Artisan Mid Cap Fund

QUARTERLY
Commentary

Investor Class: ARTMX | Advisor Class: APDMX

As of 30 September 2016

Investment Process

We seek to invest in companies that possess franchise characteristics, are benefiting from an accelerating profit cycle and are trading at a discount to our estimate of private market value. Our investment process focuses on two distinct elements—security selection and capital allocation. We overlay our investment process with broad knowledge of the global economy.

Security Selection

We seek to identify companies that have franchise characteristics (e.g. low cost production capability, possession of a proprietary asset, dominant market share or a defensible brand name), are benefiting from an accelerating profit cycle and are trading at a discount to our estimate of private market value. We look for companies that are well positioned for long-term growth, which is driven by demand for their products and services, at an early enough stage in their profit cycle to benefit from the increased cash flows produced by the emerging profit cycle.

Capital Allocation

Based on our fundamental analysis of a company's profit cycle, we divide the portfolio into three parts. Garden℠ investments are small positions in the early part of their profit cycle that may warrant more sizeable allocations as their profit cycle accelerates. Crop℠ investments are positions that are being increased to a full weight because they are moving through the strongest part of their profit cycles. Harvest℠ investments are positions that are being reduced as they near our estimates of full valuation or their profit cycles begin to decelerate.

Broad Knowledge

We overlay the security selection and capital allocation elements of our investment process with a desire to invest opportunistically across the entire global economy. We seek broad knowledge of the global economy in order to find growth wherever it occurs.

Team Overview

We believe deep industry expertise, broad investment knowledge, a highly collaborative decision-making process and individual accountability are a powerful combination. Since the inception of the team, we have been committed to building a team of growth investors that retains these attributes and is solely dedicated to our process and approach.

Portfolio Management

Matthew H. Kamm, CFA
Portfolio Manager (Lead)

James D. Hamel, CFA
Portfolio Manager

Craigh A. Cepukenas, CFA
Portfolio Manager

Jason L. White, CFA
Portfolio Manager

Investment Results (%)

As of 30 September 2016	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTMX	**5.86**	**3.40**	**8.08**	**5.75**	**14.16**	**9.88**	**13.24**
Advisor Class: APDMX	**5.88**	**3.47**	**8.19**	**5.82**	**14.20**	**9.90**	**13.25**
Russell Midcap® Growth Index	4.59	6.84	11.24	8.90	15.85	8.51	7.96
Russell Midcap® Index	4.52	10.26	14.25	9.70	16.67	8.32	9.50

Source: Artisan Partners/Russell. [1]Returns for periods less than one year are not annualized. [2]Investor Class inception: 27 June 1997. Advisor Class performance is that of the Investor Class from 27 June 1997 through the inception of the Advisor Class on 1 April 2015, and actual Advisor Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Advisor Class for the period prior to the Class's inception, and Advisor Class performance results would differ if such expenses were reflected.

Expense Ratios	ARTMX	APDMX
Semi-Annual Report 31 Mar 2016[1]	1.18	1.02
Prospectus 30 Sep 2015	1.19	1.05[2]

[1]Unaudited, annualized for the six month period. [2]Includes estimated expenses for the current fiscal year.

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. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect.

Investing Environment

Global markets concluded a relatively quiet quarter in the black as global monetary policy continued dominating headlines. Overall economic data have been mostly positive, if tepid. The US and UK economies remain relative bright spots—both growing more than broadly anticipated. This is particularly the case for the UK, which many expected to slow following the country's surprise affirmative vote on Brexit at the end of June.

Against a backdrop of near-zero global inflation, central bankers remain highly accommodative. The Bank of Japan was the most dovish—indicating it will continue expanding Japan's money supply until inflation meets its 2% target. The Bank of England, meanwhile, held rates following August's cut—but indicated another cut may be warranted in November. The US Fed also held rates steady, though many now expect a hike in December.

