



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX As of 31 August 2021

Commentary

Domestic small-cap equities are flat so far in Q3. While the COVID-19 delta variant has spread and caused a spike in daily cases, the extreme economic shutdowns instituted earlier in the pandemic have not been revisited. The Fed has stood by its transitory inflation stance and has indicated an announcement on tapering its asset purchases could occur by the end of the year. Corporate earnings continue to exceed Street estimates with 65% of companies reporting better-than-expected results, and consensus earnings estimates for 2022 and 2023 have migrated higher.

Our portfolio is outperforming the Russell 2000® Growth and Russell 2000® Indices QTD. Among our top contributors are Monolithic Power and Veracyte. Monolithic Power designs analog power-management chips for a wide variety of industrial and consumer devices. The company is executing well as its customers convert their analog, digital and power semiconductor chips into its single-chip design, which is energy efficient and priced lower than peers. Based on its unique ability to offer highly integrated solutions and solve complex power management issues across multiple end-applications, we believe the company is well-positioned for a solid profit cycle ahead.

Shares of Veracyte have been volatile this year amid a recent investment cycle, management changes and a pandemic resurgence weighing on testing volumes. We have been encouraged by a recent rebound in cancer testing volumes and the appointment of a new CFO. With several of the company's products early in their growth s-curves, a strong R&D pipeline and the launch of a nasal swab lung cancer test in the back half of this year, we believe the company is well-positioned for a meaningful profit cycle.

Among our bottom QTD contributors are Q2 Holdings and Halozyme. Q2 Holdings is a leading provider of secure, cloud-based virtual banking solutions for smaller regional and community banks. We are remaining patient given the runway for digitizing financial services in its target market remains compelling.

Shares of Halozyme have been pressured alongside other small-cap health care growth stocks. Given additional runway for Darzalex Faspro adoption—a JNJ/Genmab multiple myeloma drug which delivers drugs subcutaneously through Halozyme's ENHANZE® platform—and a solid pipeline of clinical trials either underway or set to commence over the near term, we remain confident in the company's profit cycle ahead.

Investment Results (%)

As of 31 August 2021	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	3.15	2.81	1.91	27.29	21.93	23.69	18.20	11.28
Advisor Class: APDSX	3.17	2.83	1.99	27.45	22.08	23.83	18.27	11.31
Russell 2000® Growth Index	1.82	-1.89	6.92	35.61	12.27	16.58	14.78	8.93
Russell 2000® Index	2.24	-1.45	15.83	47.08	10.75	14.38	13.62	10.01

As of 30 June 2021

Investor Class: ARTSX	6.57	4.36	-0.88	36.76	25.49	24.59	16.79	11.24
Advisor Class: APDSX	6.59	4.40	-0.81	36.92	25.65	24.73	16.85	11.27
Russell 2000® Growth Index	4.69	3.92	8.98	51.36	15.94	18.76	13.52	9.07
Russell 2000® Index	1.94	4.29	17.54	62.03	13.52	16.47	12.34	10.14

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)	\$52.37	\$52.74
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Semi-Annual Report 31 Mar 2021 ¹	1.19%	1.07%
Prospectus 30 Sep 2020 ²	1.21%	1.09%

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

Top 10 Holdings (% of total portfolio)

HubSpot Inc (Information Technology)	4.9
Halozyme Therapeutics Inc (Health Care)	4.8
Chegg Inc (Consumer Discretionary)	4.3
Lattice Semiconductor Corp (Information Technology)	3.9
Blackline Inc (Information Technology)	3.7
Veracyte Inc (Health Care)	3.5
NeoGenomics Inc (Health Care)	3.4
Monolithic Power Systems Inc (Information Technology)	3.3
LivePerson Inc (Information Technology)	3.1
Zynga Inc (Communication Services)	3.0
TOTAL	38.0%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	4.9	2.8
Consumer Discretionary	14.7	14.9
Consumer Staples	1.7	3.6
Energy	0.0	1.8
Financials	1.2	5.1
Health Care	28.9	29.4
Industrials	9.5	14.1
Information Technology	38.7	22.2
Materials	0.0	3.0
Real Estate	0.4	2.9
Utilities	0.0	0.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.1% of the total portfolio. ¹Russell 2000® Growth Index.

Average Annual Total Returns

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	R2G ¹
5.6+	67.1	21.9
4.2–5.6	17.6	17.5
2.9–4.2	6.2	25.1
1.7–2.9	3.1	17.8
0.0–1.7	6.1	17.8
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)	32
James D. Hamel, CFA	24
Matthew H. Kamm, CFA	21
Jason L. White, CFA	21

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 Aug 2021: Q2 Holdings Inc 2.8%. 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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