



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 31 October 2016

Commentary

US stocks ended October in negative territory (though they remain ahead YTD), as a tightening presidential race spurred market uncertainty. Despite the political uncertainty, M&A activity saw a large uptick, with several large deals announced. Value stocks outperformed growth stocks, and large-cap stocks bested both mid- and small-cap stocks. Oil prices were down on growing concerns that major oil producers will fail to agree to terms to limit production ahead of OPEC's late-November meeting.

Our portfolio held up better than the Russell Midcap® Value Index in October and remains ahead YTD. Our below-benchmark exposure to real estate worked in our favor. This is an area of the market where we believe valuations have generally been stretched, as investors' thirst for yield has pushed them higher. Often used as bond proxies, the sector sold off this month in part on rising speculation of a US rate hike in December.

Materials holding Celanese, a globally integrated producer of chemicals and advanced materials, was a top performer. Faced with the headwind of a challenging macroeconomic environment, Celanese is controlling what it can and executing well—realizing cost efficiencies and productivity gains. In the industrials space, shares of global aircraft leasing company Air Lease boosted results. Shares advanced in part on news of Avolon's agreement to acquire CIT Group's aircraft leasing business for a nice premium to book value, while shares of Air Lease continue to trade at a discount to book value. Further, we believe the company is one of the best operators in the leasing space with one of the best management teams.

Detractors in the month stemmed primarily from the energy and consumer discretionary sectors. Although our energy holdings worked against us in October, they remain a source of relative and absolute strength YTD. In the consumer discretionary space, detractors included auto retailer AutoNation. Soft new retail demand coupled with used-auto volume weakness as a result of the Takata recall has pressured shares. Despite these headwinds, we continue to view AutoNation as a high-quality business, with an industry leading position and a focus on cash flow generation and profitability.

We took advantage of a stock-price rally to exit our position in Helmerich & Payne, a provider of contract drilling services to the oil and gas industry. The stock price responded well to increasing oil prices in the first half of the year, rebounding nicely. Other sales included Quanta Services—we waved the white flag of defeat and sold our position in the specialty contracting service provider.

Investment Results (%)

As of 31 October 2016	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	-1.63	-1.63	12.32	6.85	2.26	9.40	7.27	10.19
Advisor Class: APDQX	-1.59	-1.59	12.40	6.96	2.32	9.44	7.29	10.20
Russell Midcap® Value Index	-2.42	-2.42	10.96	7.84	7.97	14.07	7.19	9.84
Russell Midcap® Index	-3.17	-3.17	6.76	4.17	7.28	13.12	7.55	9.12

As of 30 September 2016

Investor Class: ARTQX	0.71	4.13	14.19	14.10	3.84	12.33	7.83	10.36
Advisor Class: APDQX	0.71	4.09	14.22	14.22	3.89	12.36	7.84	10.37
Russell Midcap® Value Index	0.42	4.45	13.72	17.26	10.49	17.38	7.89	10.07
Russell Midcap® Index	0.20	4.52	10.26	14.25	9.70	16.67	8.32	9.40

Source: Artisan Partners/Russell. ¹Returns for periods less than one year are not annualized. Advisor Class performance is that of the Investor Class from 28 March 2001 through the inception of the Advisor Class on 1 April 2015, and actual Advisor Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Advisor Class for the period prior to the Class's inception, and Advisor Class performance results would differ 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. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$21.06	\$21.03
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2016 ¹	1.19%	1.01%
Prospectus 30 Sep 2015	1.19%	1.05% ²

¹Unaudited, annualized for the six month period. ²Includes estimated expenses for the current fiscal year.

Top 10 Holdings (% of total portfolio)

Devon Energy Corp (Energy)	3.6
Air Lease Corp (Industrials)	3.3
Apache Corp (Energy)	3.2
Alleghany Corp (Financials)	3.0
Arrow Electronics Inc (Information Technology)	2.9
Avnet Inc (Information Technology)	2.8
Fifth Third Bancorp (Financials)	2.8
Celanese Corp (Materials)	2.7
Jacobs Engineering Group Inc (Industrials)	2.6
Hess Corp (Energy)	2.4
TOTAL	29.2%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Consumer Discretionary	19.2	8.8
Consumer Staples	0.0	3.6
Energy	9.9	9.9
Financials	24.7	18.3
Health Care	1.8	4.5
Industrials	15.8	12.0
Information Technology	15.7	9.0
Materials	11.4	6.0
Real Estate	0.0	14.7
Telecommunication Services	0.0	1.5
Utilities	1.6	11.7
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 6.8% of the total portfolio. ¹Russell Midcap® Value Index.

Average Annual Total Returns

	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	6.85	2.26	9.40	7.27	10.19
Advisor Class: APDQX	6.96	2.32	9.44	7.29	10.20
Russell Midcap® Value Index	7.84	7.97	14.07	7.19	9.84
Russell Midcap® Index	4.17	7.28	13.12	7.55	9.12

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCV ¹
17.0+	20.1	25.8
12.0–17.0	14.4	18.8
8.0–12.0	16.3	20.6
5.0–8.0	31.4	16.7
0.0–5.0	17.9	18.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet/Russell. ¹Russell Midcap[®] Value Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
James C. Kieffer, CFA	27
George O. Sertl, CFA	24
Daniel L. Kane, CFA	18

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.

Securities of 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. Value securities may underperform other asset types during a given period.

Russell Midcap[®] Value Index measures the performance of US mid-cap companies with lower price/book ratios and forecasted growth values. Russell Midcap[®] Index measures the performance of roughly 800 US mid-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 Oct 2016: AutoNation 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.

All information in this report includes all classes of shares, except performance and expense ratio information and as otherwise indicated, and is as of the date shown in the upper right hand corner unless otherwise indicated. Totals may not sum due to rounding.

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Sector exposure percentages reflect sector designations as currently classified by GICS.

Book Value is the net asset value of a company, calculated by total assets minus intangible assets and liabilities.

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