Oil prices bounced in late September following talk of a potential cut in OPEC production and remain near year-to-date highs—though prices were up only modestly overall for the quarter. The bounce-back year to date in major commodities prices has coincided with a rebound for most emerging markets economies—particularly China and Brazil, whose markets were up nicely in Q3. China fears have seemingly faded for now on the back of economic data that mostly point toward solid continuing economic growth, though not at recent years' heady rates. Brazil, on the other hand, continues facing multiple macroeconomic headwinds, including stubbornly high inflation and unemployment. While bouncing commodities prices may provide a much-needed economic boost, Brazil faces ample political uncertainty in the aftermath of President Dilma Rousseff's impeachment.

Emerging markets overall led global markets, while the US modestly trailed foreign. Reversing the year-to-date trend, US growth stocks modestly outperformed value in the quarter—though the opposite was true in foreign markets. Technology stocks bounced back from their mild pullback in Q2 and were the top-performing sector domestically and globally, while more defensive sectors' performance abated and commodities-oriented industrials, materials and energy added to positive year-to-date returns. Health care stocks remain mostly flat year to date as political rhetoric continues to swirl, likely weighing on investor sentiment.

Performance Discussion

Our portfolio outperformed both the Russell Midcap® and Russell Midcap® Growth Indices in Q3, continuing to make up ground following a challenging Q1, though it remains behind both indices for the year. Recent relative performance has disappointed for two primary reasons: First, a handful of quarters with strong relative returns have recently rolled off of our three- and five-year performance numbers; and second, our benchmark has been among the top-performing indices over those periods. As we'll discuss, we continue to believe our investment process is capable of generating solid returns in the future.

We benefited in Q3 from our below-benchmark positioning to the index-trailing consumer staples, as well as strong performances among our select consumer staples names. Our financials and technology holdings were other areas of strength. Conversely, our health care holdings weighed on results, largely tied to company-specific issues (as we'll discuss later).

Positively, the portfolio's Crop℠ drove Q3's relative outperformance. Our goal is to concentrate our capital where we see confirmatory evidence of our investment cases and positive profit trends—which should lend meaningful "punching power" to our largest holdings. This was indeed the case in Q3, with 7 of our top 10 largest holdings outperforming the Russell Midcap® Growth Index.

Among these were LKQ, IHS Markit, S&P Global, Global Payments and Waste Connections—all of which are making solid early progress integrating larger acquisitions. Though we found strategic merit in each of these acquisitions when they were first announced, we are cognizant larger acquisitions carry execution, balance-sheet and cultural risks. These signs of positive progress—revenue growth, cost synergies, debt pay-downs—serve to reinforce our conviction in these holdings.

For example, we continue to see S&P Global (SPGI) as benefiting from its strategic efforts over the last several years. When we initiated our campaign in 2014 (in what was then McGraw Hill Financial and has since been rebranded), its margins were below peer averages, and it faced significant legal and regulatory fallout from the rating agencies' role in 2008's global financial crisis. However, SPGI's new management team has executed well on a clear plan to simplify the business by selling non-core assets, resolve the legal challenges and drive higher margins and efficiencies across SPGI's business. It is also beginning to realize meaningful synergies from its acquisition of SNL Financial—a mid-size but fast-growing provider of data and information services to the financial services industry.

Also among our top contributors in Q3 were NVIDIA and WhiteWave Foods. NVIDIA is benefiting from growing demand for its graphic processing units-based architecture, which represents a significant step forward in the growing areas of artificial intelligence and virtual reality, as well as data-center demand for deep learning, which can help drive better targeted ads, speech processing and other functions. We believe NVIDIA is experiencing a compelling profit cycle tied to this shift in processing technology. However, we trimmed our position somewhat as its valuation approached our current estimate of its private market value.

WhiteWave Foods, a producer and marketer of dairy and dairy alternatives, has executed well, growing its core Silk, International Delight and Horizon brands while adding additional dairy and plant-based alternatives via bolt-on acquisitions. The quality of WhiteWave's franchise did not go unnoticed—early in Q3, WhiteWave

agreed to a credible buy-out offer from global food giant Danone at an attractive premium. As we reflect on our investing campaign, we've been impressed by management's strategy and believe they were able to conclude a successful transaction for shareholders.

Our underperforming holdings were largely concentrated in the consumer discretionary sector—though we benefited from our below-benchmark positioning—against a challenging retail backdrop. Though retail sales continue growing modestly, e-commerce remains a headwind for traditional retailers. Higher employment and wages and relatively lower gas prices have yet to ignite faster retail sales growth—possibly tied to offsetting increases in out-of-pocket health care costs, rent and student loan payments.

