



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX

As of 31 January 2020

Commentary

Global equity markets were modestly lower in January as signs of economic stability were outweighed by the potential global economic impact of the coronavirus. The US Fed left its benchmark rate unchanged—citing moderate GDP growth and a strong job market. Developed markets led, and growth outperformed value. At the sector level, utilities and information technology led, while energy and materials lagged.

Our portfolio leads the Russell Midcap® Growth and Russell Midcap® Indices QTD. Among our top contributors are Atlassian and L3Harris. 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 team-collaboration software tools and as the company expands its product offerings into increasingly enterprise-wide solutions.

L3Harris is the product of the recent merger between L3 and Harris, and we maintain our conviction in the potential for significant cost, working capital and revenue synergies from this combination. We believe L3Harris' product and technology offerings are where the US Department of Defense is moving from a technology-adoption standpoint—setting the company up for a solid profit cycle ahead.

Among our bottom QTD contributors are Ollie's Bargain Outlet Holdings and Aptiv. Ollie's shares have recently been pressured by a higher level of holiday promotions and discounts. We believe the markdowns are transitory, not a reflection of the underlying health of the business. We capitalized on the weakness to accumulate more shares and believe our long-term thesis—a solid management team, limited competition and our confidence the company can scale up the business—remains intact.

Aptiv is a leading provider of safety, infotainment and electronic control components to the automotive market. Shares have recently been hampered by escalating concerns around the coronavirus outbreak in China. 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)	\$36.20	\$36.61
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)	5.7
Atlassian Corp PLC (Information Technology)	4.3
L3Harris Technologies Inc (Industrials)	3.3
Fidelity National Information Services Inc (Information Technology)	3.1
Veeva Systems Inc (Health Care)	3.0
IHS Markit Ltd (Industrials)	3.0
Guidewire Software Inc (Information Technology)	3.0
Advanced Micro Devices Inc (Information Technology)	2.9
DexCom Inc (Health Care)	2.6
Motorola Solutions Inc (Information Technology)	2.4
TOTAL	33.3%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	RMCG ¹
Communication Services	5.3	4.7
Consumer Discretionary	8.2	14.3
Consumer Staples	0.3	3.2
Energy	0.0	1.1
Financials	3.0	4.4
Health Care	25.9	15.0
Industrials	17.3	17.0
Information Technology	39.1	34.7
Materials	0.0	2.8
Real Estate	0.0	2.8
Utilities	0.9	0.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.9% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 31 January 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	3.02	3.02	3.02	27.36	16.31	11.11	14.82	13.44
Advisor Class: APDMX	3.04	3.04	3.04	27.65	16.49	11.28	14.90	13.48
Russell Midcap® Growth Index	0.94	0.94	0.94	22.64	16.44	12.19	14.81	9.11
Russell Midcap® Index	-0.80	-0.80	-0.80	16.89	10.87	9.50	13.49	9.80
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	RMCG ¹
26.7+	36.6	22.2
20.6–26.7	17.9	19.5
14.3–20.6	10.3	20.2
8.8–14.3	17.9	20.0
0–8.8	17.4	18.1
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 31 Jan 2020: Aptiv PLC 1.5%; Ollie's Bargain Outlet Holdings Inc 0.9%. 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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