



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX As of 31 December 2018

Commentary

Our portfolio trailed the Russell Midcap® Value Index QTD. Our stock selection was additive to performance, particularly in our communication services names, but an historic selloff in December rocked the energy sector amid sinking oil prices. Falling long-term interest rates benefited our real estate holdings from an absolute standpoint, but our below-benchmark exposure was negative for relative returns.

Weakness in airline stocks bled into the aircraft lessors, and Air Lease Corp was our largest detractor on the quarter. However, leasing companies should generally be less affected by carrier profitability given the contractual (and asset-backed) nature of the business. Overall, it's demand for air travel, which may wane during cyclical downturns but should trend higher over time, that should preoccupy leasing firms. We added to the position on the weakness as we continue to believe management has positioned the company as the industry leader.

With crude oil prices off a staggering \$30 per barrel over the quarter and energy the worst performing sector in the index, it's of little surprise the exploration and production firms—Hess and Devon—were among our largest detractors.

TripAdvisor and Omnicom, both members of the communication services sector, were the top contributors to fourth quarter returns. Omnicom Group, a global advertising and marketing services holding company, continues to generate strong cash flow and posted solid organic growth outside of North America, which the market was not expecting due to secular fears.

TripAdvisor's efforts to trim marketing expenses weighed on revenues but improved margins. It remains an industry-leading platform that generates free cash flow and maintains a sound balance sheet while still growing its unique travel review content and operating the world's second-largest restaurant reservation system.

Triple-net lease REIT operator Store Capital was another top contributor. While not immune to the December selloff, falling long-term interest rates over the quarter supported the stock.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$16.94	\$16.89
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2018	1.19%	1.05%
Prospectus 30 Sep 2017 ¹	1.17%	1.06%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

IAC/InterActiveCorp (Communication Services)	3.6
Celanese Corp (Materials)	3.5
The Kroger Co (Consumer Staples)	3.4
M&T Bank Corp (Financials)	2.8
AutoNation Inc (Consumer Discretionary)	2.8
Torchmark Corp (Financials)	2.8
Air Lease Corp (Industrials)	2.7
AMERCO (Industrials)	2.7
Fifth Third Bancorp (Financials)	2.7
Qurate Retail Inc (Consumer Discretionary)	2.7
TOTAL	29.6%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Communication Services	14.1	3.3
Consumer Discretionary	14.7	8.8
Consumer Staples	3.5	5.2
Energy	7.2	5.7
Financials	26.4	17.5
Health Care	4.0	6.8
Industrials	14.1	11.9
Information Technology	5.1	8.4
Materials	7.7	6.2
Real Estate	3.3	14.2
Utilities	0.0	12.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 3.7% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 31 December 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	-10.47	-16.62	-13.57	-13.57	5.95	1.70	10.80	9.24
Advisor Class: APDQX	-10.45	-16.55	-13.43	-13.43	6.08	1.80	10.86	9.27
Russell Midcap® Value Index	-10.50	-14.95	-12.29	-12.29	6.06	5.44	13.03	9.03
Russell Midcap® Index	-9.92	-15.37	-9.06	-9.06	7.04	6.26	14.03	8.81

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	RMCV ¹
21.0+	16.4	17.2
14.5–21.0	19.4	19.2
10.5–14.5	11.1	19.5
6.5–10.5	15.9	20.9
0–6.5	37.2	23.2
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	30
Thomas A. Reynolds IV	20
Daniel L. Kane, CFA	20

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 Dec 2018: Devon Energy Corp 1.4%; Hess Corp 1.4%; Omnicom Group Inc 2.6%; STORE Capital Corp 1.0%; TripAdvisor Inc 1.4%. 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.

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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.

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