Artisan Small Cap Fund

QUARTERLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX | Institutional Class: APHSX

As of 30 September 2017

Investment Process

We seek to invest in companies that possess franchise characteristics, are benefiting from an accelerating profit cycle and are trading at a discount to our estimate of private market value. Our investment process focuses on two distinct elements—security selection and capital allocation. We overlay our investment process with broad knowledge of the global economy.

Security Selection

We seek to identify companies that have franchise characteristics (e.g. low cost production capability, possession of a proprietary asset, dominant market share or a defensible brand name), are benefiting from an accelerating profit cycle and are trading at a discount to our estimate of private market value. We look for companies that are well positioned for long-term growth, which is driven by demand for their products and services, at an early enough stage in their profit cycle to benefit from the increased cash flows produced by the emerging profit cycle.

Capital Allocation

Based on our fundamental analysis of a company's profit cycle, we divide the portfolio into three parts. Garden℠ investments are small positions in the early part of their profit cycle that may warrant more sizeable allocations as their profit cycle accelerates. Crop℠ investments are positions that are being increased to a full weight because they are moving through the strongest part of their profit cycles. Harvest℠ investments are positions that are being reduced as they near our estimates of full valuation or their profit cycles begin to decelerate.

Broad Knowledge

We overlay the security selection and capital allocation elements of our investment process with a desire to invest opportunistically across the entire global economy. We seek broad knowledge of the global economy in order to find growth wherever it occurs.

Team Overview

We believe deep industry expertise, broad investment knowledge, a highly collaborative decision-making process and individual accountability are a powerful combination. Since the inception of the team, we have been committed to building a team of growth investors that retains these attributes and is solely dedicated to our process and approach.

Portfolio Management

Craigh A. Cepukenas, CFA
Portfolio Manager (Lead)

James D. Hamel, CFA
Portfolio Manager

Matthew H. Kamm, CFA
Portfolio Manager

Jason L. White, CFA
Portfolio Manager

Investment Results (%)

As of 30 September 2017	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTSX	**3.77**	**20.08**	**13.56**	**11.78**	**12.33**	**7.66**	**8.89**
Advisor Class: APDSX	**3.73**	**20.15**	**13.63**	**11.80**	**12.34**	**7.67**	**8.89**
Institutional Class: APHSX	**3.79**	**20.28**	**13.81**	**12.03**	**12.57**	**7.77**	**8.94**
Russell 2000® Growth Index	6.22	16.81	20.98	12.17	14.28	8.47	7.84
Russell 2000® Index	5.67	10.94	20.74	12.18	13.79	7.85	9.53

Source: Artisan Partners/Russell. [1]Returns for periods less than one year are not annualized. [2]Investor Class inception: 28 March 1995. Advisor Class performance is that of the Investor Class from 28 March 1995 through the inception of the Advisor Class on 1 February 2017, and actual Advisor Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Advisor Class for the period prior to the Class's inception, and Advisor Class performance results would differ if such expenses were reflected. Institutional Class performance is that of the Investor Class from 28 March 1995 through the inception of the Institutional Class on 7 May 2012, and actual Institutional Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Institutional Class for the period prior to the Class's inception, and Institutional Class performance results would differ if such expenses were reflected.

Expense Ratios (% Gross/Net)	ARTSX	APDSX	APHSX
Semi-Annual Report 31 Mar 2017	1.23[1]/—	1.18/1.15[2,3]	1.01[1]/—
Prospectus 30 Sep 2016[4]	1.25/—	1.10[5]/—	1.01/—

[1]Unaudited, annualized for the six month period. [2]Unaudited, annualized for the period from commencement of operations 1 Feb 2017 through 31 Mar 2017. [3]Reflects a contractual Fund expense reimbursement agreement in effect through 31 Jan 2018. [4]See prospectus for more information. [5]Includes estimated expenses for the current fiscal year.

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.

Investing Environment

Markets continued their solid year with another positive quarter. As they have for the year, emerging markets led most broad indices in Q3, with foreign developed markets and the US trailing. Headlines were dominated by geopolitics, natural disasters and monetary policy—though markets shrugged off most headlines as economic fundamentals and corporate earnings remain sound overall.

Global monetary policy seems poised to begin modestly tightening: As was broadly expected, the Fed announced it will finally start unwinding quantitative easing, allowing maturing debt to gradually roll off the balance sheet. The Fed left rates on hold, though it hinted at a possible hike in December. Meanwhile, the ECB left rates on hold but began discussing the possibility of ending its own easing, while the Bank of England also held for now but indicated a hike is imminent. Markets seemed relatively unconcerned by the prospect of modest global tightening.

