



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX As of 31 May 2019

Commentary

We don't put much stock in the old "sell in May and go away" adage, but stocks have historically put in some poor performances over the summer months. Last month was no exception, ranking as the second-worst May since 1962's vintage, with only May 2010 being worse. In 2019, however, there was no mysterious seasonality driving an unexplained move lower in equity prices. No, it was quite clearly the tit-for-tat tariffs between China and the US—set to take effect on June 1—that threatened the world's two largest economies and sent valuations tumbling, costing investors \$7 trillion in market cap according to some estimates. It didn't help that on May's final day, the US announced a new tariff target: Mexico.

Quarter to date, the Russell Midcap® Value Index was down 3.34%, led by weakness in the energy, materials and consumer discretionary sectors. There were only two positive-return sectors: communication services and financials. Over that same period our portfolio bested the benchmark, led by strong stock selection in the financials, health care and consumer discretionary sectors.

Top contributor AutoNation, an automobile retailer, improved earnings in the first quarter, and the stock price remained strong after rallying from the March lows. Management has executed well by improving variable gross profit per vehicle, and the predictable, high-margin parts and service business continued to grow. In addition, a renewed focus on cost controls supported the margin-focused efforts which was a welcome surprise for investors.

Another top contributor QTD was Dentsply Sirona, a global dental products manufacturer and distributor resulting from an all-stock merger-of-equals that took place in February 2016 between Sirona Technologies (digital tech) and Dentsply (dental supplies). The management team at the time botched the merger; subsequently, the board of directors cleaned house. There is now an extensive turnaround effort underway. Before we took up our position, the market had soured on the name amid all the mismanagement and turnover. Since then, the restructuring has been going well, execution risk diminished and the stock outperformed. This name is exemplary of our approach: We had followed the business for a long while and waited patiently for the valuation to come to us. We like the company's steady, recurring, market-leading consumables business that serves the dentist office at every patient visit. That, along with management's new-found commitment to prudent capital management, is being reflected in the rising valuation.

A top detractor, Ryder System is one of the largest, full-service truck lease and commercial rental companies in the US. Despite lagging margin improvement in the first quarter, the company is executing well, with its truck rental business picking up along with rental demand. We believe Ryder will benefit further as companies increasingly outsource their transportation needs. We have maintained a position in Ryder (in varying weights) since 2005, and we continue to like its scale, cost of capital advantages and strong service business. In our view, it's an above-average business selling at an undemanding valuation.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$18.53	\$18.48
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2019 ¹	1.21%	1.09%
Prospectus 30 Sep 2018 ²	1.20%	1.05%

¹Unaudited, annualized for the six-month period. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Celanese Corp (Materials)	3.4
Air Lease Corp (Industrials)	3.0
Torchmark Corp (Financials)	3.0
DENTSPLY SIRONA Inc (Health Care)	3.0
M&T Bank Corp (Financials)	2.9
AMERCO (Industrials)	2.9
AutoNation Inc (Consumer Discretionary)	2.9
Arch Capital Group Ltd (Financials)	2.8
Analog Devices Inc (Information Technology)	2.8
GCI Liberty Inc (Communication Services)	2.7
TOTAL	29.4%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Communication Services	13.7	3.3
Consumer Discretionary	15.0	8.3
Consumer Staples	2.7	4.9
Energy	3.2	5.4
Financials	28.6	17.9
Health Care	5.0	6.9
Industrials	14.6	12.2
Information Technology	6.3	8.8
Materials	7.5	5.8
Real Estate	3.4	14.8
Utilities	0.0	11.7
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 3.0% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 31 May 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	-7.81	-2.32	9.39	-5.25	5.62	3.19	10.58	9.56
Advisor Class: APDQX	-7.83	-2.27	9.41	-5.11	5.74	3.29	10.64	9.59
Russell Midcap® Value Index	-6.42	-3.34	10.56	-2.09	6.92	6.05	13.84	9.42
Russell Midcap® Index	-6.14	-2.56	13.55	1.59	9.87	7.89	14.43	9.36

As of 31 March 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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+	18.6	25.4
14.5–21.0	18.4	18.4
10.5–14.5	12.1	17.8
6.5–10.5	13.0	19.0
0–6.5	37.9	19.4
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	21
Craig Inman, 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 31 May 2019: Ryder System Inc 2.0%. 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.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

Sector exposure percentages reflect sector designations as currently classified by GICS.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2019 Artisan Partners. All rights reserved.

6/5/2019 A19661L_vR