Artisan Mid Cap Value Fund

QUARTERLY Commentary

Investor Class: ARTQX | Advisor Class: APDQX | Institutional Class: APHQX

As of 31 March 2018

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.

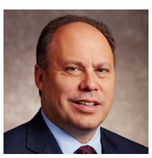
Attractive Business Economics

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

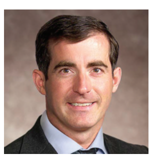
Team Overview

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.

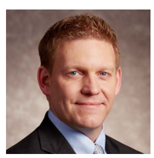
Portfolio Management



James C. Kieffer, CFA
Portfolio Manager



Thomas A. Reynolds IV
Portfolio Manager



Daniel L. Kane, CFA
Portfolio Manager

Investment Results (%)

As of 31 March 2018	QTD	YTD	Average Annual Total Returns: 1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	**-2.38**	**-2.38**	**6.73**	**5.87**	**7.49**	**8.93**	**10.46**
Advisor Class: APDQX	**-2.34**	**-2.34**	**6.86**	**5.99**	**7.56**	**8.97**	**10.48**
Institutional Class: APHQX	**-2.33**	**-2.33**	**6.97**	**6.08**	**7.72**	**9.08**	**10.55**
Russell Midcap® Value Index	-2.50	-2.50	6.50	7.23	11.11	9.81	10.14
Russell Midcap® Index	-0.46	-0.46	12.20	8.01	12.09	10.21	9.80

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (28 March 2001); Advisor (1 April 2015); Institutional (1 February 2012). For the period prior to inception, each of Advisor Class and Institutional Class's performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor or Institutional Class and each share's respective returns during that period would be different if such expenses were reflected.

Expense Ratios	ARTQX	APDQX	APHQX
Annual Report 30 Sep 2017	1.17	1.06	0.97
Prospectus 30 Sep 2017[1]	1.17	1.06	0.97

[1]See prospectus for further details.

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.

Investing Environment

US equities were especially volatile in Q1, a dramatic turnabout from 2017 when markets were historically quiescent. Stocks ran higher in the early weeks of the year as markets began to embed the tax reform impact on earnings and the ability of companies to step up capex and return of capital to shareholders. A selloff began in late January due to higher-than-anticipated inflation, bond market concerns and historically high stock valuations (the result of share prices appreciating faster than underlying cash flows during the bull market). Although concerns about potential inflationary pressures eased in March, markets proved vulnerable to headlines over trade wars, central bank tightening and controversies surrounding mega-cap tech names (i.e., FAANGs). In Q1, there were 19 days when the Russell Midcap® Value Index gained or lost 1% or more, in contrast to just 13 for all of 2017.

Despite the volatility-inducing headlines, US economic and corporate fundamentals have been positive. Unemployment in the US is historically low and, though inflation has risen to some degree, secular disinflationary forces look intact. As anticipated, the Fed continued its path of gradual tightening with a rate hike in March. Conversely, other major central banks have kept monetary policy highly accommodative while attempting to prepare markets for eventual policy normalization.

Quarterly returns of the broad US indices were negative across the market-cap spectrum. Value lagged growth in Q1, a performance pattern that has continued since early 2017. In fact, during the past one-year period, the Russell Midcap® Value Index has underperformed the Russell Midcap® Growth Index by more than 1300 basis points—demonstrating desire for earnings growth in an environment that has been starved for growth for several years. Most sectors declined in Q1. The exceptions were technology, which led all others, telecom and financials. Real estate and energy stocks were weakest.

Performance Discussion

Our portfolio held up slightly better than the Russell Midcap® Value Index in Q1. A below-benchmark weighting in real estate and outsized exposure to technology contributed favorably to portfolio performance. We've generally avoided real estate and other bond proxies due to the meaningful influence of rate movements and the generally unattractive valuations on offer. On the downside, stock selection and an above-benchmark weighting in the energy sector worked against us. The market's style preference for growth and momentum was an additional headwind.

