Artisan Mid Cap Value Fund

QUARTERLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 30 September 2016

Investment Process

We seek to invest in companies that are undervalued, in solid financial condition and have attractive business economics. We believe that companies with these characteristics are less likely to experience eroding values over the long term.

Attractive Valuation

We value a business using what we believe are reasonable expectations for the long-term earnings power and capitalization rates of that business. This results in a range of values for the company that we believe would be reasonable. We generally will purchase a security if the stock price falls below or toward the lower end of that range.

Sound Financial Condition

We prefer companies with an acceptable level of debt and positive cash flow. At a minimum, we seek to avoid companies that have so much debt that management may be unable to make decisions that would be in the best interest of the companies' shareholders.

Attractive Business Economics

We favor cash-producing businesses that we believe are capable of earning acceptable returns on capital over the company's business cycle.

Team Overview

Our team has worked together for a long time and each member has a high level of trust and confidence in each other's capabilities. Everyone on the team functions as a generalist with respect to investment research and the entire team works together on considering potential investments. The portfolio managers are supported by two research analysts who share a common mindset and focus on the key elements of our investment process.

Portfolio Management

James C. Kieffer, CFA
Portfolio Manager

Scott C. Satterwhite, CFA
Portfolio Manager

George O. Sertl, CFA
Portfolio Manager

Daniel L. Kane, 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: ARTQX	**4.13**	**14.19**	**14.10**	**3.84**	**12.33**	**7.83**	**10.36**
Advisor Class: APDQX	**4.09**	**14.22**	**14.22**	**3.89**	**12.36**	**7.84**	**10.37**
Russell Midcap® Value Index	4.45	13.72	17.26	10.49	17.38	7.89	10.07
Russell Midcap® Index	4.52	10.26	14.25	9.70	16.67	8.32	9.40

Source: Artisan Partners/Russell. [1]Returns for periods less than one year are not annualized. [2]Investor Class inception: 28 March 2001. Advisor Class performance is that of the Investor Class from 28 March 2001 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	ARTQX	APDQX
Semi-Annual Report 31 Mar 2016[1]	1.19	1.01
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

US stocks continued their ascent in Q3, advancing across the market-cap spectrum. Small-cap stocks outpaced both large and mid caps. In a reversal of the first half of 2016, growth stocks outperformed value, though value maintains the edge YTD. Second quarter US GDP data was revised upward on the back of strong exports and consumer spending. The US Federal Reserve left interest rates unchanged, buoying stocks. Investors remain fixated on the timing of Fed moves, with a rate hike before the end of the year remaining a possibility.

The Global Industry Classification Standard (GICS®) introduced real estate as its 11th sector at the end of August. The newly added real estate sector incorporates real estate investment trusts (REITs), previously categorized as an industry under the financials sector. One exception is mortgage REITs, which will remain in the financials sector. We believe the move makes sense—REITs are clearly different than financials, while mortgage REITs tend to be more closely correlated with interest rates and financials stocks. Further, we believe the new real estate sector and reclassification of REITs is a natural evolution, given the massive growth seen in the space.

The Russell Midcap® Value Index has been a standout in 2016, among the top-performing US indices. In Q3, technology and financials stocks were strong, while real estate along with the more defensive utilities, consumer staples and telecom stocks underperformed following a strong first half of the year. Elsewhere, emerging markets strength persisted. Gold prices were essentially flat while remaining materially ahead YTD. Oil prices rallied at the end of Q3 on the surprising news that OPEC officials agreed to a deal to limit production (though details and execution of the deal are not expected until the group's November meeting).

Performance Discussion

Our portfolio performed in line with the Russell Midcap® Value Index in Q3, and remains ahead YTD. Given how our portfolio looks considerably different than the index, we feel it's important to point out that relative performance can come from two sources: what you own, and what you don't own. We've stayed true to our philosophy and process and avoided the more expensive, stable areas of the market as we believed valuations there appeared stretched. In Q3, our below-benchmark exposure to these areas—utilities, real estate, consumer staples and telecom—worked in our favor, aiding performance.

