



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 28 February 2017

Commentary

Our portfolio trailed the Russell Midcap[®] Value Index in February. Energy has been the index's worst performing sector this year, and our holdings haven't been immune to the selloff. Shares of oil and natural gas E&P company Apache were particularly weak as investors grew concerned about the spend and mix at the company's Alpine High project. While the project will be short cycle, infrastructure needs to be put in place first. Further, there are concerns the project is tilted more toward natural gas/NGL than oil. We view the fears as overdone, and believe Apache will benefit as fundamental supply and demand pressures in oil markets continue to rebalance. The company's balance sheet remains in solid financial shape, and it's generating free cash flow.

Weakness in our consumer discretionary holdings was largely concentrated in auto retailer AutoNation. Cyclical headwinds and investments in a longer-term brand extension strategy weighed on margins, pressuring shares. While the business is cyclical, we believe a well-financed dealer like AutoNation can survive and potentially prosper after trough periods. We like its management team, who think and act like owners with the goal of maximizing shareholder value. We view AutoNation as a high-quality business with an industry leading position and a focus on cash flow generation and profitability.

On the upside, shares of global aircraft leasing company Air Lease continued to takeoff. High demand for its order book, strong lease revenue, and lower expenses helped propel shares. Acquisitions in the industry at premiums to book value further boosted the stock. In our view, the company is one of the best operators in the leasing space with one of the best management teams. As the industry enters a replacement cycle, we believe Air Lease's newer fleet inventory, experience in the industry, and conservative management style will be beneficial.

Technology holding Synopsys also worked in our favor. The company is a provider of electronic design automation (EDA) software for the semiconductor and electronics industries. Strength in its core EDA business and momentum in its emulation systems has driven strong top-line growth. The financial condition remains solid, with ample cash on the balance sheet and strong free cash flow generation. We've held shares since 2009 and believe it's a good business with a management team that has been smart allocators of capital, resulting in compounding value over time.

We sold our position in fertilizer company Mosaic. Mosaic's financial condition deteriorated since our initial purchase—the company added substantial leverage and cut its dividend in order to fund its acquisition of Vale Fertilizer (which it bought at a fair price, not a cheap price, which is disappointing at the bottom of the cycle). Fertilizer markets remain depressed, and with more leverage, the risk profile has increased.

Investment Results (%)

| As of 28 February 2017 | MTD ¹ | QTD ¹ | YTD ¹ | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
|---|------------------|------------------|------------------|--------------|-------------|--------------|-------------|--------------|
| Investor Class: ARTQX | 1.31 | 3.53 | 3.53 | 30.49 | 5.11 | 10.17 | 7.68 | 10.81 |
| Advisor Class: APDQX | 1.32 | 3.54 | 3.54 | 30.64 | 5.19 | 10.22 | 7.71 | 10.82 |
| Russell Midcap [®] Value Index | 2.79 | 4.52 | 4.52 | 31.84 | 9.77 | 14.75 | 7.67 | 10.48 |
| Russell Midcap [®] Index | 2.83 | 5.31 | 5.31 | 26.81 | 8.44 | 13.63 | 8.04 | 9.72 |

As of 31 December 2016

| As of 31 December 2016 | MTD ¹ | QTD ¹ | YTD ¹ | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
|---|------------------|------------------|------------------|--------------|-------------|--------------|-------------|--------------|
| Investor Class: ARTQX | 0.77 | 7.26 | 22.47 | 22.47 | 3.86 | 11.13 | 7.78 | 10.68 |
| Advisor Class: APDQX | 0.77 | 7.34 | 22.60 | 22.60 | 3.94 | 11.18 | 7.80 | 10.70 |
| Russell Midcap [®] Value Index | 1.78 | 5.52 | 20.00 | 20.00 | 9.45 | 15.70 | 7.59 | 10.28 |
| Russell Midcap [®] Index | 1.14 | 3.21 | 13.80 | 13.80 | 7.92 | 14.72 | 7.86 | 9.46 |

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) | \$23.14 | \$23.09 |
| Inception | 28 Mar 2001 | 1 Apr 2015 |
| Expense Ratios (% Gross/Net) | | |
| Annual Report 30 Sep 2016 | 1.16/— | 1.06/1.05 ¹ |
| Prospectus 30 Sep 2016 ² | 1.16/— | 1.06/— |

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

Top 10 Holdings (% of total portfolio)

| | |
|--|--------------|
| Air Lease Corp (Industrials) | 3.8 |
| Devon Energy Corp (Energy) | 3.6 |
| Alleghany Corp (Financials) | 3.3 |
| Celanese Corp (Materials) | 2.9 |
| Arrow Electronics Inc (Information Technology) | 2.6 |
| Avnet Inc (Information Technology) | 2.5 |
| Fifth Third Bancorp (Financials) | 2.5 |
| Apache Corp (Energy) | 2.5 |
| Torchmark Corp (Financials) | 2.4 |
| Arch Capital Group Ltd (Financials) | 2.4 |
| TOTAL | 28.7% |

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

| | Fund | RMCV ¹ |
|----------------------------|---------------|-------------------|
| Consumer Discretionary | 18.8 | 8.4 |
| Consumer Staples | 0.0 | 3.3 |
| Energy | 11.3 | 9.5 |
| Financials | 25.9 | 20.2 |
| Health Care | 2.1 | 4.1 |
| Industrials | 14.7 | 12.8 |
| Information Technology | 15.4 | 9.2 |
| Materials | 9.0 | 6.1 |
| Real Estate | 1.0 | 14.1 |
| Telecommunication Services | 0.0 | 1.2 |
| Utilities | 1.7 | 11.1 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 8.6% of the total portfolio. ¹Russell Midcap[®] Value Index.

Average Annual Total Returns

| As of 28 February 2017 | MTD ¹ | QTD ¹ | YTD ¹ | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
|---|------------------|------------------|------------------|--------------|-------------|--------------|-------------|--------------|
| Investor Class: ARTQX | 1.31 | 3.53 | 3.53 | 30.49 | 5.11 | 10.17 | 7.68 | 10.81 |
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| Russell Midcap [®] Value Index | 2.79 | 4.52 | 4.52 | 31.84 | 9.77 | 14.75 | 7.67 | 10.48 |
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Market Cap Distribution (% of total portfolio equities)

| \$ in billions | Fund | RMCV ¹ |
|----------------|---------------|-------------------|
| 21.0+ | 15.4 | 22.3 |
| 14.0–21.0 | 13.9 | 19.5 |
| 9.5–14.0 | 21.8 | 21.3 |
| 5.7–9.5 | 28.9 | 19.1 |
| 0–5.7 | 20.0 | 17.8 |
| 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 | 28 |
| 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 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 28 Feb 2017: AutoNation Inc 1.8%; Synopsys 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.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Book Value** is the net asset value of a company, calculated by total assets minus intangible assets and liabilities.

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