Technology)	3.2
NeoGenomics Inc (Health Care)	2.9
Guidewire Software Inc (Information Technology)	2.7
Tyler Technologies Inc (Information Technology)	2.7
TOTAL	33.2%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Communication Services	5.5	2.3
Consumer Discretionary	8.5	9.6
Consumer Staples	0.8	3.4
Energy	0.0	0.3
Financials	1.2	5.9
Health Care	29.4	33.9
Industrials	15.4	17.5
Information Technology	39.1	18.2
Materials	0.2	2.7
Real Estate	0.0	4.4
Utilities	0.0	1.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.2% of the total portfolio. ¹Russell 2000® Growth Index.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
4.0+	54.6	11.5
2.9-4.0	10.8	18.5
2.2-2.9	19.8	17.1
1.3-2.2	6.8	25.0
0.0-1.3	8.1	27.9
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 Mar 2020: ACI Worldwide Inc 1.9%; Webster Financial Corp 0.2%; Zscaler Inc 2.2%. 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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