



# Artisan Mid Cap Fund

## MONTHLY Commentary

Investor Class: ARTMX

Advisor Class: APDMX

As of 31 October 2023

### Commentary

The Russell Midcap® Index fell -5.0% in October. Equity markets experienced volatility as economic strength and sticky inflation supported higher for longer interest rate expectations along with elevated geopolitical tensions driven by the war between Israel and Hamas. Consumer prices in the US rose 0.4% in September from August, slightly exceeding expectations. Compared with a year ago, prices rose 3.7%, unchanged from the month before. The preliminary GDP growth reading showed that the US economy expanded at a 4.9% annual pace in Q3, driven by robust consumer spending, and the US 10-year yield reached its highest level since 2006.

Our portfolio underperformed the Russell Midcap® Growth Index in October. Among our top detractors were Lattice Semiconductor and ON Semiconductor. Lattice Semiconductor is a fabless vendor of field programmable gate array (FPGA) chips that customers can program and configure to their specifications. Shares underperformed after management lowered its forward guidance, mainly driven by its industrial business in Asia and Europe. Within its communications division, results within its central processing unit and graphic processing unit data center segments continue to be strong; however, these results are being offset by more cyclical end markets, such as telecommunications. We believe the company's best-in-class execution, combined with powerful secular content drivers, leaves it well positioned to continue to drive profit cycle acceleration, and we remain invested.

ON Semiconductor is a leading designer and manufacturer of chips used for power management and image sensors. From a battery electric vehicle standpoint, ON is a leading producer of silicon carbide (SiC) chips, which have a combination of physical characteristics that provide power conversion, size and temperature advantages over silicon. Shares fell after the company reported disappointing earnings results due to headwinds in its automotive segment. While the first headwind—overall auto demand uncertainty due to macroeconomic pressures—was expected, we were surprised by SiC demand weakness in its electric vehicle business. The company re-negotiated a long-term supply agreement (LTSA) with a significant EV customer. Part of our thesis was these LTSAs provided the company with contractual long-term demand visibility, and we trimmed the position given the increased uncertainty.

Among our top contributors were Tradeweb and Arista Networks. Tradeweb operates one of the largest global over-the-counter fixed income electronic trading marketplaces. We believe the company should benefit from its leadership position within large and growing markets that are increasingly shifting transactions to electronic trading venues. Shares rallied after the company reported strong financial results, including 14% revenue growth driven by growing market volumes and market share gains across rates, credit and money markets.

Arista Networks is the market leader in cloud networking equipment used in data centers. Arista's differentiated Extensible Operating System (EOS) software is easier to program, manage and scale and is more resilient than legacy solutions. Arista is also well positioned to gain market share in artificial intelligence cloud environments. Its ethernet options are more scalable and cheaper than InfiniBand, an out-of-the-box solution that NVIDIA provides. Shares rallied after the company reported strong financial results, including 28% revenue growth, and management raised its forward guidance.

### Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$29.62	\$30.21
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2023 <sup>1</sup>	1.19%	1.05%
Prospectus 30 Sep 2022 <sup>2</sup>	1.19%	1.05%

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

### Top 10 Holdings (% of total portfolio)

Veeva Systems Inc (Health Care)	5.5
Argenx SE (Health Care)	4.2
Chipotle Mexican Grill Inc (Consumer Discretionary)	3.8
Atlassian Corp (Information Technology)	3.6
Synopsys Inc (Information Technology)	3.1
West Pharmaceutical Services Inc (Health Care)	3.0
Lattice Semiconductor Corp (Information Technology)	2.9
HubSpot Inc (Information Technology)	2.9
Ingersoll Rand Inc (Industrials)	2.6
Ascendis Pharma A/S (Health Care)	2.4
<b>TOTAL</b>	<b>34.1%</b>

Source: Artisan Partners/GICS.

### Sector Diversification (% of portfolio securities)

	Fund	RMCG <sup>1</sup>
Communication Services	5.3	4.3
Consumer Discretionary	11.5	13.2
Consumer Staples	1.4	3.0
Energy	0.0	4.6
Financials	9.7	10.6
Health Care	27.0	18.8
Industrials	15.2	20.2
Information Technology	28.3	21.9
Materials	0.0	1.3
Real Estate	1.6	1.7
Utilities	0.0	0.4
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.9% of the total portfolio. <sup>1</sup>Russell Midcap® Growth Index.

### Investment Results (%)

	Average Annual Total Returns							
As of 31 October 2023	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	-7.29	-7.29	5.60	1.31	-4.48	8.17	7.69	11.96
Advisor Class: APDMX	-7.27	-7.27	5.74	1.45	-4.35	8.34	7.83	12.01
Russell Midcap® Growth Index	-5.10	-5.10	4.28	3.35	0.79	8.09	9.09	8.36
Russell Midcap® Index	-4.99	-4.99	-1.28	-1.01	6.04	7.14	8.05	9.04
As of 30 September 2023								
Investor Class: ARTMX	-5.72	-2.95	13.90	12.62	-2.47	7.27	8.60	12.32
Advisor Class: APDMX	-5.73	-2.92	14.04	12.76	-2.34	7.44	8.74	12.38
Russell Midcap® Growth Index	-4.87	-5.22	9.88	17.47	2.61	6.97	9.94	8.60
Russell Midcap® Index	-5.02	-4.68	3.91	13.45	8.09	6.38	8.98	9.28

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 <sup>1</sup>
38.4+	18.8	17.9
27.2–38.4	16.9	21.2
17.4–27.2	28.2	22.9
11.4–17.4	9.8	15.8
0.0–11.4	26.3	22.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/Russell. <sup>1</sup>Russell Midcap® Growth Index.

## Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Matthew Kamm, CFA (Lead)	23
James Hamel, CFA	26
Jason White, CFA	23
Craig Cepukenas, CFA	35
Jay Warner, CFA	22

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 Oct 2023: Arista Networks Inc 2.0%; ON Semiconductor Corp 2.0%; Tradeweb Markets Inc 2.0%. 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: Garden<sup>SM</sup>, Crop<sup>SM</sup> and Harvest<sup>SM</sup>. Garden<sup>SM</sup> 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. Crop<sup>SM</sup> investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest<sup>SM</sup> investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. Harvest<sup>SM</sup> investments are generally being reduced or sold from the portfolios.

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