



Artisan Small Cap Fund

MONTHLY
Commentary

Investor Class: ARTSX | Advisor Class: APDSX

As of 31 January 2025

Commentary

The Russell 2000® Index returned 2.6% in January. Investors entered January focused on the strength of the US economy and its inflationary implications, following a strong jobs report. December's nonfarm payrolls surged by 256,000, far surpassing the expected 165,000. This, combined with uncertainty over potential inflationary policies from the incoming administration, heightened market concerns. However, markets found relief when inflation data came in softer than feared. Core inflation increased just 0.2% from November and 3.2% year-over-year, signaling a more controlled price environment. In response, the Federal Reserve maintained its federal funds target rate at 4.25%–4.50%.

Our portfolio outperformed the Russell 2000® Growth Index in January. Among our top contributors were Guidewire and Gitlab. Guidewire is a market leader in next-generation property and casualty (P&C) insurance software. The company's software enhances modern underwriting and claims operations by supporting workflows, external collaboration and rule-based decision-making. It recently transitioned from a licensed software business model to a subscription-based cloud service. As companies emerge from these (often messy) transitions, their profit growth tends to accelerate. We believe Guidewire is at this inflection point. In an environment that generally has been challenging for software, the company posted strong earnings results throughout 2024, and momentum continued in January.

Gitlab offers a one-stop shop for software development projects. The company provides developers with tools to manage code, collaborate with teammates and track the entire development workflow. It has a strong brand with more than 30 million registered users across its free and paid subscription tiers. Customers adopt Gitlab to deploy code faster, more consistently and more securely. We believe the company is early in its lifecycle given the large addressable market of global software developers and a general trend toward companies looking to digitize aspects of their business and deploy code quickly.

Among our top detractors were Astera Labs and Ascendis. Astera Labs is a fabless provider of connectivity chips designed to address data, network and memory bandwidth bottlenecks in data centers. As compute architectures become more heterogeneous, Astera's solutions enable better collaboration between disparate chips. After a very strong performance run in 2024, which led us to trim shares in Q4, shares have underperformed in January. We sold our remaining position.

Ascendis is a biotechnology company leveraging a proprietary technology platform to drive the development of multiple leading therapies. Share weakness has continued since its Q3 earnings reflecting underwhelming sales of its first approved drug, Skytrofa—targeted at pediatric growth hormone deficiency. However, we remain confident in the potential of its second drug, TransCon PTH, for hyperparathyroidism. We believe TransCon PTH will serve as a significant catalyst for the company's profit cycle, given the substantial addressable market and our expectation that physicians will adopt the drug for a considerable portion of their patients.

Investment Results (%)

As of 31 January 2025	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	5.08	5.08	5.08	23.86	3.60	5.93	10.48	9.25
Advisor Class: APDSX	5.10	5.10	5.10	24.06	3.75	6.07	10.60	9.29
Russell 2000® Growth Index	3.16	3.16	3.16	22.73	6.23	7.76	8.68	7.86
Russell 2000® Index	2.62	2.62	2.62	19.09	5.62	8.67	8.45	9.01

As of 31 December 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-6.54	0.61	14.69	14.69	-4.01	5.34	9.58	9.10
Advisor Class: APDSX	-6.53	0.66	14.81	14.81	-3.88	5.48	9.69	9.13
Russell 2000® Growth Index	-8.19	1.70	15.15	15.15	0.21	6.86	8.09	7.77
Russell 2000® Index	-8.26	0.33	11.54	11.54	1.24	7.40	7.82	8.94

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)	\$37.01	\$37.48
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Annual Report 30 Sep 2024	1.23%	1.08%
Prospectus 30 Sep 2024 ¹	1.23%	1.09%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Guidewire Software Inc (Information Technology)	5.1
Lattice Semiconductor Corp (Information Technology)	4.0
Veracyte Inc (Health Care)	3.8
Ascendis Pharma A/S (Health Care)	3.7
MACOM Technology Solutions Holdings Inc (Information Technology)	3.3
Twist Bioscience Corp (Health Care)	3.0
Flex Ltd (Information Technology)	2.6
SPX Technologies Inc (Industrials)	2.5
Gitlab Inc (Information Technology)	2.5
Procure Technologies Inc (Information Technology)	2.2
TOTAL	32.7%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	0.0	2.1
Consumer Discretionary	7.6	10.1
Consumer Staples	2.6	3.4
Energy	0.0	3.3
Financials	3.0	8.6
Health Care	28.7	24.2
Industrials	19.4	22.7
Information Technology	37.3	20.3
Materials	0.0	3.6
Real Estate	1.5	1.4
Utilities	0.0	0.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.7% of the total portfolio. ¹Russell 2000® Growth Index.

Average Annual Total Returns

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	R2G ¹
6.3+	63.0	21.9
4.6–6.3	18.8	21.9
3.3–4.6	8.8	16.1
2.0–3.3	6.5	20.5
0.0–2.0	3.0	19.6
Not Applicable	—	0.0
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
Jay Warner, CFA (Lead)	23
James Hamel, CFA	28
Jason White, CFA	25
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. 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: 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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