



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 31 March 2017

Commentary

Our portfolio performed in line with the Russell Midcap® Value Index in March. Banks were generally weak, and ours were no exception—shares of Fifth Third and M&T Bank detracted. The names were among our top performers in Q4 2016, as investor expectations regarding softened regulations, more economical deployment of excess capital and rising interest rates lifted shares. We view recent weakness as more of a sentiment reset than any material change in fundamentals.

On the up side, strength was largely driven by our consumer discretionary holdings—7 of our top 10 performers in March were from the sector, including H&R Block and Harley-Davidson. Positive preliminary tax-season data boosted shares of H&R Block. Efforts toward a revamped promotional strategy appear to be working, with volumes falling at a lower rate than the industry, implying market share gains. Shares of motorcycle company Harley-Davidson advanced on improving retail trends. Harley has been focusing efforts on taking back market share through investments in R&D and increasing the pace of innovation—and it's been successful. Its newly released product suite has been met with critical acclaim, and we used share price strength to trim our position.

We've been vocal in our belief that valuations of REITs and utilities have generally appeared stretched, driven in part by investors reaching for yield in a low-interest rate environment, and stability outpacing cyclicality. However, portfolio positioning is a byproduct of our bottom-up stock selection approach, not a top-down, macro view of sectors. More recently, we've identified one-off opportunities in these areas, purchasing Equity Commonwealth (EQT) and utilities company SCANA (SCG) in March.

EQT is an internally managed, self-advised REIT, with commercial office properties throughout the US. In our view, it's in a unique situation—it has a large stockpile of cash on its balance sheet, enabling it to opportunistically deploy capital to create shareholder value. Further, the company trades for a slight discount to net asset value, and its management team has a history of creating shareholder value. In the case of regulated electric and gas utility SCG, shares were pressured on investor concerns surrounding Westinghouse, the financial backer of a large nuclear power plant SCG is building. We believe shares are pricing in a wide range of negative outcomes and used the opportunity to reestablish our position in what we believe is a quality company, trading at undemanding valuations.

We also built on our position in February purchase World Fuel Services (INT). Unlike the bulk of our energy exposure (which is concentrated in E&Ps), INT is an asset-light fuel logistics company. INT benefits from commodity-price volatility, as the volatility increases demand for its high-margin, risk management products. The past several years have highlighted the cyclicality of the business, as lower fuel prices have decreased its forward-hedging opportunities, and vessel oversupply coupled with lower fuel demand weighed on marine fuel markets. This cyclicality presented us an opportunity to establish a position, as we believe shares are trading at undemanding valuations based on our long-term, normalized approach. We like INT's free cash flow generation, its robust, global platform with market leadership positions, and its financially conservative management team.

Portfolio Details

| | ARTQX | APDQX |
|-------------------------------------|-------------|------------------------|
| Net Asset Value (NAV) | \$22.97 | \$22.92 |
| 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) | 3.5 |
| Alleghany Corp (Financials) | 3.1 |
| Celanese Corp (Materials) | 2.9 |
| Arrow Electronics Inc (Information Technology) | 2.7 |
| Avnet Inc (Information Technology) | 2.5 |
| Apache Corp (Energy) | 2.4 |
| Torchmark Corp (Financials) | 2.4 |
| Arch Capital Group Ltd (Financials) | 2.4 |
| Hess Corp (Energy) | 2.3 |
| TOTAL | 28.1% |

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

| | Fund | RMCV ¹ |
|----------------------------|---------------|-------------------|
| Consumer Discretionary | 19.1 | 8.6 |
| Consumer Staples | 0.0 | 3.3 |
| Energy | 12.5 | 9.6 |
| Financials | 25.3 | 19.6 |
| Health Care | 2.0 | 4.1 |
| Industrials | 14.5 | 12.9 |
| Information Technology | 14.1 | 9.5 |
| Materials | 8.7 | 6.1 |
| Real Estate | 2.4 | 13.9 |
| Telecommunication Services | 0.0 | 1.2 |
| Utilities | 1.5 | 11.2 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 8.2% of the total portfolio. ¹Russell Midcap® Value 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: ARTQX | -0.73 | 2.77 | 2.77 | 18.54 | 4.20 | 9.75 | 7.56 | 10.70 |
| Advisor Class: APDQX | -0.74 | 2.78 | 2.78 | 18.65 | 4.28 | 9.80 | 7.59 | 10.71 |
| Russell Midcap® Value Index | -0.73 | 3.76 | 3.76 | 19.82 | 8.94 | 14.07 | 7.47 | 10.37 |
| Russell Midcap® Index | -0.16 | 5.15 | 5.15 | 17.03 | 8.48 | 13.09 | 7.94 | 9.65 |

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+ | 15.0 | 22.4 |
| 14.0–21.0 | 13.5 | 19.7 |
| 9.5–14.0 | 15.6 | 19.4 |
| 5.7–9.5 | 30.8 | 21.0 |
| 0–5.7 | 25.1 | 17.5 |
| 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 31 Mar 2017: Equity Commonwealth 1.3%; Fifth Third Bancorp 2.3%; H&R Block Inc 1.6%; Harley-Davidson Inc 1.2%; SCANA Corp 1.4%; World Fuel Services Corp 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.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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