



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 31 August 2020

Commentary

The Russell Midcap® Value Index has returned 8.87% QTD, led primarily by contributions from the industrials, consumer discretionary and financials sectors. Our portfolio has lagged the benchmark slightly, with industrials, health care and information technology sectors among the top detractors. Real estate exposures have been a top relative contributor along with an above-benchmark weight in communication services. Our zero weighting in the energy sector, which has been the index's worst performing sector, continues to support relative performance.

Top QTD contributors include AutoNation, IAC/Interactive Corp and Expedia.

Car dealer AutoNation's variable cost model has shown resilience. The predictable, high-margin parts and service business remains highly profitable, covering all dealership overhead, even while new and used car sales volumes are challenged. C-suite clarity and the company's renewed emphasis on cost controls have been supportive of margin-focused efforts as well.

Internet company IAC/InteractiveCorp is a collection of eclectic businesses, some of which have struggled and some of which have prospered amid the pandemic. In total, IAC's operations are asset-light and built for an online world, which makes the current environment uniquely positive. After a successful spinoff of its Match online dating business, IAC is a leaner and nimbler collection of smaller, quickly growing businesses and a pile of cash, which we believe IAC will deploy wisely.

Top QTD detractors include Thor, Kirby Corporation and Analog Devices.

Recreational vehicle manufacturer Thor has been a strong performer for the portfolio, returning 176% from its March 2020 lows. After such a big run-up, we are not surprised the stock has taken a breather. Our core views are unchanged: Thor operates a resilient business model built to handle cyclicality. This is an industry-leading business with strong return on capital, consistent free cash flow and sensible capital allocation.

Early in the quarter, semiconductor company Analog Devices announced a \$21bn deal to acquire Maxim Integrated Products, a fellow chipmaker. Despite potential for boosting its scale and adding high-value human capital, the market did not immediately reward management for the deal, and the stock traded down. However, steadily increasing demand from automakers helped Analog grow earnings in Q2 for the first time in several quarters, even though sales were down. The company has been executing well across business segments, and we highlight the ample free cash flow generation. We continue to like Analog's leadership position in its industry and its strong balance sheet.

We devote all our time to researching companies from every available angle, building a bench of cash-producing businesses in strong financial condition. When valuations reach undemanding levels and we are comfortable with the margin of safety, we will be opportunistic and put capital to work. By being disciplined and opportunistic, we believe we tilt the odds of delivering superior results for our investors in our favor.

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: ARTQX	4.51	8.45	-11.56	-2.34	0.74	4.49	8.58	8.91
Advisor Class: APDQX	4.52	8.47	-11.49	-2.20	0.88	4.62	8.66	8.95
Russell Midcap® Value Index	3.96	8.87	-10.82	-1.30	2.51	6.14	10.94	8.93
Russell Midcap® Index	3.52	9.59	-0.41	8.73	8.83	9.76	13.11	9.50

As of 30 June 2020

Investor Class: ARTQX	2.26	25.14	-18.45	-14.38	-2.04	1.49	7.88	8.54
Advisor Class: APDQX	2.27	25.22	-18.40	-14.24	-1.91	1.63	7.96	8.57
Russell Midcap® Value Index	1.13	19.95	-18.09	-11.81	-0.54	3.32	10.29	8.53
Russell Midcap® Index	1.80	24.61	-9.13	-2.24	5.79	6.76	12.35	9.06

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.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$16.68	\$16.64
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2020 ¹	1.22%	1.07%
Prospectus 30 Sep 2019 ²	1.21%	1.07%

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

Top 10 Holdings (% of total portfolio)

AutoNation Inc (Consumer Discretionary)	4.0
Analog Devices Inc (Information Technology)	3.7
Thor Industries Inc (Consumer Discretionary)	3.5
Expedia Group Inc (Consumer Discretionary)	3.2
Genex Corp (Consumer Discretionary)	3.1
AMERCO (Industrials)	3.1
Globe Life Inc (Financials)	3.0
BorgWarner Inc (Consumer Discretionary)	2.8
The Progressive Corp (Financials)	2.8
Lamar Advertising Co (Real Estate)	2.7
TOTAL	32.0%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	RMCV ¹
Communication Services	13.5	4.0
Consumer Discretionary	22.6	11.8
Consumer Staples	5.9	4.5
Energy	0.0	3.9
Financials	20.6	15.1
Health Care	6.6	7.8
Industrials	13.2	17.2
Information Technology	6.9	9.7
Materials	4.3	6.7
Real Estate	6.5	10.6
Utilities	0.0	8.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 0.9% of the total portfolio. ¹Russell Midcap® Value Index.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCV ¹
24.2+	22.6	22.5
16.7–24.2	7.5	17.9
11.2–16.7	21.1	21.1
6.9–11.2	20.9	17.4
0–6.9	27.9	21.0
TOTAL	100.0%	100.0%

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

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
James C. Kieffer, CFA	31
Thomas A. Reynolds IV	21
Daniel L. Kane, CFA	22
Craig Inman, CFA	21

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. 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 Aug 2020: IAC/InterActiveCorp 2.6%; Kirby Corp 1.5%. 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.

Margin of Safety, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Return on Capital (ROC)** is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

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.

© 2020 Artisan Partners. All rights reserved.

9/8/2020 A20695L_vR