



Artisan Small Cap Fund

QUARTERLY
Commentary

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

As of 31 December 2021

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 also assess key environmental, social and governance (ESG) issues that could impact future stock returns. 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. GardenSM investments are small positions in the early part of their profit cycle that may warrant more sizeable allocations as their profit cycle accelerates. CropSM investments are positions that are being increased to a full weight because they are moving through the strongest part of their profit cycles. HarvestSM 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.

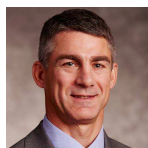
Team Overview

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.

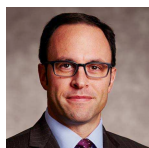
Portfolio Management



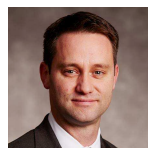
Craigh A. Cepukenas, CFA
Portfolio Manager (Lead)



James D. Hamel, CFA
Portfolio Manager



Matthew H. Kamm, CFA
Portfolio Manager



Jason L. White, CFA
Portfolio Manager



Jay C. Warner, CFA
Portfolio Manager

Investment Results (%)

As of 31 December 2021	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-6.99	-8.90	-8.90	27.15	21.66	16.77	10.67
Advisor Class: APDSX	-6.93	-8.77	-8.77	27.32	21.81	16.84	10.70
Institutional Class: APHSX	-6.93	-8.68	-8.68	27.44	21.93	17.00	10.75
Russell 2000 [®] Growth Index	0.01	2.83	2.83	21.17	14.53	14.14	8.66
Russell 2000 [®] Index	2.14	14.82	14.82	20.02	12.02	13.23	9.84

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (28 March 1995); Advisor (1 February 2017); Institutional (7 May 2012). For the period prior to inception, each of Advisor Class and Institutional Class's performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor or Institutional Class and each share's respective returns during that period would be different if such expenses were reflected.

Expense Ratios	ARTSX	APDSX	APHSX
Annual Report 30 Sep 2021	1.19	1.06	0.96
Prospectus 30 Sep 2020 ¹	1.21	1.09	0.99

¹See prospectus for further details.

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

The Russell 2000® Index returned 2.1% in Q4 and 14.8% in 2021. Q3 corporate earnings were nicely ahead of expectations, generally proving resilient to supply chain disruptions. Consensus earnings expectations for 2022 and 2023 moved higher throughout Q4—with projected growth rates of 31% and 18%, respectively. Investors were rewarded in 2021 as forward earnings expectations easily exceeded multiple compression. Furthermore, small-cap value stocks meaningfully outperformed their growth counterparts for the full year (28.3% vs. 2.8%).

The emergence of the more transmissible, though less severe, omicron variant sparked concerns of a prolonged pandemic. New cases hit record highs toward the end of the quarter and continued rising into the new year. The market appears to be anticipating this new strain will not cause the same economic consequences experienced earlier in the pandemic. Instead, investors seem to believe 2022 could see COVID-19 transition into a longer term endemic disease.

The Federal Reserve's more hawkish pivot late in Q4—tightening labor market, supply chain constraints causing persistent inflation—exacerbated the valuation scrutiny on growth stocks as well as other speculative pockets of the market. The monthly treasury and mortgage-backed security asset purchase program is now expected to conclude by March (vs. mid-2022 previously). Liftoff in the fed funds rate could come shortly thereafter with the market assigning a 75% rate hike probability to March as of this writing. Some sell-side analysts have recently increased their assumptions for interest rate increases this year—Goldman Sachs indicating four moves (vs. three previously).

Performance Discussion

Our performance over the course of the pandemic has been a tale of two halves. As Exhibit 1 shows, we delivered the best absolute (+61%) and relative performance (over +2,600bps) of any year in our strategy's history in 2020. We were rewarded for recognizing early that many of our holdings would be pandemic beneficiaries (digitization in business, health care and education) and our ever-present bias toward quality (wide competitive moats, strong balance sheets, high-quality management teams) protected us at times when the market was uncertain as to the severity and duration of the pandemic. Over the years, we have been consistent in setting expectations for periods when conditions make our ability to distinguish ourselves more challenging. Thus, we communicated in our Q4 2020 letter that we anticipated a normalization in returns, and that some of the coming year's potential returns may have been pulled forward.

That foresight proved accurate.

