



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 30 June 2021

Commentary

The Russell Midcap® Growth Index set new record highs in Q2 and delivered an 11% return. Corporate earnings were stronger than expected with companies in the index reporting ~59% YoY EPS growth (vs. ~33% expected at the end of March). The Fed held its accommodative policy steady and indicated inflation in April and May—above 3%—was driven by “transitory factors.” Despite the June dot plot indicating a pull forward in the FOMC’s expectations for future rate increases (2 in 2023 vs. none prior), Chairman Powell reiterated any decisions would be data dependent rather than dot dependent. Q1’s vicious rotation out of growth stocks and into value stocks reversed course, though value remains ahead YTD.

Our portfolio outperformed the Russell Midcap® Index and slightly trailed the Russell Midcap® Growth Index in Q2. Among our top contributors were BioNTech and HubSpot. BioNTech’s highly effective COVID-19 vaccine, developed with Pfizer, has proven instrumental in combatting the pandemic. This success places the company in an incredibly strong financial position. That said, we anticipate the robust demand will abate as global vaccine adoption rates rise which will likely pressure the company’s growth longer term. We have trimmed our position size to manage the risk accordingly.

HubSpot is providing best-in-class software across most customer-facing operations through a single solution, successfully expanding internationally and introducing free and low-priced product bundles which are driving record new customer additions. We believe the growth runway ahead remains compelling as small and medium businesses increasingly digitize their sales and marketing efforts.

Among our bottom contributors were New York Times and Global Payments. Shares of New York Times have been pressured alongside a slowdown in net new subscriber growth after 2020’s intense news cycle (COVID-19 pandemic, US election, etc.). We trimmed our position moderately in recognition of the uncertain growth outlook in 2021, though we believe the longer term secular trend toward digital subscriptions is intact and the company’s competitive advantages position it well to capture share of this market.

Global Payments’ fundamentals are trending positively after being negatively impacted by the pandemic in 2020, and we view recent strategic partnerships (AWS, Google) and acquisitions (Zego) positively. Unfortunately, shares have not been rewarded as investors question the long-term competitive position of incumbent payment processing companies. We believe Global Payments has been positioning itself to thrive in a more dynamic competitive environment for years, and we have maintained our position.

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)	\$51.70	\$52.48
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2021 ¹	1.18%	1.05%
Prospectus 30 Sep 2020 ²	1.18%	1.05%

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

Top 10 Holdings (% of total portfolio)

Global Payments Inc (Information Technology)	4.2
HubSpot Inc (Information Technology)	4.0
Atlassian Corp PLC (Information Technology)	3.6
Veeva Systems Inc (Health Care)	3.4
Zynga Inc (Communication Services)	3.1
Match Group Inc (Communication Services)	2.6
Dexcom Inc (Health Care)	2.4
Catalent Inc (Health Care)	2.2
Generac Holdings Inc (Industrials)	2.2
Genmab A/S (Health Care)	2.1
TOTAL	29.8%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCG ¹
Communication Services	10.0	6.2
Consumer Discretionary	14.5	15.9
Consumer Staples	0.5	2.1
Energy	0.0	1.5
Financials	9.8	4.5
Health Care	21.4	17.5
Industrials	12.3	14.3
Information Technology	30.5	34.0
Materials	1.1	2.0
Real Estate	0.0	1.8
Utilities	0.0	0.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.3% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 30 June 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	5.99	10.45	7.84	40.99	28.23	22.64	15.63	15.01
Advisor Class: APDMX	5.98	10.46	7.89	41.17	28.43	22.82	15.74	15.06
Russell Midcap® Growth Index	6.80	11.07	10.44	43.77	22.39	20.52	15.13	10.35
Russell Midcap® Index	1.47	7.50	16.25	49.80	16.45	15.62	13.24	10.65

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 portfolio securities)

\$ in billions	Fund	RMCG ¹
36.8+	30.7	26.2
27.3–36.8	14.4	21.1
19.3–27.3	26.3	17.5
13.0–19.3	11.5	15.5
0.0–13.0	17.0	19.7
TOTAL	100.0%	100.0%

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

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Matthew H. Kamm, CFA (Lead)	21
James D. Hamel, CFA	24
Craig A. Cepukenas, CFA	32
Jason L. White, 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. 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 Jun 2021: BioNTech SE 1.0%; The New York Times Co 1.2%. 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.

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: GardenSM, CropSM and HarvestSM. GardenSM 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. CropSM investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. HarvestSM investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. HarvestSM investments are generally being reduced or sold from the portfolios.

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

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