



# Artisan Mid Cap Value Fund

MONTHLY  
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 30 April 2017

## Commentary

US stocks posted gains across the market-cap spectrum in April, with growth stocks sustaining their outperformance over value. A slew of positive earnings results helped support stocks, partially offsetting a weak Q1 GDP report.

Our portfolio underperformed the Russell Midcap® Value Index in April. Shares of IT distributor Avnet were weak, weighing on results. The stock was among our top performers in Q4 2016, but has since given back gains as the company faces tough pricing headwinds and the loss of some key suppliers. The company recently sold its technology solutions business at a nice premium to book value, and we're pleased that it has shifted its focus to the division we believe has better long-term potential. We think it's a decent business, and like its capability to generate free cash flow and solid return on capital.

Strength in the month stemmed largely from our consumer discretionary holdings—namely Liberty Ventures and Liberty Interactive QVC. As we discussed in our Q1 letter, John Malone-led Liberty Ventures announced the acquisition of Alaskan cable and wireless firm General Communications. One aspect of the deal reatributes a mix of assets and liabilities to Liberty Interactive QVC, turning both Liberty Ventures and Liberty Interactive QVC from tracking stocks to asset-backed securities. We view this as a positive, as we believe the complicated tracking-stock structure of the companies was a headwind on multiples. In both cases, we believe the companies are exceptionally well managed and shares look attractively valued.

The energy sector remained under pressure, and while our energy-exposed holdings declined on an absolute basis, they held up better than the index and were a source of relative strength. We're cognizant of our exposure to the sector, which is only marginally above the benchmark. We reestablished a position in energy E&P Cimarex Energy in the month. We believe it's a high-quality company with low leverage and attractive exposure to the Delaware Basin.

Sales included motorcycle company Harley-Davidson and utilities holding OGE Energy. Our original opportunity to invest in Harley-Davidson came as intense competition from foreign competitors weighed on results and market share, pressuring shares. While it's been a bumpy ride, we'd recently been trimming our position on strength as the company has made progress taking back market share through investments in R&D and increasing the pace of innovation. We completely exited our position in the month. In the case of OGE Energy, we had established our position in Q3 2015 as the company's exposure to energy weighed on shares, dropping the stock more than its traditional, utility-only peers. Shares have since rallied, and we exited our position on success as shares hit our target price range.

## Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$22.81	\$22.77
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2016	1.16/—	1.06/1.05 <sup>1</sup>
Prospectus 30 Sep 2016 <sup>2</sup>	1.16/—	1.06/—

<sup>1</sup>Net expenses reflect the voluntary waiver of a portion of the adviser's management fee. <sup>2</sup>See prospectus for more information.

## Top 10 Holdings (% of total portfolio)

Air Lease Corp (Industrials)	3.7
Devon Energy Corp (Energy)	3.3
Alleghany Corp (Financials)	3.1
Celanese Corp (Materials)	2.9
Arrow Electronics Inc (Information Technology)	2.6
Arch Capital Group Ltd (Financials)	2.4
Liberty Ventures (Consumer Discretionary)	2.4
Torchmark Corp (Financials)	2.4
Hess Corp (Energy)	2.4
IAC/InterActiveCorp (Information Technology)	2.3
<b>TOTAL</b>	<b>27.6%</b>

Source: Artisan Partners/FactSet (GICS).

## Sector Diversification (% of total portfolio equities)

	Fund	RCMV <sup>1</sup>
Consumer Discretionary	18.6	8.7
Consumer Staples	0.0	3.3
Energy	14.0	9.2
Financials	25.4	19.6
Health Care	2.0	4.2
Industrials	14.3	13.1
Information Technology	12.8	9.2
Materials	8.5	6.1
Real Estate	2.5	14.0
Telecommunication Services	0.0	1.2
Utilities	1.9	11.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 8.2% of the total portfolio. <sup>1</sup>Russell Midcap® Value Index.

## Investment Results (%)

As of 30 April 2017	MTD <sup>1</sup>	QTD <sup>1</sup>	YTD <sup>1</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception
<b>Investor Class: ARTQX</b>	<b>-0.70</b>	<b>-0.70</b>	<b>2.06</b>	<b>14.16</b>	<b>4.47</b>	<b>9.86</b>	<b>6.99</b>	<b>10.59</b>
<b>Advisor Class: APDQX</b>	<b>-0.65</b>	<b>-0.65</b>	<b>2.11</b>	<b>14.31</b>	<b>4.56</b>	<b>9.92</b>	<b>7.02</b>	<b>10.61</b>
Russell Midcap® Value Index	0.19	0.19	3.96	17.52	8.86	14.26	7.16	10.32
Russell Midcap® Index	0.77	0.77	5.96	16.70	8.97	13.34	7.62	9.65

As of 31 March 2017

<b>Investor Class: ARTQX</b>	<b>-0.73</b>	<b>2.77</b>	<b>2.77</b>	<b>18.54</b>	<b>4.20</b>	<b>9.75</b>	<b>7.56</b>	<b>10.70</b>
<b>Advisor Class: APDQX</b>	<b>-0.74</b>	<b>2.78</b>	<b>2.78</b>	<b>18.65</b>	<b>4.28</b>	<b>9.80</b>	<b>7.59</b>	<b>10.71</b>
Russell Midcap® Value Index	-0.73	3.76	3.76	19.82	8.94	14.07	7.47	10.37
Russell Midcap® Index	-0.16	5.15	5.15	17.03	8.48	13.09	7.94	9.65

Source: Artisan Partners/Russell. <sup>1</sup>Returns 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.

# Artisan Mid Cap Value Fund

Investor Class: ARTQX | Advisor Class: APDQX

## Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCV <sup>1</sup>
21.0+	11.1	22.9
14.0–21.0	16.9	19.3
9.5–14.0	17.7	20.0
5.7–9.5	25.9	19.3
0–5.7	28.4	18.4
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet/Russell. <sup>1</sup>Russell Midcap® Value Index.

## Team Leadership (Pictured left to right)



### Portfolio Managers

James C. Kieffer, CFA

28

George O. Sertl, CFA

25

Daniel L. Kane, CFA

### Years of Investment Experience

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 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. 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 30 Apr 2017: Avnet Inc 2.1%; Cimarex Energy Co 1.4%; Liberty Interactive Corp QVC Group 2.3%. 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. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Return of Capital** is a return from an investment that is not considered income.

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