



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX As of 30 September 2018

Commentary

QTD our portfolio trailed the Russell Midcap® Value Index, as poor performance among a few consumer discretionary and traditional media names weighed on results. Below-benchmark exposure to a robust health care sector also detracted from relative returns. Conversely, stock selection among financials and our off-benchmark exposure to interactive media were beneficial.

Among our top detractors QTD was Delphi Technologies, an automotive parts and equipment manufacturer. Cyclical pressures along with the changing trade policy landscape has made life difficult for auto-sector manufacturers in general, and Delphi's challenges have been compounded by headwinds in the Chinese and European markets. This is a new name in the portfolio this quarter, and consistent with our philosophy and approach, we invest in solid companies when the market price is dislocated from fundamentals. In this case, we were adding to this position as the discount continued widening in September. We believe Delphi is executing well in a challenging backdrop and remains poised to benefit from the trend toward electric vehicles.

Among our top QTD contributors was IAC/InterActive Corp, whose stock price reached a record high in September. We have been trimming our position in IAC during the quarter, on our belief that portions of the business—namely Match.com and Angie's List—are aggressively valued. Even still, we believe management's track record of unlocking value for shareholders makes it worth holding while remaining mindful of our margin of safety.

Fluor, an engineering and construction company, was a top contributor as well, as its rising stock price reflects an increase in awarded contracts and a rising backlog of work. Prices recovered sharply into quarter end, reaching a fair level as we continued to trim holdings on strength. Andeavor, a refiner and marketer of petroleum products, was another top QTD contributor, still trading largely in sync with its merger partner Marathon Petroleum as crude oil prices remained strong.

Portfolio Details

| | ARTQX | APDQX |
|---|-------------|------------|
| Net Asset Value (NAV) | \$23.56 | \$23.53 |
| 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 |
| IAC/InterActiveCorp (Communication Services) | 3.6 |
| Air Lease Corp (Industrials) | 3.2 |
| The Kroger Co (Consumer Staples) | 3.0 |
| Torchmark Corp (Financials) | 2.7 |
| AutoNation Inc (Consumer Discretionary) | 2.7 |
| Qurate Retail Inc (Consumer Discretionary) | 2.6 |
| Hess Corp (Energy) | 2.6 |
| Fifth Third Bancorp (Financials) | 2.5 |
| AMERCO (Industrials) | 2.5 |
| TOTAL | 29.0% |

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

| | Fund | RMCV ¹ |
|------------------------|---------------|-------------------|
| Communication Services | 14.4 | 3.3 |
| Consumer Discretionary | 14.6 | 9.0 |
| Consumer Staples | 3.2 | 4.9 |
| Energy | 11.4 | 7.9 |
| Financials | 22.7 | 17.5 |
| Health Care | 1.1 | 6.8 |
| Industrials | 16.8 | 12.6 |
| Information Technology | 4.7 | 9.1 |
| Materials | 8.2 | 6.1 |
| Real Estate | 2.9 | 12.7 |
| Utilities | 0.0 | 10.1 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 6.0% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

| As of 30 September 2018 | Average Annual Total Returns | | | | | | | |
|-----------------------------|------------------------------|------|------|-------|-------|-------|-------|-----------|
| | MTD | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
| Investor Class: ARTQX | -0.97 | 2.39 | 3.65 | 8.55 | 12.54 | 6.94 | 9.94 | 10.52 |
| Advisor Class: APDQX | -0.97 | 2.39 | 3.75 | 8.68 | 12.67 | 7.03 | 9.98 | 10.55 |
| Russell Midcap® Value Index | -0.79 | 3.30 | 3.13 | 8.81 | 13.09 | 10.72 | 11.29 | 10.18 |
| Russell Midcap® Index | -0.64 | 5.00 | 7.46 | 13.98 | 14.52 | 11.65 | 12.31 | 9.99 |

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+ | 21.3 | 18.7 |
| 16.0–23.0 | 18.2 | 22.2 |
| 11.0–16.0 | 10.5 | 20.1 |
| 6.5–11.0 | 22.4 | 20.9 |
| 0–6.5 | 27.5 | 18.1 |
| 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 30 Sep 2018: Andeavor 2.1%; Delphi Technologies PLC 1.7%; Fluor Corp 2.2%. 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.

Margin of Safety, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value.

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