



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 30 November 2017

Commentary

Global markets broadly advanced in November, with most major indices positive. US stocks led tied to relatively robust economic growth and the potential for meaningful corporate tax reform. Non-US developed markets and emerging markets were also in the black in November, though both trailed the US.

Quarter to date, our portfolio is trailing the Russell Midcap[®] and Russell Midcap[®] Growth Indices. Among our bottom QTD contributors are Regeneron and Boston Scientific. Shares of Regeneron were pressured as Novartis announced results showing its competitor to Regeneron's Eylea[®] is more effective and carries fewer side effects than anticipated. However, it will likely take some time for Novartis to ramp sufficiently to challenge Eylea's[®] market share. We are remaining patient on the continued strength of Regeneron's R&D organization and promising pipeline.

Ongoing operational issues with Boston Scientific's Lotus[™] heart valve have pressured shares, leading the company to delay its US launch. While the valve itself is proven clinically, Boston Scientific seems to be wrestling with the complexity of the valve's release mechanism, its manufacturability and quality assurance. Though Boston Scientific is well diversified, the Lotus[™] represents a meaningful driver of top-line growth. We have pared our exposure while we await signs the profit cycle is reaccelerating.

Among our top QTD contributors are Atlassian and Becton Dickinson. Atlassian, which provides a suite of innovative, customizable team-collaboration software tools, is growing recurring revenues as demand for its software solutions picks up. We believe the company's plans for end-to-end platforms across enterprises—from developers to IT to business users—are compelling and lengthen the potential growth runway.

Becton Dickinson, a leading global medical devices company, is consolidating several product categories within medication management and delivery to provide full solutions to developed-market hospitals that are migrating to value-based health care systems. It is also growing its presence and product offering breadth in emerging markets where access to health care technology is growing. Further, the company is allowing customers to streamline operations, reduce costs and expand margins, in turn contributing to Becton Dickinson's revenue growth.

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)	\$38.15	\$38.33
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2017	1.18%	1.05%
Prospectus 30 Sep 2016 ¹	1.19%	1.05%

¹See prospectus for more information.

Top 10 Holdings (% of total portfolio)

LKQ Corp (Consumer Discretionary)	4.6
Global Payments Inc (Information Technology)	4.6
IHS Markit Ltd (Industrials)	3.6
S&P Global Inc (Financials)	3.3
The Progressive Corp (Financials)	3.3
Cigna Corp (Health Care)	3.0
Boston Scientific Corp (Health Care)	3.0
Becton Dickinson and Co (Health Care)	2.4
Delphi Automotive PLC (Consumer Discretionary)	2.4
Concho Resources Inc (Energy)	2.3
TOTAL	32.4%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Consumer Discretionary	12.8	17.3
Consumer Staples	3.4	4.0
Energy	4.1	2.4
Financials	13.3	7.2
Health Care	17.5	14.2
Industrials	19.3	16.9
Information Technology	28.2	28.0
Materials	1.5	6.3
Real Estate	0.0	3.3
Telecommunication Services	0.0	0.2
Utilities	0.0	0.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 3.1% of the total portfolio. ¹Russell Midcap[®] Growth Index.

Investment Results (%)

As of 30 November 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	0.82	3.05	20.61	17.92	6.71	12.61	8.70	13.24
Advisor Class: APDMX	0.82	3.06	20.74	18.05	6.84	12.69	8.74	13.26
Russell Midcap [®] Growth Index	3.34	6.23	24.60	25.03	10.00	15.59	9.07	8.68
Russell Midcap [®] Index	3.36	5.09	17.43	18.76	9.32	15.26	8.98	9.97
As of 30 September 2017								
Investor Class: ARTMX	0.54	1.57	17.04	12.19	7.76	11.78	8.28	13.19
Advisor Class: APDMX	0.54	1.62	17.16	12.36	7.89	11.86	8.32	13.21
Russell Midcap [®] Growth Index	2.83	5.28	17.29	17.82	9.96	14.18	8.20	8.43
Russell Midcap [®] Index	2.77	3.47	11.74	15.32	9.54	14.26	8.08	9.78

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+	34.0	33.5
13.5–19.0	23.8	16.8
9.5–13.5	21.9	22.0
6.3–9.5	10.4	16.7
0–6.3	10.0	11.0
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)	18
James D. Hamel, CFA	21
Craigh A. Cepukenas, CFA	29
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 30 Nov 2017: Atlassian Corp PLC 2.2%; Regeneron Pharmaceuticals Inc 1.0%. 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.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. 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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