Our holdings exposed to energy, whether directly or indirectly, were a bright spot in Q3 and YTD. Our process is geared toward investing in low-expectation situations. Over the past few years, fear and uncertainty in energy stocks have been palpable, punishing prices of energy-exposed holdings—often unfairly, in our view. We employ normalized ranges for oil and natural gas prices, constructing the low end of our ranges by understanding what prices will cause players to curtail production, and the upper end of our ranges by observing at what levels players tend to lock in higher prices through hedging activity. Thanks to particularly grim sentiment and based on our normalized energy ranges, we were able to build on our positions in a number of high quality names trading at undemanding valuations as energy prices dipped yet again in Q1 2016.

As fundamental supply and demand pressures have shown signs of rebalancing, and OPEC officials indicated the possibility of limiting production, oil prices have rebounded—as have our holdings. Shares of oil and natural gas E&Ps Devon and Apache have been particularly strong. With oil and gas prices moving higher over the course of the year, Devon has been able to add rigs to its drilling program. The company's basins look healthy, production is strong, and cash flows are higher than expected. Further, following its capital raise and a highly successful divestiture program, the company's balance sheet looks solid. In the case of Apache, shares advanced on news of a significant oil and natural gas discovery—Alpine High, in the Delaware Basin. Apache estimates Alpine High contains over 3 billion barrels of oil, representing a significant finding for the company. We continue to view Devon and Apache as high-quality businesses in strong financial condition selling at undemanding valuations.

Other top contributors included Fifth Third Bancorp (FITB), Kennametal, Harley-Davidson and Liberty Ventures. We believe FITB, a bank primarily serving the Midwest and Southeast US, is a better-than-average bank as measured by profit metrics, selling at a lower asking price than its peers. One unique aspect of FITB is its stake in non-banking asset Vantiv, a processing company. FITB's stake in Vantiv serves as a source of incremental value and capital capture, as FITB has been monetizing its stake in the asset and buying back stock. Every time FITB sells some of its stake in Vantiv, it earns incremental value over and above the proceeds via the creation of a tax receivable agreement.

Kennametal shares have been rebounding from January lows. The company is a global supplier of metal-cutting tooling, mostly used in production processes, as well as engineered components and advanced materials. The attractiveness of the business, in our view, centers on the fact that the tools are largely consumable items, wearing out after a relatively short period of time. Kennametal is tackling costs on nearly every front, and is transforming its business away from lower-margin product lines and moving to more value-added pricing strategies.

Shares of motorcycle company Harley-Davidson also rebounded. Our original opportunity to invest in the company came as intense competition from foreign competitors weighed on results and market share, dropping shares to what we view as undemanding valuations. The company is focusing its efforts on taking back market share the old fashioned way—spending money on R&D, upping advertising, increasing the pace of innovation, etc.—and it's been successful. The company has clawed back market share from competitors in the first half of 2016. Harley-Davidson is fiercely loyal to its heritage, and its customers are loyal in return. The company's strong brand name gives it the ability to earn a premium price, while its scale, dealerships and pace of innovation give it a substantial edge on the competition.

Headwinds remain, but we view it as a better-than-average business, with a strong record of returning free cash flow to shareholders in the form of dividends and buybacks.

Liberty Ventures is a John Malone-led vehicle that owns stakes in private and publicly traded companies. Uncertainties surrounding the company's spinoff of Expedia had pressured shares in the first half of the year, but those fears have abated as the deal nears completion. The stock is also an inexpensive way to capture value from Charter Communications, which has been executing well. We continue to believe Liberty Ventures is exceptionally well managed, and shares look attractively valued on a sum-of-the-parts basis.

On the downside, materials holdings Mosaic, Goldcorp and Kinross Gold worked against us. Shares of fertilizer company Mosaic have been volatile. It was among our top performers in August but ultimately ended the quarter in negative territory. News out of the fertilizer industry has been somewhat mixed. On the one hand, a merger between two industry competitors could result in an increase in potash prices as fundamentals improve. On the other hand, a time-extension risk has become increasingly more likely as the downturn in agriculture and commodities has lasted longer than we expected. That said, we're still attracted to Mosaic's low-cost producer status and its focus on cost-savings initiatives and keeping its balance sheet in good shape. Further, despite the time-extension risk, we believe the long-term attributes of the fertilizer market look very compelling, and we are looking for ways to diversify our exposure.