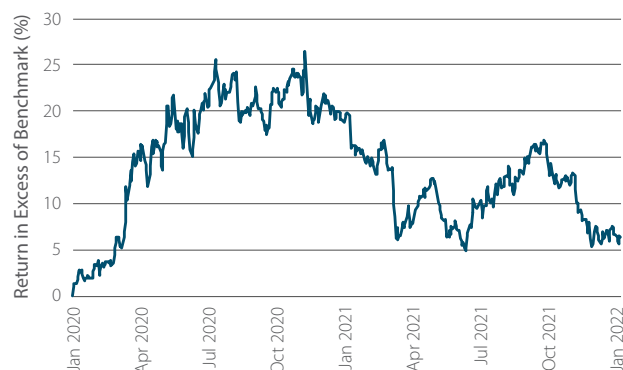
Our -8.9% absolute return in 2021 was disappointing and reflects a difficult macro environment and an unusual number of temporary

profit cycle setbacks among our holdings. We fell behind in Q1 amid various broad-market developments which might best be summarized as a *collapse in quality*. This collapse was characterized by the explosive performance of highly shorted equities and meme stocks, and a violent growth to value cyclical “re-opening” rotation. We more than participated over the next two quarters as the market returned to rewarding solid fundamentals. These gains were forfeited in Q4, however, due to a combination of disappointing results from a handful of CropSM holdings and a market environment that once again became challenging. Small-cap value stocks outperformed growth by over 400bps as the fed turned more hawkish, and thus, more cyclical sectors outperformed (utilities, real estate, industrials, financials). In addition, near-term company-specific developments among our software (LivePerson) and consumer Internet (Chegg, Zynga) holdings were unfavorable.

It's worth noting the health care sector's poor performance this year. Health care, especially biotech, was the biggest negative contributor to the Russell 2000® Growth Index's overall return. Excluding the health care sector, the Russell 2000® Growth Index would have returned 15% in 2021 instead of 3% (Exhibit 2). While our relative results in the sector were modestly positive, our expectations of post-pandemic growth in elective procedures and testing (especially in the second half of the year) turned out to be premature. The poor return and meaningful exposure were a notable drag on our absolute performance (contributing -5.2% to our -8.4% overall return).

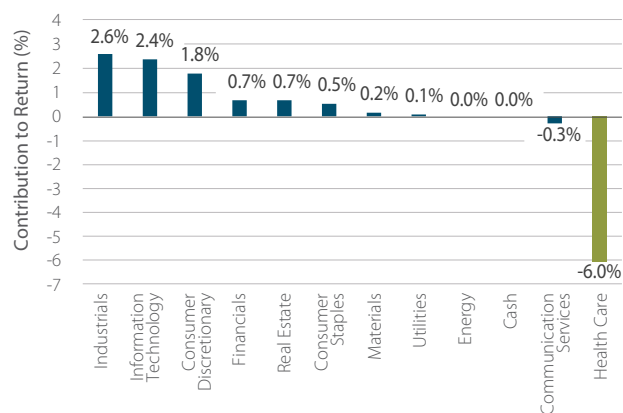
That said, we think the profit cycle drivers of our health care CropSM holdings remain compelling as we move into 2022. Discounts relative to our private market value (PMV) estimates are the most attractive they have been in nearly a decade. Our assumption coming into 2022 is omicron will spread rapidly throughout the world as the Institute for Health Metrics and Evaluation estimates the new strain could infect 3 billion people over 3 months. On the other side of this, we will be better protected and far more psychologically comfortable with the endemic by the middle of the year. We have been patient on high-conviction names and used share price weakness to add to companies struggling from the negative impact on elective procedures. NeoGenomics and Veracyte are two such CropSM holdings we believe will pick up steam post-COVID. Halozyme, our second-largest holding, has a robust pipeline of 16 collaboration products leveraging its ENHANZE® platform. Positive clinical data this year would offer a clearer view into meaningfully higher royalty revenue in the coming years. In addition, shares of Halozyme could benefit from data on Argenx's (another top 10 holding) subcutaneous format of efgartigimod—uses ENHANZE® via collaborative partnership—which could enable approval in 2023. Amid the health care bloodbath, we were also able to seed several interesting GardenSM positions with secular growth opportunities, internal change catalysts and reasonable valuations (Azenta Life Sciences, Avid Bioservices and iRhythm) which we believe should also benefit from normalization. We discuss several of these in more detail later in this letter.

