



Artisan Mid Cap Fund

MONTHLY
Commentary

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

Commentary

The uptick in market volatility that began in Q1 has persisted into Q2 for substantially similar reasons. Concerns about the impact of rising developed-world interest rates on emerging markets have put EM indices in the red for the year. US stocks lead QTD, with foreign developed markets modestly trailing. Rising oil prices have boosted energy stocks, which lead global and US sectors QTD, while staples and telecom are the bottom-performing sectors.

Our portfolio is outpacing both the Russell Midcap® and Russell Midcap® Growth Indices for the quarter. Among our top QTD contributors are SVB Financial (SIVB) and Tableau Software. SIVB is a leading banking franchise specializing in the West Coast tech community—a dynamic area that is driving demand for funding. We believe SIVB is poised to drive increasing revenues given its growing pipeline of prospective venture capital and private equity deals, improving net interest margins thanks to modestly rising rates, and its strong competitive positioning.

Tableau is capitalizing on the secular trend toward big data, which is in turn driving demand for data-analytics tools. Its transition to the cloud and a subscription-based model is generating attractive levels of revenue and cash-flow growth, supported by meaningful uptake among customers. We believe Tableau is well-positioned to maintain its competitive advantage in a substantial market with many years of growth potential ahead.

Among our bottom QTD contributors are Genmab and LKQ. Genmab announced in late May that its blockbuster drug Darzalex™ failed to add any benefit to lung cancer patients when dosed in combination with Johnson & Johnson's PD-1 therapy—an outcome which removes some optionality for the drug, but its longer term potential in multiple myeloma remains intact. Further, the company's pipeline potential beyond Darzalex™ remains compelling.

LKQ, a value-added distributor of vehicle parts and accessories, faces several ongoing operational and logistical challenges which have driven costs up and pressured shares. In particular, the company has encountered cost pressures in the US and Europe. While we believe the company has a plan to address them, we have reduced our position in favor of more compelling opportunities elsewhere.

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)	\$41.11	\$41.34
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2018 ¹	1.19%	1.05%
Prospectus 30 Sep 2017 ²	1.18%	1.05%

¹Unaudited, annualized for the six-month period. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Global Payments Inc (Information Technology)	4.6
IHS Markit Ltd (Industrials)	3.6
The Progressive Corp (Financials)	3.5
Atlassian Corp PLC (Information Technology)	3.5
Boston Scientific Corp (Health Care)	3.0
Tableau Software Inc (Information Technology)	2.8
Veeva Systems Inc (Health Care)	2.6
TD Ameritrade Holding Corp (Financials)	2.4
Guidewire Software Inc (Information Technology)	2.3
Aptiv PLC (Consumer Discretionary)	2.2
TOTAL	30.5%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Consumer Discretionary	10.7	17.1
Consumer Staples	2.7	3.8
Energy	3.5	2.5
Financials	13.6	7.4
Health Care	15.3	13.6
Industrials	20.5	17.2
Information Technology	31.5	29.3
Materials	2.1	5.8
Real Estate	0.0	3.1
Telecommunication Services	0.0	0.2
Utilities	0.0	0.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 2.5% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 31 May 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	3.73	3.76	7.87	14.13	7.88	10.92	9.91	13.31
Advisor Class: APDMX	3.77	3.79	7.97	14.28	8.04	11.02	9.96	13.33
Russell Midcap® Growth Index	3.74	2.76	4.99	18.42	9.99	13.00	9.58	8.74
Russell Midcap® Index	2.27	2.11	1.64	12.67	8.57	11.79	9.24	9.85
As of 31 March 2018								
Investor Class: ARTMX	-1.00	3.96	3.96	16.07	6.91	11.12	10.59	13.22
Advisor Class: APDMX	-0.97	4.02	4.02	16.23	7.06	11.21	10.64	13.24
Russell Midcap® Growth Index	-0.16	2.17	2.17	19.74	9.17	13.31	10.61	8.67
Russell Midcap® Index	0.06	-0.46	-0.46	12.20	8.01	12.09	10.21	9.82

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (27 June 1997); 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	RMCG ¹
25.0+	26.5	20.5
17.0–25.0	24.0	22.3
12.0–17.0	16.8	21.4
7.9–12.0	15.3	17.9
0–7.9	17.4	17.9
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 May 2018: Genmab A/S 1.2%; LKQ Corp 2.1%; SVB Financial Group 1.9%. 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.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

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.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2018 Artisan Partners. All rights reserved.

6/5/2018 A18611L_vR