



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 31 March 2022

Commentary

Equity markets are off to a volatile start this year. Elevated inflation readings and the Fed pointing to policy tightening ahead have prompted many market participants to position for higher interest rates. This has caused companies whose valuations are dependent on profits further into the future (growth companies) to underperform despite mostly unchanged forward earnings outlooks. Meanwhile, the outbreak of war between Russia and Ukraine is giving the post-Cold War order its greatest test. Varying degrees of sanctions have been levied against parts of Russia's economy by the US, Europe, Australia and Japan, among other countries. These have exacerbated existing supply chain pressures and contributed to the 11% rise in Brent crude oil prices since the conflict began in late February (39% higher YTD). Our portfolio has no exposure to Russian and Ukrainian domiciled companies, and our holdings' combined revenue exposure to both countries is <1%. We are closely monitoring the situation and the impact it could have on our companies' profit cycles.

Our portfolio underperformed the Russell Midcap® Growth Index in Q1. Among our bottom contributors were HubSpot and Aptiv. Despite solid growth expected for 2022, shares of HubSpot traded lower alongside the broader rotation out of high growth stocks. We believe the company can sustain strong free cash flow growth, which should support solid long-term investment returns in a rising rate environment.

Aptiv is a leading provider of safety, infotainment and electronic control components to the automotive market. Macro headwinds have weighed on industry growth and the company's margins in recent years—component shortages, commodity inflation and supply chain disruptions. The latter two have been intensified in 2022 by the outbreak of war in Ukraine and China's COVID-19 lockdowns. We have pared our exposure given these near-term profit cycle headwinds. Longer term, we believe the company is well positioned to benefit from several strong secular industry trends—shift from internal combustion engine to electric vehicles, autonomous driving, increased computing intensity in vehicles.

Among our top contributors were Zynga and LPL Financial. Zynga is being acquired by Take-Two at a 64% premium to the prior day's closing share price. We are evaluating the combined entity, and our early findings suggest a large pipeline of new games should accelerate growth. In addition, Zynga's mobile gaming capabilities should help Take-Two maximize the value of its intellectual property across console and mobile devices.

LPL Financial is well positioned to capture market share and benefit from a migration of advisors away from wire houses to the independent channel. In addition, outsourcing contract wins with third-party banks and traction in LPL's new service offerings could accelerate growth. Lastly, we believe the company offers upside participation in a rising interest rate environment.

Investment Results (%)

As of 31 March 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	0.00	-15.52	-15.52	-4.53	18.89	16.98	13.14	13.85
Advisor Class: APDMX	0.00	-15.48	-15.48	-4.39	19.09	17.16	13.26	13.90
Russell Midcap® Growth Index	1.61	-12.58	-12.58	-0.89	14.81	15.10	13.52	9.51
Russell Midcap® Index	2.56	-5.68	-5.68	6.92	14.89	12.62	12.85	10.29

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)	\$37.61	\$38.34
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2021	1.18%	1.04%
Prospectus 30 Sep 2021 ¹	1.18%	1.05%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

HubSpot Inc (Information Technology)	4.1
Veeva Systems Inc (Health Care)	3.3
Atlassian Corp PLC (Information Technology)	3.1
Catalent Inc (Health Care)	3.0
Global Payments Inc (Information Technology)	3.0
Ascendis Pharma A/S (Health Care)	2.8
SVB Financial Group (Financials)	2.6
Ingersoll Rand Inc (Industrials)	2.6
Zscaler Inc (Information Technology)	2.3
Tradeweb Markets Inc (Financials)	2.2
TOTAL	29.0%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCG ¹
Communication Services	7.8	3.2
Consumer Discretionary	9.3	15.2
Consumer Staples	0.0	2.0
Energy	0.0	2.5
Financials	13.3	5.3
Health Care	22.0	17.1
Industrials	12.1	15.3
Information Technology	34.0	34.8
Materials	1.5	2.0
Real Estate	0.0	2.4
Utilities	0.0	0.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.7% of the total portfolio. ¹Russell Midcap® Growth Index.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMCG ¹
46.6+	10.2	10.6
35.8–46.6	11.4	16.4
22.8–35.8	25.8	26.4
13.1–22.8	33.4	22.8
0.0–13.1	19.1	23.7
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)	22
James D. Hamel, CFA	25
Craig A. Cepukenas, CFA	33
Jason L. White, CFA	22
Jay C. Warner, CFA	20

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. 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 31 Mar 2022: Aptiv PLC 1.5%; LPL Financial Holdings Inc 1.9%; Zynga Inc 2.0%. 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.

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.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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