Exhibit 1: Artisan Small Cap Fund Pandemic Performance vs. Russell 2000 Growth® Index



Source: FactSet/Russell. Past performance does not guarantee and is not a reliable indicator of future results.

Exhibit 2: 2021 Russell 2000® Growth Index Contribution to Return by Sector



Source: FactSet/Russell. Past performance does not guarantee and is not a reliable indicator of future results.

2021 performance drivers aside, our Q4 bottom contributors included Chegg, LivePerson and NeoGenomics. Chegg is a digital education platform. A pattern of steady long-term growth in US subscribers surprisingly came to an end when it reported Q3 results. This precipitated a sharp decline in the company’s valuation and our estimate of its private market value (PMV). Management cited factors such as fewer enrollees in 2-year colleges (lured into the workforce by higher wages) and less need for study aides as COVID-related pressures have resulted in students taking less-challenging courses and professors assigning lighter workloads. We view these explanations as mostly logical, but we also believe US penetration of the company’s services has become relatively mature. That said, there are still several tailwinds behind this company’s profit cycle, and we believe the selloff has been overdone. Expansion into non-US markets—aided by the recent Busuu acquisition—and learners outside of secondary and higher education settings represent a large,

lowly penetrated opportunity. Monetization of existing subscribers should add to the company’s growth as new content is introduced. Expanding into new learning areas is another growth lever, and with the company scaling up over the course of the pandemic, it can be done effectively by leveraging the existing platform and distribution. Finally, we believe the pandemic could prompt longer term changes in higher education—more remote learning, more focus on student outcomes, pressure on tuition. Given our belief in the company’s longer term potential and with shares trading at an attractive discount relative to our PMV estimate, we are remaining patient.

LivePerson is a leading provider of mobile and online messaging solutions. We believe customer service and sales centers are shifting from voice to digital communications, and LivePerson is well-equipped to lead this shift. Its LiveEngage cloud-based platform allows brands to engage with customers across digital channels at scale, more efficiently and more effectively. The market opportunity is substantial and goes well beyond digital conversations in service contexts and into areas such as sales, marketing and possibly social media monitoring. A key part of our thesis when we began our investment campaign in 2018 was the arrival of Alex Spinelli as the company’s CTO. Mr. Spinelli came from Amazon, where he was one of the architects and leaders of Alexa. In addition, Mr. Spinelli brought several well-respected technologists to LivePerson with him. Unfortunately, Mr. Spinelli announced his departure from LivePerson in Q3. In addition to this development, our profit cycle thesis has been stalled as the company makes a round of investments into its sales force which will weigh on margins over the near term. We believe Mr. Spinelli’s replacement, Andrew Hamel, carries the credentials to continue leading LivePerson’s technology efforts. Mr. Spinelli worked for Mr. Hamel at Amazon, and the investments in the sales force have the potential to allow the company to scale its business more rapidly. Still, we are in a holding pattern until we gain conviction that the profit cycle we originally invested in can continue to flourish with these changes.

NeoGenomics (NEO) is the largest specialty oncology lab (~1 million tests in 2020) with a growing testing menu (>620 tests) and the broadest distribution into community providers (>4,400 hospitals and clinics), where 80% of US cancer patients are treated. Access to physicians and patients position NEO as an important partner to biopharmaceutical companies in drug discovery as data on patients/treatments creates significant optionality for NEO’s informatics division. In addition to general share weakness among small-cap health care stocks, shares have been under pressures alongside a late summer/early fall surge in COVID-19 reducing the company’s patient volumes, delaying clinical trials and lowering sales reps’ access to physician offices. A recent internal investigation also found some of the company’s consulting contracts are not in compliance with federal health care laws and regulations. The portion of contracts in question is immaterial (<1%); the issue was self-reported and will not lead to restatement or impact future guidance.

Looking ahead, we are optimistic the company's growth profile could inflect upwards. Population aging, higher cancer incidence and the advent of personalized medicine (for which patients must be tested for cancer markers, sometimes multiple times) drive strong low double digit volume growth, and this should normalize as COVID-19 subsides. The increasing revenue mix from fast growing pharma services and informatics plus next-generation sequencing should be enhanced by the mid-2022 launch of RaDaR, NEO's minimal residual disease assay (MRD). The market for testing MRD is ~\$15 billion and significantly increases its total addressable market and top-line growth rate—from low double digits to mid-teens (or more) over the next four years. For all those reasons, we are staying the course with this core CropSM holding.

