



# Artisan Mid Cap Value Fund

MONTHLY  
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 31 July 2017

## Commentary

Our portfolio fell shy of the Russell Midcap® Value Index in July. Despite strength in our energy E&Ps, shares of energy holding World Fuel Services (an asset-light fuel logistics company) detracted, weighing on results. The company's marine business remains pressured by cyclical headwinds, as vessel oversupply coupled with lower fuel demand has weighed on marine fuel markets. While we believe the soft demand trends in the marine segment are likely to continue this year, we believe the overall outlook for World Fuel remains attractive. The company generates ample free cash flow, has a robust global platform with market leadership positions, and has a financially conservative management team. Further, its aviation business is executing well, benefiting from healthy passenger levels and a recent acquisition of fuel stations. We used weakness to add to our position.

Shares of Gentex, an automatic-dimming mirror developer, also detracted. A motivated short-seller issued a report claiming accounting irregularities and that Gentex's technology is inferior, leading to some price volatility. We'd note that the report didn't reveal any smoking guns, and we're very mindful of the possibility that rearview mirrors could be displaced over time. However, as things stand today, Gentex has a dominant position in auto-dimming mirrors, and is a direct beneficiary of the movement by OEMs to add this innovative safety product to their platforms. Further, the company has a large stockpile of cash on its balance sheet and generates ample free cash flow. We think it's an interesting business at an interesting price point.

On the upside, Liberty Ventures continued to be a standout performer. The John Malone-led company owns stakes in privately and publicly traded companies. We believe the recent acquisition of General Communications and subsequent reshuffling of assets at Liberty Ventures increase the likelihood that the company will ultimately merge or trade assets with Charter Communications. Currently, the stock is, in part, a cheaper way to capture value from Charter, whose shares rallied in the month on merger speculation and strong execution. We believe Liberty Ventures is exceptionally well managed, and shares continue to trade at a meaningful discount to the sum-of-its-parts.

Global aircraft leasing company Air Lease also aided results, as solid execution and healthy global air travel demand has buoyed shares. The company places aircraft on long-term leases well before they are scheduled for delivery, locking in long-term cash flows from its order book. In our view, Air Lease is one of the best operators in the leasing space. We like its management team, which has extensive experience in the industry and employs a conservative management style.

## Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$23.52	\$23.48
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2017 <sup>1</sup>	1.19%	1.06%
Prospectus 30 Sep 2016 <sup>2</sup>	1.16%	1.06%

<sup>1</sup>Unaudited, annualized for the six month period. <sup>2</sup>See prospectus for more information.

## Top 10 Holdings (% of total portfolio)

Air Lease Corp (Industrials)	3.8
Celanese Corp (Materials)	3.1
Alleghany Corp (Financials)	3.1
Devon Energy Corp (Energy)	2.8
AutoNation Inc (Consumer Discretionary)	2.6
Arrow Electronics Inc (Information Technology)	2.6
Liberty Interactive Corp QVC Group (Consumer Discretionary)	2.6
Hess Corp (Energy)	2.5
Torchmark Corp (Financials)	2.5
Arch Capital Group Ltd (Financials)	2.4
<b>TOTAL</b>	<b>28.1%</b>

Source: Artisan Partners/FactSet (GICS).

## Sector Diversification (% of total portfolio equities)

	Fund	RMCV <sup>1</sup>
Consumer Discretionary	18.1	12.1
Consumer Staples	0.8	4.3
Energy	13.8	7.9
Financials	24.5	19.8
Health Care	2.4	6.9
Industrials	13.9	11.3
Information Technology	13.8	6.3
Materials	8.9	5.2
Real Estate	1.9	14.7
Telecommunication Services	0.0	0.9
Utilities	1.9	10.8
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 7.8% of the total portfolio. <sup>1</sup>Russell Midcap® Value Index.

## Investment Results (%)

As of 31 July 2017	MTD <sup>1</sup>	QTD <sup>1</sup>	YTD <sup>1</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	1.12	1.12	5.23	13.67	5.15	11.53	7.68	10.63
Advisor Class: APDQX	1.12	1.12	5.29	13.81	5.25	11.59	7.71	10.65
Russell Midcap® Value Index	1.33	1.33	6.57	12.69	9.00	15.32	7.99	10.32
Russell Midcap® Index	1.47	1.47	9.58	13.04	9.31	15.00	8.24	9.72

As of 30 June 2017

Investor Class: ARTQX	1.35	1.26	4.07	16.24	3.69	11.33	6.94	10.61
Advisor Class: APDQX	1.35	1.31	4.13	16.34	3.78	11.39	6.97	10.63
Russell Midcap® Value Index	1.49	1.37	5.18	15.93	7.46	15.14	7.23	10.29
Russell Midcap® Index	0.99	2.70	7.99	16.48	7.69	14.72	7.67	9.68

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.

Average Annual Total Returns

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

\$ in billions	Fund	RMCV <sup>1</sup>
21.0+	12.4	19.2
14.0–21.0	18.4	22.9
9.5–14.0	17.1	19.5
5.7–9.5	23.8	20.0
0–5.7	28.3	18.3
<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	Years of Investment Experience
James C. Kieffer, CFA	28
George O. Sertl, CFA	25
Daniel L. Kane, CFA	19

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 31 Jul 2017: Gentex Corp 1.8%; Liberty Ventures 2.0%; World Fuel Services Corp 1.5%. 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.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

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.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2017 Artisan Partners. All rights reserved.

8/4/2017 A17623L\_vR