



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 28 February 2023

Commentary

The Russell 2000® Index fell by -1.7% in February but remains positive for the year. The market remains focused on anticipating future monetary policy, and weakness was due to several concerning economic indicators. First, the US economy added 517,000 jobs in January, far exceeding the consensus forecast of an increase of 187,000 and driving the unemployment rate down to a 53-year low of 3.4%. Next, consumer and producer prices in the US moderated less than expected in January. The consumer price index rose 6.4% from a year ago, down slightly from December's 6.5% pace, and rose 0.5% from the previous month. Market participants are concerned that the data will keep the Federal Reserve on a tightening path in the months ahead.

Our portfolio is trailing the Russell 2000® Growth Index QTD. Among our top detractors were Halozyme Therapeutics and Chegg. Halozyme is a biotechnology firm with a unique technology platform enabling the conversion of intravenous (IV) formulated biologic and small molecule drugs to a subcutaneous (SC) formulation, which pharmaceutical companies license to optimize their valuable therapies. Shares fell after Halozyme pushed a royalty milestone from 2023 to 2024 and held to its long-standing tradition of providing conservative guidance. We were surprised by the share weakness and remain optimistic on the company's long-term fundamental setup.

Chegg is a digital education platform. Shares fell after the company reported disappointing earnings results. While we have been disappointed with the company's recent fundamental results, we have remained invested given our belief the stock price selloff has been overdone given several tailwinds behind the company's profit cycle—international expansion, cross-selling existing users, expanding into new areas and longer term changes in higher education (e.g., more remote learning, more focus on student outcomes, pressure on tuition).

Among our top contributors were Lattice Semiconductor and Monolithic Power Systems, both semiconductor companies. Lattice Semiconductor is a fabless vendor of field programmable gate array (FPGA) chips, which customers can program and configure to their specifications. These chips are used in numerous applications, from data centers and 5G infrastructure to routers, switches, PCs, industrial Internet of things devices, factory automation and automobiles, to name a few. We have been encouraged by Lattice's continued solid results in the face of a slowing economic environment, which testifies to the new management team's progress in reinvigorating both its chip offerings and its software tools for customers.

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 (storage, computing and consumer), we believe much of that is now discounted. However, the enterprise and auto areas of the business are set up to be big growth drivers over the next couple years given the company's differentiation in both segments, which is driving market share gains and pricing power.

Investment Results (%)

As of 28 February 2023	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-0.97	7.32	7.32	-7.44	4.39	8.61	10.86	9.11
Advisor Class: APDSX	-0.93	7.39	7.39	-7.29	4.54	8.76	10.95	9.15
Russell 2000® Growth Index	-1.08	8.76	8.76	-7.92	6.51	5.06	9.31	7.42
Russell 2000® Index	-1.69	7.89	7.89	-6.02	10.08	6.01	9.06	8.82

As of 31 December 2022

Investor Class: ARTSX	-7.03	6.27	-29.44	-29.44	1.15	8.20	10.93	8.89
Advisor Class: APDSX	-7.03	6.31	-29.36	-29.36	1.28	8.34	11.01	8.92
Russell 2000® Growth Index	-6.42	4.13	-26.36	-26.36	0.65	3.51	9.20	7.15
Russell 2000® Index	-6.49	6.23	-20.44	-20.44	3.10	4.13	9.01	8.57

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)	\$31.65	\$31.95
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Annual Report 30 Sep 2022	1.20%	1.06%
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)	7.8
Halozyme Therapeutics Inc (Health Care)	7.7
Valmont Industries Inc (Industrials)	4.7
Argenx SE (Health Care)	4.6
Monolithic Power Systems Inc (Information Technology)	4.2
Ascendis Pharma A/S (Health Care)	4.0
Shockwave Medical Inc (Health Care)	3.9
Blackline Inc (Information Technology)	3.3
Wingstop Inc (Consumer Discretionary)	3.3
Novanta Inc (Information Technology)	3.2
TOTAL	46.6%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	0.0	2.4
Consumer Discretionary	11.7	11.4
Consumer Staples	0.6	4.4
Energy	0.0	6.8
Financials	3.5	6.0
Health Care	35.0	21.7
Industrials	8.3	18.5
Information Technology	40.9	20.2
Materials	0.0	4.7
Real Estate	0.0	2.2
Utilities	0.0	1.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.7% of the total portfolio. ¹Russell 2000® Growth Index.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	R2G ¹
4.6+	78.6	28.0
3.5–4.6	11.4	16.0
2.4–3.5	3.2	22.4
1.5–2.4	4.5	15.4
0.0–1.5	2.3	18.3
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 (Lead)	34
James Hamel, CFA	26
Matthew Kamm, CFA	23
Jason White, CFA	23
Jay Warner, 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. 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 28 Feb 2023: Chegg Inc 1.1%. 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.

Consumer Price Index measures the average change in prices over time that consumers pay for a basket of goods and services.

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