



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 30 November 2017

Commentary

Our portfolio advanced in November, finishing roughly in line with the Russell Midcap® Value Index. Q3 purchase Kroger was a top performer. The food retailer's efforts to combat intensifying competitive headwinds have shown early signs of success, with market-share gains, growth in its digital segment and stable operating margins. We anticipate the structural headwinds will remain, but we believe Kroger can continue to thrive given its willingness to meet customer needs. We are attracted to Kroger's large store footprint, operational efficiency and best-in-class management team. Further, the company has a high ROE and sound balance sheet, it generates strong free cash flow, and it has a history of creating shareholder value through share buybacks and dividends.

North American auto retailer AutoNation also boosted results on strong performance across the business. The company announced a partnership with Waymo, Alphabet's self-driving unit. While specifics on the partnership have yet to be released, AutoNation will serve as a repair and maintenance provider for the autonomous fleets. AutoNation also repurchased approximately \$400mm in shares during the quarter. We continue to believe that based on a reasonable assumption of annual SAAR in the US, the valuation is compelling, and that management is focused on increasing per-share economic value.

On the down side, shares of insurance provider Arch Capital Group were weak. Investors had bid up the name in October on expectations that industry-wide losses related to tropical storms would lead to rising insurance rates. However, investors began to question whether the losses would be great enough to force a turn in pricing, and shares detracted as a result. We're long-term investors and remain attracted to Arch Capital's track record of successfully navigating industry cycles and growing its book value through its disciplined approach to underwriting.

Shares of semiconductor company Analog Devices also weighed on results. The stock has performed well this year, and we believe weakness in November was largely a result of investors shunning technology stocks, as the industry is perceived to benefit the least from tax reform. The company has been executing well, with strength across business segments and ample free cash flow generation. We continue to like Analog's leadership position in its industry and its strong balance sheet.

We exited two names in the month—Cars.com and Hubbell—in favor of opportunities we believe have more upside potential.

Investment Results (%)

As of 30 November 2017	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	3.20	3.20	10.73	11.58	6.81	11.42	8.63	10.74
Advisor Class: APDQX	3.23	3.23	10.83	11.68	6.92	11.49	8.66	10.76
Russell Midcap® Value Index	3.38	4.21	11.96	13.95	8.83	14.99	8.84	10.43
Russell Midcap® Index	3.36	5.09	17.43	18.76	9.32	15.26	8.98	9.98

As of 30 September 2017

As of 30 September 2017	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	3.41	3.10	7.29	15.08	6.33	11.15	7.75	10.64
Advisor Class: APDQX	3.37	3.10	7.35	15.23	6.43	11.21	7.78	10.66
Russell Midcap® Value Index	2.73	2.14	7.43	13.37	9.19	14.33	7.85	10.27
Russell Midcap® Index	2.77	3.47	11.74	15.32	9.54	14.26	8.08	9.75

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.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$22.40	\$22.35
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2017	1.17%	1.06%
Prospectus 30 Sep 2016 ¹	1.16%	1.06%

¹See prospectus for more information.

Top 10 Holdings (% of total portfolio)

Air Lease Corp (Industrials)	4.1
Celanese Corp (Materials)	3.4
AutoNation Inc (Consumer Discretionary)	3.4
Devon Energy Corp (Energy)	3.1
Alleghany Corp (Financials)	2.9
Torchmark Corp (Financials)	2.7
Fifth Third Bancorp (Financials)	2.7
Hess Corp (Energy)	2.7
IAC/InterActiveCorp (Information Technology)	2.5
Liberty Interactive Corp QVC Group (Consumer Discretionary)	2.5
TOTAL	30.1%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Consumer Discretionary	18.3	11.9
Consumer Staples	2.6	3.9
Energy	14.2	7.9
Financials	25.2	20.4
Health Care	2.1	6.4
Industrials	16.5	11.8
Information Technology	11.0	6.5
Materials	7.9	5.3
Real Estate	2.2	14.3
Telecommunication Services	0.0	0.4
Utilities	0.0	11.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 8.1% of the total portfolio. ¹Russell Midcap® Value Index.

Average Annual Total Returns

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Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCV ¹
21.0+	19.0	21.9
14.0–21.0	22.8	23.5
9.5–14.0	14.9	19.6
5.7–9.5	19.4	18.5
0–5.7	23.9	16.6
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
Thomas A. Reynolds IV	18
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 Nov 2017: Analog Devices Inc 2.2%; Arch Capital Group Ltd 2.3%; The Kroger Co 2.4%. 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.

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.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Book Value** is the net asset value of a company, calculated by total assets minus intangible assets and liabilities. **SAAR** stands for seasonally adjusted annual rate. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity.

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