



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 31 January 2017

Commentary

Following a turbulent Q4, global markets were quieter in January, with most closing in positive territory as investors seemingly await signs of greater clarity from the newly inaugurated US administration. Emerging markets effectively recovered Q4 losses, leading major global indices, and foreign stocks outperformed US. In a reversal from much of 2016, growth stocks outperformed value. At the sector level, technology stocks led and health care rebounded from Q4, while energy gave back some of its recent gains.

Our portfolio outperformed the Russell Midcap® Growth and the Russell Midcap® Indices in January as share prices for a number of our larger holdings materially recovered after Q4's challenging environment. Among our top contributors were IHS Markit, DexCom and Boston Scientific. We believe IHS Markit is making progress consolidating its business following its 2016 merger. Shares were pressured in Q4—unfairly, in our view—as investors shifted their preference from secular-oriented stocks to more credit-sensitive, cyclical names. In our view, IHS Markit's fundamentals remain sound and the profit cycle potential compelling.

DexCom and Boston Scientific were similarly caught up in Q4's sentiment shift but have since materially retraced those losses. DexCom's continuous glucose-monitoring (CGM) system is well positioned within the large global diabetes market. The recent announcement that Medicare will begin reimbursing for DexCom's CGM system is a significant development—coming much sooner than we anticipated, and in our view meaningfully contributing to DexCom's market-share potential.

Meanwhile, Boston Scientific has resolved technical issues that threatened to slow its Lotus™ heart valve launch, which is set for later in 2017. We believe the company is well positioned to capitalize on its deep pipeline, penetrating a large market with its innovative, blockbuster-potential products. We are further attracted to Boston Scientific's capacity for margin expansion.

Among our few negative contributors in January were Acuity Brands and Regeneron. Shares of Acuity were impacted by slowing orders. While large projects remain strong, small orders disappointed—possibly tied to election-related jitters. We are watching for signs of reacceleration in coming quarters.

Shares of Regeneron have been pressured following a set-back in the company's patent case. There is now a not-insignificant possibility the court will remove its cholesterol-lowering drug, Praluent®, from US markets. We believe this risk is well understood by the market, and even without Praluent®, we expect Regeneron to continue growing based on its best-in-class R&D organization.

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)	\$38.04	\$38.17
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)	5.1
Boston Scientific Corp (Health Care)	4.5
LKQ Corp (Consumer Discretionary)	4.3
Global Payments Inc (Information Technology)	3.8
S&P Global Inc (Financials)	3.7
Regeneron Pharmaceuticals Inc (Health Care)	2.7
Waste Connections Inc (Industrials)	2.6
Cigna Corp (Health Care)	2.6
Fortune Brands Home & Security Inc (Industrials)	2.6
Concho Resources Inc (Energy)	2.4
TOTAL	34.5%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Consumer Discretionary	18.9	23.2
Consumer Staples	2.2	7.1
Energy	4.1	1.3
Financials	10.1	5.4
Health Care	20.5	15.1
Industrials	21.6	14.9
Information Technology	20.7	22.4
Materials	1.9	5.3
Real Estate	0.0	4.9
Telecommunication Services	0.0	0.5
Utilities	0.0	0.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 3.6% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 31 January 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	4.56	4.56	4.56	16.09	3.67	10.69	8.97	13.01
Advisor Class: APDMX	4.60	4.60	4.60	16.27	3.77	10.76	9.01	13.03
Russell Midcap® Growth Index	3.33	3.33	3.33	19.99	8.18	12.67	7.80	8.02
Russell Midcap® Index	2.41	2.41	2.41	24.72	9.50	13.92	7.76	9.64

As of 31 December 2016								
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	-2.23	-4.15	-0.89	-0.89	2.29	11.94	8.70	12.81
Advisor Class: APDMX	-2.22	-4.09	-0.76	-0.76	2.38	11.99	8.73	12.83
Russell Midcap® Growth Index	0.35	0.46	7.33	7.33	6.23	13.51	7.83	7.88
Russell Midcap® Index	1.14	3.21	13.80	13.80	7.92	14.72	7.86	9.55

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. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCG ¹
19.0+	34.7	23.2
13.5–19.0	12.1	18.6
9.5–13.5	18.5	18.6
6.3–9.5	23.4	22.0
0–6.3	11.3	17.7
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
Craigh 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 31 Jan 2017: Acuity Brands Inc 1.5%; DexCom Inc 2.1%. 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.

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