



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX

Advisor Class: APDMX

As of 31 October 2021

Commentary

Domestic mid-cap equities bounced back sharply in October, erasing Q3's losses and setting new all-time highs. Q3 corporate earnings are off to a solid start. ~50% of companies in the Russell Midcap® Index have released results, reporting 68% year-over-year growth vs. 47% expected at the end of September. Energy, information technology and financials are leading while communication services and consumer staples are lagging.

Our portfolio is modestly underperforming the Russell Midcap® Growth Index so far in Q4. Among our bottom contributors are Global Payments and Ascendis Pharma. Global Payments has delivered solid results so far this year and recently guided 17%-20% EPS growth for 2022. However, shares have been pressured as investors contemplate rising payments technology competition. We are remaining patient for several reasons: the company has shifted toward durable growth areas such as software and omnichannel commerce, it is making substantial cloud investments in partnership with Google and Amazon Web Services to future-proof its underlying technology stack, its long-term growth targets remain achievable (~10% revenue growth, ~20% EPS growth) and shares are trading at a deep discount to our private market value estimate.

Ascendis Pharma recently received approval for its TransCon hGH growth hormone, Skytrofa—a more convenient treatment for pediatric growth hormone disorder (weekly vs. daily). This is a major milestone, and it confirms our belief in the strength of the company's proprietary TransCon drug delivery technology—safely allowing biological drugs to be delivered via a slow-release mechanism. Based on our confidence in the company's drug pipeline, which we believe has meaningful long-term potential, we are remaining patient amid what appears to be a general rotation out of biotechnology stocks.

Among our top contributors are Atlassian and HubSpot. Atlassian is a leading provider of innovative, customizable team-collaboration software tools for enterprises. The company is adding new customers at 2X its pre-pandemic pace and is experiencing strong subscription growth as customers migrate to the cloud. We remain confident in the business's fundamental outlook as companies of all sizes adopt its tools and as it expands its product offerings into enterprise-wide solutions.

HubSpot is a developer and leading provider of an integrated inbound marketing SaaS platform. The company recently hosted an analyst day where it made several positive announcements, most notably a B2B payments platform launch. We believe the growth runway ahead is compelling given its strong foothold in an addressable market which is sizable, lowly penetrated and growing as small and medium businesses are in the early stages of modernizing their marketing and sales functions. Furthermore, the company's fully bundled CRM has a long runway of cross-sell and upsell opportunities.

Investment Results (%)

As of 31 October 2021	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	6.29	6.29	18.13	39.85	33.44	24.75	17.48	15.22
Advisor Class: APDMX	6.28	6.28	18.24	40.01	33.65	24.94	17.59	15.27
Russell Midcap® Growth Index	7.01	7.01	17.29	39.43	26.17	21.90	16.86	10.47
Russell Midcap® Index	5.95	5.95	22.02	45.40	19.85	16.47	14.78	10.72

As of 30 September 2021

Investor Class: ARTMX	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	-3.97	3.06	11.14	29.84	25.74	21.99	18.01	14.99
Advisor Class: APDMX	-3.96	3.11	11.25	30.02	25.94	22.17	18.12	15.03
Russell Midcap® Growth Index	-4.84	-0.76	9.60	30.45	19.14	19.27	17.54	10.20
Russell Midcap® Index	-4.12	-0.93	15.17	38.11	14.22	14.39	15.52	10.49

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.

Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$56.63	\$57.51
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)

HubSpot Inc (Information Technology)	5.1
Atlassian Corp PLC (Information Technology)	4.4
Veeva Systems Inc (Health Care)	3.5
Ascendis Pharma A/S (Health Care)	2.7
Catalent Inc (Health Care)	2.6
Dexcom Inc (Health Care)	2.5
SVB Financial Group (Financials)	2.5
Global Payments Inc (Information Technology)	2.5
Datadog Inc (Information Technology)	2.4
MSCI Inc (Financials)	2.3
TOTAL	30.6%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCG ¹
Communication Services	8.3	4.2
Consumer Discretionary	12.7	16.0
Consumer Staples	0.0	1.7
Energy	0.0	1.6
Financials	12.2	5.0
Health Care	21.3	17.1
Industrials	10.2	14.6
Information Technology	34.2	35.4
Materials	1.2	1.7
Real Estate	0.0	2.5
Utilities	0.0	0.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.3% of the total portfolio. ¹Russell Midcap® Growth Index.

Average Annual Total Returns

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Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMG ¹
36.8+	40.8	36.3
27.3–36.8	15.2	17.6
19.3–27.3	16.3	16.0
13.0–19.3	12.5	12.0
0.0–13.0	15.2	18.1
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	25
Craig A. Cepukenas, CFA	33
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. 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.

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.

Private Market Value is an estimate of the value of a company if divisions were each independent and established their own market stock prices. Earnings per Share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock.

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