



# Artisan Mid Cap Value Fund

MONTHLY  
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 30 April 2018

## Commentary

US mid-cap stocks were little changed in April. The Russell Midcap® Value Index managed a modest gain as value outperformed growth. Quarterly earnings have been historically strong, aided by tax cuts, currency effects and share buybacks. However, the market reaction to standout earnings has been surprisingly tepid. By sector, returns were especially strong in energy and telecom—each up about 10%. Finishing lower were industrials, technology and consumer discretionary.

Our portfolio outperformed the Russell Midcap® Value Index in April, driven by positive stock selection among our energy, industrials and materials holdings. Our exposure to energy—both directly and via a number of industrials and materials holdings with exposures to the oil and gas industry—was beneficial. The price of WTI rose to the high-\$60s/barrel by month-end as OPEC's efforts to cap production and US producers' nascent exports have helped buoy prices. In addition, energy stocks, which had lagged underlying commodities prices in Q1, played catch-up in April.

Among our top contributors were refiner Andeavor, exploration and production companies Devon Energy, Cimarex Energy and Hess, chemicals and advanced materials producer Celanese and tank-barge operator Kirby. In addition to the broader sector-wide influences, shares of Andeavor surged on news that Marathon Petroleum—the second-largest refiner in the US—had agreed to acquire Andeavor at a 24.4% premium to its prior closing price. Andeavor's dominant position in West Coast markets complements Marathon's Gulf Coast and Midwest focus.

On the down side, our biggest detractors included Qurate Retail Group (formerly Liberty Interactive QVC) and World Fuel Services. Besides Qurate's flagship QVC business, the company owns a number of retail businesses, including HSN, zulily and Ballard Designs. Qurate weakened on rumors that Amazon was considering a takeover of Evine Live, a distant third in home shopping channels after QVC and HSN. Whether this proves a legitimate risk is open to debate—it may be just a rumor, and there is no assurance Amazon would be successful—but it is a threat we take seriously in considering Qurate's appeal.

World Fuel Services, an asset-light fuel logistics company, delivered better margins on solid cost containment and continued growth in its aviation segment; however, investors are concerned about the sequential working capital build and negative free cash flow in the quarter, in addition to weaker volume growth in its marine and land businesses.

## Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$22.59	\$22.56
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2017	1.17%	1.06%
Prospectus 30 Sep 2017 <sup>1</sup>	1.17%	1.06%

<sup>1</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Celanese Corp (Materials)	3.6
Hess Corp (Energy)	3.4
IAC/InterActiveCorp (Information Technology)	3.3
Devon Energy Corp (Energy)	3.1
Andeavor (Energy)	3.1
Fifth Third Bancorp (Financials)	3.0
Air Lease Corp (Industrials)	3.0
AutoNation Inc (Consumer Discretionary)	2.9
Torchmark Corp (Financials)	2.8
Fluor Corp (Industrials)	2.7
<b>TOTAL</b>	<b>30.8%</b>

Source: Artisan Partners/FactSet (GICS).

## Sector Diversification (% of total portfolio equities)

	Fund	RMCV <sup>1</sup>
Consumer Discretionary	22.1	11.6
Consumer Staples	2.8	3.8
Energy	15.5	8.9
Financials	22.9	21.0
Health Care	1.2	6.3
Industrials	16.4	11.6
Information Technology	8.5	6.5
Materials	7.8	5.5
Real Estate	2.8	13.7
Telecommunication Services	0.0	0.5
Utilities	0.0	10.5
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 7.0% of the total portfolio. <sup>1</sup>Russell Midcap® Value Index.

## Investment Results (%)

As of 30 April 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	1.80	1.80	-0.62	9.42	6.27	7.96	8.59	10.52
Advisor Class: APDQX	1.85	1.85	-0.53	9.56	6.41	8.04	8.64	10.55
Russell Midcap® Value Index	0.50	0.50	-2.02	6.83	7.81	10.97	9.22	10.12
Russell Midcap® Index	-0.15	-0.15	-0.61	11.17	8.28	11.77	9.48	9.74

As of 31 March 2018

Investor Class: ARTQX	-0.40	-2.38	-2.38	6.73	5.87	7.49	8.93	10.46
Advisor Class: APDQX	-0.40	-2.34	-2.34	6.86	5.99	7.56	8.97	10.48
Russell Midcap® Value Index	0.25	-2.50	-2.50	6.50	7.23	11.11	9.81	10.14
Russell Midcap® Index	0.06	-0.46	-0.46	12.20	8.01	12.09	10.21	9.80

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (28 March 2001); Advisor (1 April 2015). For the period prior to inception, Advisor Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor Class and the share class's returns during that period would be different 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 <sup>1</sup>
23.0+	14.5	14.1
16.0–23.0	26.1	23.6
11.0–16.0	13.2	19.2
6.5–11.0	22.5	22.4
0–6.5	23.7	20.7
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet/Russell. <sup>1</sup>Russell Midcap® Value Index.

## Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
James C. Kieffer, CFA	29
Thomas A. Reynolds IV	19
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 Apr 2018: Cimarex Energy Co 2.0%; Kirby Corp 2.4%; Quorate Retail Group Inc QVC Group 2.5%; World Fuel Services Corp 1.1%. 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.

**Working capital** is a liquidity measure calculated by subtracting a company's current liabilities from its current assets. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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