



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 30 April 2019

Commentary

Shortly after receiving a more-robust-than-expected Q1 GDP print, the S&P 500® Index hit a record high in April. Beyond hitting a historical peak, the stock market's run-up has been noteworthy, as well. You have to go back three decades to find a better start to a calendar year—and this is the best four-month stretch for the index since 2010. The rally has been consistent with a better-than-forecasted earnings season. With about half of the S&P 500® Index's constituents having reported Q1 results by month-end, 77% of those firms have beaten earnings per share estimates.

The Russell Midcap® Value Index posted 3.30% total returns for the month, led by the financials, industrials and technology sectors. Real estate, health care and materials lagged, posting negative total returns. Our portfolio outperformed, with consumer discretionary and materials holdings driving strong relative returns.

Top contributor AutoNation, an automobile retailer, revved up earnings in the first quarter as the stock price was up 27% from the year-to-date low in March. Under the hood, management improved gross profit per unit on new car sales which was a pleasant surprise. After a few years of letting costs rise, a deliberate cost control plan is bearing fruit faster than expected.

Globally integrated chemicals and advanced materials producer Celanese was another top contributor in April. Despite diluted demand from the auto sector and China, the project pipeline generated better revenue than the market expected, with noticeable margin improvement. Couple the strong fundamentals with strong free cash flow and a solid balance sheet, and we believe Celanese is positioned to win through the cycle. Along with the strong balance sheet, a backlog of projects and strategic investments in new capacity, not only is Celanese prepared for cyclical lulls, but also well-prepared for when global industrial production may pick up again in earnest.

Lions Gate Entertainment, a new purchase last quarter, was the top detractor in April. Synergies from the merger of Lionsgate Films and the Starz Network have yet to materialize, and the stock price has suffered as management works through synching up the companies and moving past some unsuccessful content releases. The combination of the Lionsgate Films franchise with the premium cable network Starz makes for a strong content generator and robust distribution platform. We continue to believe the market is underestimating Lionsgate's value.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$20.10	\$20.05
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2018	1.19%	1.05%
Prospectus 30 Sep 2018 ¹	1.20%	1.05%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Celanese Corp (Materials)	3.6
Analog Devices Inc (Information Technology)	3.1
Air Lease Corp (Industrials)	2.9
M&T Bank Corp (Financials)	2.8
Torchmark Corp (Financials)	2.8
AutoNation Inc (Consumer Discretionary)	2.8
The Kroger Co (Consumer Staples)	2.7
AMERCO (Industrials)	2.7
DENTSPLY SIRONA Inc (Health Care)	2.6
GCI Liberty Inc (Communication Services)	2.5
TOTAL	28.4%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Communication Services	12.9	3.1
Consumer Discretionary	15.1	8.7
Consumer Staples	2.8	4.9
Energy	4.6	5.9
Financials	27.9	18.0
Health Care	4.4	6.9
Industrials	14.9	12.4
Information Technology	6.5	9.0
Materials	7.8	6.0
Real Estate	3.1	13.9
Utilities	0.0	11.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 4.5% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 30 April 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	5.96	5.96	18.65	3.18	8.83	5.18	11.80	10.10
Advisor Class: APDQX	6.03	6.03	18.71	3.32	8.97	5.29	11.86	10.13
Russell Midcap® Value Index	3.30	3.30	18.14	5.76	9.91	7.83	14.98	9.87
Russell Midcap® Index	3.81	3.81	20.97	10.69	12.82	9.75	15.65	9.79

As of 31 March 2019

Investor Class: ARTQX	-2.32	11.98	11.98	-0.86	7.84	3.66	12.98	9.80
Advisor Class: APDQX	-2.37	11.96	11.96	-0.75	7.96	3.76	13.03	9.83
Russell Midcap® Value Index	0.50	14.37	14.37	2.89	9.50	7.22	16.39	9.72
Russell Midcap® Index	0.86	16.54	16.54	6.47	11.82	8.81	16.88	9.61

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
21.0+	20.5	27.6
14.5–21.0	16.3	20.5
10.5–14.5	16.0	15.8
6.5–10.5	13.0	18.1
0–6.5	34.3	18.0
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	30
Thomas A. Reynolds IV	20
Daniel L. Kane, CFA	20
Craig Inman, CFA	19

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 Apr 2019: Lions Gate Entertainment Corp 1.6%. 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.

Earnings per Share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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