



Artisan Small Cap Fund

MONTHLY Commentary

Investor Class: ARTSX | Advisor Class: APDSX As of 30 September 2024

Commentary

The Russell 2000® Index returned 0.7% in September, bringing the Q3 return to 9.3%. September economic data supported US soft-landing hopes as inflation continued to decelerate while evidence of a labor market slowdown was enough for the Federal Reserve to cut interest rates by 50bps. Outside the US, China responded to increasing societal pressure and announced a series of stimulus measures that sent shares soaring.

Our portfolio outperformed the Russell 2000® Growth Index in September and in Q3. Among our top contributors were Argenx and Veracyte. Shares of Argenx have experienced strong recent performance due to multiple exciting developments. The company recently received approval from the FDA to use VYVGART® for chronic inflammatory demyelinating polyradiculoneuropathy (CIDP), which we expect to be the drug's second blockbuster indication given this is the first meaningful advance for patients in decades. Meanwhile, VYVGART®'s first approved indication in myasthenia gravis continues to shine, with sales beating analyst expectations in Q2. Lastly, the company continues to invest in clinical trials studying VYVGART® in numerous other rare autoimmune disorders and is making good progress in advancing its second breakthrough medicine. After a strong, multiyear campaign, we started to trim the position due to a market cap outgrowing our mandate.

After struggling in the early part of this year, Veracyte has rebounded in recent months. The company specializes in improving diagnostic accuracy by utilizing a combination of 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. It is in the investment phase for a portfolio of genetic tests, including lung, breast and thyroid cancers, that we believe will reduce the number of surgeries performed on patients with indeterminate test results and save the health care system unnecessary overtreatment costs. Shares rallied after the company reported strong earnings results, including 23% growth in test volumes, 27% revenue growth and 21% EBITDA margins.

Among our top detractors were iRhythm and Lattice Semiconductor. iRhythm develops and markets the Zio, a small, wearable patch which monitors suspected heartbeat arrhythmias. We believe the company offers superior technology that should see significant adoption over time as physicians and payors look to detect and treat atrial fibrillation before patients experience strokes, and we expect to see strong execution toward these goals by the relatively new management team. Unfortunately, several regulatory issues have emerged over the last year with roots to the company's earlier years. We believe these are all fixable (with progress to be seen soon), but they have been an overhang on the stock's performance. We are remaining patient with a GardenSM position.

Lattice shares struggled due to continued cyclical pressures, most notably within its industrial end market and a continued weak environment within the telecom business. We believe some of these headwinds are set to ease, but it now looks like it will take longer than expected. Lattice expects to return to growth at the end of 2024 or early 2025, partly fueled by the company's steady flow of new product launches, which continues to drive market share gains. We are remaining patient.

Investment Results (%)

As of 30 September 2024	Average Annual Total Returns							
	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)	\$36.74	\$37.16
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)

Halozyme Therapeutics Inc (Health Care)	5.4
Guidewire Software Inc (Information Technology)	5.3
Ascendis Pharma A/S (Health Care)	4.5
Lattice Semiconductor Corp (Information Technology)	3.9
SPX Technologies Inc (Industrials)	3.7
Argenx SE (Health Care)	3.7
SharkNinja Inc (Consumer Discretionary)	3.5
Veracyte Inc (Health Care)	3.0
MACOM Technology Solutions Holdings Inc (Information Technology)	2.9
Novanta Inc (Information Technology)	2.8
TOTAL	38.8%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	0.0	2.0
Consumer Discretionary	11.6	10.1
Consumer Staples	1.7	3.2
Energy	0.0	3.4
Financials	3.5	8.3
Health Care	34.9	25.6
Industrials	13.7	21.8
Information Technology	33.5	19.6
Materials	0.0	3.9
Real Estate	1.0	1.5
Utilities	0.0	0.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.1% of the total portfolio. ¹Russell 2000® Growth Index.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	R2G ¹
5.9+	77.2	20.5
4.1–5.9	9.3	23.5
2.9–4.1	2.0	19.1
1.8–2.9	8.4	17.1
0.0–1.8	3.0	19.8
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 30 Sep 2024: iRhythm Technologies 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.

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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