



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX

As of 29 February 2020

Commentary

Escalating coronavirus concerns have pushed YTD equity market returns into the red as investors mull over the global economic impact. Sectors hit the hardest YTD include energy and materials, while utilities and information technology have been more resilient. We expect the illness to disrupt—temporarily, though the magnitude is impossible to predict—supply chains and demand across the global economy, pressuring corporate profits for at least the first half of 2020. We have been encouraged by the relative resilience of our portfolios thus far and have historically used periods of volatility to our advantage.

Our portfolio leads the Russell Midcap® Growth and Russell Midcap® Indices QTD. Among our top contributors are Zoom Video Communications and Atlassian. Zoom is a cloud-based platform for video, voice, content sharing and chat across mobile devices, desktops, telephones and room systems. Our investment thesis—that Zoom will take share of the sizable corporate communications market—has been bolstered by coronavirus travel restrictions which have prompted employees to conduct more business remotely. While we are monitoring valuation, we remain confident in the profit cycle ahead.

Atlassian, a leading provider of innovative, customizable team-collaboration software tools for enterprises, is delivering strong subscription growth. We remain confident in the fundamental outlook as companies of all sizes adopt its tools and as the company expands its product offerings into increasingly enterprise-wide solutions.

Among our bottom QTD contributors are Boston Scientific and Aptiv. Boston Scientific is a worldwide developer, manufacturer and marketer of minimally invasive medical devices. Our thesis has been predicated on the significant R&D investments in higher growth categories—structural heart, peripheral intervention, urology & gynecology—the company has made in recent years which have diversified the business and accelerated top-line growth. With our thesis maturing and the company's market cap exceeding our typical mid-cap mandate, we have begun harvesting our position.

Aptiv is a leading provider of safety, infotainment and electronic control components to the automotive market. Shares have recently been pressured by uncertainty surrounding the company's supply chain disruptions from the coronavirus. Longer term, we believe the secular trend toward electric vehicles is still ahead, and Aptiv is well-positioned to expand margins and drive an accelerating profit cycle.

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)	\$34.70	\$35.10
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2019	1.19%	1.04%
Prospectus 30 Sep 2019 ¹	1.19%	1.05%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Global Payments Inc (Information Technology)	5.6
Atlassian Corp PLC (Information Technology)	4.4
DexCom Inc (Health Care)	3.1
Veeva Systems Inc (Health Care)	3.1
L3Harris Technologies Inc (Industrials)	3.1
Guidewire Software Inc (Information Technology)	3.0
IHS Markit Ltd (Industrials)	2.8
Zoom Video Communications Inc (Information Technology)	2.6
Fidelity National Information Services Inc (Information Technology)	2.5
Zynga Inc (Communication Services)	2.4
TOTAL	32.7%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Communication Services	6.5	4.7
Consumer Discretionary	6.9	14.2
Consumer Staples	0.3	3.2
Energy	0.0	1.1
Financials	3.0	4.4
Health Care	26.0	15.2
Industrials	17.2	16.9
Information Technology	39.2	34.7
Materials	0.0	2.7
Real Estate	0.0	2.9
Utilities	0.8	0.0
TOTAL	100.0%	100.0%

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

Investment Results (%)

As of 29 February 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	-4.14	-1.25	-1.25	13.16	13.91	8.99	13.56	13.18
Advisor Class: APDMX	-4.12	-1.21	-1.21	13.41	14.09	9.15	13.65	13.22
Russell Midcap® Growth Index	-6.90	-6.02	-6.02	7.86	12.63	9.14	13.44	8.73
Russell Midcap® Index	-8.69	-9.42	-9.42	2.34	6.57	6.37	11.91	9.33

As of 31 December 2019

Investor Class: ARTMX	1.24	7.19	38.12	38.12	16.89	10.10	13.72	13.35
Advisor Class: APDMX	1.25	7.21	38.47	38.47	17.07	10.26	13.80	13.38
Russell Midcap® Growth Index	1.17	8.17	35.47	35.47	17.36	11.60	14.24	9.10
Russell Midcap® Index	2.29	7.06	30.54	30.54	12.06	9.33	13.19	9.88

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	RMG ¹
26.7+	36.4	21.7
20.6–26.7	16.1	16.9
14.3–20.6	12.3	20.9
8.8–14.3	16.0	19.8
0–8.8	19.2	20.8
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.

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 29 Feb 2020: Aptiv PLC 1.4%; Boston Scientific Corp 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.

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.

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.

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.

3/4/2020 A20532L_vR