



# Artisan Mid Cap Fund

MONTHLY  
Commentary

Investor Class: ARTMX

Advisor Class: APDMX

As of 31 October 2020

## Commentary

The global equity market rally paused in October alongside rising US and European COVID-19 cases—prompting a resumption of partial economic shutdowns—and stalled US government negotiations over another round of fiscal stimulus. Weakness has been broad-based at the sector level, with energy, health care and information technology lagging. Communication services and utilities are the only positive sectors QTD.

Our portfolio is trailing the Russell Midcap® Growth and Russell Midcap® Indices so far in Q4 though remains ahead of both indices YTD. Among our bottom contributors are DexCom and Global Payments. Shares of DexCom have recently consolidated solid YTD gains on rising competitive concerns—particularly for its G7 product which is expected to be rolled out in the second half of 2021. However, we believe the long-term trend toward the use of continuous glucose-monitoring devices for diabetes is in the early stages, and DexCom remains well-positioned to capture meaningful share of this market over time.

Pandemic-related restrictions have disrupted many of Global Payments' businesses this year, though we have been impressed by the company's resilience. Given its solid balance sheet and our belief its profit cycle should resume on the other side of the pandemic—the trend toward digital payments remains healthy—we used recent share weakness to add to our position.

Among our top contributors are Exact Sciences (EXAS) and Lattice Semiconductor. EXAS recently announced it is acquiring Thrive, a leader in early, blood-based multi-cancer detection screening. We believe Thrive will accelerate EXAS' efforts in this area and could be a significant growth driver over time. In addition, the United States Preventive Services Task Force lowered its colorectal cancer screening guidelines (from 50 to 45 years old), which should expand the addressable market for the company's Cologuard at-home cancer screening test.

Lattice Semiconductor is a vendor of field programmable gate array (FPGA) chips used in personal computers, 5G infrastructure, routers and switches, and servers to name a few. The company's new management team is executing well, providing FPGA chips to data centers and new 5G infrastructure as well as industrial and automotive end markets.

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)	\$47.12	\$47.70
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)	3.9
Veeva Systems Inc (Health Care)	3.7
Atlassian Corp PLC (Information Technology)	3.6
Zynga Inc (Communication Services)	2.8
Exact Sciences Corp (Health Care)	2.7
Genmab A/S (Health Care)	2.6
Ascendis Pharma A/S (Health Care)	2.5
HubSpot Inc (Information Technology)	2.4
Catalent Inc (Health Care)	2.4
West Pharmaceutical Services Inc (Health Care)	2.3
<b>TOTAL</b>	<b>29.0%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of total portfolio equities)

	Fund	RMCG <sup>1</sup>
Communication Services	8.7	5.9
Consumer Discretionary	11.5	11.0
Consumer Staples	1.5	4.1
Energy	0.0	0.4
Financials	2.5	3.6
Health Care	28.2	22.7
Industrials	10.2	12.1
Information Technology	33.7	36.6
Materials	1.0	2.3
Real Estate	0.0	1.4
Utilities	2.7	0.1
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.5% of the total portfolio. <sup>1</sup>Russell Midcap® Growth Index.

## Investment Results (%)

As of 31 October 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	-1.32	-1.32	34.09	42.02	21.43	16.09	14.99	14.27
Advisor Class: APDMX	-1.30	-1.30	34.25	42.22	21.62	16.26	15.09	14.31
Russell Midcap® Growth Index	0.12	0.12	14.06	21.14	15.21	14.15	14.13	9.37
Russell Midcap® Index	0.64	0.64	-1.72	4.12	6.77	8.95	11.40	9.43

As of 30 September 2020

Investor Class: ARTMX	1.29	11.91	35.89	45.66	22.86	17.59	15.57	14.39
Advisor Class: APDMX	1.30	11.95	36.03	45.83	23.05	17.77	15.67	14.43
Russell Midcap® Growth Index	-1.40	9.37	13.92	23.23	16.23	15.53	14.55	9.40
Russell Midcap® Index	-1.95	7.46	-2.35	4.55	7.13	10.13	11.76	9.44

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+	37.3	32.2
20.6–26.7	9.7	14.2
14.3–20.6	16.6	19.1
8.8–14.3	23.3	21.9
0–8.8	13.1	12.6
<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	24
Craigh A. Cepukenas, CFA	32
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 Oct 2020: DexCom Inc 2.2%; Lattice Semiconductor Corp 1.3%. 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.

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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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