



# Artisan Mid Cap Value Fund

MONTHLY  
Commentary

Investor Class: ARTQX | Advisor Class: APDQX As of 30 November 2020

## Commentary

The Russell Midcap® Value Index has returned 15.10% QTD, led primarily by contributions from the financials, industrials and consumer discretionary sectors. Our portfolio has outpaced the benchmark, benefiting from a lack of exposure to utilities. Relative stock performance in consumer discretionary and real estate has been a tailwind. Holdings in financials and the portfolio's lack of exposure to energy have detracted from relative results.

Top QTD contributors include Expedia, Gentex and Marriott.

Online travel agent Expedia has weathered the pandemic using a flexible cost structure which has allowed the company to scale back performance advertising as demand has declined. Despite the currently depressed state of global travel, the business's moat remains wide as Expedia is one of two globally scaled online travel agencies. This scale advantage remains key to our investment case as travel returns to normal in the years to come.

Gentex, a manufacturer of automatic-dimming mirrors and related driver-assistance systems for the global auto industry, has been a top QTD contributor. Margins have improved as management focuses on cost mitigation and product mix (particularly in EM). Car sales have recently ticked up, attributable to pent-up demand after a summer of pandemic-driven lockdowns as well as some aversion to public transport. While auto suppliers face cyclical headwinds in general, Gentex maintains a robust cash position and dedicated capital return program.

Top QTD detractors include Progressive, Kroger and Aon.

Progressive (PGR) is one of the US's largest personal auto insurers. The company's earnings per share (EPS) growth has been on a tear this year as PGR has benefited from the stay-at-home phenomenon. Fewer cars on the road have reduced accidents, and subsequently, claims volumes. As economic activity has rebounded, drivers have returned to the road, normalizing claims volumes and slowing EPS momentum. In our view, PGR's unit volume growth (e.g., new customers and new policies) in the high single to low double-digits remains quite impressive. We believe PGR has a winning hand in its scale, name recognition, low expense base, superior technology and growth-through-innovation mindset. The stock will take a breather occasionally (up 27% YTD), but we will remain fans so long as the name doesn't move into expensive territory and/or the unit volume growth doesn't falter.

Kroger, one of the largest US food retailers, has been a top detractor from relative performance, despite positive returns QTD. Customer volumes have declined from earlier levels, and fewer new customers are planning repeat visits. However, Kroger is working to shore up revenue by increasing its digital advertising footprint as more customers shift to online grocery shopping. We believe Kroger remains in a strong competitive position with an undemanding valuation.

## Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$18.39	\$18.32
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2020	1.21%	1.06%
Prospectus 30 Sep 2019 <sup>1</sup>	1.21%	1.07%

<sup>1</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Analog Devices Inc (Information Technology)	3.9
Expedia Group Inc (Consumer Discretionary)	3.6
Gentex Corp (Consumer Discretionary)	3.4
Thor Industries Inc (Consumer Discretionary)	3.3
AMERCO (Industrials)	3.1
Globe Life Inc (Financials)	3.0
Lamar Advertising Co (Real Estate)	2.7
Air Lease Corp (Industrials)	2.7
Fifth Third Bancorp (Financials)	2.6
DENTSPLY SIRONA Inc (Health Care)	2.5
<b>TOTAL</b>	<b>30.8%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of total portfolio equities)

	Fund	RMCV <sup>1</sup>
Communication Services	10.9	4.1
Consumer Discretionary	21.8	12.2
Consumer Staples	5.7	4.1
Energy	0.0	3.7
Financials	21.9	15.0
Health Care	6.4	7.8
Industrials	13.4	17.6
Information Technology	7.2	9.9
Materials	4.4	7.4
Real Estate	8.3	10.1
Utilities	0.0	8.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.0% of the total portfolio. <sup>1</sup>Russell Midcap® Value Index.

## Investment Results (%)

As of 30 November 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	15.50	15.28	-0.61	2.21	2.49	6.75	8.45	9.44
Advisor Class: APDQX	15.45	15.24	-0.51	2.32	2.64	6.88	8.53	9.48
Russell Midcap® Value Index	14.04	15.10	0.32	3.37	4.22	8.06	10.79	9.46
Russell Midcap® Index	13.82	14.55	11.86	14.43	10.26	11.75	12.65	10.02

As of 30 September 2020

Investor Class: ARTQX	-2.52	5.72	-13.79	-8.93	-1.22	4.83	7.36	8.73
Advisor Class: APDQX	-2.46	5.80	-13.67	-8.76	-1.06	4.98	7.44	8.77
Russell Midcap® Value Index	-2.27	6.40	-12.84	-7.30	0.82	6.38	9.71	8.76
Russell Midcap® Index	-1.95	7.46	-2.35	4.55	7.13	10.13	11.76	9.34

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.

## Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RMCV <sup>1</sup>
24.2+	22.6	28.0
16.7–24.2	16.0	16.6
11.2–16.7	15.1	21.3
6.9–11.2	26.0	17.0
0–6.9	20.2	17.1
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/Russell. <sup>1</sup>Russell 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 30 Nov 2020: Aon PLC 1.9%; Marriott International Inc 2.4%; The Kroger Co 1.9%; The Progressive Corp 2.3%. 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.

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.

**Earnings per Share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock.

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.

12/4/2020 A20769L\_vR