Despite paring gains in Q3, goldminers Goldcorp and Kinross Gold remain top performers in 2016. For years we owned no gold miners, but gold-price weakness made a handful of quality gold mining companies look inexpensive, presenting us an opportunity to invest. Gold prices have ascended materially this year, lifting shares of our holdings. The global supply of gold has been curtailed as companies churn through existing mines and cut or eliminate capex for new mines or expansion projects, resulting in shrinking capacity. Further, a weaker US dollar, inflation, low/negative interest rates and supply and demand fundamentals should present opportunities for gold prices to move higher. We're by no means gold bugs, and our investment theses in Goldcorp and Kinross Gold center around the names meeting our three margin of safety criteria—we believe they are solid businesses with low-cost reserves and below-industry costs trading at undemanding valuations.

Consumer holdings Coach and Liberty Interactive QVC were weak. Shares of Liberty Interactive QVC, an Internet commerce business that owns QVC® shopping network, weighed on results as the company cautioned a recent deceleration in demand on the backdrop of a continually difficult US retailing environment. Further, concerns of encroachment by online retailers are sparking doubt in investors' minds about the company's long-term success. We acknowledge the fears, but believe the company's business model remains attractive—it's a solid player in a niche industry, has an extremely loyal customer base, favorable vendor terms and low operating costs. Further, the company is repurchasing shares, and we have confidence in management's capital allocation skills. The selloff was an overreaction in our view, and we took advantage of the weakness to add to our position.

Turnaround efforts at handbags and accessories company Coach have succeeded in part, with sales and margins improving from the trough in 2014. However, Coach continues to feel pressure on the top line as a result of weaker industry sales and continued competitive/promotional activity (albeit significantly reduced). The road to full recovery is long—Coach has a long way to go to win back market share, but it's started to generate positive North American comps. With expectations continuing to rise, we're watching our position carefully. We continue to like management's progress on renewing its entrepreneurial focus by emphasizing higher profitability, distinctive locations, ROI, brand differentiation and reduced promotion activity. Further, the sale of real estate has freed up cash on the balance sheet, and the company remains in solid financial condition.

While our overall energy exposure was a source of strength, energy E&P Hess worked against us in Q3. Shares fell on disappointing results from its Guyana exploration well with partner ExxonMobil. We view the move as an overreaction, and used weakness to add to our position. We like that Hess continues to focus on balance sheet strength and reining in operations. The company has a large stockpile of cash on the balance sheet, and we believe it should benefit as fundamental supply and demand pressures in oil markets rebalance.

Portfolio Activity

We were fairly active in Q3—new positions included diversified media company News Corp. The company is the "old media" spinoff of parent company Twenty-First Century Fox (FOX). The split occurred in the summer of 2013, separating the slower growing old media assets from FOX and rearranging the capital structure of the two companies. Since the split, News Corp has struggled to gain respect in the market largely due to declining newspaper profits, FX headwinds and its diversified collection of assets (including news and information services including the *Wall Street Journal*, Harper Collins book publishing, Fox Sports Australia, etc.) This fear and uncertainty allowed us to establish a position as shares traded at undemanding valuations and at a large discount to our estimate of the sum-of-the-parts. We view the fears as overdone—we believe its diverse asset base is attractive, the balance sheet is strong, and the company is a solid generator of free cash flow.

We established a position in tank barge operator Kirby. Pressure on the domestic oil production market has negatively impacted investor sentiment toward the barging and transportation of associated products. Excess industry capacity exists as a result of previous cycle peak over-building, as competitors rushed to enter the business amid the US shale boom. However, excess capacity should decrease as older barges are retired and very little new capacity is constructed—giving us what we believe is an opportunity to initiate a position at

attractive valuations. We believe Kirby's management team is solid—it has historically done a good job allocating capital (e.g., purchasing struggling competitors at the bottom of the cycle). Further, incentives at Kirby have been focused on the issues we believe matter: cash generation and ROIC.

Sales included mining equipment company Joy Global. Shares advanced on news Japanese firm Komatsu proposed to acquire the company for about a 20% premium to the prior day close, and closer to a 40% premium to the 60- and 90-day trading averages. While we are disappointed to have a takeout at this low point in the cyclical mining industry, we are pleased to see a dramatic price recovery from earlier this year when investors had essentially given up hope in the company's future.