Brazil led major emerging markets as its economy recently returned to growth. Political headwinds are unlikely to abate, but it seems the country is turning an economic corner. Russia's and China's markets were also up nicely.

From a style standpoint, growth stocks remain ahead of value for the year, outperforming again in Q3, while performance across market caps remains relatively undifferentiated. Technology stocks continue delivering solid returns, leading across sectors for the quarter (domestically) and year to date (domestically and globally). Energy pared year-to-date losses—globally, the sector is effectively flat on the year. As the only sector in negative territory for the quarter, consumer staples was the worst-performer.

Performance Discussion

Our portfolio trailed the Russell 2000® and Russell 2000® Growth Indices in Q3 but remains ahead YTD. Consistent with recent quarters, earnings results in our Crop℠ holdings were generally solid, though certain stocks consolidated recent gains after strong first-half returns.

At the sector level, our health care holdings were the largest source of relative underperformance, tied primarily to a few stock-specific issues—notably DexCom, which was our bottom contributor in Q3. As the quarter concluded, DexCom received news the FDA approved Abbott's continuous glucose monitoring (CGM) system, which represents a disruptive, low-price competitor to DexCom's CGM. While DexCom remains a strong franchise, competitors are closing the gap faster than we thought likely—as a result, we are paring our exposure while we evaluate the profit-cycle potential from here.

In addition to DexCom, other bottom contributors in Q3 included Ellie Mae and Veeva Systems. Ellie Mae has been pressured by a combination of slower home refinancing and a relatively low supply of new homes—both weighing on mortgage activity. In our view, these headwinds are likely to be short lived. In the meantime, we are watching for signs Ellie Mae will capitalize on some interesting opportunities ahead—especially the launch of its next-generation platform, which is expected to improve customers' experiences as the financial industry focuses increasingly on efficiency and innovation.

We believe shares of Veeva Systems were pressured in Q3 primarily by profit-taking, as the company's fundamentals remain solid. Though sales of its customer-relationship management product have slowed, momentum for its Vault product, a cloud-based system aimed at life-sciences customers, is picking up. We are also encouraged by nascent signs of uptake for Veeva's products in other industries, broadening its potential growth runway.

Conversely, relative strength in the portfolio was heavily concentrated among our consumer discretionary and information technology holdings, as it has been for the year to date. Despite challenges to the consumer discretionary sector from ongoing shifts in consumer preferences, we believe there are still compelling opportunities among franchises able to distinguish themselves in a sector increasingly pressured by the Amazon threat. One such example is Visteon—a top contributor in Q3. Visteon is capitalizing on secular tailwinds that are driving growing demand for next-generation automotive dashboards. In particular, demand for its SmartCore™ product, which integrates operation of a car's infotainment system, instrument cluster and other features, is accelerating, contributing to growing profits and expanding margins.

In addition to Visteon, other top Q3 contributors were Teledyne Technologies and Take-Two Interactive (TTWO)—both Crop℠ holdings which have been executing at a very high level. Teledyne Technologies is a supplier of ultra-sensitive components and sensors to various end markets. We first purchased the company as it was transitioning to a more asset-light business that was exposed to several compelling secular trends and divesting its defense sector-related business. Following several years of related headwinds, we believe Teledyne Technologies is now poised to drive faster organic growth across its business.

TTWO, a video game developer, is capitalizing on the ongoing secular shift to digital gaming, which, combined with its high-quality gaming IP, is driving solid sales growth and margin expansion. With its promising pipeline, we believe the company remains well-positioned—particularly as it continues adding users in significant markets such as China.

Portfolio Activity

We initiated several new investing campaigns in Q3, including Gardner Denver, Ambarella and Box. Gardner Denver is a leading manufacturer of flow control and compression technologies for industrial end markets. It has weathered a difficult energy downturn under private-equity ownership, restructuring its operations and recruiting new management from respected industrial technology franchises. The company made notable improvements in its operations and culture, investing in a new supply center and

automation across some of its manufacturing facilities to increase productivity. Against a backdrop of recently reinvigorated energy demand, we believe Gardner Denver will leverage its revitalized culture to drive stronger product innovation and sales execution over the coming years.

