



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 30 September 2021

Commentary

Domestic small-cap equities were volatile in Q3 amid escalating inflation concerns, supply chain disruptions and increasing regulatory intervention in China. The Chinese Communist Party cracked down on several of the country's industries in the interest of common prosperity—education, real estate, tech and ride-hailing—and the country's largest property developer (Evergrande) appeared to be on the verge of bankruptcy. Investors were uneasy that these developments would have reverberating effects across the global economy.

Our portfolio outperformed the Russell 2000® Growth and Russell 2000® Indices in Q3. Among our top contributors were Ascendis Pharma and Lattice Semiconductor. We discussed Ascendis Pharma in our July commentary as a bottom contributor amid a delayed FDA approval for its TransCon hGH growth hormone, which we believed was due to an administrative delay rather than any particular concern the FDA had, and we used the share weakness to add to our position. The stock rallied around the drug obtaining approval shortly thereafter in August. This confirms our belief in the strength of its proprietary TransCon drug delivery technology—allowing biological drugs to be delivered via a slow-release mechanism—and our confidence in the company's longer term drug pipeline.

Lattice Semiconductor is a vendor of field programmable gate array (FPGA) chips used in personal computers, 5G infrastructure, routers and switches, and servers, to name a few. The company's new management team is executing well, providing FPGA chips to data centers and new 5G infrastructure as well as industrial and automotive end markets. In addition, we believe its solid pipeline of new chips will expand its addressable market and increase its margins over time.

Among our bottom contributors were Zynga and Q2 Holdings. Zynga's recent quarterly results were disappointing as existing user engagement slowed alongside easing pandemic restrictions and acquisition of new users via targeted advertising became more difficult in the immediate aftermath of Apple's new privacy restrictions. We believe these headwinds will prove transitory as interest in mobile gaming remains high and advertising channels adapt to the new Apple rules. Zynga also has several initiatives we believe will deliver growth longer term: developing promising new games, investing in advertising technology/data and expanding its global reach.

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.

Investment Results (%)

As of 30 September 2021	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-3.90	-1.20	-2.06	24.45	20.99	22.06	18.74	11.08
Advisor Class: APDSX	-3.89	-1.17	-1.97	24.63	21.15	22.21	18.81	11.11
Russell 2000® Growth Index	-3.83	-5.65	2.82	33.27	11.70	15.34	15.74	8.74
Russell 2000® Index	-2.95	-4.36	12.41	47.68	10.54	13.45	14.63	9.85

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)	\$50.33	\$50.69
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)

Halozyme Therapeutics Inc (Health Care)	4.8
HubSpot Inc (Information Technology)	4.3
Lattice Semiconductor Corp (Information Technology)	4.3
Blackline Inc (Information Technology)	4.1
Chegg Inc (Consumer Discretionary)	3.7
NeoGenomics Inc (Health Care)	3.5
Ascendis Pharma A/S (Health Care)	3.5
Veracyte Inc (Health Care)	3.5
Monolithic Power Systems Inc (Information Technology)	3.4
LivePerson Inc (Information Technology)	3.0
TOTAL	38.1%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	4.6	2.7
Consumer Discretionary	14.3	14.8
Consumer Staples	1.6	3.6
Energy	0.0	2.1
Financials	1.9	5.1
Health Care	28.1	28.9
Industrials	9.6	14.1
Information Technology	39.3	22.5
Materials	0.0	2.9
Real Estate	0.5	2.8
Utilities	0.0	0.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.5% 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+	66.3	22.4
4.2–5.6	13.8	15.0
2.9–4.2	11.6	24.4
1.7–2.9	4.0	18.8
0.0–1.7	4.3	19.4
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 30 Sep 2021: Q2 Holdings Inc 2.6%; Zynga Inc 2.6%. 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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