



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 31 August 2022

Commentary

Top month-to-date contributors: H&R Block Inc; First Citizens BancShares Inc; Corteva Inc; AutoNation Inc; Arch Capital Group Ltd

Bottom month-to-date contributors: CAE Inc; Analog Devices Inc; Tyson Foods Inc; Cable One Inc; The Carlyle Group Inc

In this space, we discuss one top contributor (First Citizens BancShares) and one bottom contributor (CAE) from the recent month.

First Citizens BancShares and CAE are newer positions—both added to the portfolio in Q2 2022. Headquartered in Raleigh, North Carolina, with the majority of its banking operations in the Carolinas, First Citizens is one of the largest family-controlled banks in the US. It's primarily a commercial lender, with commercial loans comprising about 67% of total loans. The bank is run by and almost fully controlled by CEO Frank Holding and his family members. They've done an admirable job of growing the bank through thoughtful M&A, completing over two dozen bank acquisitions in the past decade alone. Its 2021 acquisition of CIT made it a top-20 US financial institution with over \$100 billion in assets. Besides cost savings from the CIT acquisition, a favorable interest rate environment provides potential upside to net interest margins. Additionally, the bank is well capitalized with over \$10 billion of cash that can fund loan growth or share buybacks. Our opportunity to purchase the stock at attractive prices resulted from the company's below-expected 2023 EPS guidance that was mainly related to one-off revenues at CIT that are unlikely to recur and not reflective of a fundamental weakness.

CAE is an aerospace and defense company providing pilot training via either the sale of full-flight simulators or third-party training services. Over its history, the company has transformed itself from a flight simulator equipment maker to primarily a services company with a high share of recurring revenues. Routine training for certification upkeep and long-term customer contracts provide strong earnings visibility. Additionally, increased outsourcing of training by airlines and growing defense budgets around the world act as structural tailwinds. Internal improvement is also a possibility. The company's defense business is undergoing a margin improvement effort under new leadership following its 2021 acquisition of L3Harris Technologies' military training business. However, this initiative has experienced turbulence as of late as profitability in its defense segment fell in the previous quarter due to non-recurring charges in two legacy contracts, as well as due to inflation and supply chain headwinds. The higher-than-expected costs for these specific contracts led to a top-down review of its portfolio to ensure appropriate visibility and transparency, and the company did not identify any additional issues. CAE was deeply impacted by COVID-19 and results have not fully recovered yet, but this offered us an attractive entry point to purchase a high-quality business that is well positioned in a growing industry having high barriers to entry.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$18.91	\$18.86
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2022 ¹	1.20%	1.05%
Prospectus 30 Sep 2021 ²	1.21%	1.05%

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
AMERCO (Industrials)	3.4
Arch Capital Group Ltd (Financials)	3.0
OGE Energy Corp (Utilities)	3.0
Globe Life Inc (Financials)	2.9
nVent Electric PLC (Industrials)	2.9
NOV Inc (Energy)	2.8
Lamar Advertising Co (Real Estate)	2.8
AutoNation Inc (Consumer Discretionary)	2.6
Centene Corp (Health Care)	2.5
TOTAL	29.8%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	14.0	3.5
Consumer Discretionary	15.8	9.6
Consumer Staples	6.7	4.1
Energy	2.8	5.3
Financials	20.2	17.9
Health Care	5.7	6.9
Industrials	11.9	14.8
Information Technology	9.2	9.5
Materials	3.6	7.6
Real Estate	7.2	11.7
Utilities	3.0	9.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.7% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 31 August 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	-4.20	3.50	-12.29	-7.56	8.87	6.20	8.42	9.46
Advisor Class: APDQX	-4.17	3.57	-12.20	-7.43	9.04	6.35	8.53	9.51
Russell Midcap® Value Index	-3.06	5.28	-11.80	-7.80	9.55	7.49	10.81	9.52
Russell Midcap® Index	-3.14	6.42	-16.53	-14.82	9.36	9.17	11.61	9.51

As of 30 June 2022

Investor Class: ARTQX	-9.82	-13.41	-15.26	-10.19	5.83	5.41	8.33	9.36
Advisor Class: APDQX	-9.85	-13.41	-15.22	-10.09	5.99	5.56	8.43	9.41
Russell Midcap® Value Index	-10.99	-14.68	-16.23	-10.00	6.70	6.27	10.62	9.33
Russell Midcap® Index	-9.98	-16.85	-21.57	-17.30	6.59	7.96	11.29	9.27

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+	20.1	12.6
25.0–34.3	10.1	20.0
17.3–25.0	2.0	16.9
10.4–17.3	22.9	22.8
0–10.4	44.9	27.6
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	24
Craig Inman, CFA	23

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 31 Aug 2022: Cable One Inc 1.9%; CAE Inc 1.3%; Corteva Inc 2.1%; First Citizens BancShares Inc/NC 2.5%; H&R Block Inc 1.8%; The Carlyle Group Inc 2.0%; Tyson Foods Inc 2.5%. 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.

Earnings per Share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. Net interest margin measures the difference between interest income earned and paid out by financial institutions.

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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