



Artisan Mid Cap Value Fund

MONTHLY Commentary

Investor Class: ARTQX | Advisor Class: APDQX As of 30 September 2022

Commentary

Top month-to-date contributors: STORE Capital Corp; Globe Life Inc; Arch Capital Group Ltd; First Citizens BancShares Inc; The Progressive Corp

Bottom month-to-date contributors: Cable One Inc; AutoNation Inc; The Carlyle Group Inc; BorgWarner Inc; Moelis & Co

In this space, we discuss one top contributor (STORE Capital) and one bottom contributor (Cable One) from the recent month.

STORE Capital (STOR) is a triple net lease REIT. A triple net lease utilizes a unique structure in which the lessee pays the property's real estate taxes, insurance and maintenance costs. In a typical transaction, STOR purchases an asset and leases it back to a company for the company's use, freeing up capital for the lessee. Triple net leasing is less capital intensive than the average real estate business. The stock rose on news that STOR agreed to be acquired by Singapore sovereign wealth fund GIC and private equity firm Oak Street for \$32.25 per share in cash, representing a 20.4% premium to the stock's prior close.

Cable One (CABO) is a small cable company operating in rural US markets. CABO and other cable stocks have been punished due to concerns about increasing competition from wireless providers. While wireless companies are entering new markets, 5G is not currently competitive with cable's download speeds, and based on the physics of wireless data delivery, 5G is unlikely to be competitive with cable for many years, if ever. Cable continues to have a competitive advantage with respect to network speeds, reliability and capital intensity. We like the cable business in general due to its high recurring revenue, pricing power and low capital intensity, but there are additional elements in our investment case unique to CABO. Unlike the larger cable companies, CABO has employed a different playbook by de-emphasizing video and phone—two thirds of cable providers' triple-play bundles—to focus on broadband to homes and businesses. Why is this important? CABO faces far less competition in this business than the average large MSA (Metropolitan Statistical Area) cable company, like Comcast and Charter. Less than 30% of CABO's customers have another provider that can provide speeds over 100 mb/s. Fixed wireless is less competitive, with speeds of under 100 mb/s and spotty execution. As customers cancel video subscriptions, many switch to streaming video over the Internet, and this increased data usage requires a more robust connection, driving growth in CABO's Internet business. This playbook has been working for the company, as it has steadily grown in each of the past six years. At the time of our purchase in May 2022, the stock was off about 47% from its high in September 2021, allowing us to purchase shares at a mid-teens P/E multiple for a business that has been growing EPS at a 20%+ annualized rate. We believe this valuation tilts outcomes in our favor.

Investment Results (%)

As of 30 September 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	-9.52	-6.35	-20.64	-15.39	3.75	3.40	7.20	8.92
Advisor Class: APDQX	-9.54	-6.32	-20.58	-15.29	3.90	3.55	7.31	8.97
Russell Midcap® Value Index	-9.70	-4.93	-20.36	-13.56	4.50	4.76	9.44	8.96
Russell Midcap® Index	-9.27	-3.44	-24.27	-19.39	5.19	6.48	10.30	8.98

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.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$17.11	\$17.06
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)	3.6
Arch Capital Group Ltd (Financials)	3.3
Globe Life Inc (Financials)	3.3
nVent Electric PLC (Industrials)	3.0
OGE Energy Corp (Utilities)	2.9
First Citizens BancShares Inc (Financials)	2.8
NOV Inc (Energy)	2.8
Lamar Advertising Co (Real Estate)	2.7
Marriott International Inc (Consumer Discretionary)	2.6
TOTAL	30.9%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	13.9	3.4
Consumer Discretionary	15.8	9.6
Consumer Staples	6.5	4.1
Energy	2.9	5.2
Financials	20.8	18.4
Health Care	5.4	7.3
Industrials	11.8	15.1
Information Technology	8.7	9.1
Materials	3.6	7.3
Real Estate	7.5	11.5
Utilities	3.0	9.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.5% of the total portfolio. ¹Russell Midcap® Value Index.

Average Annual Total Returns

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Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMCV ¹
34.3+	16.0	8.6
25.0–34.3	12.2	18.2
17.3–25.0	4.5	19.3
10.4–17.3	20.0	23.1
0–10.4	47.3	30.8
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. 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. 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 Sep 2022: AutoNation Inc 2.4%; BorgWarner Inc 2.0%; Cable One Inc 1.6%; Moelis & Co 1.7%; STORE Capital Corp 1.9%; The Carlyle Group Inc 1.5%; The Progressive Corp 1.3%. 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.

Earnings per Share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings.

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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