Shares of Zynga have been pressured in recent quarters as the company adapts to Apple's new privacy restrictions which make the acquisition of new users via targeted advertising more difficult. For background, iOS 14.5, which was released in April, requires apps to ask users for permission to collect and share data. Opting out prevents developers from attaching an identifier for advertisers (IDFA), which is used to target and measure the effectiveness of advertising on users across mobile devices. We held our ground over this period of underperformance given our belief the company had several medium and long-term tailwinds enabling it to overcome this development: an arsenal of "Bold Beats"—new content, features and gameplay modes—to attract new audiences, further engage current players, bring back lapsed players, develop and roll out new games (Star Wars: Hunters, FarmVille 3), invest in further advertising technology/data capabilities and expand its global reach. That said, shortly after the end of Q4, Take-Two Interactive announced its intention to acquire Zynga for \$9.86/share in cash and equity—representing a 64% premium to the prior day's closing share price. Since the combined entity's market cap exceeds our small-cap mandate, we will look to end our successful investment campaign which began in 2017 (over 750bps of relative outperformance).

Among our top Q4 contributors were Lattice Semiconductor, Argenx and Ingersoll Rand. Lattice Semiconductor is a fabless vendor of field programmable gate array (FPGA) chips which customers can program and configure to their specifications. These chips are used in numerous applications, from data centers and 5G infrastructure to routers, switches, PCs, industrial Internet of Things devices, factory automation and automobiles, to name a few. After two decades of mismanagement, Lattice now has a relatively new board and management team which have embarked on a product-transformation journey. The company has refreshed its FPGA products in the small/low power segment of the market—product set is now more focused to address high return on investment use cases centered around power-efficient applications—carving itself a niche behind the two market leaders Xilinx and Intel Corporation which are focused on high-end. In addition to providing FPGA chips to data centers and new 5G infrastructure, we believe the company is well positioned to tap into low power/reprogrammable chips as well as industrial and automotive end markets. Shares have been rewarded

alongside strong fundamental momentum—the company grew its top line 28% in Q3 and expanded its gross margins 210bps. Looking ahead, we believe its solid pipeline of new chips will expand its addressable market and increase its margins over time.

Argenx is a commercial stage biotechnology company with an approved, first and potentially best-in-class therapy (FcRn) for autoimmune diseases—a potential \$10 billion+ opportunity. The company received positive news in December, winning its first FDA approval for efgartigimod, which treats myasthenia gravis—a chronic neuromuscular condition—which we believe could generate up to \$3 billion in sales for Argenx. In addition to the myasthenia gravis treatment, efgartigimod is in development for several additional autoimmune diseases with possibility for more diseases to be announced over time. We believe several of these have been significantly de-risked, positioning the company to expand the revenue opportunities for the product. Finally, the company's earlier-stage pipeline product, ARGX-117 (C2), has shown promising data in several severe autoimmune diseases. Like efgartigimod, ARGX-117 (C2) has broad disease application potential. Biotech stocks' performance is highly correlated with the commercial launch of new drugs or the release of data validating clinical trials, and we see a high-conviction scenario where shares of Argenx could move higher in 2022—phase 3 ITP (IV delivery) data is expected in 1H (~\$1 billion market opportunity), and a successful study would further validate the company's approach to shift clinical risk to earlier phase 2 studies.

Ingersoll Rand (IR) is a global market leader with a broad range of mission-critical flow creation technologies (pumps, compressors, etc.) for industrial and medical applications. The company's recent Q3 results were solid and support our belief it is making the right investments in R&D and acquisitions to elevate its sustainable revenue growth rate. We have been particularly encouraged by the important role IR's products can play in reducing the greenhouse gas intensity of manufacturing facilities. With an increasingly visible organic and acquisition-driven growth capability and further margin upside from the Gardner Denver merger, the profit cycle remains firmly in motion.

