



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 31 August 2020

Commentary

The global equity market rally persisted through August, leaving the MSCI AC World Index positive for 2020 and just shy of its all-time high. Among the contributors to the quarter's strong performance have been progress toward the development of a vaccine, Q2 corporate earnings well ahead of consensus expectations and steady recovery in several leading economic indicators. Strength has been broad-based at the sector level, with consumer discretionary and information technology leading. Energy has lagged and been the only sector to deliver a negative total return. Growth has handily outperformed value.

Our portfolio trails the Russell Midcap® Growth Index slightly and leads the Russell Midcap® Index QTD and remains ahead of both indices YTD. Among our bottom QTD contributors are Exact Sciences and Zynga. Despite a recent pullback in shares, we believe Exact Sciences' Cologuard product—a non-invasive and highly effective alternative to colonoscopies—is well-positioned to help alleviate the backlog of colon cancer screenings that has accumulated during the pandemic. This near-term demand boost should also increase brand awareness, benefiting the company longer term.

While shares of Zynga, a leading social game developer, have experienced some recent weakness, the stock has been a relatively strong performer YTD. The pandemic has been a solid tailwind for the company as more people have turned to digital gaming for entertainment. With the capability to make additional opportunistic acquisitions and a solid pipeline of games under development, we believe the runway ahead is meaningful.

Among our top QTD contributors are Veeva Systems and West Pharmaceutical Services. Veeva has executed well through the pandemic and now expects its top-line annual growth to come in above its pre-COVID range. We believe the company's solid product portfolio and focus on innovation position it well to lead the digital transformation in the pharmaceuticals and life sciences industries—a trend that has recently accelerated as companies increasingly digitize their business operations.

West Pharmaceutical Services is a leading supplier of packaging components for injectable pharmaceuticals—including stoppers, seals, plungers and others. With a dominant market position, we believe it is likely the company will be a key supplier of the packaging components used to transport the COVID-19 vaccine. Longer term, we believe the trend toward biologic drugs, which require sophisticated packaging, will be a tailwind for the company for years to come.

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)	\$47.14	\$47.71
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2020 ¹	1.20%	1.06%
Prospectus 30 Sep 2019 ²	1.19%	1.05%

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

Top 10 Holdings (% of total portfolio)

Veeva Systems Inc (Health Care)	4.1
Global Payments Inc (Information Technology)	4.0
Atlassian Corp PLC (Information Technology)	3.6
Zoom Video Communications Inc (Information Technology)	3.6
Genmab A/S (Health Care)	3.0
DexCom Inc (Health Care)	3.0
Zynga Inc (Communication Services)	2.8
HubSpot Inc (Information Technology)	2.5
Catalent Inc (Health Care)	2.5
West Pharmaceutical Services Inc (Health Care)	2.4
TOTAL	31.5%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Communication Services	8.4	5.8
Consumer Discretionary	9.9	11.3
Consumer Staples	0.4	4.3
Energy	0.0	0.4
Financials	2.2	3.7
Health Care	27.9	21.9
Industrials	12.5	12.2
Information Technology	35.2	36.7
Materials	0.8	2.2
Real Estate	0.0	1.4
Utilities	2.6	0.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.1% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 31 August 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	3.22	10.48	34.15	38.79	22.55	16.46	16.85	14.38
Advisor Class: APDMX	3.22	10.52	34.28	39.14	22.74	16.63	16.95	14.42
Russell Midcap® Growth Index	2.72	10.93	15.54	23.56	17.86	14.94	16.03	9.50
Russell Midcap® Index	3.52	9.59	-0.41	8.73	8.83	9.76	13.11	9.57
As of 30 June 2020								
Investor Class: ARTMX	4.51	37.29	21.43	25.21	18.95	13.24	16.23	14.00
Advisor Class: APDMX	4.50	37.31	21.50	25.48	19.14	13.41	16.32	14.04
Russell Midcap® Growth Index	2.34	30.26	4.16	11.91	14.76	11.60	15.09	9.08
Russell Midcap® Index	1.80	24.61	-9.13	-2.24	5.79	6.76	12.35	9.20

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
26.7+	41.0	31.8
20.6–26.7	13.7	18.0
14.3–20.6	12.3	14.3
8.8–14.3	20.5	22.6
0–8.8	12.4	13.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell Midcap® Growth Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Matthew H. Kamm, CFA (Lead)	20
James D. Hamel, CFA	23
Craigh A. Cepukenas, CFA	31
Jason L. White, 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.

Current and future portfolio holdings are subject to risk. 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 Aug 2020: Exact Sciences Corp 1.3%. 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.

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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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