



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 31 May 2017

Commentary

US stock returns were mixed by size and style in May—large caps bested both mid and small caps, while growth stocks outperformed value across the market-cap spectrum. Oil prices were volatile, finishing the month lower as investors questioned whether OPEC's deal extension was enough to meaningfully influence the market. Meanwhile, rhetoric out of Washington spurred uncertainty about the timing of President Trump's pro-business promises of tax reform, infrastructure spending and deregulation.

Our portfolio outperformed the Russell Midcap® Value Index in May. Shares of InterActiveCorp (IAC) continued their ascent (the stock has been a standout this year). Although technically classified as a technology name, we consider IAC more of a consumer holding, as it operates sites such as HomeAdvisor, Match and Tinder. The company recently announced a deal to combine HomeAdvisor with Angie's List—the two largest players in the digital home-services space—into a new standalone company. IAC has a history of successfully building online marketplace businesses, and we believe it faces a compelling opportunity as about 90% of the \$400 billion US home-services market remains offline. In our view IAC's businesses appear cheap on a sum-of-the-parts basis, it has a healthy cash position, and it has a best-in-class management team.

Detractors in the month included engineering and construction company Fluor. The stock has been under pressure due to the bankruptcy filing of Westinghouse, which was in the process of constructing two nuclear reactors in which Fluor is the general contractor. Shares were further pressured by disappointment in management's softer-than-anticipated forward guidance. The company has strung together a couple of quarters of poor margins, project write-downs and disappointing backlog bookings. Despite the near-term headwinds, our long-term thesis remains intact. Fluor produces strong free cash flow, most of which is returned to shareholders through dividends and share repurchases. Its balance sheet is strong with a net cash position.

We exited our position in handbags and accessories company Coach. The stock had been advancing this year as the company's turnaround story took shape, and then jumped on news of the company's acquisition of Kate Spade. We used the opportunity to exit our position.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$22.95	\$22.91
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)	3.7
Alleghany Corp (Financials)	3.0
Devon Energy Corp (Energy)	2.9
Celanese Corp (Materials)	2.9
Arrow Electronics Inc (Information Technology)	2.8
Liberty Interactive Corp QVC Group (Consumer Discretionary)	2.6
Arch Capital Group Ltd (Financials)	2.5
Torchmark Corp (Financials)	2.4
Analog Devices Inc (Information Technology)	2.3
Hess Corp (Energy)	2.3
TOTAL	27.3%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Consumer Discretionary	18.4	8.7
Consumer Staples	0.0	3.3
Energy	13.2	8.6
Financials	25.4	19.3
Health Care	2.3	4.3
Industrials	13.6	13.2
Information Technology	13.9	9.7
Materials	8.7	6.0
Real Estate	2.6	13.9
Telecommunication Services	0.0	1.2
Utilities	2.0	11.7
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 6.3% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 31 May 2017	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	0.61	-0.09	2.68	13.91	4.18	11.62	6.69	10.57
Advisor Class: APDQX	0.61	-0.04	2.74	14.01	4.28	11.68	6.72	10.59
Russell Midcap® Value Index	-0.31	-0.12	3.63	15.27	8.15	15.63	6.77	10.25
Russell Midcap® Index	0.91	1.69	6.92	15.86	8.50	15.13	7.32	9.66

As of 31 March 2017

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.

Average Annual Total Returns

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCV ¹
21.0+	11.7	22.8
14.0–21.0	18.1	20.2
9.5–14.0	18.8	21.2
5.7–9.5	19.2	17.6
0–5.7	32.2	18.3
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 31 May 2017: Fluor Corp 1.8%; IAC/InterActiveCorp 2.2%. 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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Sector exposure percentages reflect sector designations as currently classified by GICS.

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