



Artisan Mid Cap Fund

MONTHLY
Commentary

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

Commentary

Markets notched another positive month in March, concluding 2017's first quarter in solidly positive territory. Foreign stocks led domestic, and emerging markets outperformed developed. The late-2016 value rotation seemed to reverse in Q1, with growth stocks broadly outperforming. US health care stocks pulled back modestly in March amid heightened political uncertainty, but not enough to erase a sharp Q1 rebound from late-2016's drop. Technology stocks also fared well on anticipation of firmer economic growth. The Fed raised rates, in line with expectations. Markets largely shrugged.

Our portfolio outperformed the Russell Midcap[®] Growth and the Russell Midcap[®] Indices in March and for the quarter. Among our top QTD contributors were IHS Markit and DexCom. Progress on IHS Markit's 2016 merger is gaining meaningful traction and aiding margin expansion, and its energy business is showing signs of turning around, which should provide an additional tailwind.

DexCom benefited from the announcement in Q1 that Medicare will begin reimbursing for DexCom's continuous glucose-monitoring (CGM) system—a significant development coming much sooner than we anticipated. We believe this announcement, along with other catalysts ahead, contributes meaningfully to DexCom's market-share potential.

Among our few negative QTD contributors were Advance Auto Parts (AAP) and Cimarex. Shares of AAP have recently been pressured by a combination of factors, including continued investments aimed at improving customer service and cost-cutting shortfalls, both of which have resulted in slower earnings growth than anticipated. However, we believe AAP remains well positioned under its new management team to turn around an underperforming franchise with solid market share in a consolidating industry.

Cimarex shares have been pressured as oil prices have given back some of their late-2016 bounce. Though we believe Cimarex remains a leading oil and gas producer with attractive exposure to top Permian basin acreage and a solid balance sheet, we are watching for signs its profit cycle is taking hold as we anticipate.

We will have further detail on these and other holdings in our forthcoming quarterly commentary.

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)	\$39.26	\$39.39
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)	5.3
Boston Scientific Corp (Health Care)	4.5
Global Payments Inc (Information Technology)	4.0
S&P Global Inc (Financials)	3.9
LKQ Corp (Consumer Discretionary)	3.8
Regeneron Pharmaceuticals Inc (Health Care)	2.9
Waste Connections Inc (Industrials)	2.8
Cigna Corp (Health Care)	2.6
Fortune Brands Home & Security Inc (Industrials)	2.3
DexCom Inc (Health Care)	2.2
TOTAL	34.4%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Consumer Discretionary	18.2	23.0
Consumer Staples	2.9	7.1
Energy	4.3	1.3
Financials	11.4	5.3
Health Care	20.2	15.6
Industrials	20.4	14.8
Information Technology	21.0	22.3
Materials	1.7	5.1
Real Estate	0.0	5.2
Telecommunication Services	0.0	0.2
Utilities	0.0	0.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 2.3% of the total portfolio. ¹Russell Midcap[®] Growth Index.

Investment Results (%)

As of 31 March 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	1.13	7.92	7.92	13.28	4.07	9.43	9.21	13.08
Advisor Class: APDMX	1.13	7.95	7.95	13.41	4.17	9.50	9.24	13.09
Russell Midcap [®] Growth Index	0.55	6.89	6.89	14.07	7.88	11.95	8.13	8.14
Russell Midcap [®] Index	-0.16	5.15	5.15	17.03	8.48	13.09	7.94	9.70

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.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCG ¹
19.0+	38.1	25.2
13.5–19.0	13.3	17.6
9.5–13.5	12.8	18.8
6.3–9.5	29.8	21.4
0–6.3	6.0	17.0
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 Mar 2017: Advance Auto Parts Inc 1.2%; Cimarex Energy Co 1.4%. 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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