



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 31 January 2019

Commentary

Markets rose in relatively uniform fashion in January—led by emerging markets, which were followed closely by the US and foreign developed markets—as investors largely put aside concerns that plagued much of 2018. As the month ended, the US Fed soothed investors' nerves, indicating signs of softer economic growth would lead to a pause in rate hikes for now. Sector returns were uniformly positive, with the energy sector among the top performers as it bounced back along with oil prices. Utilities, health care and staples were the bottom performers. From a style perspective, growth outperformed value, and smaller stocks generally outperformed their larger counterparts.

Our portfolio outperformed Russell Midcap® and Russell Midcap® Growth Indices in January. Among our top contributors were Veeva Systems and Global Payments. Veeva Systems, a leading provider of cloud-based SaaS solutions for the pharmaceutical and life sciences industries, is executing impressively as it expands its product offerings and enters new industries. Similarly, Global Payments, a fast-growing provider of payments technology solutions for merchants, is capitalizing on the results of multi-year efforts to expand beyond its initial offerings to more valuable and stickier software tools that provide customers with end-to-end payments solutions. Shares of both companies were pressured in Q4 as investors seemed to generally sell better performing stocks. As fundamentals seemed to regain primacy among investors in January, shares of both bounced back nicely.

Our sole negative contributors in January were Genmab and Wabtec. Genmab's Darzalex™ continues to be embraced as an effective therapy for multiple myeloma—though the drug's growth has moderated after a strong initial launch, weighing on shares. However, we expect strong clinical trial results in first-line multiple myeloma reported in Q4 to drive a reacceleration in 2019.

Wabtec is a leading component supplier to the freight and transit rail markets. We have held it as we expected it was well-positioned to capitalize on growing demand for its automation technology aimed at improving rail safety and efficiency. We also anticipated it would capitalize on recent acquisitions to broaden its growth runway as more cyclical headwinds faded. However, the company's planned GE merger has raised questions with investors, in turn pressuring shares. We are weighing the potential opportunities and risks related to the deal and are prepared to pivot accordingly.

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 adhere to this approach, regardless of the macro backdrop and how it evolves in the period ahead.

Investment Results (%)

As of 31 January 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	11.72	11.72	11.72	0.63	12.78	6.60	16.50	12.84
Advisor Class: APDMX	11.77	11.77	11.77	0.74	12.92	6.71	16.56	12.86
Russell Midcap® Growth Index	11.49	11.49	11.49	0.51	15.60	10.26	16.92	8.52
Russell Midcap® Index	10.79	10.79	10.79	-2.90	13.29	8.89	16.09	9.49

As of 31 December 2018								
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	-9.90	-18.42	-4.02	-4.02	4.65	4.36	14.68	12.31
Advisor Class: APDMX	-9.89	-18.42	-3.92	-3.92	4.77	4.46	14.73	12.34
Russell Midcap® Growth Index	-9.07	-15.99	-4.75	-4.75	8.59	7.42	15.12	8.00
Russell Midcap® Index	-9.92	-15.37	-9.06	-9.06	7.04	6.26	14.03	9.01

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.

Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$32.22	\$32.47
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2018	1.18%	1.04%
Prospectus 30 Sep 2018 ¹	1.18%	1.05%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Global Payments Inc (Information Technology)	4.7
Atlassian Corp PLC (Information Technology)	4.5
IHS Markit Ltd (Industrials)	3.8
Veeva Systems Inc (Health Care)	3.6
The Progressive Corp (Financials)	3.5
Boston Scientific Corp (Health Care)	3.4
Tableau Software Inc (Information Technology)	3.3
Harris Corp (Industrials)	2.6
Worldpay Inc (Information Technology)	2.5
Roper Technologies Inc (Industrials)	2.4
TOTAL	34.4%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund
Communication Services	5.2
Consumer Discretionary	11.2
Consumer Staples	1.0
Energy	0.7
Financials	8.8
Health Care	23.3
Industrials	16.7
Information Technology	32.2
Materials	1.0
Real Estate	0.0
Utilities	0.0
TOTAL	100.0%

Source: Artisan Partners/FactSet (GICS). Cash and cash equivalents represented 2.9% of the total portfolio.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCG ¹
22.0+	29.0	24.7
16.0–22.0	22.3	21.1
11.3–16.0	13.2	17.7
7.2–11.3	18.1	18.9
0–7.2	17.5	17.6
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)	19
James D. Hamel, CFA	22
Craigh A. Cepukenas, CFA	30
Jason L. White, 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.

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 Jan 2019: Genmab A/S 1.5%; Wabtec Corp 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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