We waved the white flag of defeat and exited our positions in McDermott International, an energy services company that carries out complex offshore oil and gas projects worldwide, and specialty retailer Bed Bath and Beyond. Other sales included staffing firm Manpower and fashion retailer Nordstrom. We moved on from long-time holding Manpower as the stock re-entered our range of fair value after rebounding from the Brexit selloff.

In the case of Nordstrom, we had initiated our position in Q3 2013 after the stock pulled back on sluggish sales trends, attracted to its ability to earn strong returns on invested capital and steady cash flow generation. As shares rallied, we trimmed the name on success, reducing our initial position. More recently, business fundamentals have become more difficult, and we decided to exit.

Perspective

As we've been living in an extended bull market over the past six-plus years, money has been flowing into passive investment strategies at levels never seen before. In 2015, US index funds saw over $400 billion in inflows. Actively managed funds, meanwhile, saw outflows of over $200 billion over the same period. The divide between active and passive investing is more pronounced in the US than anywhere else in the world, and the gap between active and passive flows has never been larger. These asset flow-patterns out of active investing strategies into passive strategies have persisted YTD in 2016 as well.

As record amounts of money flow into index-tracking ETFs, demand and momentum propel index-held names (and thus the index) higher. The Russell Midcap® Value Index is up over 13% YTD, and has performed in the top 16th percentile or better when compared with the Morningstar Mid-Cap Value category over the YTD, one-, three- and five-year periods. Due to these factors mentioned, our outperformance YTD in this environment has been no easy feat.

We'll go back to the Herb Stein quote, "If something cannot go on forever, it will stop." We do not believe the index can continue to be a top performer in comparison with the peer group over the long term. Valuations, business strength and financial condition ultimately matter, as they should, much more than any sentiment swings regarding a particular investing medium.

To some extent, we've witnessed a changing of the tides in 2016, with value stocks outperforming growth and pockets of opportunity opening up in the market. In our view, the fund's performance exemplifies how our investment process differentiates the portfolio from the index and its peers. As stability has outpaced cyclicality over the last few years, we went toward fear and uncertainty, investing in unloved cyclical areas of the market. We're not closet energy, materials, etc., investors—we invest where there's opportunity, in accordance with our disciplined approach. We aim to take advantage of volatility and mispricing in order to find quality businesses in sound financial condition trading at undemanding valuations. We have invested in stocks that have lived through a massive bear market over the last few years as the broader market hit new highs.

We will continue to focus on what we can control, aiming to put the business, balance sheet and valuation on our side. We believe that by investing in companies that meet our three margin of safety criteria—i.e. cash producing businesses in strong financial condition that are selling at undemanding valuations—will continue to tilt the risk/reward in our favor over the long term. Where we sit today, we feel the long-term return potential of the portfolio on an absolute and relative basis looks compelling.

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.

Securities of 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. Russell Midcap® Growth Index measures the performance of US mid-cap companies with higher price/book ratios and forecasted growth values. 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 above comprise the following percentages of the Mid Cap Value Fund's total net assets as of 30 Sep 2016: Devon Energy Corp 4.1%; Apache Corp 3.3%; Hess Corp 2.6%; Fifth Third Bancorp 2.6%; Liberty Interactive Corp QVC Group 2.4%; News Corp 2.1%; Liberty Ventures 2.1%; Goldcorp Inc 2.1%; Kirby Corp 1.8%; Harley-Davidson Inc 1.7%; The Mosaic Co 1.7%; Kinross Gold Corp 1.1%; Coach Inc 1.0%; Kennametal Inc 0.9%. Securities named in the Commentary, but not listed here are not held in the Fund 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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Margin of Safety, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Return on Investment (ROI)** measures the amount of return on an investment relative to the investment's cost. **Return on Invested Capital (ROIC)** is a measure of how well a company generates cash flow relative to capital invested in the business.

The Morningstar Mid-Cap Value Category consists of funds primarily invested in U.S. mid- cap companies that are less expensive or growing more slowly than other mid-cap stocks.

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