



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX As of 31 December 2023

Commentary

The Russell 2000® Index returned 12.2% in December, bringing its total Q4 return to 14.0%. Moderating inflation, decelerating economic growth and growing signs that the US economy may stick a soft landing sent equity prices higher as investors remained optimistic that the US Federal Reserve's interest rate hiking cycle has come to an end and rate cuts are on the horizon.

Our portfolio underperformed the Russell 2000® Growth Index in December and the QTD period. Among our top detractors were Lattice Semiconductor and Valmont. Lattice Semiconductor is a fabless vendor of field programmable gate array chips that customers can program and configure to their specifications. Shares underperformed after management lowered its forward guidance, mainly driven by its industrial business in Asia and Europe. Within its communications segment, strong fundamentals in its data center business are being offset by the more cyclical telecommunications segment. We believe the company's powerful secular content drivers will help make this cyclical downturn short lived, and we remain invested.

Valmont is a leading designer and manufacturer of engineered metal products. There remains a lot to like about the company, such as exposure to several secular tailwinds (accelerating spending for renewables, grid hardening and renewed irrigation investments to ensure more efficient water usage), a solid balance sheet, strong free cash flow generation and an attractive valuation. However, the company abruptly changed CEOs in July and reported a goodwill impairment in its most recent earnings release. The goodwill impairment was on Prospera, an artificial intelligence company focused on agriculture that Valmont acquired in 2021, due to significantly slower growth than original projections. Given the operational missteps and new management team, we trimmed the position.

Among our top contributors were Wingstop and Monolithic Power Systems. Wingstop is a quick-service restaurant franchisor specializing in fresh, cooked-to-order chicken products including wings, sandwiches and side orders. The company is in the early stages of growing its store footprint domestically and internationally, which we believe is supported by attractive economics for franchisees and growing brand awareness in new and existing markets. We continue to be impressed by the company's earnings results, which are benefiting from strong same-store sales momentum driven by menu innovation, national branding efforts, integration of a second delivery provider (Uber Eats) and an ongoing value-based bundling strategy.

Monolithic Power Systems 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. While we acknowledge certain areas of the business may be a source of weakness in the near term (industrial, communication and consumer), recent earnings results indicated that the data center and automotive areas of the business continue to deliver solid results.

Investment Results (%)

| As of 31 December 2023 | MTD | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
|----------------------------|-------|-------|-------|-------|--------|------|-------|-----------|
| Investor Class: ARTSX | 9.00 | 9.18 | 9.29 | 9.29 | -11.10 | 9.65 | 8.00 | 8.91 |
| Advisor Class: APDSX | 9.04 | 9.26 | 9.51 | 9.51 | -10.97 | 9.81 | 8.11 | 8.94 |
| Russell 2000® Growth Index | 11.97 | 12.75 | 18.66 | 18.66 | -3.50 | 9.22 | 7.16 | 7.53 |
| Russell 2000® Index | 12.22 | 14.03 | 16.93 | 16.93 | 2.22 | 9.97 | 7.16 | 8.85 |

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) | \$32.23 | \$32.58 |
| Inception | 28 Mar 1995 | 1 Feb 2017 |
| Expense Ratios | | |
| Annual Report 30 Sep 2023 | 1.23% | 1.07% |
| Prospectus 30 Sep 2022 ¹ | 1.20% | 1.07% |

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

| | |
|---|--------------|
| Lattice Semiconductor Corp (Information Technology) | 5.9 |
| Halozyme Therapeutics Inc (Health Care) | 5.1 |
| Ascendis Pharma A/S (Health Care) | 4.4 |
| Guidewire Software Inc (Information Technology) | 4.3 |
| Argenx SE (Health Care) | 4.3 |
| Monolithic Power Systems Inc (Information Technology) | 4.0 |
| Wingstop Inc (Consumer Discretionary) | 3.9 |
| Shockwave Medical Inc (Health Care) | 3.2 |
| Workiva Inc (Information Technology) | 3.1 |
| Novanta Inc (Information Technology) | 3.1 |
| TOTAL | 41.3% |

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

| | Fund | R2G ¹ |
|------------------------|---------------|------------------|
| Communication Services | 0.0 | 2.2 |
| Consumer Discretionary | 10.8 | 11.1 |
| Consumer Staples | 0.8 | 4.5 |
| Energy | 0.0 | 4.5 |
| Financials | 2.5 | 6.3 |
| Health Care | 33.0 | 22.4 |
| Industrials | 15.1 | 20.0 |
| Information Technology | 37.9 | 21.7 |
| Materials | 0.0 | 4.1 |
| Real Estate | 0.0 | 1.7 |
| Utilities | 0.0 | 1.5 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.4% of the total portfolio. ¹Russell 2000® Growth Index.

Average Annual Total Returns

Market Cap Distribution (% of portfolio securities)

| \$ in billions | Fund | R2G ¹ |
|----------------|---------------|------------------|
| 5.9+ | 68.5 | 18.1 |
| 4.1–5.9 | 17.7 | 21.0 |
| 2.9–4.1 | 5.9 | 20.3 |
| 1.8–2.9 | 7.2 | 19.2 |
| 0.0–1.8 | 0.6 | 21.3 |
| 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 Cepukenas, CFA (Co-Lead) | 35 |
| Jay Warner, CFA (Co-Lead) | 22 |
| James Hamel, CFA | 27 |
| Jason White, CFA | 24 |
| Matthew Kamm, CFA | 24 |

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. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. 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 and less developed markets, including frontier 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 Dec 2023: Valmont Industries Inc 1.9%. 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.

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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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