



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 31 January 2018

Commentary

Markets continued their relatively unabated rise to start 2018, paring gains only modestly as January concluded, with emerging markets leading the way. As broadly anticipated, Janet Yellen concluded her single term as Fed chairman by maintaining the benchmark rate—most major global central banks similarly held. Information technology and consumer discretionary led both global and US markets, with utilities the only sector in the red. From a size standpoint, large stocks generally outperformed their smaller counterparts.

Our portfolio outperformed both the Russell Midcap[®] and Russell Midcap[®] Growth Indices in January. Among our top contributors were Global Payments and Atlassian. Global Payments is effectively distinguishing itself from other merchant acquirers, offering differentiated payments-technology solutions to its customers, which are contributing to accelerating organic growth and solid margin expansion. It is also already reaping benefits from recent acquisitions, including Heartland Payments and Active Networks, which we believe broaden the growth runway for what was already a compelling profit cycle.

Atlassian is executing at a high level, growing subscription-based revenues while generating attractive levels of cash flow and margin growth. As the company continues broadening both its product offerings and its appeal enterprise-wide, we believe there remains ample runway ahead of the company.

Among our relatively few negative holdings in January were Albemarle and Progressive. Albemarle is the leading lithium provider to the electric vehicle market. Concerns about the potential for increased industry capacity, which could in turn pressure Albemarle's pricing and market share, weighed on shares in January. We believe Albemarle will likely be a long-term beneficiary of the trend toward electric vehicles, but the stock remains in the GardenSM as this nascent trend develops.

We believe shares of Progressive largely consolidated recent gains in January and that its fundamentals remain intact. The company is capitalizing on its entry into the homeowners' insurance market, which allows it to sell its auto insurance in a bundle, to drive earnings growth and take market share. We believe it remains in the early innings of a potentially long, compelling profit cycle.

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)	\$40.61	\$40.82
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2017	1.18%	1.05%
Prospectus 30 Sep 2017 ¹	1.18%	1.05%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Global Payments Inc (Information Technology)	4.7
LKQ Corp (Consumer Discretionary)	4.6
IHS Markit Ltd (Industrials)	3.6
S&P Global Inc (Financials)	3.4
The Progressive Corp (Financials)	3.1
Boston Scientific Corp (Health Care)	2.8
Atlassian Corp PLC (Information Technology)	2.7
Cigna Corp (Health Care)	2.6
Concho Resources Inc (Energy)	2.4
Becton Dickinson and Co (Health Care)	2.4
TOTAL	32.2%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Consumer Discretionary	11.6	17.4
Consumer Staples	3.5	4.1
Energy	4.3	2.4
Financials	14.4	7.1
Health Care	16.7	13.5
Industrials	21.1	17.1
Information Technology	26.9	28.8
Materials	1.4	6.2
Real Estate	0.0	3.1
Telecommunication Services	0.0	0.2
Utilities	0.0	0.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 2.3% of the total portfolio. ¹Russell Midcap[®] Growth Index.

Investment Results (%)

As of 31 January 2018	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	6.56	6.56	6.56	22.78	9.73	12.41	10.44	13.47
Advisor Class: APDMX	6.61	6.61	6.61	22.92	9.89	12.50	10.48	13.49
Russell Midcap [®] Growth Index	5.66	5.66	5.66	28.09	12.98	15.19	10.62	8.92
Russell Midcap [®] Index	3.76	3.76	3.76	20.08	11.52	14.29	10.26	10.13
As of 31 December 2017								
Investor Class: ARTMX	-0.10	2.94	20.48	20.48	6.86	12.12	8.64	13.17
Advisor Class: APDMX	-0.10	2.95	20.61	20.61	6.99	12.20	8.68	13.19
Russell Midcap [®] Growth Index	0.54	6.81	25.27	25.27	10.30	15.30	9.10	8.67
Russell Midcap [®] Index	0.93	6.07	18.52	18.52	9.58	14.96	9.11	9.97

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
25.0+	30.3	22.4
17.0–25.0	21.1	20.0
12.0–17.0	21.2	20.5
7.9–12.0	11.4	18.7
0–7.9	16.1	18.4
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	18

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 31 Jan 2018: Albemarle Corp 0.9%. 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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