



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 30 September 2019

Commentary

Global equity markets proved resilient in Q3, with most markets turning in relatively flat performance despite trade tensions, spiking oil prices and ongoing concerns about slowing global growth. US equity markets led, followed by non-US developed and emerging markets. On the monetary policy front, many central banks shifted toward accommodative stances—namely, the Fed cut its benchmark rate twice. At the sector level, utilities, real estate and consumer staples led, while energy, health care and materials lagged.

Our portfolio trailed the Russell Midcap® Growth Index and the Russell Midcap® Index in Q3 but remains ahead of both indices YTD. Among our bottom contributors were Alexion Pharmaceuticals and Exact Sciences. Shares of Alexion were pressured amid an increasing likelihood biosimilar versions of Soliris® will reach the US and Europe in a few years. However, we believe the company is well-positioned to thwart most competition by converting Soliris® patients to the company's more convenient and patent-protected drug Ultomiris® over the next couple of years—an effort that is already underway and progressing well.

Colorectal cancer diagnostics company Exact Sciences announced the acquisition of Genomic Health during Q3. The market is taking a wait and see approach, though we believe the move will further the company's strategy to become a diversified global leader in cancer diagnostics longer term. Despite a broader rotation out of unprofitable high growth stocks in Q3, we believe the Genomic Health acquisition and continued ramp of Cologuard® will drive Exact Sciences to profitability in 2020.

Among our top contributors were Pagseguro Digital and L3Harris Technologies. Brazilian digital payments provider Pagseguro is rapidly growing its customer base and revenue metrics despite growing competition in the Brazilian payments market. Furthermore, its expanded banking-product offerings position it well to take share in a still-underpenetrated market for small and micro-sized merchants who value easy, online provisioning.

L3Harris reported a strong quarter and is progressing well with its L3 integration. We are confident in management's ability to realize meaningful synergies from the integration—supported by its impressive execution over the history of our investment in the company. While we're watching federal budget trends for signs of a spending slowdown, we believe L3Harris' product and technology offerings are where the Department of Defense is moving from a technology-adoption standpoint.

We will discuss these and other holdings in more depth in our forthcoming quarterly commentary.

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) | \$37.16 | \$37.52 |
| 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) | 3.9 |
| IHS Markit Ltd (Industrials) | 3.4 |
| Fidelity National Information Services Inc (Information Technology) | 3.4 |
| L3Harris Technologies Inc (Industrials) | 3.4 |
| Veeva Systems Inc (Health Care) | 3.4 |
| Guidewire Software Inc (Information Technology) | 3.1 |
| Boston Scientific Corp (Health Care) | 3.0 |
| Roper Technologies Inc (Industrials) | 2.7 |
| Motorola Solutions Inc (Information Technology) | 2.6 |
| TOTAL | 34.3% |

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

| | Fund | RMCG ¹ |
|------------------------|---------------|-------------------|
| Communication Services | 5.3 | 4.9 |
| Consumer Discretionary | 11.9 | 15.5 |
| Consumer Staples | 0.0 | 3.4 |
| Energy | 0.0 | 1.3 |
| Financials | 3.2 | 4.4 |
| Health Care | 25.5 | 14.6 |
| Industrials | 16.4 | 17.3 |
| Information Technology | 37.8 | 32.7 |
| Materials | 0.0 | 3.0 |
| Real Estate | 0.0 | 2.9 |
| Utilities | 0.0 | 0.0 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 3.3% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

| As of 30 September 2019 | Average Annual Total Returns | | | | | | | |
|------------------------------|------------------------------|-------|-------|------|-------|-------|-------|-----------|
| | MTD | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
| Investor Class: ARTMX | -3.48 | -3.81 | 28.85 | 5.11 | 12.62 | 9.76 | 13.51 | 13.15 |
| Advisor Class: APDMX | -3.35 | -3.67 | 29.16 | 5.36 | 12.81 | 9.92 | 13.59 | 13.19 |
| Russell Midcap® Growth Index | -1.14 | -0.67 | 25.23 | 5.20 | 14.50 | 11.12 | 14.08 | 8.82 |
| Russell Midcap® Index | 1.97 | 0.48 | 21.93 | 3.19 | 10.69 | 9.10 | 13.07 | 9.66 |

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+ | 46.8 | 31.1 |
| 16.0–22.0 | 8.5 | 19.4 |
| 11.3–16.0 | 17.0 | 17.7 |
| 7.2–11.3 | 11.9 | 18.0 |
| 0–7.2 | 15.9 | 13.9 |
| 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 |
| Craig 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 30 Sep 2019: Alexion Pharmaceuticals Inc 1.3%; Exact Sciences Corp 1.5%; Pagseguro Digital Ltd 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.

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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