



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 31 May 2024

Commentary

The Russell 2000® Index returned 5.0% in May, bringing the QTD total to -2.4%. Markets rebounded in May after a challenging April as investors breathed a sigh of relief that US economic activity was not running too hot to allow for easing inflationary pressures. Early in the month, yields on US Treasuries decreased after April nonfarm payrolls grew by 175,000, well below the 240,000 forecast. Furthermore, after multiple months of inflation readings that were ahead of expectations, consumer prices rose 0.3% in April, in line with the forecast.

Our portfolio underperformed the Russell 2000® Growth Index in May and is trailing for the QTD period. Among our top detractors were Iovance Biotherapeutics and Saia. Iovance Biotherapeutics is a biotechnology company focused on innovating, developing and delivering novel polyclonal tumor infiltrating lymphocyte (TIL) cell therapies for cancer patients. The stock rallied significantly in Q1 after the company announced that the FDA approved AMTAGVI™ (lifileucel) for advanced melanoma. However, shares experienced weakness in May after reporting earnings results. Despite announcing the enrollment of more than 100 patients for therapy, investor concern seems to be around patient attrition. We view these concerns as overblown and remain invested.

Saia operates in less-than-truckload shipping, a structurally attractive area of transportation that features several solid franchise characteristics supported by real estate assets and network advantages. Given high expectations heading into the earnings release, a narrow miss that was largely attributed to macro weakness sent shares falling. However, we continue to feel confident going forward as industry pricing remains rational, the company continues to grow its terminal count (15–20 additions this year), the bankruptcy of Yellow (a key competitor) in August 2023 has left a void in the market and the valuation remains attractive, in our view.

Among our top contributors were Twist Bioscience and SharkNinja. Twist Bioscience is a life sciences company with a proprietary silicon-based platform for writing DNA. Synthetic biology is used by biotech companies looking to extend drug discovery and development capabilities as well as diagnostics companies developing methods of detecting diseases at earlier stages. Other applications include creating disease-resistant food crops and the creation of biofuels as alternatives to fossil fuels. Synthetic biology is a large and rapidly growing market, and we believe Twist is currently in the pole position. Shares outperformed after reporting strong earnings results, including growth of 25% for revenues and 48% for orders. We added to the position.

SharkNinja is a leading household consumer products company with the Shark and Ninja brands. The Shark brand focuses on the cleaning category and more recently, beauty, while the 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. Shares rallied after a thesis-affirming earnings release, including revenue growth of 22% in the US and 42% internationally, strong demand for its 2023 new product launches and more planned product announcements later in 2024.

Investment Results (%)

As of 31 May 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	0.82	-5.95	2.92	9.76	-8.05	6.11	9.60	8.88
Advisor Class: APDSX	0.84	-5.92	2.95	9.93	-7.92	6.25	9.71	8.92
Russell 2000® Growth Index	5.36	-2.76	4.62	18.38	-3.34	7.79	8.06	7.58
Russell 2000® Index	5.02	-2.37	2.68	20.12	-1.65	8.61	7.66	8.82

As of 31 March 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	2.41	9.43	9.43	11.16	-6.81	7.11	9.00	9.17
Advisor Class: APDSX	2.41	9.42	9.42	11.34	-6.68	7.25	9.10	9.20
Russell 2000® Growth Index	2.80	7.58	7.58	20.35	-2.68	7.38	7.89	7.73
Russell 2000® Index	3.58	5.18	5.18	19.71	-0.10	8.10	7.58	8.97

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)	\$33.17	\$33.54
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Semi-Annual Report 31 Mar 2024 ¹	1.22%	1.09%
Prospectus 30 Sep 2023 ²	1.23%	1.07%

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

Top 10 Holdings (% of total portfolio)

Lattice Semiconductor Corp (Information Technology)	6.2
Halozyme Therapeutics Inc (Health Care)	5.0
Ascendis Pharma A/S (Health Care)	4.6
Guidewire Software Inc (Information Technology)	4.4
Argenx SE (Health Care)	3.8
SPX Technologies Inc (Industrials)	3.6
Tyler Technologies Inc (Information Technology)	2.9
Novanta Inc (Information Technology)	2.9
MACOM Technology Solutions Holdings Inc (Information Technology)	2.7
Twist Bioscience Corp (Health Care)	2.6
TOTAL	38.7%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	0.0	1.9
Consumer Discretionary	10.9	10.5
Consumer Staples	2.2	4.7
Energy	0.0	4.6
Financials	2.0	6.0
Health Care	31.1	21.4
Industrials	13.0	20.0
Information Technology	40.8	23.7
Materials	0.0	4.4
Real Estate	0.0	1.5
Utilities	0.0	1.4
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.

Average Annual Total Returns

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	R2G ¹
5.9+	66.2	26.8
4.1–5.9	19.7	20.3
2.9–4.1	3.0	16.9
1.8–2.9	7.6	17.2
0.0–1.8	3.5	18.8
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 May 2024: Iovance Biotherapeutics Inc 1.4%; Saia Inc 1.9%; SharkNinja Inc 2.4%. 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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