



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 31 October 2017

Commentary

Our portfolio trailed the Russell Midcap® Value Index in October. Shares of World Fuel Services (an asset-light, fuel logistics company) detracted, as increased competitive pressures, ample credit availability and weakness in marine fuel markets weighed on results. Positively, its aviation business is performing well, aided by an uptick in fuel prices and the integration of recent acquisitions. We continue to like the company's free cash flow generation, its robust global platform with market leadership positions and its financially conservative management team.

Oil and natural gas E&P Hess weighed on results. Investors responded negatively to the announced sale of the company's Equatorial Guinea and Norway assets, as the announcement wasn't coupled with a return of cash to shareholders. We view the sale as a positive step in the company's portfolio optimization, as the assets in question are higher cost mature assets, and the offers received were above our estimates of value for these units. Elsewhere, weather-related headwinds weighed on the Bakken. We used the weakness to add to our position—Hess remains in solid financial condition with ample cash on its balance sheet.

Shares of diversified media and Internet company InterActiveCorp (IAC) continued to be a standout (the company operates sites such as HomeAdvisor, Match and Tinder). Its businesses are executing well—the merger of Angie's List and HomeAdvisor is complete, and Match Group continues to grow and improve monetization. IAC meets our margin of safety criteria, and we like that it's led by Barry Diller, who has a strong record of capital allocation from asset sales.

Q3 purchase Axalta Coating Systems also boosted results. The company is a global manufacturer, marketer and distributor of high-performance coating systems. Shares rallied as the company confirmed it's engaged in constructive discussions with Dutch paints and coatings giant Akzo Nobel regarding a potential merger of equals. There's been considerable consolidation in the coatings industry, and the merger could broaden the businesses' offerings. Whether or not a deal materializes, we remain attracted to Axalta's returns on capital, impressive and relatively stable margin profiles, and its ability to generate free cash flow and strong pricing power in the refinish business.

We established a position in Amerco (the parent company of U-Haul). We think it's a quality business with an attractive long-term outlook due to the compounding of book value from its large scale advantages. The company owns and operates the largest fleet of rental trucks for the DIY mover, and has an unmatched network of locations that provides a competitive moat for the city-to-city movers' market. It also owns and operates a storage business that recently underwent a major buildout, and we believe EPS should advance as occupancy grows. In our view, the company has a strong financial profile, the ability to earn a mid-teen's ROE, and valuations look to be a relative bargain, trading at around 16X our estimates of normalized earnings.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$23.98	\$23.94
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)	4.2
Celanese Corp (Materials)	3.4
Devon Energy Corp (Energy)	3.1
AutoNation Inc (Consumer Discretionary)	2.9
Alleghany Corp (Financials)	2.8
Torchmark Corp (Financials)	2.7
Fifth Third Bancorp (Financials)	2.6
IAC/InterActiveCorp (Information Technology)	2.6
Hess Corp (Energy)	2.6
Arch Capital Group Ltd (Financials)	2.5
TOTAL	29.5%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Consumer Discretionary	16.4	11.6
Consumer Staples	2.1	3.8
Energy	14.2	7.9
Financials	25.1	20.3
Health Care	1.9	6.5
Industrials	16.2	11.8
Information Technology	12.1	6.7
Materials	9.4	5.5
Real Estate	2.2	14.3
Telecommunication Services	0.0	0.6
Utilities	0.5	11.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 7.9% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 31 October 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	0.00	0.00	7.29	16.99	6.11	11.24	7.85	10.59
Advisor Class: APDQX	0.00	0.00	7.35	17.09	6.20	11.30	7.88	10.60
Russell Midcap® Value Index	0.80	0.80	8.30	17.12	8.26	14.49	7.90	10.27
Russell Midcap® Index	1.67	1.67	13.60	21.09	9.04	14.87	8.09	9.81

As of 30 September 2017

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.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMV ¹
21.0+	13.6	20.7
14.0–21.0	26.3	22.4
9.5–14.0	16.9	19.9
5.7–9.5	16.9	19.1
0–5.7	26.4	17.9
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 31 Oct 2017: World Fuel Services Corp 1.3%; Axalta Coating Systems Ltd 1.8%; AMERCO 1.5%. 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. **Margin of Safety**, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **Earnings per Share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock. **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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