We have been selective with our retail exposure—our process has led us to franchises such as Dollar Tree, Tractor Supply and Ulta Salon, which have distinguished themselves over time relative to more challenged brick and mortar retailers. However, two of those three—Dollar Tree and Tractor Supply Company—reported disappointing sales results during the quarter and were among our bottom contributors in Q3. In Tractor Supply's case, we have meaningfully pared our position based on our reduced level of confidence in its ability to return to historical revenue growth rates. As for Dollar Tree, same-store sales growth is a smaller component of our investment case—the big opportunity for the company is to substantially increase the profitability of recently acquired Family Dollar based on scale-driven cost synergies and better retail operating strategies. We have therefore maintained our position but are monitoring the company's progress closely.

Envision Healthcare Holdings (EVHC) was also among our bottom contributors—a leading provider of outsourced physician services to emergency rooms and other hospital departments and the leading US provider of ambulance services. As hospitals struggle with ever-increasing cost and quality requirements, we find the long-term opportunity for outsourced physician services compelling. Though we mistimed our entry as EVHC shares received a boost from Affordable Care Act tailwinds, we believe the opportunity ahead remains attractive. Envision Healthcare recently announced a merger of equals with Amsurg—another leading physician outsourcer that also operates low-cost ambulatory surgery centers. We believe the combined company has an attractive opportunity to achieve cost synergies and become a broader solutions-provider to hospitals. Further, we believe Amsurg's management team, which will run the combined company, is capable of delivering strong, consistent operating results. Given these factors, we have been gradually swapping our EVHC exposure for shares of Amsurg ahead of the deal's expected close at the end of the year.

Portfolio Activity

Despite generally richer valuations—not terribly surprising over eight years into a bull market—we found several attractive franchises to add to the portfolio in Q3, including Nielsen Holdings and Veeva Systems. Nielsen is a leading provider of TV-ratings data that have long been the currency in which advertising slots are priced. Investors have debated whether the ongoing shift from traditional TV viewing methods toward over-the-top (OTT) streaming and subscription models like Netflix's will obviate the need for Nielsen's dominant ratings franchise. Over the past year, we believe Nielsen has made good progress adapting its services for this new world, including rolling out its new "total audience measurement" data that track how viewers consume content across all media, both traditional and online. Nielsen shares attractive characteristics with information services companies like IHS Markit, S&P Global and Verisk: namely, recurring revenues, strong market-share positions, pricing power and a make-once-sell-many business model that can lead to margin expansion over time.

Veeva Systems is a leading provider of cloud-based software-as-a-service (SaaS) solutions for the pharmaceutical and life sciences industries. While it enjoyed initial success selling customer relationship management software, over the past year, it has made excellent progress growing its second service, Vault, which helps pharmaceutical customers manage highly regulated marketing and clinical trial data and content. Unlike many fast-growing SaaS companies, Veeva has solid operating margins at an early stage of its growth, which we attribute to its laser-focus on a single, large industry. We've also been impressed with the company's strong customer-focused culture, which we attribute to its management team's history as executives at PeopleSoft, another software company known for its commitment to customer success. (Incidentally, our Crop℠ holding, Workday, also shares this management pedigree.)

We added to Concho Resources, Aramark and SVB Financial during Q3. We initiated a Garden℠ position in oil exploration and production company Concho Resources amid the 2014-2015 plunge in oil prices based on our confidence in its ability to eventually grow as oil prices normalized. Concho's high-quality acreage in the Permian shale region, which we consider to have the best economics in North America, has positioned it well even at current commodities prices, which are still below the breakeven level required for most producers. Concho is on track to maintain production in 2016 despite a meaningful reduction in spending—a remarkable feat that's been driven by innovative new drilling technologies—and it expects to expand production further in 2017, funded by internal cash flows. While we can never predict future commodities prices with a high degree of certainty, Concho appears to be in the early stages of an accelerating profit cycle, even if prices remain below $50/barrel. As a result, we've moved it from the Garden℠ to the Crop℠.