Portfolio Activity

We added several new GardenSM positions in Q4 including Azenta Life Sciences, Avid Bioservices and iRhythm. Azenta provides a broad range of products and services focused on biological sample management. The company is well positioned to benefit from the rapid rise in blood, tissue and cell samples being collected, analyzed and stored by pharmaceutical and diagnostic companies, as well as medical centers and academic researchers. It provides storage systems and consumables for customers storing their own samples as well as customers seeking to outsource sample storage and analysis to more efficient, scaled operators like Azenta. In addition, we see an important internal change underway at the company, as it's in the process of divesting its large legacy semiconductor business to focus entirely on life sciences. This divestiture is expected to yield \$2 billion

in proceeds, which Azenta can use to supplement its organic growth via complementary acquisitions.

Avid Bioservices is a pure-play contract development and manufacturing organization (CDMO) in biologic production. Avid was a biotech company until 2018 when it refocused its strategy to become a pureplay CDMO. Drug development is complex, and CDMOs such as Avid allow pharmaceutical and biotech companies to outsource their drug development and manufacturing needs. This provides several benefits, including reducing or eliminating infrastructure costs, providing access to additional expertise and enabling pharma and biotech companies to rapidly scale. Avid's specialization in biologics is a particularly important part of our profit cycle thesis. Biologics are the fastest growing segment of drugs in development, which, along with accelerated demand for COVID-19 related treatments, has created what we view as a sustainable supply-demand imbalance for at least the next few years. The company is working to expand its biologics manufacturing capacity (with some coming online in 2022) which could drive meaningful top-line growth over the next several years. We also note Halozyme is its largest customer (~50% of sales)—a company and management team we have become deeply familiar with over the course of our multi-year investment campaign—who helped us validate the quality of this franchise before we initiated our GardenSM position in Q4.

iRhythm develops and markets the Zio, a small, wearable patch which monitors suspected heartbeat arrhythmias. The technology utilizes a proprietary algorithm, based on machine learning, capable of detecting multiple classes of arrhythmias from a database of over 2 million patients. The Zio is a significant improvement over the current standard of care, the much more cumbersome and uncomfortable Holter monitor. The growth runway is meaningful as the Holter monitor market (\$2 billion) converts to patch sensors over time.

Recall, we began an investment campaign in iRhythm in early 2020 and exited our position in 2021 when our insurance reimbursement outlook was clouded after Medicare Administrative Contractor (MAC) Novitas cut reimbursement for the Zio. Several positive developments have prompted us to get involved once again. A new CEO, who we became familiar with while he served as the CFO and COO at Dexcom, was recently appointed. We believe he is taking the appropriate steps to spearhead changes to lower the Zio's cost (as he did with Dexcom's G6/G7 CGM), more aggressively push into international markets and explore use cases beyond arrhythmias. In addition, we are encouraged by Centers for Medicare and Medicaid Services' (CMS) recent decision to set reimbursement at \$200 and have seen additional signs CMS and other MAC's are starting to appreciate the Zio's value proposition over the Holter monitor.

We exited our JFrog and Acceleron Pharmaceuticals investment campaigns in Q4. JFrog is the market leader in continuous software release management (CSRM), which enables a faster cadence of developing, securing and releasing software to customers and devices

(servers, PCs, smartphones, automobiles, Internet of things) to ensure users have the most up-to-date security and features. When we initiated our GardenSM position, we were attracted to the company's leadership position in CSRM, the quality of its product offering and a sizable, growing addressable market. While the company's growth has been adequate over the course of our investment campaign, its profit cycle momentum has lagged many of our other software holdings, leading us to exit our position during the quarter in favor of more attractive opportunities.

Acceleron is a biotechnology company focused on the biology of TGF-beta (transforming growth factor-beta), a family of proteins associated with human tissue repair and growth. The company was an early mover on TGF-beta, and this has fueled its success. Shares were rewarded in September following the announcement the company would be acquired by Merck, a large multinational pharmaceutical company, at a price very close to our PMV estimate. Since Merck far exceeds our small-cap mandate, we exited our position in Q4, capping a successful investment campaign (>260% of relative return).

In addition to our add to NeoGenomics, we also added to Ascendis Pharma, Workiva and BigCommerce. Ascendis Pharma accomplished nearly everything we hoped for in 2021: getting its first medicine (Skytrofa for pediatric growth hormone deficiency) approved by the FDA, reporting compelling data for its promising second product for hypoparathyroidism (TransCon PTH) and providing positive updates on several early-stage R&D programs. Skytrofa is expected to launch in 2021, and its first-mover advantage should enable it to meaningfully penetrate a \$3 billion market over time. We also expect phase 3 clinical data to be released for TransCon PTH this year. Hypoparathyroidism is an underserved disease with few treatment options, and this could potentially be a multi-billion-dollar commercial opportunity. Despite these positive developments and upcoming catalyst, the stock has declined, which we attribute to general underperformance of biotech equities. We added to our position amid the weakness, and we remain quite optimistic about the stock's long-term appreciation potential as the company brings multiple high-value medicines to patients.

