



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 30 April 2017

Commentary

Markets kicked Q2 off with a positive April, with foreign stocks and emerging markets ahead of domestic. Global markets rallied following the French primary election, which signaled a lower potential for an anti-EU candidate to win the upcoming run-off. Continuing their year-to-date tendency, growth stocks led value in April, and larger stocks outperformed smaller. Oil prices continued their year-to-date decline as supply shows few signs of abating in the near term.

Our portfolio was in line with the Russell Midcap® Growth Index and led the Russell Midcap® Index in April and remains nicely ahead for the year. Among our bottom contributors were DexCom, Acuity Brands and SVB Financial. DexCom's shares modestly retrenched in April following a solid start to the year—likely more of a sentiment reset than a reflection of any negative fundamental development.

Acuity's business momentum has decelerated recently, partly tied to a slowdown in smaller customer orders. However, we believe the pressures Acuity faces are likely short-term and the company's strong position in the secular trend toward LED lighting will lead to reaccelerating growth in the future.

Shares of SVB Financial (SIVB) were pressured as the lending environment has gotten more competitive, crimping net interest margins and offsetting some of the benefit from rising rates. Non-performing loans have also been higher than investors anticipated—though SIVB remains well positioned to handle such an increase, and we maintain our conviction in this unique financials franchise.

Among our top contributors in April were LKQ, Boston Scientific and IHS Markit. LKQ is capturing meaningful cost synergies from recent acquisitions, in turn contributing to expanding margins. Despite a relatively slower macroeconomic backdrop, we believe LKQ is well positioned to drive attractive levels of margin expansion and grow its business in North America and Europe.

Boston Scientific has driven robust revenue growth as it expands into the European and Chinese markets with its innovative medical devices. Though its Lotus™ heart valve has faced several operational challenges recently, we anticipate the company will resolve these shortly and resume its compelling growth trajectory.

IHS Markit's energy information services business appears to be bottoming with an inflection in sight. Meanwhile, the company continues executing well on cost synergies following last year's merger, and its automotive info services franchise is growing healthily. We believe its valuation remains reasonable relative to its long-term profit growth potential.

Our process is focused on identifying franchises exposed to accelerating profit cycles with reasonable valuations. It is our belief that owning companies with these characteristics should lead to outperformance over full market cycles. We will continue to be disciplined and methodical in our approach.

Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$39.83	\$39.97
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2016	1.18%	1.05%
Prospectus 30 Sep 2016 ¹	1.19%	1.05%

¹See prospectus for more information.

Top 10 Holdings (% of total portfolio)

IHS Markit Ltd (Industrials)	5.4
LKQ Corp (Consumer Discretionary)	4.1
Global Payments Inc (Information Technology)	4.0
S&P Global Inc (Financials)	4.0
Boston Scientific Corp (Health Care)	4.0
Waste Connections Inc (Industrials)	3.0
Regeneron Pharmaceuticals Inc (Health Care)	2.9
Cigna Corp (Health Care)	2.7
Fortune Brands Home & Security Inc (Industrials)	2.4
Becton Dickinson and Co (Health Care)	2.2
TOTAL	34.6%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Consumer Discretionary	17.7	22.8
Consumer Staples	3.1	6.6
Energy	4.1	1.2
Financials	12.1	5.3
Health Care	19.4	16.2
Industrials	20.1	14.6
Information Technology	21.9	22.5
Materials	1.6	5.2
Real Estate	0.0	5.4
Telecommunication Services	0.0	0.2
Utilities	0.0	0.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 1.7% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 30 April 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	1.45	1.45	9.48	13.30	6.97	9.67	8.68	13.10
Advisor Class: APDMX	1.47	1.47	9.54	13.44	7.09	9.74	8.72	13.12
Russell Midcap® Growth Index	1.48	1.48	8.48	15.83	8.95	12.28	7.83	8.19
Russell Midcap® Index	0.77	0.77	5.96	16.70	8.97	13.34	7.62	9.71
As of 31 March 2017								
Investor Class: ARTMX	1.13	7.92	7.92	13.28	4.07	9.43	9.21	13.08
Advisor Class: APDMX	1.13	7.95	7.95	13.41	4.17	9.50	9.24	13.09
Russell Midcap® Growth Index	0.55	6.89	6.89	14.07	7.88	11.95	8.13	8.14
Russell Midcap® Index	-0.16	5.15	5.15	17.03	8.48	13.09	7.94	9.70

Source: Artisan Partners/Russell. ¹Returns for periods less than one year are not annualized. Advisor Class performance is that of the Investor Class from 27 June 1997 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.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCG ¹
19.0+	39.9	27.3
13.5–19.0	12.5	17.3
9.5–13.5	16.4	19.0
6.3–9.5	25.4	20.6
0–6.3	5.8	15.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet/Russell. ¹Russell Midcap® Growth Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Matthew H. Kamm, CFA (Lead)	17
James D. Hamel, CFA	20
Craig A. Cepukenas, CFA	28
Jason L. White, CFA	17

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.

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 Midcap® Growth Index measures the performance of US mid-cap companies with higher 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 30 Apr 2017: Acuity Brands Inc 1.3%; DexCom Inc 2.1%; SVB Financial Group 1.7%. 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.

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.

Nonperforming Loan (NPL) is a loan on which the borrower is not making interest payments or repaying any principal.

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