



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 30 April 2022

Commentary

Top month-to-date contributors: AutoNation Inc; Synchrony Financial; PS Business Parks Inc; Tyson Foods Inc; Sysco Corp

Bottom month-to-date contributors: The Carlyle Group Inc; Expedia Group Inc; DENTSPLY SIRONA Inc; AMERCO; IAC/InterActiveCorp

In this space, we discuss one top contributor (PS Business Parks) and one bottom contributor (The Carlyle Group) from the recent month.

Shares of PS Business Parks (PSB), an industrial and flex/office REIT (real estate investment trust), jumped on the announcement that affiliates of Blackstone agreed to purchase the company for \$7.6 billion, reflecting an 11.6% premium to the prior closing price. PSB's largest shareholder Public Storage, which is also held in the portfolio, voted in favor of the transaction. While we welcome the takeout, our investment case was focused on our margin of safety criteria ("better, safer, cheaper"). In terms of "better," the flex/office property type has tailwinds due to e-commerce evolution and limited new supply in the company's gateway markets and has lower capex per foot relative to other REIT asset classes. Additionally, the company's focus on the SMB market results in higher revenue per square foot versus peers. In terms of "safer," its capital structure is permanent, meaning the debt is all preferred with no maturities, no covenants and can be prepaid at will. Leverage and interest coverage ratios are also best in class. Lastly, the company met our "cheaper" criteria based on a 6% capitalization rate, the asset class's low capital intensity and strong pricing power.

Carlyle is a global alternative asset manager known for its best-in-class private equity business that we purchased in Q1. We had been monitoring the new sole-CEO's culture transformation over the past year. CEO Kewsong Lee has laid out a roadmap to take Carlyle to the next level as a growing, diversified alternatives platform rather than just primarily a private equity firm by investing in talent and performance in secularly growing areas, and Carlyle's early stages of the turnaround have been impressive. Additionally, the company has a pristine balance sheet and an attractive valuation. Recent share price weakness resulting in an attractive entry point has been driven by the market's concerns that higher rates will hurt realizations and that 2023 will have "bad comps" as the fundraising cycle will conclude. We believe these fears are misplaced for this "baby Blackstone."

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$20.00	\$19.93
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2021	1.20%	1.05%
Prospectus 30 Sep 2021 ¹	1.21%	1.05%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Expedia Group Inc (Consumer Discretionary)	3.8
Analog Devices Inc (Information Technology)	3.7
AMERCO (Industrials)	3.2
AutoNation Inc (Consumer Discretionary)	3.1
Lamar Advertising Co (Real Estate)	3.0
Marriott International Inc (Consumer Discretionary)	2.9
Tyson Foods Inc (Consumer Staples)	2.8
Arch Capital Group Ltd (Financials)	2.8
Corteva Inc (Materials)	2.8
nVent Electric PLC (Industrials)	2.7
TOTAL	30.6%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	11.6	3.8
Consumer Discretionary	18.4	9.4
Consumer Staples	7.2	5.0
Energy	2.7	7.5
Financials	18.0	15.7
Health Care	6.6	7.7
Industrials	10.2	13.9
Information Technology	9.3	9.0
Materials	4.7	8.2
Real Estate	8.6	11.7
Utilities	2.7	8.0
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 30 April 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	-5.21	-5.21	-7.24	-2.15	8.76	7.75	8.80	9.91
Advisor Class: APDQX	-5.23	-5.23	-7.22	-2.01	8.92	7.90	8.91	9.96
Russell Midcap® Value Index	-5.94	-5.94	-7.65	0.00	10.19	8.61	11.40	9.92
Russell Midcap® Index	-7.70	-7.70	-12.94	-6.10	10.48	10.66	11.99	9.89

As of 31 March 2022

Investor Class: ARTQX	0.91	-2.13	-2.13	7.41	12.88	8.76	9.25	10.23
Advisor Class: APDQX	0.91	-2.09	-2.09	7.60	13.07	8.92	9.36	10.28
Russell Midcap® Value Index	3.04	-1.82	-1.82	11.45	13.69	9.99	12.01	10.28
Russell Midcap® Index	2.56	-5.68	-5.68	6.92	14.89	12.62	12.85	10.35

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
34.3+	19.0	17.8
25.0–34.3	8.3	17.7
17.3–25.0	11.1	21.4
10.4–17.3	25.8	19.9
0–10.4	35.9	23.2
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	23
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. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. 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 30 Apr 2022: DENTSPLY SIRONA Inc 1.7%; IAC/InterActiveCorp 1.6%; PS Business Parks Inc 1.3%; Public Storage 1.4%; Synchrony Financial 2.4%; Sysco Corp 1.7%; The Carlyle Group Inc 1.9%. 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.

Margin of Safety, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **Interest coverage ratio** is a financial ratio measuring a company's ability to make interest payments on its debt calculated as earnings before interest and taxes divided by total interest expense. **Capitalization rate** is a valuation method used in real estate investing calculated as net operating income divided by current market value.

Source: Artisan Partners/FactSet. Contribution to Return includes the securities with the highest positive and negative contribution to the portfolio's return and is calculated by multiplying a security's portfolio weight by its in-portfolio return for the period. Purchases/sales are accounted for by using end of the day prices, which may or may not reflect the actual purchase/sale price realized by the portfolio. Contribution to return is not exact, but should be considered an approximation.

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