



# Artisan Small Cap Fund

## MONTHLY Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 30 September 2023

### Commentary

The Russell 2000® Index fell -5.9% in September and ended Q3 down -5.1%. Market weakness was attributable to rising inflation and higher-for-longer interest rate messaging. On a month-over-month basis, the consumer price index rose at its fastest pace in over a year, rising 0.6%, with gasoline costs accounting for over half the advance. Core CPI, which strips out food and energy costs, rose at its fastest rate since February, gaining 0.3%. At its most recent meeting, the Fed held rates steady; however, it telegraphed that rates are likely to fall slowly in the years ahead. This sent 10-year Treasury yields soaring to their highest levels since 2007.

Our portfolio underperformed the Russell 2000® Growth Index in September and Q3. Among our top detractors were Shockwave and Lattice Semiconductor. Shockwave is a medical device company developing and commercializing products for calcified cardiovascular disease. The company reported strong financial results, including 49% revenue growth that exceeded expectations. However, shares experienced weakness due to an uptick in expenses and reduced operating margin guidance as the company invests in its sales force and product pipeline.

Lattice Semiconductor is a fabless vendor of field programmable gate array (FPGA) chips that customers can program and configure to their specifications. These chips are used in numerous applications, including data centers, 5G infrastructure, automobiles, industrial automation and artificial intelligence inferencing. Given strong YTD performance and growing investor concerns around macroeconomic weakness, shares have experienced near-term underperformance along with the broader semiconductor industry. We believe the company's best-in-class execution, combined with powerful secular content drivers, leaves it well positioned to continue to drive profit cycle acceleration.

Among our top contributors were Argenx and Guidewire. Argenx is a commercial stage biotechnology company with an approved first-in-class, and potentially best-in-class, therapy (FcRn) for autoimmune diseases. The company's platform antibody treatment, Vyvgart, has one indication in market (for treating myasthenia gravis) that is experiencing a successful launch. However, the stock's outperformance has been due to a couple of positive developments. First, the FDA approved the subcutaneous injection version of the treatment, Vyvgart Hytrulo. And second, the company reported positive results for the treatment of CIPD (chronic inflammatory demyelinating polyneuropathy).

Guidewire is a market leader in next-generation software for the property and casualty (P&C) insurance industry. The company's software supports the workflow, collaboration with external partners and rule-based decision-making characterizing modern underwriting and claims operations. It recently completed its transition away from its legacy licensed software to its subscription-based cloud service. Shares rallied after the company reported earnings that exceeded expectations and highlighted continued success in adding new customers and converting existing customers to its next-generation subscription-based cloud service.

### Portfolio Details

	ARTSX	APDSX
Net Asset Value (NAV)	\$29.52	\$29.82
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Semi-Annual Report 31 Mar 2023 <sup>1</sup>	1.22%	1.07%
Prospectus 30 Sep 2022 <sup>2</sup>	1.20%	1.07%

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

### Top 10 Holdings (% of total portfolio)

Lattice Semiconductor Corp (Information Technology)	8.1
Argenx SE (Health Care)	6.6
Halozyne Therapeutics Inc (Health Care)	5.8
Guidewire Software Inc (Information Technology)	3.9
Monolithic Power Systems Inc (Information Technology)	3.9
Wingstop Inc (Consumer Discretionary)	3.7
Ascendis Pharma A/S (Health Care)	3.6
Shockwave Medical Inc (Health Care)	3.6
Workiva Inc (Information Technology)	3.2
Novanta Inc (Information Technology)	3.2
<b>TOTAL</b>	<b>45.4%</b>

Source: Artisan Partners/GICS.

### Sector Diversification (% of portfolio securities)

	Fund	R2G <sup>1</sup>
Communication Services	0.0	2.1
Consumer Discretionary	10.3	11.0
Consumer Staples	0.7	4.5
Energy	0.0	5.8
Financials	1.7	6.4
Health Care	31.5	21.6
Industrials	15.2	20.1
Information Technology	40.6	21.1
Materials	0.0	4.2
Real Estate	0.0	1.6
Utilities	0.0	1.6
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 0.7% of the total portfolio. <sup>1</sup>Russell 2000® Growth Index.

### Investment Results (%)

As of 30 September 2023	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-7.34	-7.98	0.10	6.38	-6.49	3.08	7.80	8.65
Advisor Class: APDSX	-7.33	-7.96	0.24	6.56	-6.35	3.22	7.89	8.69
Russell 2000® Growth Index	-6.60	-7.32	5.24	9.59	1.09	1.55	6.72	7.14
Russell 2000® Index	-5.89	-5.13	2.54	8.93	7.16	2.40	6.65	8.44

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.

## Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	R2G <sup>1</sup>
4.6+	80.9	23.2
3.5–4.6	4.9	16.4
2.4–3.5	6.8	22.2
1.5–2.4	3.6	17.5
0.0–1.5	3.8	20.7
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/Russell. <sup>1</sup>Russell 2000® Growth Index.

## Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Craig Cepukenas, CFA (Co-Lead)	34
Jay Warner, CFA (Co-Lead)	21
James Hamel, CFA	26
Jason White, CFA	23
Matthew Kamm, CFA	23

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. 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.

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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: Garden<sup>SM</sup>, Crop<sup>SM</sup> and Harvest<sup>SM</sup>. Garden<sup>SM</sup> 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. Crop<sup>SM</sup> investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest<sup>SM</sup> investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. Harvest<sup>SM</sup> investments are generally being reduced or sold from the portfolios.

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