Workiva is a leading provider of cloud software for financial reporting with approximately 70% of its business tied to SEC reporting through its core Wdesk offering. Over the past decade, the SEC has phased in requirements for companies to file their financials using an XBRL data-tagging format. XBRL is a standard for tagging business and financial reports to increase the transparency and accessibility of business information by using a uniform format. This regulatory change has enabled Workiva to disrupt and capture significant market share from traditional printing vendors including RR Donnelly & Merrill. In late 2019, the company completed a multi-year investment cycle which enabled it to debut a new, modern technology platform allowing the company to incubate new ideas, see new regulations and introduce use cases in a matter of weeks/months instead of multiple years, with FERC reporting being a good example of this most recently. In addition to the rollout of these new use cases, we believe the

company can expand its international footprint. Business outside of North America is small (~8% of revenue in 2020), and its recent investments to expand its international sales presence should position it ahead of a European mandate requiring 5,000 companies to begin using XBRL tagging starting in January 2022 (vs. ~500 companies who have adopted Wdesk in EMEA today). Finally, the company also has the potential to benefit from the ramp-up of ESG regulatory reporting longer term. The company has spent over a decade building an engine for SEC reporting and can repurpose this platform for compiling metrics including GHG emissions, labor requirements, conflict minerals and other ESG-related KPIs.

BigCommerce is a SaaS e-commerce platform powering both customers' branded e-commerce stores as well as connections to online marketplaces, social networks and offline point-of-service systems. The company's capabilities include store design, catalog management, hosting, checkout, order management, reporting and pre-integration into third-party services offering payments, shipping and accounting. We added to our position during the quarter given our belief the company is poised to gain share as brands seek to expand their direct-to-consumer sales. While Shopify is clearly thriving as an e-commerce enabler for small and medium businesses, our research suggests BigCommerce is increasingly seen as a robust solution for larger brands seeking to upgrade their older solutions while maintaining flexibility to integrate with other systems and partners. Our thesis was supported by solid Q3 results, which showed strong top-line growth (+49% YoY) and positive trends among its larger enterprise customers—where BigCommerce saw 50% YoY growth in annual recurring revenue (4 consecutive quarters of 50% or greater growth).

Our ESG Journey

2021 was a year in which we continued to stretch ourselves to advance our environmental, social and governance (ESG) integration efforts. While our framework is unchanged, we learned and evolved through various knowledge development initiatives—including third-party education sessions focused on climate change, modern slavery and engagement techniques. We believe our newfound knowledge puts us in a better position to ask the right questions in our engagement activities and influence our companies to chart a course that leads them to better outcomes for their stakeholders.

Our engagement activities this year gave us a better appreciation of where our holdings are in their own ESG journeys. We own several companies who we consider best-in-class as it relates to specific ESG components. Hubspot's public diversity and inclusion disclosures include varying degrees of gender, ethnicity and age metrics across different levels of the organization and how they have trended historically. Ingersoll Rand is a noted leader when it comes to elevating blue-collar employee engagement, including granting equity to everyone in the company.

We have also had opportunities to be a helpful resource to companies who are much earlier in their ESG journeys—a number of which

proactively reached out to us to understand how we would like them to progress over time. These conversations have covered several topics including the importance of gender and ethnic diversity at the board and management levels, measuring and setting sustainability targets, ways to think about ESG materiality and our expectations around ESG-related disclosures.

We look forward to communicating our 2021 efforts in more detail in our sustainability report set for publication by the end of Q1. We feel good about the accomplishments we have made over the past year, and we believe our efforts have elevated our approach.

Perspective

Equity markets had a volatile end to 2021 as investors weighed the impact of multiple macro developments—the omicron COVID-19 variant, the Fed announcing a faster than expected pace of tapering, continued supply chain and labor constraints—on corporate profitability and equity discount rates. We were not surprised to see our portfolio's underperformance for reasons outlined earlier in this letter.