Ambarella produces video processing system-on-a-chip (SoC) products for consumer and professional cameras with core IP in high-tech specialties such as low power consumption, high-compression and high-definition video recording, image stabilization, high dynamic range and low-light conditions, among others. Over the past decade or so, Ambarella has successfully survived several challenges from competitors to its primary customer base while simultaneously shifting its focus from consumer-oriented products to security cameras, automotive and body cameras. We believe Ambarella is poised to capitalize on the growing trend toward computer vision and more intelligent image capturing devices in both its core markets and growth areas—including automotive, robotics and automation and the Internet of Things (IoT).

Box is a software-as-a-system vendor of cloud-based enterprise file sync and share (EFSS) and enterprise content management (ECM) software. Its ECM platform is gaining traction as the company adds products and features that distinguish it from competitors. In particular, we believe its advantage lies in its compelling blend of consumer usability with enterprise-grade features such as data protection and governance as well as platform integration. We believe Box is well positioned to drive an attractive profit cycle as it takes market share in an already meaningful and growing market.

We also added to several holdings in Q3, including Zynga, Halozyme and Nevro. We purchased leading social game developer Zynga in Q2 tied to our belief it is poised to capitalize on a turnaround under a new, experienced management team that has been focusing the company on refreshing its existing intellectual property library—as opposed to pushing to develop continually new content. Since then, we've seen positive evidence our thesis is taking hold, as management's emphasis on expense discipline and support for the company's existing IP titles have contributed to margin growth. We believe Zynga is in the early innings of an attractive profit cycle tied to these internal drivers as well as the secular trend in gaming.

Halozyme is a biotechnology firm that licenses to pharmaceutical companies the use of its proprietary enzyme—which aids delivery of biologics subcutaneously, as opposed to intravenously. The benefit is improved convenience and absorption. Among the companies currently licensing this enzyme is Genmab (a holding in our mid-cap portfolio), which uses it in its rapidly growing Darzalex™ therapy for multiple myeloma. In Q3, Genmab received positive clinical trial results in newly diagnosed multiple myeloma patients, which paves the way for even wider adoption in the future, benefiting Halozyme. On the strength of these results, along with Halozyme's proprietary oncology pipeline providing an additional leg to our thesis, we increased our exposure in Q3.

Nevro is a developer of chronic pain relief products with a leading spinal cord stimulation product. It has struggled in recent quarters as its sales management headcount trailed growth in its sales force—which resulted in less field and clinical support for sales representatives and hindered overall sales growth. With these issues now largely in the rearview mirror, we believe Nevro is poised to take share in a large and growing spinal cord stimulation market.

We pared our exposure to Burlington, Acuity and CoStar Group in Q3. Shares of Burlington have been beset by ongoing concerns about whether its business model is sufficiently Amazon-proof—particularly as Amazon recently announced it would begin offering personalized clothing deliveries. While we maintain our belief Burlington is fairly differentiated and a solid franchise, we opted to pare our exposure as we look for confirmation.

Acuity Brands has been pressured for several quarters by decelerating business momentum. We believe Acuity may be in the early innings of a pivot in its primary growth driver. For the past several years, Acuity's growth was largely predicated on the secular trend toward LED lighting. As that market has matured, the company has shifted its focus to the data that is generated by its digital light panels. We pared our exposure while we evaluate this shift and the likelihood of a reacceleration from here.

CoStar Group, a leading provider of information services to the global real estate industry, is driving an attractive profit cycle premised on a compelling product that generates consistent, subscription-based recurring revenues. Following its recent acquisition of LoopNet—a listing website for commercial real estate agents—CoStar entered an agreement in Q3 to acquire ILS, which owns ForRent.com. Both acquisitions help consolidate CoStar's market leadership and add to its growth runway. We have pared our exposure as recent strength has driven its valuation near our estimate of private market value.

We exited our positions in Brady Corp and Blue Buffalo Pet Products in Q3. Brady is a manufacturer and marketer of identification and workplace safety solutions. We pared our exposure in Q2 as we evaluated the likelihood Brady would be able to capitalize on a profit cycle in the face of e-commerce-related headwinds, which were introducing competitive pressures and weighing on margins. In the face of ongoing pressure, we believe we have more compelling opportunities elsewhere and decided to upgrade our capital.

