



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 30 November 2024

Commentary

The Russell 2000® Index returned 11.0% in November. As expected, the Federal Reserve cut interest rates by a quarter point in November. However, stronger-than-expected economic data, particularly in the labor market, led the Fed to adopt a more cautious stance on future rate cuts. While the central bank acknowledged progress in taming inflation, it also noted that the path forward was uncertain and that future policy decisions would depend on incoming economic data.

Our portfolio underperformed the Russell 2000® Growth Index in November and is trailing for the QTD period. Among our top contributors were Veracyte and Dayforce. Veracyte specializes in improving diagnostic accuracy by combining RNA sequencing, machine learning and the company's proprietary "field of injury" technology. We believe Veracyte has the potential to build an annuity-like revenue stream in health care. The company is harvesting profits from its existing products and investing in new genetic tests to detect diseases, including prostate and thyroid cancer. We believe its new tests could reduce the number of surgeries performed on patients with indeterminate results from other types of testing and save the health care system unnecessary overtreatment costs. Shares rallied after the company reported strong earnings results, including 29% revenue growth and 24% EBITDA margins.

Dayforce is a cloud-based provider of payroll and related software. We believe that the company's transition to a recurring revenue model via its Dayforce suite will not only translate into margin expansion but also enable the company to capture market share. The company's stock has recently struggled due to macroeconomic uncertainty weighing on small and medium-sized businesses and disruption in large enterprises that are currently focused on artificial intelligence plans. However, shares rebounded in October after the company reported earnings results that beat expectations and as it provided preliminary 2025 guidance that was also ahead of expectations.

Among our top detractors were SharkNinja and Crocs. SharkNinja is a leading household consumer products company. Its Shark brand focuses on the cleaning category and, more recently, beauty. Its Ninja brand focuses on food preparation and cooking. We believe a healthy combination of market share gains within existing categories, new category entries and international expansion will drive growth. After outperforming meaningfully this year, shares declined due to earnings results that failed to meet investors' elevated expectations.

Crocs designs, develops, manufactures and distributes casual footwear and accessories for men, women and children. The company invented the molded plastic Clog in 2002 and has turned it into a multibillion dollar (USD) global revenue base. We believe expansion opportunities outside the US, demand from new product introductions (including from recently acquired Hey Dude) and distribution pushes within the direct-to-consumer and wholesale channels will drive greater-than-expected revenue growth. Shares experienced weakness after disappointing earnings results that indicated a slower-than-expected turnaround in its Hey Dude franchise.

Investment Results (%)

As of 30 November 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	9.71	7.65	22.71	33.75	-1.99	6.84	10.57	9.37
Advisor Class: APDSX	9.70	7.70	22.84	33.94	-1.84	6.99	10.69	9.41
Russell 2000® Growth Index	12.26	10.77	25.42	40.44	3.25	9.19	9.34	8.11
Russell 2000® Index	10.97	9.37	21.58	36.43	4.96	9.90	9.05	9.29

As of 30 September 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	3.64	9.02	13.99	24.46	-6.49	7.26	10.54	9.15
Advisor Class: APDSX	3.63	9.04	14.06	24.61	-6.36	7.40	10.65	9.19
Russell 2000® Growth Index	1.33	8.41	13.22	27.66	-0.35	8.82	8.95	7.78
Russell 2000® Index	0.70	9.27	11.17	26.76	1.84	9.39	8.78	9.01

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)	\$39.55	\$40.02
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Annual Report 30 Sep 2024	1.23%	1.08%
Prospectus 30 Sep 2023 ¹	1.23%	1.07%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Guidewire Software Inc (Information Technology)	5.2
Lattice Semiconductor Corp (Information Technology)	3.9
Ascendis Pharma A/S (Health Care)	3.8
Veracyte Inc (Health Care)	3.5
SPX Technologies Inc (Industrials)	3.3
MACOM Technology Solutions Holdings Inc (Information Technology)	3.3
Twist Bioscience Corp (Health Care)	2.7
Novanta Inc (Information Technology)	2.4
SharkNinja Inc (Consumer Discretionary)	2.4
Flex Ltd (Information Technology)	2.4
TOTAL	33.0%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	0.0	2.1
Consumer Discretionary	9.4	10.2
Consumer Staples	2.1	3.4
Energy	0.0	3.3
Financials	3.4	8.9
Health Care	29.3	23.8
Industrials	18.7	23.1
Information Technology	35.6	19.5
Materials	0.0	3.8
Real Estate	1.5	1.4
Utilities	0.0	0.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.4% 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+	74.1	29.5
4.1–5.9	8.6	22.8
2.9–4.1	6.6	16.0
1.8–2.9	9.9	15.1
0.0–1.8	0.9	16.5
Not Applicable	—	0.1
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)	36
Jay Warner, CFA (Co-Lead)	23
James Hamel, CFA	28
Jason White, CFA	24
Matthew Kamm, CFA	25

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 30 Nov 2024: Crocs Inc 1.2%; Dayforce Inc 2.3%. 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.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is an indicator of a company's financial performance which is calculated by looking at earnings before the deduction of interest expenses, taxes, depreciation and amortization.

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