



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX

Advisor Class: APDMX

As of 31 October 2018

Commentary

October was particularly volatile, with most indices meaningfully paring—if not outright erasing—YTD gains. Headlines revolved around concerns about technology companies' earnings growth and increasing global trade tensions. The US led most major indices, with emerging markets trailing. At the sector level, staples and utilities fared best, with the industrials, energy, consumer discretionary, technology and materials sectors the hardest hit. From a size standpoint, smaller stocks modestly trailed their larger counterparts.

Our portfolio trails the Russell Midcap® and Russell Midcap® Growth Indices QTD but remains ahead YTD. Among our bottom QTD contributors are Atlassian and Veeva Systems. Both companies are executing impressively and remain nicely up YTD. However, they were caught up as investors generally sold their stronger performers amid growing concerns about the outlook for the global economy. We maintain our conviction in these high-quality franchises and believe fundamentals will ultimately regain primacy in investors' eyes.

Among our top QTD contributors are Twitter and The New York Times. Twitter is a GardenSM holding which we initiated earlier this year tied to our expectations that its efforts to improve its user interface, increased content relevance and more available video content would contribute to growing average revenue per user (ARPU). Shares bounced in October following a summer selloff as recent results have shown signs of progress. We believe there remains ample runway ahead as digital content platforms like Twitter increasingly engage users and advertisers, which should drive revenue growth.

We first initiated our position in The New York Times tied to our belief that it is in the early days of transforming into a digital subscription business. With a younger generation of readers newly engaging in news consumption, we believe high-quality content providers like The New York Times are well-positioned to benefit as subscriptions grow.

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. While we are not macro prognosticators—nor does our process require it—we do believe periods of heightened volatility such as we're currently experiencing provide attractive opportunities to upgrade our portfolio into high-conviction stocks at what we believe to be more attractive valuations. We will continue to adhere to this approach, regardless of the macro backdrop and how it evolves in the period ahead.

Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$39.87	\$40.11
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)	4.9
Atlassian Corp PLC (Information Technology)	4.3
The Progressive Corp (Financials)	4.1
IHS Markit Ltd (Industrials)	4.0
Boston Scientific Corp (Health Care)	3.3
Tableau Software Inc (Information Technology)	3.1
Veeva Systems Inc (Health Care)	3.1
Worldpay Inc (Information Technology)	2.5
Concho Resources Inc (Energy)	2.4
Guidewire Software Inc (Information Technology)	2.3
TOTAL	34.0%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Communication Services	4.8	4.3
Consumer Discretionary	10.9	16.8
Consumer Staples	1.5	3.2
Energy	2.4	1.7
Financials	9.9	6.7
Health Care	18.8	14.6
Industrials	18.6	16.1
Information Technology	31.6	30.9
Materials	1.3	3.5
Real Estate	0.0	2.2
Utilities	0.0	0.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 2.9% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 31 October 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	-11.08	-11.08	4.62	5.37	7.45	7.21	14.79	12.87
Advisor Class: APDMX	-11.06	-11.06	4.75	5.50	7.59	7.32	14.85	12.89
Russell Midcap® Growth Index	-9.90	-9.90	2.16	6.14	10.39	10.10	15.10	8.42
Russell Midcap® Index	-8.31	-8.31	-1.47	2.79	9.04	8.97	14.19	9.49
As of 30 September 2018								
Investor Class: ARTMX	0.47	9.31	17.66	21.12	13.67	9.95	13.22	13.55
Advisor Class: APDMX	0.47	9.33	17.79	21.26	13.81	10.06	13.28	13.57
Russell Midcap® Growth Index	-0.43	7.57	13.38	21.10	16.65	13.00	13.46	8.99
Russell Midcap® Index	-0.64	5.00	7.46	13.98	14.52	11.65	12.31	9.98

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+	21.6	16.3
17.0–25.0	32.0	21.8
12.0–17.0	12.9	20.8
7.9–12.0	14.9	17.6
0–7.9	18.5	23.5
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	22
Craigh A. Cepukenas, CFA	30
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 Oct 2018: The New York Times Co 1.0%; Twitter Inc 0.7%. 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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