



Artisan Mid Cap Value Fund

MONTHLY
Commentary

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

Commentary

US mid-cap stocks advanced in May, with growth stocks continuing to lead their value counterparts. Quarterly earnings in the US have been historically strong, aided by tax cuts, currency effects and share buybacks. Thus far, markets have generally shrugged off rising trade tensions. Returns (based on the Russell Midcap® Value Index) were led by energy stocks for a second-consecutive month. Other areas of strength were materials and REITs, while the consumer staples and telecom sectors finished lower.

Our portfolio trailed the Russell Midcap® Value Index in May but remains ahead over the QTD and YTD timeframes. Our biggest decliners included Fluor, an engineering and construction company, and Fifth Third Bancorp (FITB). Fluor's financial results were negatively impacted by continued power project write-downs, which also contributed to the company's reduced 2018 guidance. Fluor announced that it is exiting the fixed-price power business, a positive sign that management is learning from its execution missteps in that segment. Though the results were disappointing, Fluor continues to produce free cash flow, distributing most of it to shareholders through dividends and share repurchases. Further, its balance sheet is strong with a small net cash position.

FITB, a regional bank with strong presences in the Midwest and Southeast, announced it had agreed to acquire Chicago-based MB Financial for \$4.7 billion, a 24% premium to the MB Financial's prior closing price. The deal provides FITB with greater scale in the Chicago market and increased profitability; however, the purchase multiple based on tangible book value was richer than recent acquisitions of Midwest banks.

Our top individual performer was TripAdvisor (TRIP), a leading online travel research company. Better top-line trends, particularly in its non-hotel (attractions and restaurants) business, and reduced marketing spend in the hotel segment helped shares continue to recover from their November 2017-lows. We continue to believe TRIP's GAAP earnings do not reflect the full business value—the company operates top global tours and attractions-booking businesses, is the number-two global restaurant reservation operator, owns an alternative bookings reservations business, and is investing for growth in these businesses. TRIP's balance sheet is solid, and the company continues to generate ample free cash flow, despite business pressures and aggressive marketing spend.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$22.68	\$22.64
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2018 ¹	1.20%	1.06%
Prospectus 30 Sep 2017 ²	1.17%	1.06%

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

Top 10 Holdings (% of total portfolio)

Celanese Corp (Materials)	3.7
Hess Corp (Energy)	3.3
IAC/InterActiveCorp (Information Technology)	3.2
Air Lease Corp (Industrials)	3.2
Andeavor (Energy)	3.2
Devon Energy Corp (Energy)	3.2
AutoNation Inc (Consumer Discretionary)	3.0
Fifth Third Bancorp (Financials)	2.8
Torchmark Corp (Financials)	2.7
Gentex Corp (Consumer Discretionary)	2.6
TOTAL	30.9%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Consumer Discretionary	22.8	11.4
Consumer Staples	2.7	3.6
Energy	15.1	9.4
Financials	21.8	20.6
Health Care	1.1	6.3
Industrials	16.9	11.6
Information Technology	8.5	6.6
Materials	8.2	5.6
Real Estate	2.9	14.0
Telecommunication Services	0.0	0.5
Utilities	0.0	10.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 6.7% of the total portfolio. ¹Russell Midcap® Value 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: ARTQX	0.40	2.21	-0.22	9.18	6.50	7.61	7.98	10.49
Advisor Class: APDQX	0.35	2.21	-0.18	9.27	6.61	7.68	8.01	10.52
Russell Midcap® Value Index	1.09	1.59	-0.96	8.32	7.57	10.83	8.95	10.13
Russell Midcap® Index	2.27	2.11	1.64	12.67	8.57	11.79	9.24	9.84

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	RMCV ¹
23.0+	14.3	13.8
16.0–23.0	24.3	24.2
11.0–16.0	12.1	18.1
6.5–11.0	24.7	23.5
0–6.5	24.6	20.3
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	29
Thomas A. Reynolds IV	19
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 May 2018: Fluor Corp 2.3%; TripAdvisor Inc 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.

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Sector exposure percentages reflect sector designations as currently classified by GICS.

Tangible Book Value is a measure of a company's shareholder equity after removing any intangible assets. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Generally Accepted Accounting Principles (GAAP)** are the common set of accounting principles, standards and procedures that companies use to compile their financial statements.

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