



Artisan Mid Cap Fund

MONTHLY
Commentary

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

Commentary

Global developed markets inched quietly higher in July—with the US leading most countries—while emerging markets were slightly negative. Many central banks have shifted toward accommodative policies on substantially similar concerns from recent months—notably, the Fed cut the benchmark rate by 25bps for the first time in 11 years. At the sector level, information technology, communication services and consumer staples led, while health care and energy lagged.

Our portfolio is outperforming the Russell Midcap® and Russell Midcap® Growth Indices QTD and remains ahead of both benchmarks YTD. Among our top QTD contributors are Atlassian and Global Payments. We have owned Atlassian for its expanding product offerings and increasing adoption of its innovative, customizable team-collaboration software tools. The company reported Q2 results that exhibited continued strong revenue and cash flow expansion. They also announced plans to accelerate their shift from on-premise to cloud delivery of their software—a trend we expect to have meaningful positive benefits for the business longer term.

Global Payments recently indicated it is ahead of schedule in closing its acquisition of leading payments processing provider TSYS and has increased confidence in its projected revenue synergies. We believe Global Payments' global scale and existing relationships with TSYS's sticky software will help scale the latter's business. Further, Global Payments is benefiting from solid digital payments trends as well as from market share gains by its owned software businesses.

Among our bottom QTD contributors are Alexion Pharmaceuticals and Wayfair. Alexion is making solid progress converting Soliris® patients globally to its more convenient and patent-protected drug Ultomiris®—which should help protect it from generic drug entrants. Alexion is also expanding its geographic footprint with Ultomiris® recently launching in Germany and set to launch in September in Japan. Though shares were pressured as investors continue to take a “wait-and-see” approach to the Soliris-to-Ultomiris transition, we maintain our confidence in the profit-cycle potential.

Wayfair, a leading online furniture retailer, recently announced the retirements of both its COO and CTO. While both have contributed to the company's remarkable growth and industry disruption over the years, we view both departures as natural transitions as the company scales into a global e-commerce leader, and we remain confident in the company's leadership and management depth.

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.

Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$39.71	\$40.05
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2019 ¹	1.20%	1.08%
Prospectus 30 Sep 2018 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)	5.5
Atlassian Corp PLC (Information Technology)	4.1
IHS Markit Ltd (Industrials)	3.7
Veeva Systems Inc (Health Care)	3.4
Fidelity National Information Services Inc (Information Technology)	3.2
L3Harris Technologies Inc (Industrials)	3.1
Boston Scientific Corp (Health Care)	2.9
Roper Technologies Inc (Industrials)	2.5
Guidewire Software Inc (Information Technology)	2.5
Motorola Solutions Inc (Information Technology)	2.4
TOTAL	33.2%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Communication Services	5.5	5.1
Consumer Discretionary	10.9	15.2
Consumer Staples	0.0	3.2
Energy	0.0	1.3
Financials	4.3	4.5
Health Care	25.5	15.0
Industrials	17.0	16.7
Information Technology	36.9	33.4
Materials	0.0	2.8
Real Estate	0.0	2.8
Utilities	0.0	0.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 3.8% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 31 July 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	2.80	2.80	37.69	19.18	15.28	11.61	15.23	13.60
Advisor Class: APDMX	2.82	2.82	37.87	19.35	15.44	11.75	15.30	13.63
Russell Midcap® Growth Index	2.33	2.33	29.03	14.15	15.51	12.30	15.41	9.04
Russell Midcap® Index	1.43	1.43	23.08	6.71	11.02	9.59	14.35	9.79

As of 30 June 2019

Investor Class: ARTMX	7.60	10.12	33.95	19.45	16.27	10.13	15.70	13.51
Advisor Class: APDMX	7.63	10.15	34.08	19.59	16.42	10.26	15.77	13.54
Russell Midcap® Growth Index	7.02	5.40	26.08	13.94	16.49	11.10	16.02	8.96
Russell Midcap® Index	6.87	4.13	21.35	7.83	12.16	8.63	15.16	9.75

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
22.0+	50.0	32.8
16.0–22.0	5.1	19.0
11.3–16.0	19.7	18.3
7.2–11.3	12.3	18.1
0–7.2	12.9	11.9
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 Jul 2019: Alexion Pharmaceuticals Inc 1.7%; Wayfair Inc 1.4%. 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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