



Artisan Small Cap Fund

MONTHLY
Commentary

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

Commentary

The Russell 2000® Index returned -7.0% in April, bringing the YTD total to -2.2%. March US consumer price index data (released in April) marked the third consecutive month of higher-than-expected results, prompting investors to adjust their expectations for Federal Reserve rate cuts. The US 10-year Treasury yield rose significantly, climbing from 4.20% at the end of March to 4.68% by April's close. Meanwhile, the US economy continues to show resilience. The March unemployment rate dipped to 3.8% (from 3.9%), and retail sales growth in March exceeded expectations.

Our portfolio outperformed the Russell 2000® Growth Index in April. Among our top contributors were Tyler Technologies and MACOM. Tyler Technologies provides end-to-end information management solutions and services for local government offices throughout the US, Canada, Puerto Rico and the UK. We believe the company will generate durable growth given its defensive end markets, the potential of its cloud subscription transition (it just started transitioning legacy on-premises customers in 2019) and the transformative acquisition of NIC (a leading digital government solutions and payments company) that allows for increased cross-sell opportunities. Earnings results were thesis affirming, including 9% growth in overall revenues, 22% in SaaS revenues and 9% in annual recurring revenue.

MACOM Technology Solutions designs and manufactures high-performance semiconductor products in the aerospace and defense, industrial, telecommunication and data center end markets. The company's relatively new management team is taking steps to accelerate top-line growth and expand margins by addressing smaller, long-duration product cycle markets in which it can provide a differentiated offering, especially in compound semis (those made from two or more elements). The company also is a member of the US Department of Defense's trusted foundry program, meaning it is a trusted manufacturer for US military and aerospace applications.

Among our top detractors were Saia and Lattice Semiconductor. Saia operates in less-than-truckload shipping, a structurally attractive area of transportation that features several solid franchises 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.

Lattice Semiconductor is a fabless vendor of field programmable gate array chips that customers can program and configure to their specifications. Lattice shares have been under pressure for a few quarters due to a series of disappointing earnings releases that have indicated weakness within its more cyclical end markets. However, our investment thesis is driven by market share gains enabled by the company's reinvigorated product line. Despite the cyclical market correction underway, there remains solid evidence that Lattice continues to gain market share, and importantly, the company is just now launching a new medium-power Avant line of chips, which should be another catalyst going forward. Given our view that semiconductor downcycles tend to be short-lived, we are comfortable being patient for a reaccelerating profit cycle later in 2024.

Investment Results (%)

As of 30 April 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTSX	-6.72	-6.72	2.08	10.66	-10.42	4.73	9.63	8.88
Advisor Class: APDSX	-6.70	-6.70	2.09	10.83	-10.30	4.87	9.73	8.91
Russell 2000® Growth Index	-7.70	-7.70	-0.70	12.39	-5.92	5.04	7.60	7.41
Russell 2000® Index	-7.04	-7.04	-2.22	13.32	-3.18	5.83	7.22	8.67

As of 31 March 2024

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)	\$32.90	\$33.26
Inception	28 Mar 1995	1 Feb 2017
Expense Ratios		
Annual Report 30 Sep 2023	1.23%	1.07%
Prospectus 30 Sep 2023 ¹	1.23%	1.07%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Lattice Semiconductor Corp (Information Technology)	5.7
Ascendis Pharma A/S (Health Care)	4.7
Halozyne Therapeutics Inc (Health Care)	4.4
Guidewire Software Inc (Information Technology)	4.3
Argenx SE (Health Care)	3.9
SPX Technologies Inc (Industrials)	3.2
Tyler Technologies Inc (Information Technology)	2.8
Novanta Inc (Information Technology)	2.8
MACOM Technology Solutions Holdings Inc (Information Technology)	2.8
Shockwave Medical Inc (Health Care)	2.6
TOTAL	37.2%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	R2G ¹
Communication Services	0.0	2.0
Consumer Discretionary	9.8	10.6
Consumer Staples	1.7	4.4
Energy	0.0	4.8
Financials	1.9	6.1
Health Care	32.8	21.1
Industrials	13.7	20.3
Information Technology	40.0	23.5
Materials	0.0	4.4
Real Estate	0.0	1.5
Utilities	0.0	1.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.6% of the total portfolio. ¹Russell 2000® Growth Index.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	R2G ¹
5.9+	68.1	25.2
4.1–5.9	15.8	16.5
2.9–4.1	7.2	17.8
1.8–2.9	6.0	19.2
0.0–1.8	3.0	21.3
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 Apr 2024: Saia Inc 1.9%. 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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