In our experience, however, negative stock price momentum tends to feed upon itself in fourth quarters (and we have historically underperformed in past Q4s). Some market participants seem to adopt a shorter-term perspective as their year-end "report card" approaches, rushing to lock in gains in winners and to avoid stocks without immediate catalysts on the horizon. In addition, tax-loss selling felt particularly intense this year, with some of our notable underperformers (BigCommerce, Zynga, Ascendis) experiencing continued pressure in Q4 despite reporting reasonably solid results.

Conversely, fourth quarters have always been times for us to look forward, assessing which franchises are best positioned for strong profit growth in the following year and years to come. This has involved our most extensive team travel to visit current and potential holdings, and we have done our best to replicate this virtually in 2020-2021 (though we were able to squeeze in a few research trips early in Q4 before omicron's emergence). In that sense, this quarter reminded us of some past year ends—a period in which our confidence in the portfolio's long-term profit cycles strengthens, while short-term stock prices move against us. As such, we did our best to take advantage of the volatility and upgrade the portfolio by adding to high-conviction holdings at opportunistic valuations while seeding nine new promising GardenSM investments. So, as in past periods of challenging Q4 performance, we enter the new year optimistic about the long-term return potential of the portfolio given the quality of our franchises, the durability of their profit cycles and more attractive valuations.

That's not to say we're confident that market enthusiasm will return to high-quality growth equities in the short term. To state the obvious, the macro environment remains highly uncertain and volatile. We would describe the current consensus views as: 1) the omicron variant's high transmissibility and seemingly less severe outcomes will

likely make it the final big wave of the pandemic before it settles into a long-term endemic disease; and 2) interest rates will likely normalize higher coming out of the pandemic. Both of these seem reasonable to us, in which case value stocks and cyclical businesses may remain in favor for a period of time as economic activity accelerates, and as rising interest rates cause investors to question higher multiple growth stocks.

It's worth noting, of course, that both COVID-19 and interest rate movements have frequently failed to conform with investor expectations in the past. But even in the above "base case" scenario, we continue to have confidence in the portfolio's longer term prospects. We have written many times before about the massive and long-duration shifts (cloud computing, software-enabled automation, biomedical discovery, e-commerce, clean energy) supporting the profit cycle outlooks for many of our investments. During periods of growth stock outperformance, high valuations can emerge as a reasonable concern offsetting these strong fundamental outlooks. But market rotations away from growth can make this a "self-correcting problem," leaving us with a more attractively valued portfolio (which we believe we have been able to upgrade during the rotation) that has performed well over full market cycles. We perhaps don't say this frequently enough—it is our clients' trust and patience that have allowed us to maintain this long-term perspective during periods of underperformance.

Portfolio positioning and outlook aside, we would like to recognize two important year-end promotions on our team. Jay Warner and Cindy Mu were promoted to portfolio manager and associate portfolio manager, respectively. These promotions reflect the dedication and leadership they have brought to the team, along with the value each has added for clients. While we consider our investment process robust (even more so after spending the past three years integrating ESG considerations into it), we think our long-term investment returns and client relationships have been primarily supported by the quality of our team and culture. As an autonomous investment organization within Artisan, we've always viewed the development our team and of the individual investors who comprise it as one of our most important responsibilities. To date, we have been proud of the results—steadily growing our research organization since our founding, accumulating experience, tenure and trust, and providing numerous opportunities for successful individuals to advance their careers.

ARTISAN CANVAS

Timely insights and updates from our investment teams and firm leadership

Visit www.artisancanvas.com

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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. 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 31 Dec 2021. 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 Artisan Small Cap Fund's total net assets as of 31 Dec 2021: Lattice Semiconductor Corp 5.5%, Halozyme Therapeutics Inc 5.1%, Ascendis Pharma A/S 3.5%, Argenx SE 3.4%, Veracyte Inc 3.3%, Ingersoll Rand Inc 3.0%, NeoGenomics Inc 2.8%, Zynga Inc 2.4%, Workiva Inc 2.1%, HubSpot Inc 2.1%, LivePerson Inc 1.9%, Chegg Inc 1.8%, Azena Inc 1.4%, BigCommerce Holdings Inc 1.1%, Avid Bioservices Inc 0.6%, iRhythm Technologies Inc 0.3%. 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.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

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Private Market Value is an estimate of the value of a company if divisions were each independent and established their own market stock prices. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings.

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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