



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 30 June 2017

Commentary

Our portfolio was roughly in-line with the Russell Midcap® Value Index in June and Q2. Tax-preparer H&R Block was a top performer as better than feared revenue and good cost controls have led to strong earnings. We've held the name since 2009 and believe the company is one of the industry's best brands based on its strong market-share position and repeatable business model. It has a healthy balance sheet and generates ample cash, with much of it allocated to dividends and share repurchases. We used strength in June to trim our position.

Energy holdings Devon and Cimarex detracted, weighing on results. Oil prices reached YTD lows in June, pressuring sentiment on energy-exposed names. However, in our view the underlying fundamentals have not changed. The market is currently undersupplied, and we believe inventories will ultimately come in line. We believe the current price does not encourage the amount of investment necessary to provide enough incentive for longer-term supply to meet growing demand. We continue to own what we believe are high quality companies capable of better weathering a sustained, weaker operating environment.

Notably, energy holding and Q4 2016 purchase Tesoro was a top performer in June. The company recently completed its acquisition of Western Refining, a smaller refinery with a presence in Western Texas and New Mexico, which we believe is poised to benefit from the pending production boom in the Delaware Basin. In our view, Tesoro is a best-in-class player with a dominant position in West Coast markets of the US refining network.

We sold our position in technology company Keysight Technologies and commercial real estate broker and property services firm Jones Lang LaSalle (JLL). Keysight Technologies recently executed a large M&A transaction, putting the balance sheet in a more precarious position. We had been trimming our position for some time on strength, and fully exited in June as valuations hit our estimates of fair value. In the case of JLL, we had initiated our position in Q4 2016, but were only able to get half of a low-end position as the stock quickly ran up. While we continue to like the business, we exited as valuations appeared fair, redeploying capital to what we view as more attractive opportunities.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$23.26	\$23.22
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2017 ¹	1.19%	1.06%
Prospectus 30 Sep 2016 ²	1.16%	1.06%

¹Unaudited, annualized for the six month period. ²See prospectus for more information.

Top 10 Holdings (% of total portfolio)

Air Lease Corp (Industrials)	3.6
Celanese Corp (Materials)	3.1
Alleghany Corp (Financials)	3.0
Arrow Electronics Inc (Information Technology)	2.8
Devon Energy Corp (Energy)	2.7
AutoNation Inc (Consumer Discretionary)	2.6
Liberty Interactive Corp QVC Group (Consumer Discretionary)	2.6
Hess Corp (Energy)	2.4
Torchmark Corp (Financials)	2.4
Fifth Third Bancorp (Financials)	2.4
TOTAL	27.8%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Consumer Discretionary	18.2	12.1
Consumer Staples	0.0	4.3
Energy	13.6	7.9
Financials	25.3	19.7
Health Care	2.4	7.1
Industrials	13.7	11.3
Information Technology	14.3	6.3
Materials	8.8	5.1
Real Estate	1.7	14.7
Telecommunication Services	0.0	0.9
Utilities	2.0	10.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 8.9% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 30 June 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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. 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.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCV ¹
21.0+	11.5	20.4
14.0–21.0	13.9	20.1
9.5–14.0	22.2	20.7
5.7–9.5	21.9	19.4
0–5.7	30.5	19.3
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	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 30 Jun 2017: Cimarex Energy Co 1.5%; H&R Block Inc 1.6%; Tesoro Corp 2.0%. 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.

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