



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 28 February 2021

Commentary

The Russell Midcap® Value Index has returned 7.50% QTD, supported primarily by contributions from the financials, consumer discretionary and energy sectors. Our portfolio has outperformed QTD, with consumer discretionary, utilities and industrials among the top contributors. Energy, where we have no holdings, and financials are the biggest drags on relative returns. We seek cash-producing businesses in strong financial condition that are selling at attractive valuations, also known as our better, safer, cheaper philosophy. Here are three notable holdings that typify this philosophy.

AMERCO, the parent company of U-Haul, owns and operates the largest fleet of rental trucks for the DIY mover in the US and Canada. The company also has a rapidly growing self-storage business which now encompasses 45 million in rentable square feet. While U-Haul has long been a steady and growing business, the pandemic has accelerated its topline growth as mobility across the US is on the rise. As a result, the market has rerated the stock. Despite the rerating, the business continues to have an undemanding valuation due to secular tailwinds and attractive returns on reinvested capital. From a management perspective, the company does employ leverage; however, it is conservatively capitalized resulting in a strong financial profile.

M&T Bank Corp, one of our longtime holdings, announced in late February that it is acquiring People's United Financial. We view the acquisition favorably as it expands M&T's Mid-Atlantic footprint into New England. We like that the all-stock deal occurred at a modest premium of 13 percent. People's United Financial's operating strategy also resonates with us, as it is similar to M&T with its emphasis on strong cost control and a conservative underwriting strategy. It is important to note that the deal is a rarity in that it should prove accretive to book value and earnings early on. The initial response from investors was positive, and M&T stock's rose on news of the acquisition.

Israel-based Check Point Software Technologies develops software and hardware solutions for the cybersecurity industry. Shares of the company have pulled back recently amid a slowdown in profits during the fourth quarter. Even so, year-over-year earnings per share increased during 2020, and management has kept its focus on strengthening Check Point's position of leadership in cybersecurity. For example, Check Point made moves to bolster its portfolio with the 2018 acquisition of Dome9—a leading cloud firewall management service. More recently, the company purchased Odo Security, which will allow Check Point to offer a robust secure remote access application for a growing number of businesses looking to enhance their remote work platforms. From a balance sheet perspective, Check Point retains a large surplus of deployable cash, providing flexibility and options for exploiting business opportunities. Additionally, its strong stream of free cash flow, which has been consistently used for smart share repurchases, has resulted in a steady increase in per share value.

Portfolio Details

| | ARTQX | APDQX |
|-------------------------------------|-------------|------------|
| Net Asset Value (NAV) | \$21.24 | \$21.17 |
| Inception | 28 Mar 2001 | 1 Apr 2015 |
| Expense Ratios | | |
| Annual Report 30 Sep 2020 | 1.21% | 1.06% |
| Prospectus 30 Sep 2020 ¹ | 1.22% | 1.06% |

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

| | |
|---|--------------|
| Expedia Group Inc (Consumer Discretionary) | 4.0 |
| AMERCO (Industrials) | 3.7 |
| Analog Devices Inc (Information Technology) | 3.7 |
| IAC/InterActiveCorp (Communication Services) | 3.1 |
| Air Lease Corp (Industrials) | 2.9 |
| News Corp (Communication Services) | 2.7 |
| Globe Life Inc (Financials) | 2.6 |
| Synchrony Financial (Financials) | 2.5 |
| Gentex Corp (Consumer Discretionary) | 2.5 |
| Marriott International Inc (Consumer Discretionary) | 2.4 |
| TOTAL | 30.1% |

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

| | Fund | RMCV ¹ |
|------------------------|---------------|-------------------|
| Communication Services | 13.6 | 4.8 |
| Consumer Discretionary | 19.9 | 12.4 |
| Consumer Staples | 5.0 | 3.7 |
| Energy | 0.0 | 4.3 |
| Financials | 19.6 | 16.1 |
| Health Care | 5.8 | 7.5 |
| Industrials | 14.1 | 17.1 |
| Information Technology | 7.1 | 9.7 |
| Materials | 4.4 | 7.7 |
| Real Estate | 8.5 | 9.9 |
| Utilities | 1.9 | 6.8 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.7% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

| As of 28 February 2021 | Average Annual Total Returns | | | | | | | |
|------------------------------|------------------------------|-------------|-------------|--------------|-------------|--------------|-------------|--------------|
| | MTD | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
| Investor Class: ARTQX | 8.53 | 8.87 | 8.87 | 31.77 | 7.73 | 11.66 | 8.66 | 10.11 |
| Advisor Class: APDQX | 8.56 | 8.90 | 8.90 | 32.03 | 7.88 | 11.81 | 8.75 | 10.16 |
| Russell Midcap® Value Index | 7.75 | 7.50 | 7.50 | 27.72 | 8.94 | 12.45 | 10.65 | 9.99 |
| Russell Midcap® Index | 5.57 | 5.29 | 5.29 | 36.11 | 13.74 | 15.87 | 12.34 | 10.43 |

As of 31 December 2020

| | | | | | | | | |
|------------------------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Investor Class: ARTQX | 6.09 | 22.30 | 5.44 | 5.44 | 4.03 | 9.15 | 8.60 | 9.73 |
| Advisor Class: APDQX | 6.11 | 22.28 | 5.57 | 5.57 | 4.18 | 9.29 | 8.68 | 9.77 |
| Russell Midcap® Value Index | 4.63 | 20.43 | 4.96 | 4.96 | 5.37 | 9.73 | 10.49 | 9.67 |
| Russell Midcap® Index | 4.68 | 19.91 | 17.10 | 17.10 | 11.61 | 13.40 | 12.41 | 10.23 |

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 ¹ |
|----------------|---------------|-------------------|
| 27.5+ | 18.0 | 23.8 |
| 18.7–27.5 | 22.4 | 22.7 |
| 12.9–18.7 | 16.3 | 15.9 |
| 7.5–12.9 | 21.4 | 21.4 |
| 0–7.5 | 21.9 | 16.2 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/Russell. ¹Russell Midcap® Value Index.

Team Leadership (Pictured left to right)



| Portfolio Managers | Years of Investment Experience |
|-----------------------|--------------------------------|
| Thomas A. Reynolds IV | 22 |
| 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 28 Feb 2021: Check Point Software Technologies Ltd 1.2%; M&T Bank Corp 2.2%. 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.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Book Value** is the net asset value of a company, calculated by total assets minus intangible assets and liabilities. **Earnings per Share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock. **Return on Capital (ROC)** is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

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