



Artisan Mid Cap Fund

MONTHLY Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 30 September 2022

Commentary

A deteriorating macroeconomic environment continued to weigh on mid-cap equities in Q3. The Russell Midcap® Index rallied +14% as inflation peaked and earnings results and outlooks were better than feared. However, the positive momentum quickly reversed course, and the index ended down approximately -4%. Fed Chair Powell's speech at Jackson Hole signaled his unwavering commitment to bring inflation down. August's 8.3% CPI print came in ahead of expectations, and the Federal Open Market Committee revised its GDP expectations downward and inflation and unemployment rate expectations upward through 2024. Meanwhile, Russia closed the Nord Stream natural gas pipeline and threatened the use of nuclear weapons in Ukraine.

Our portfolio trailed the Russell Midcap® Growth Index in Q3. Among our bottom contributors were Catalent and Veeva Systems. Catalent's 2023 guidance came in below expectations given a sharper-than-expected decline in COVID-19 vaccine sales. Despite this, total sales are still anticipated to grow this year, which we believe implies strength in the rest of the business. Longer term, our profit cycle thesis remains intact. The increasing use and complexity of biologics and the growing proportion of small companies taking products to market are driving outsourcing to companies like Catalent to reduce cost. In addition, Catalent's investments to increase its capabilities in cell and gene therapies and gummi vitamins give us further confidence.

Despite Veeva slightly cutting its 2022 financial guidance, the company reported strong new business wins. Its core growth driver—market share gains for its Vault enterprise software—also remains healthy. While elongated sales cycles and pressure from smaller customers could intensify as the economy slows, we believe the company's profit cycle will prove far more resilient than most. The pharmaceutical sector is less economically sensitive, and Veeva has high levels of recurring subscription revenues.

Among our top contributors were ON Semiconductor and Chipotle Mexican Grill. ON's core automotive and industrial end markets recently delivered +41% and +34% YoY growth, respectively, and its Q3 guidance was better than expected. We continue to see a clear path to >50% gross margins and high single-digit top-line growth over time given growing demand for chips in electric vehicles, renewable energy infrastructure, advanced driver assistance (multiple cameras), factory automation and machine vision.

Chipotle has been navigating the challenging macro backdrop well, evidenced by its better-than-expected Q2 earnings results. The company has been passing along food inflation to its customers via price increases, which we believe is reasonable given its relatively affordable menu and higher income customer base. Meanwhile, initiatives such as drive-thru lanes, menu innovation and enhanced marketing initiatives are supporting continued unit economic improvements, an appealing prospect as the company seeks to double its store base over time.

Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$28.45	\$29.02
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)	4.1
Atlassian Corp (Information Technology)	4.0
Global Payments Inc (Information Technology)	3.7
HubSpot Inc (Information Technology)	3.5
Catalent Inc (Health Care)	3.5
Argenx SE (Health Care)	3.3
Ascendis Pharma A/S (Health Care)	3.2
ON Semiconductor Corp (Information Technology)	3.0
Chipotle Mexican Grill Inc (Consumer Discretionary)	3.0
Nasdaq Inc (Financials)	2.8
TOTAL	34.1%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCG ¹
Communication Services	4.2	5.5
Consumer Discretionary	9.1	14.4
Consumer Staples	0.0	3.0
Energy	0.0	4.7
Financials	13.6	5.6
Health Care	26.3	16.4
Industrials	10.9	15.3
Information Technology	35.9	29.2
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 4.0% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 30 September 2022	Average Annual Total Returns							
	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.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMG ¹
46.6+	8.1	1.5
35.8–46.6	6.3	16.0
22.8–35.8	29.3	27.3
13.1–22.8	30.1	26.6
0.0–13.1	26.2	28.6
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. 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. 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. 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.

Consumer Price Index measures the average change in prices over time that consumers pay for a basket of goods and services.

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