



# Artisan Mid Cap Fund

## MONTHLY Commentary

Investor Class: ARTMX

Advisor Class: APDMX

As of 30 September 2020

### Commentary

The global equity market rally persisted through Q3, leaving the MSCI AC World Index flat for 2020 and near its all-time high. Among the contributors to the quarter's strong performance were progress toward the development of a vaccine, Q2 corporate earnings well ahead of consensus expectations and steady recovery in several leading economic indicators. Strength was broad-based at the sector level, with consumer discretionary and information technology leading. Energy was the only sector to deliver a negative total return. Growth handily outperformed value.

Our portfolio led the Russell Midcap® Growth and Russell Midcap® Indices in Q3 and remains ahead of both indices YTD. Among our top contributors were Zoom Video Communications and West Pharmaceutical Services. Zoom is experiencing momentous growth—recently reporting a 458% YoY surge in new customers—as people increasingly rely on video conferencing to connect with work colleagues, health care providers, teachers, etc. With its customer base just a fraction of the addressable market, we believe the growth runway ahead remains compelling both for video conferencing and cross-selling new products and services.

West Pharmaceutical Services is a leading supplier of packaging components for injectable pharmaceuticals—including stoppers, seals, plungers and others. Our research suggests the massive efforts to supply COVID-19 vaccines and therapeutics will be a significant tailwind for West as it will be a supplier to most, if not all, the successful vaccine manufacturers.

Among our bottom contributors were Ollie's Bargain Outlet and Zynga. Ollie's recently reported record sales and earnings as the company has benefited from keeping its stores open through the harshest of lockdowns, government stimulus checks and consumer lifestyle changes. However, shares have been pressured as investors contemplate a near-term slowdown in sales and profits, particularly compared to 2020's relative resilience. We acknowledge this potential headwind but believe Ollie's unique operating model and significant new store growth opportunity are compelling profit cycle drivers longer term.

Shares of Zynga, a leading social game developer, lagged in Q3. Though Apple's pending privacy policy could make it more difficult for the company to both efficiently acquire new players and sell advertising in its games, we believe these headwinds are manageable for larger mobile game developers like Zynga.

We will discuss these and other holdings in more depth in our forthcoming quarterly commentary.

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)	\$47.75	\$48.33
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)	4.0
Veeva Systems Inc (Health Care)	4.0
Atlassian Corp PLC (Information Technology)	3.4
Genmab A/S (Health Care)	2.9
DexCom Inc (Health Care)	2.8
Zynga Inc (Communication Services)	2.8
Zoom Video Communications Inc (Information Technology)	2.6
HubSpot Inc (Information Technology)	2.4
Ascendis Pharma A/S (Health Care)	2.3
West Pharmaceutical Services Inc (Health Care)	2.3
<b>TOTAL</b>	<b>29.5%</b>

Source: Artisan Partners/GICS.

### Sector Diversification (% of total portfolio equities)

	Fund	RMCG <sup>1</sup>
Communication Services	8.4	5.6
Consumer Discretionary	11.2	11.3
Consumer Staples	0.8	4.2
Energy	0.0	0.4
Financials	2.3	3.5
Health Care	28.1	23.0
Industrials	12.5	12.1
Information Technology	33.4	36.3
Materials	0.8	2.2
Real Estate	0.0	1.4
Utilities	2.6	0.1
<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® Growth Index.

### Investment Results (%)

As of 30 September 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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+	41.4	30.2
20.6–26.7	9.2	15.3
14.3–20.6	14.3	18.6
8.8–14.3	22.6	23.1
0–8.8	12.5	12.8
<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 30 Sep 2020: Ollie's Bargain Outlet Holdings Inc 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.

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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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