Aramark is a leading outsourced food services provider that has been in the Garden℠ since September 2015 based on our belief the company's new management team could achieve significant profitability gains by introducing more standardized operating systems and processes to what has been a highly decentralized business. We based our investment thesis in part on the success of peer company Compass Group, which itself undertook a successful turnaround effort over the last decade. Based on Compass Group's

example, we believe recent quarters' results have provided good evidence that Aramark's profit margins are indeed tracking toward our investment case; therefore, we have elevated the position into the Crop℠.

We've long believed most banks' business models are commoditized and consequently have typically had minimal portfolio exposure. However, we believe SVB Financial's unique franchise with its sharp focus on a narrow client base of start-ups and fast-growing life sciences and technology businesses allows it to provide top-notch service. We capitalized on early 2016 concerns about an overheating Silicon Valley "unicorn" economy to initiate a Garden℠ position at what we consider a very attractive valuation. Though overly optimistic financial assumptions may certainly have underpinned some start-ups, early-stage loans represent only a small share of SVB's loan book. Meanwhile, its overall portfolio's credit quality remains relatively stable, and loans to private equity and venture capital funds continue growing solidly. Though rising interest rates would undoubtedly benefit SVB, rate changes are difficult to predict and are therefore only a "nice-to-have" component of our investment thesis.

We exited Chipotle, Cepheid and Norwegian Cruise Line Holdings in Q3. We began harvesting Chipotle earlier in the year as it dealt with food-safety issues and had been monitoring the business for a recovery in traffic and sales. Thus far, that recovery has been slower than we had hoped and is requiring substantial promotional activity on Chipotle's part. We continue to see franchise value in Chipotle longer term, but given the slow pace of demand returning and the stock's relatively optimistic valuation, we decided to complete the harvest.

Cepheid—like LinkedIn earlier this year—is an example of a company whose profit cycle fell short of expectations and led us to conclude our investment thesis was no longer appropriate. As a result, we exited both positions—and in both cases, the companies proceeded to sell their businesses at prices below the 52-week high. We understood Cepheid's asset value, but its profit cycle was not playing out as we (and most likely, its management team) expected. We believe that generally, we're much better off harvesting positions with struggling profit cycles than waiting to be rescued by a buyout. In the words of the great Vince Lombardi, "Hope is not a strategy."

We first bought Norwegian Cruise Line during the market's early-2016 selloff, believing investors were underestimating its short- and long-term growth potential. However, we believe European terrorist events over the past year have significantly impacted North American consumers' willingness to travel to Europe. This now seems to be driving not only weak European results, but softening Caribbean trends, too—as unnecessary European ship capacity finds its way to the healthier Caribbean market, potentially impacting pricing over the coming year. Because we think the likelihood of profits acceleration in the coming quarters has been reduced, we exited the position.

We pared our exposure to Ametek and Ulta Salon in Q3. We continue to believe Ametek, a global manufacturer of highly engineered, niche electronic instruments and electromechanical devices, is a solid franchise. Management has produced impressive operating results from both its own and acquired businesses over time. Unfortunately, generally soft global industrial capital equipment markets have led to weak demand across several of Ametek's end markets, including mining, energy and semiconductors, among others. While Ametek's margins are impressive relative to industry peers, its ability to expand margins without solid top-line momentum has diminished meaningfully. As a result, we've begun harvesting our position.

Ulta continues executing well and emerging as a destination shopping site for beauty supplies and makeup. We find Ulta's strategy of combining mass market and prestige brands under one roof compelling. However, amid solid ongoing fundamental results, we believe investor expectations may have gotten ahead of reality, driving some disappointment in the wake of third-quarter results and pressuring shares. Based on the stock's valuation, we've trimmed our holding—though we continue to expect Ulta to experience solid market-share and profit increases.

Portfolio Statistics

As of September 30, the portfolio had a median market cap of $11.8 billion and a 3-5 year forecasted weighted average earnings growth rate of 17%. Our holdings were selling at a weighted harmonic average P/E (excluding negative earnings) of 23X FY1 earnings and 20X FY2 earnings. As of quarter end, we held 64 positions. Our top 20 holdings accounted for roughly 53% of portfolio assets as of quarter end. Our top 30 holdings represented about 66% of portfolio assets.

