



Artisan Mid Cap Fund

MONTHLY
Commentary

Investor Class: ARTMX

Advisor Class: APDMX

As of 31 October 2022

Commentary

The Russell Midcap® Index moved 9% higher in October, seemingly on renewed hope of a Fed pivot. Shortly after the end of the month, Fed Chair Powell reminded the market any hopes of pausing rate increases are “very premature,” casting doubt (again) on the intermittent narrative driving bear market rallies. Corporate earnings and several other macro indicators—positive GDP growth, low unemployment, and healthy consumer confidence and spending—suggest higher rates are still flowing through the economy and corporate earnings. For perspective, 2023 S&P 500® Index earnings estimates have fallen -5% since the market peaked in January, which compares to -14% in the early 2000s and -23% during the financial crisis (market peak to trough).

Our portfolio is trailing the Russell Midcap® Growth Index. Among our bottom contributors are SVB Financial Group and Zscaler. SVB’s net interest margins have come in below expectations, and funding and spending activity within its core innovation economy market have slowed. Given our comfort with the company’s credit risk exposure (loans to early-stage tech companies are only 2% versus 11% in 2008 and 30% in the dot.com era), a strong likelihood funding activity will recover as valuations reset lower and a valuation that seems to reflect a near worst-case scenario, we are remaining patient.

Despite solid fundamental momentum, shares of Zscaler have underperformed this year as investors have grown concerned about slowing demand for enterprise software. We believe the dual trends of rising security vulnerability and increased enterprise digitization will lead to sustained demand, even in a recession. Cybersecurity remains a top concern for businesses and governments alike as cyberattacks can have devastating financial and reputational consequences.

Among our top contributors are Dexcom and Ingersoll Rand. Dexcom is the leader in continuous glucose-monitoring systems. We believe it is well-positioned to continue penetrating the Type 1 diabetes market and drive adoption in the much larger Type 2 diabetes market, where data supporting the clinical and economic case for CGM sensors is building. The launch of its G7 product late this year—60% smaller than G6, fully disposable and interoperable with a variety of insulin delivery technologies—should enable the company to gain further share of non-insulin dependent Type 2 diabetes and gestational diabetes patients.

Ingersoll Rand is a global market leader with a broad range of mission-critical flow creation technologies (pumps, compressors, etc.) for industrial and medical applications. The company’s recent results were solid and support our belief it is making the right investments in R&D and acquisitions to elevate its sustainable revenue growth rate.

Investment Results (%)

As of 31 October 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	3.06	3.06	-34.14	-38.48	6.91	9.02	11.13	12.40
Advisor Class: APDMX	3.07	3.07	-34.06	-38.38	7.06	9.19	11.25	12.45
Russell Midcap® Growth Index	7.86	7.86	-26.06	-28.94	6.27	8.66	11.95	8.56
Russell Midcap® Index	8.88	8.88	-17.55	-17.17	7.84	7.95	11.36	9.46

As of 30 September 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	-10.17	-2.43	-36.10	-36.55	6.26	8.84	10.30	12.31
Advisor Class: APDMX	-10.15	-2.42	-36.02	-36.46	6.41	9.01	10.43	12.36
Russell Midcap® Growth Index	-8.49	-0.65	-31.45	-29.50	4.26	7.62	10.85	8.27
Russell Midcap® Index	-9.27	-3.44	-24.27	-19.39	5.19	6.48	10.30	9.12

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)	\$29.32	\$29.91
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2022 ¹	1.19%	1.05%
Prospectus 30 Sep 2021 ²	1.18%	1.05%

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

Top 10 Holdings (% of total portfolio)

Veeva Systems Inc (Health Care)	4.2
Global Payments Inc (Information Technology)	3.8
Atlassian Corp (Information Technology)	3.8
HubSpot Inc (Information Technology)	3.7
Ascendis Pharma A/S (Health Care)	3.5
Argenx SE (Health Care)	3.5
Catalent Inc (Health Care)	3.2
Ingersoll Rand Inc (Industrials)	3.0
Nasdaq Inc (Financials)	3.0
Chipotle Mexican Grill Inc (Consumer Discretionary)	2.9
TOTAL	34.4%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCG ¹
Communication Services	4.2	4.5
Consumer Discretionary	9.2	14.8
Consumer Staples	0.0	3.0
Energy	0.0	5.4
Financials	12.7	5.8
Health Care	27.2	16.6
Industrials	11.3	15.7
Information Technology	35.3	28.2
Materials	0.0	3.8
Real Estate	0.0	1.9
Utilities	0.0	0.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.9% 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	RMCG ¹
46.6+	7.0	5.1
35.8–46.6	14.6	19.0
22.8–35.8	21.5	25.1
13.1–22.8	34.1	24.4
0.0–13.1	22.8	26.5
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	26
Craig A. Cepukenas, CFA	34
Jason L. White, CFA	22
Jay C. Warner, 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. 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. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. 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. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. 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 Oct 2022: Dexcom Inc 1.7%; SVB Financial Group 1.5%; Zscaler Inc 2.5%. 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.

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