



Artisan Mid Cap Value Fund

MONTHLY Commentary

Investor Class: ARTQX | Advisor Class: APDQX As of 31 July 2021

Commentary

Over the month, stocks were supported by strong consumer demand, positive corporate earnings and ongoing fiscal support. The Russell Midcap® Value Index returned 0.62% in July with the real estate, health care and utilities sectors providing the largest lift. Our portfolio generated a positive return on an absolute basis but trailed the benchmark as holdings within the communication services and financials sectors lagged benchmark peers. Consistent with our long-standing investment philosophy is our focus on investing in high-return businesses in strong financial condition that are selling at attractive valuations. Here are three notable holdings highlighting this framework.

The office real estate market is in a state of uncertainty, which causes confusion and angst for participants. Both Jones Lang LaSalle (JLL) and Otis Worldwide are navigating the ambiguity present in their respective marketplaces. While there is a long way to go to return to pre-pandemic levels for leasing and capital markets activity, JLL's stock price has fully rebounded as the markets acknowledge the pace of deterioration in commercial real estate is slowing. This is an incremental improvement, and JLL's stock movement can be attributed to its strong industry position and long-term focus. JLL provides a broad suite of services for large global property owners and users, which results in repeat transactions. Company management has reported a client retention rate of approximately 97% for client solutions, which is at the higher end of the industry's range. This has reinforced monthly cash flows, which provides a buffer against the more cyclical and volatile parts of the business in leasing and capital markets transactions. The business is capital light compared to the property owners, lifting profits and returns. Additionally, management has recently signaled a permanent lift to the margin structure, which should result in a higher value for the business.

Otis is the largest player in the elevator and escalator business and as such maintains a large installed elevator base of approximately two million globally. Revenues are recurring and relatively predictable, given the maintenance and regulatory constraints with which building owners must comply. Otis uses technology—real-time monitoring and predictive analytics—to add value to the customer, which is beginning to translate into a better margin structure. Management does well to balance capital allocation across dividends, debt reduction and share repurchases. The company has reduced its organic growth deficit by half since 2016, and we believe it is positioning itself well to capture further market share.

Centene Corporation is among the largest managed care organizations in the US and is the well-positioned leader in the fast-growing Medicaid managed care market. The US has a health care spending problem: costs are difficult to control. Fortunately, managed care organizations are a part of the long-term solution. In addition to maintaining a dominant market position and solid membership growth, Centene's financial condition is excellent, with a low debt-to-capital ratio and strong free cash flow. Concerns around short-term state Medicaid funding and potential health policy changes following the US election have largely abated. We think Centene's managed care model can deliver more care at lower cost—a winning combination.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$23.33	\$23.26
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2021 ¹	1.20%	1.05%
Prospectus 30 Sep 2020 ²	1.22%	1.06%

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

Top 10 Holdings (% of total portfolio)

Analog Devices Inc (Information Technology)	3.9
Expedia Group Inc (Consumer Discretionary)	3.4
AMERCO (Industrials)	3.4
AutoNation Inc (Consumer Discretionary)	3.1
Synchrony Financial (Financials)	2.9
Lamar Advertising Co (Real Estate)	2.8
DENTSPLY SIRONA Inc (Health Care)	2.7
News Corp (Communication Services)	2.7
Moelis & Co (Financials)	2.6
BorgWarner Inc (Consumer Discretionary)	2.5
TOTAL	30.0%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	13.6	4.1
Consumer Discretionary	19.5	11.0
Consumer Staples	5.6	4.2
Energy	0.0	4.6
Financials	17.0	16.0
Health Care	6.8	8.6
Industrials	13.9	16.2
Information Technology	7.7	9.8
Materials	3.9	7.4
Real Estate	9.7	11.1
Utilities	2.3	7.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.9% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 31 July 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	0.30	0.30	19.58	49.00	9.18	10.32	9.84	10.40
Advisor Class: APDQX	0.26	0.26	19.65	49.16	9.33	10.46	9.93	10.45
Russell Midcap® Value Index	0.62	0.62	20.19	47.07	11.09	11.00	12.21	10.38
Russell Midcap® Index	0.77	0.77	17.14	42.58	15.79	14.77	13.74	10.78

As of 30 June 2021

Investor Class: ARTQX	-2.23	3.56	19.22	54.16	9.86	10.99	9.44	10.43
Advisor Class: APDQX	-2.19	3.62	19.34	54.40	10.02	11.14	9.53	10.48
Russell Midcap® Value Index	-1.16	5.66	19.45	53.06	11.86	11.79	11.75	10.39
Russell Midcap® Index	1.47	7.50	16.25	49.80	16.45	15.62	13.24	10.79

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 portfolio securities)

\$ in billions	Fund	RMCV ¹
27.5+	21.9	30.1
18.7–27.5	15.6	21.5
12.9–18.7	19.0	18.1
7.5–12.9	23.9	18.1
0–7.5	19.6	12.2
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	23
Craig Inman, CFA	22

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 31 Jul 2021: Centene Corp 2.1%; Jones Lang LaSalle Inc 1.7%; Otis Worldwide Corp 1.6%. 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.

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