



# Artisan Mid Cap Fund

MONTHLY  
Commentary

Investor Class: ARTMX

Advisor Class: APDMX

As of 31 May 2020

## Commentary

Global equity markets have moved sharply higher so far in Q2 after nearly touching four-year lows in mid-March. Investor sentiment has seemingly rebounded on record levels of monetary and fiscal stimulus, signs the number of COVID-19 cases is slowing in many large municipalities globally and a slow economic reopening. Developed markets are outperforming QTD, and at the sector level, energy and consumer discretionary are leading, while utilities and consumer staples are lagging. Growth is outperforming value.

Our portfolio is solidly in the black for 2020 and is leading the Russell Midcap® Growth and Russell Midcap® Indices so far in Q2 and YTD. Among our top Q2 contributors are DexCom and Veeva Systems. Shares of Veeva have had a solid YTD run as the company's business remains resilient through the COVID-19 pandemic. Veeva is one of a few software providers whose suite of critical tools enables pharmaceutical employees to work remotely in regulatory, clinical, marketing and other functions. While we believe the runway for the company's cloud-based SaaS solutions remains compelling, we recently pared our exposure on valuation and in favor of other high-quality software franchises.

DexCom has experienced a record number of new patient starts as it is seeing growing traction across all revenue segments. While we recently trimmed our position on valuation, we believe the long-term trend toward continuous glucose monitoring (CGM) appears to be accelerating (excluding the pandemic's impact), and DexCom's leading CGM technology portfolio is well-positioned.

Among our bottom contributors are CMS Energy and Ameren. CMS Energy's commercial and industrial sales have recently declined from reduced demand amid the pandemic. We believe management is pulling the appropriate levers to help weather the storm, and our long-term thesis—reducing its reliance on high-cost, carbon-intensive sources of power by shifting to wind and solar and using cost savings to invest in capital projects at attractive returns on investment—remains intact.

Ameren is a public utility holding company which provides electric and natural gas services to customers in Missouri and Illinois. The company has experienced some slight disruption to its business from COVID-19, and shares have underperformed the broader market in sympathy with the rest of the utility sector. Longer term, we believe the company will benefit from a transition to a greener power-generation fleet over the coming decades, and we are remaining patient.

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)	\$40.83	\$41.31
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2020 <sup>1</sup>	1.20%	1.06%
Prospectus 30 Sep 2019 <sup>2</sup>	1.19%	1.05%

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

## Top 10 Holdings (% of total portfolio)

Global Payments Inc (Information Technology)	4.7
Atlassian Corp PLC (Information Technology)	4.0
Veeva Systems Inc (Health Care)	3.9
Zoom Video Communications Inc (Information Technology)	3.3
DexCom Inc (Health Care)	3.2
Zynga Inc (Communication Services)	2.8
Genmab A/S (Health Care)	2.8
L3Harris Technologies Inc (Industrials)	2.6
Guidewire Software Inc (Information Technology)	2.4
Lonza Group AG (Health Care)	2.3
<b>TOTAL</b>	<b>32.1%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of total portfolio equities)

	Fund	RMCG <sup>1</sup>
Communication Services	7.5	4.3
Consumer Discretionary	7.7	14.0
Consumer Staples	0.4	3.3
Energy	0.0	0.8
Financials	2.7	4.2
Health Care	29.1	17.0
Industrials	14.7	15.3
Information Technology	35.5	36.0
Materials	0.0	2.5
Real Estate	0.0	2.7
Utilities	2.4	0.0
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.6% of the total portfolio. <sup>1</sup>Russell Midcap® Growth Index.

## Investment Results (%)

As of 31 May 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	14.08	31.37	16.19	28.92	17.68	12.39	15.16	13.83
Advisor Class: APDMX	14.08	31.39	16.27	29.23	17.86	12.56	15.26	13.87
Russell Midcap® Growth Index	10.05	27.28	1.77	17.03	13.99	10.72	14.07	9.01
Russell Midcap® Index	7.03	22.40	-10.73	2.63	5.51	5.94	11.43	9.15

As of 31 March 2020

Investor Class: ARTMX	-10.43	-11.55	-11.55	0.43	9.39	6.62	11.63	12.58
Advisor Class: APDMX	-10.43	-11.51	-11.51	0.66	9.57	6.79	11.72	12.62
Russell Midcap® Growth Index	-14.91	-20.04	-20.04	-9.45	6.53	5.61	10.89	7.93
Russell Midcap® Index	-19.49	-27.07	-27.07	-18.31	-0.81	1.85	8.77	8.26

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 <sup>1</sup>
26.7+	42.1	27.3
20.6–26.7	4.0	20.2
14.3–20.6	18.1	15.9
8.8–14.3	19.3	20.8
0–8.8	16.5	15.8
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/Russell. <sup>1</sup>Russell 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 May 2020: Ameren Corp 1.3%; CMS Energy Corp 1.0%. 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: Garden<sup>SM</sup>, Crop<sup>SM</sup> and Harvest<sup>SM</sup>. Garden<sup>SM</sup> 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. Crop<sup>SM</sup> investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest<sup>SM</sup> investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. Harvest<sup>SM</sup> investments are generally being reduced or sold from the portfolios.

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