



Artisan Mid Cap Fund

MONTHLY Commentary

Investor Class: ARTMX

Advisor Class: APDMX

As of 31 January 2023

Commentary

The Russell Midcap® Index started 2023 in positive territory with a return of 8.3% in January. December consumer price index data showed a decline of -0.1% from November and a more moderate increase of 6.5% from a year earlier, down from November's 7.1% pace. Since CPI peaked at 9.1% in June, falling energy and goods prices have contributed to the more measured pace of price gains. Economic data, such as industrial production, retail sales and housing activity, also continue to show evidence that tightening financial conditions are making their way through the economy. However, labor market concerns are complicating the picture as an unexpected drop in the unemployment rate from 3.6% to 3.5% was reported early in the month.

Our portfolio led the Russell Midcap® Growth Index in January. Among our top contributors were HubSpot and Atlassian. Despite solid fundamental results, HubSpot shares traded lower alongside high-growth stocks in 2022. While the company's exposure to small-and-medium-sized businesses could mean a recession would pressure HubSpot's growth metrics, we believe the company's mission-critical cloud tools—marketing and sales force automation, customer service and website content management—will prove relatively resilient.

The tougher macro environment caught up with Atlassian as the company is seeing slower software user additions as customers of all sizes moderate hiring and spending. However, the company still expects to grow sales at a mid-20s rate in Q4 and grow its strategically important cloud revenues 40%-45%. These are slower rates than we expected, but Atlassian's growth metrics remain solid in light of the environment. We also detect a meaningful shift in tone from management on expense growth and margins now that top-line growth is slowing. While we fully expect Atlassian to keep investing in its large growth opportunities, we think a prudent reprioritization of this spending will lead to margin tailwinds in the medium term.

Among our top detractors were ZoomInfo Technologies and DexCom. ZoomInfo is a leading provider of contact databases and associated marketing automation tools for business-to-business sellers. We believe the company's combination of data, insights and digital tools is being well received by companies looking to increase sales force productivity. Investors have grown increasingly skeptical about the durability of its top-line growth in a recession as customers potentially look to cut costs. Our research suggests ZoomInfo's sales analytics tools offer solid paybacks to its customers, and we believe the company will still be able to efficiently reach new sales prospects. However, the company is unproven in a downturn, and we trimmed the position in favor of higher conviction ideas.

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 should enable the company to gain further share of non-insulin dependent Type 2 diabetes and gestational diabetes patients. Shares fell after management released conservative guidance, and we have used the pullback as an opportunity to add to the position.

Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$30.73	\$31.30
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2022	1.18%	1.05%
Prospectus 30 Sep 2022 ¹	1.19%	1.05%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Veeva Systems Inc (Health Care)	4.4
HubSpot Inc (Information Technology)	4.2
Lattice Semiconductor Corp (Information Technology)	4.0
Ascendis Pharma A/S (Health Care)	3.7
Global Payments Inc (Information Technology)	3.6
Argenx SE (Health Care)	3.3
Chipotle Mexican Grill Inc (Consumer Discretionary)	3.1
Ingersoll Rand Inc (Industrials)	2.9
Atlassian Corp (Information Technology)	2.9
Zscaler Inc (Information Technology)	2.7
TOTAL	34.9%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCG ¹
Communication Services	2.1	4.3
Consumer Discretionary	9.1	15.6
Consumer Staples	0.5	2.9
Energy	0.0	4.7
Financials	12.8	6.1
Health Care	28.6	16.9
Industrials	10.5	16.0
Information Technology	36.4	27.4
Materials	0.0	3.8
Real Estate	0.0	2.1
Utilities	0.0	0.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.6% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 31 January 2023	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	9.55	9.55	9.55	-19.18	5.58	8.57	10.47	12.49
Advisor Class: APDMX	9.56	9.56	9.56	-19.08	5.72	8.72	10.60	12.54
Russell Midcap® Growth Index	8.73	8.73	8.73	-8.52	6.46	8.26	11.67	8.79
Russell Midcap® Index	8.30	8.30	8.30	-3.33	9.02	8.02	11.11	9.71
As of 31 December 2022								
Investor Class: ARTMX	-6.97	-1.13	-36.82	-36.82	3.44	7.97	10.02	12.13
Advisor Class: APDMX	-6.97	-1.12	-36.74	-36.74	3.58	8.13	10.15	12.18
Russell Midcap® Growth Index	-6.00	6.90	-26.72	-26.72	3.85	7.64	11.41	8.47
Russell Midcap® Index	-5.40	9.18	-17.32	-17.32	5.88	7.10	10.96	9.40

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	RMCG ¹
38.4+	20.3	25.6
27.2–38.4	14.8	16.1
17.4–27.2	31.4	22.6
11.4–17.4	10.3	16.7
0.0–11.4	23.3	18.9
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 Kamm, CFA (Lead)	23
James Hamel, CFA	26
Craig Cepukenas, CFA	34
Jason White, CFA	23
Jay 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 and less developed markets, including frontier 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 Jan 2023: Dexcom Inc 1.5%; ZoomInfo Technologies Inc 0.8%. 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.

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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