



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 31 March 2021

Commentary

The Russell 2000® Index was up 12.7% in Q1 in an eventful start to 2021. Investors cautiously navigated a fraught political climate in the US as well as the risk of rising interest rates and inflation given an increasingly optimistic economic growth and COVID-19 vaccination backdrop. Meanwhile, an online cohort of Reddit users drove a short squeeze in a group of stocks, contributing to increased market volatility. Small-cap value outperformed small-cap growth.

Our portfolio trailed the Russell 2000® Growth and Russell 2000® Indices in Q1. Among our bottom contributors were iRhythm and Blackline. iRhythm received negative reimbursement news for its Zio patch, which is used to monitor suspected heartbeat arrhythmias. Novitas, a Medicare Administrative Contractor (MAC), announced it was cutting its payment rate for Zio by over 80%. While most iRhythm patients have private insurance, these payors tend to directionally follow MAC reimbursement rate changes. The new published rates may be a placeholder pending additional negotiations, but we meaningfully reduced our position given the uncertain profit cycle outlook.

Blackline develops cloud-based accounting software that helps businesses improve and automate complex, manual and repetitive accounting processes. The company has been delivering solid results, upselling existing customers and landing new accounts. We believe the growth runway remains compelling as its solutions can lead to cost savings, enhance real-time visibility and improve data integrity.

Among our top Q1 contributors were John Bean Technologies and Ollie's Bargain Outlet. 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 is well-positioned to help the industry accelerate automation (currently highly labor intensive) on the other side of the pandemic. That said, shares have approached our estimate of private market value, and we have been harvesting our position, capping a successful investment campaign.

Shares of Ollie's Bargain rallied in Q1 primarily due to significant short-covering. With shares approaching our estimate of private market value and difficult growth comparisons looming this year, we ended our successful investment campaign.

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 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-7.56	-5.02	-5.02	79.86	26.76	25.63	16.64	11.18
Advisor Class: APDSX	-7.53	-4.99	-4.99	80.10	26.92	25.76	16.70	11.20
Russell 2000® Growth Index	-3.15	4.88	4.88	90.20	17.16	18.61	13.02	9.00
Russell 2000® Index	1.00	12.70	12.70	94.85	14.76	16.35	11.68	10.06

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)	\$48.81	\$49.13
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Annual Report 30 Sep 2020	1.20%	1.08%
Prospectus 30 Sep 2020 ¹	1.21%	1.09%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Halozyme Therapeutics Inc (Health Care)	5.2
HubSpot Inc (Information Technology)	4.9
Chegg Inc (Consumer Discretionary)	4.8
Blackline Inc (Information Technology)	3.9
Veracyte Inc (Health Care)	3.8
Zynga Inc (Communication Services)	3.7
NeoGenomics Inc (Health Care)	3.7
Q2 Holdings Inc (Information Technology)	3.4
Lattice Semiconductor Corp (Information Technology)	3.0
LivePerson Inc (Information Technology)	2.8
TOTAL	39.0%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	R2G ¹
Communication Services	5.4	2.1
Consumer Discretionary	12.1	14.9
Consumer Staples	1.9	3.1
Energy	0.0	0.2
Financials	2.0	3.9
Health Care	32.1	33.3
Industrials	9.2	14.8
Information Technology	37.4	20.2
Materials	0.0	2.6
Real Estate	0.0	3.5
Utilities	0.0	1.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.0% of the total portfolio. ¹Russell 2000® Growth Index.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	R2G ¹
5.6+	59.1	22.9
4.2–5.6	16.7	18.6
2.9–4.2	15.7	22.3
1.7–2.9	2.0	18.4
0.0–1.7	6.5	17.9
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)	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 Mar 2021: iRhythm Technologies Inc 0.7%; John Bean Technologies Corp 0.9%. 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.

© 2021 Artisan Partners. All rights reserved.

4/6/2021 A21571L_vR