Perspective

We are witnessing some unusual dynamics in equity markets. Lower-(or even negative)-for-longer interest rates around the globe appear to be driving increased demand for equities that offer relatively stable and predictable yields. These "bond proxies" have seen their prices pushed ever higher. At the same time, heavy outflows from active strategies into passive vehicles over the last several years may have created something of a perversely virtuous cycle—increasing demand for key index constituents and driving their prices higher as well.

These unusual market dynamics help inform our outlook for future periods. We suspect that this extended period of low interest rates may have pulled forward (and made riskier) future investment returns—especially for bond proxies. Many average businesses have been revalued higher because of their yield characteristics. In addition, we've seen corporate debt levels rising—in some cases to fund higher payouts to shareholders, in others to take advantage of cheap capital for questionable projects. Taken together, the quest for "safe" yield in the equity markets may be actually leading investors

(and popular passive strategies) toward risk-taking, momentum-driven behavior.

What does this mean for us as growth investors? By no means do unusual market dynamics lessen the long-term attractiveness or effectiveness of what we strive to deliver. The strong performance of our approach over longer periods of time gives us confidence that our core tenets—owning strong franchises with reasonable valuations and high-conviction profit growth catalysts—remain very relevant moving forward. Unlike passive investment strategies, we care about the quality of the management teams running a business and the strength of the balance sheet supporting it. Unlike yield-chasing approaches, we look for companies whose futures are bright and expansive enough to justify healthy reinvestment in new products, geographic expansion and industry consolidation.

The performance of bond proxies and passive strategies over the next few years may depend above all else on the path of interest rates. That's hard for us to predict with any confidence. But we think the performance of your portfolio (which of course is not immune to macro factors such as interest rates) stands to benefit from superior profit growth, where our confidence is supported by the expertise and judgment demonstrated daily by our investment team. We believe in the compounding power of our process and the capabilities of our team members much more than we do the sustainability of the unusual market dynamics witnessed in recent quarters.

For more information: Visit www.artisanpartners.com | Call 800.344.1770

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.

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.

This summary represents the views of the portfolio managers as of 30 Sep 2016. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The holdings mentioned comprise the following percentages of Artisan Mid Cap Fund's total net assets (including all classes of shares) as of 30 Sep 2016: IHS Markit Ltd 4.9%, LKQ Corp 4.8%, S&P Global Inc 4.2%, Global Payments Inc 3.6%, Waste Connections Inc 2.5%, Concho Resources Inc 1.9%, Aramark 1.5%, NVIDIA Corp 1.5%, Ulta Salon Cosmetics & Fragrance Inc 1.4%, Dollar Tree Inc 1.4%, Verisk Analytics Inc 1.2%, Amsurg Corp 1.2%, Veeva Systems Inc 1.2%, The WhiteWave Foods Co 1.2%, AMETEK Inc 1.2%, SVB Financial Group 1.0%, Tractor Supply Co 1.0%, Nielsen Holdings PLC 0.8%, Envision Healthcare Holdings Inc 0.4%; Workday Inc 2.4%. Securities named in the Commentary; but not listed here are not held in the Fund(s) as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner. This material does not constitute investment advice.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

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Median is the data's midpoint value. **Weighted Harmonic Average** is a calculation of weighted average commonly used for rates or ratios. **Weighted Average** is the average of values weighted to the data set's composition. **Market Cap** is the aggregate value of all of a company's outstanding equity securities. **Earnings Growth Rate** is the annual rate at which a company's earnings are expected to grow. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **Private Market Value** is an estimate of the value of a company if divisions were each independent and established their own market stock prices. Portfolio statistics are intended to provide a general view of the entire portfolio, or Index, at a certain point in time. Statistics are calculated using information obtained from various data sources. Artisan Partners excludes outliers when calculating portfolio characteristics. If information is unavailable for a particular security Artisan Partners may use data from a related security to calculate portfolio statistics.

Our capital allocation process is designed to build position size according to our conviction. Portfolio holdings develop through three stages: Garden℠, Crop℠ and Harvest℠. Garden℠ 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℠ investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest℠ 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℠ investments are generally being reduced or sold from the portfolios.

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A R T I S A N P A R T N E R S

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