Blue Buffalo Pet Products (BUFF) is a leading provider of all-natural pet foods. We first initiated our position in Q4 2016 tied to our thesis that BUFF was well-positioned to take market share as pet owners became increasingly discerning about the ingredients in and nutritional content of their pet food. Further, the company was exploring ways to expand its product offerings into margin-accretive lines such as therapeutic and wet pet food as well as geographically. However, in Q3, BUFF announced it was entering the mass market and grocery channels—a strategy change which challenged our initial thesis,

leading us to exit our Garden℠ position in favor of other opportunities.

Portfolio Statistics

As of September 30, we held 63 positions with a median market cap of $3.8 billion. Our portfolio had a 3-5 year forecasted weighted average earnings growth rate of 17% and our holdings were selling at a weighted harmonic average P/E (excluding negative earnings) of 35X FY1 earnings and 29X FY2 earnings.

Perspective

While a few stock-specific disappointments in health care and industrials caused us to trail the small-cap indices in Q3, we've participated in growth stocks' outperformance year to date. During periods of strong equity performance, our process focuses on upside participation while controlling valuation risk. The benefits of this disciplined approach—specifically, capital protection—have become evident during the more difficult phase of past market cycles. While we are not macro prognosticators and have little visibility into whether and for how long markets will continue their relatively unimpeded rise, we wouldn't be surprised to see volatility pick up in the coming quarters.

We're encouraged that fundamental trends in the Crop℠ remain healthy, and that the team is finding profit growth opportunities across the economy—both in traditionally more innovative sectors (such as information technology and health care) as well as financials, business services and energy. While the market's continued rise amid subdued volatility has led us to trim some holdings as their valuations looked fairly full, we have also had the opportunity to add to some of our newer campaigns and initiate some new Garden℠ investments—a testament to the flexibility of our process, regardless of the market backdrop.

Traditional consumer stocks (such as retailers, restaurants, consumer staples) are one area where we're seeing fewer profit cycles than in the past, and therefore these companies play less of a role in the portfolio today. Steady encroachment of e-commerce has begun to impact even the best positioned brick-and-mortar retailers in recent periods, online models are shifting how consumer packaged goods are marketed and purchased, and investors are closely scrutinizing how Amazon's purchase of Whole Foods will impact grocery stores and even restaurants longer term. While many of these trends bring meaningful benefits for consumers and create growth opportunities for e-commerce franchises, they represent persistent pressures for an overbuilt US retail infrastructure.

We believe our process has served us well over time by allowing us to participate in the wealth creation that comes from the compounding of profits, while helping us protect capital when markets become difficult. Accordingly, we will remain disciplined in our approach, hunting across the economy for strong franchises with emerging profit cycles, and managing position sizes according to our conviction and valuation guides.

For more information: Visit www.artisanpartners.com | Call 800.344.1770

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.

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.

This summary represents the views of the portfolio managers as of 30 Sep 2017. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Funds' holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The holdings mentioned above comprise the following percentages of the Small Cap Fund's total net assets as of 30 Sep 2017: Teledyne Technologies Inc 3.6%, Veeva Systems Inc 3.3%, Take-Two Interactive Software Inc 3.0%, Acuity Brands Inc 2.8%, Nevro Corp 1.7%, Burlington Stores Inc 1.6%, DexCom Inc 1.5%, Ellie Mae Inc 1.5%, CoStar Group Inc 1.4%, Halozyme Therapeutics Inc 1.1%, Zynga Inc 1.0%, Gardner Denver Holdings Inc 0.8%, Box Inc 0.8%, Ambarella Inc 0.8%. Securities named in the Commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner. This material does not constitute investment advice.

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Portfolio statistics are intended to provide a general view of the entire portfolio, or Index, at a certain point in time. Statistics are calculated using information obtained from various data sources. Artisan Partners excludes outliers when calculating portfolio characteristics. If information is unavailable for a particular security Artisan Partners may use data from a related security to calculate portfolio statistics. **Median** is the data's midpoint value. **Weighted Average** is the average of values weighted to the data set's composition. **Weighted Harmonic Average** is a calculation of weighted average commonly used for rates or ratios. **Market Cap** is the aggregate value of all of a company's outstanding equity securities. **Earnings Growth Rate** is the annual rate at which a company's earnings are expected to grow. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **Private Market Value** is an estimate of the value of a company if divisions were each independent and established their own market stock prices.

Our capital allocation process is designed to build position size according to our conviction. Portfolio holdings develop through three stages: Garden℠, Crop℠ and Harvest℠. Garden℠ 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℠ investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest℠ 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℠ investments are generally being reduced or sold from the portfolios.

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A R T I S A N  P A R T N E R S

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