Our consumer-exposed holdings were a source of strength, with shares of InterActiveCorp (IAC), TripAdvisor (TRIP) and Liberty Interactive QVC aiding results. Although technically classified as a technology name, we consider IAC more of a consumer holding as the company operates HomeAdvisor, Match and Tinder. Shares advanced due to strong organic revenue growth in Match's online dating businesses. HomeAdvisor also continues to make progress in connecting a fragmented market of homeowners with service professionals. HomeAdvisor looks to have an early lead in a large market, which could drive earnings materially higher in years to come. We believe the market is beginning to assign more economic value to HomeAdvisor's well-positioned business.

TRIP, a Q4 2017 purchase, is an online travel research company. We believe TRIP's business economics are strong—it requires limited capital to operate, generates significant free cash flow and doesn't pay for its content. The company's massive collection of travel-related content leads to high organic search rankings in Google, translating into over 400 million monthly users to its websites. We believe the brand and depth of reviews are valuable and difficult to replicate, and that the company is a strategically valuable asset to other companies in the industry. TRIP's balance sheet is solid, and the company continues to generate ample free cash flow despite business pressures and aggressive marketing spend. In our view, TRIP's GAAP earnings do not reflect the full business value—the company operates top global tours and attractions-booking businesses, is the number-two global restaurant reservation operator, owns an alternative bookings reservations business, and is investing for growth in these businesses.

Liberty Interactive QVC is a video and Internet commerce business that owns the QVC® network. In March, the company announced it will rename itself "Qurate Retail Group" while also transitioning from a complicated tracking-stock structure, which had proven a headwind to multiples, to an asset-backed security. Despite its recent price decline, the stock was still a positive contributor to our portfolio in Q1 as the stock price essentially round-tripped back to the mid-$20s—close to its 2017-ending price. Overall, recent business performance has shown continued improvement, as well as further progress toward moving QVC closer to an omni-channel model.

Weakness in the quarter was concentrated in our energy exposure, namely exploration and production companies Devon and Cimarex Energy. These stocks got caught up in the selloff that began in late January when the price of WTI crude oil fell 10% from $66 to below $60 over a two-week span. We view much of the short-term price movements in the sector as noise. Longer term, we believe these businesses will benefit as fundamental supply and demand pressures in oil markets continue to rebalance and the share prices re-rate to levels more in line with where they've historically traded against prevailing oil prices.

Company-specific drivers were also at play. Production at Devon came in below expectations, which, while disappointing, is largely timing related. Additionally, similar to most energy companies, the capex required to grow production has been higher than expected. The combination of lower-than-anticipated production, higher-than-expected capex needs and cautious guidance weighed on the stock. In our view, it is a high-quality energy name that has the financial strength to endure a low oil price environment. Its balance sheet is solid, and its diversified portfolio and minimal exposure to long-term service contracts provide it flexibility.

Likewise, Cimarex's costs and capex ran hotter than expected, but production guidance was just in line with expectations, indicating worsening production efficiency due to higher service costs. In our view, Cimarex is a high-quality company with an excellent balance sheet. We like the company's management team, which is very conservative and returns-focused. Further, the company has attractive exposure to the Delaware Basin, South Central Oklahoma Oil Province (SCOOP) and Sooner Trend Anadarko Basin Canadian and Kingfisher Counties (STACK) plays. As with all our energy-exposed holdings, we own what we believe are high-quality companies in an unloved area that have the financial and operational wherewithal to weather a sustained weaker operating environment.

Aside from our energy names, a big detractor was Kroger, one of the largest food retailers in the US. Kroger pulled forward planned investments as part of its three-year "Restock Kroger" initiative, which resulted in near-term margin compression. However, we believe this was likely a prudent use of capital, as investments in the customer experience should contribute to market share retention. The company has said on many occasions that it is willing to pull forward investments if it sees a path toward improving returns. Investors also seem wary of the competitive landscape given the recent actions of Amazon, Wal-Mart and Aldi, among others. We respect these concerns but believe Kroger is doing the right things with regard to facilitating online ordering, in-store/curbside pickup, loyalty programs and other initiatives. We used the weakness to increase our position size, seeing the price setback as another bump in the road. We remain attracted to Kroger's large store footprint, operational efficiency and best-in-class management team. Further, the company earns good returns on capital, has a sound balance sheet, generates strong free cash flow and has a history of creating shareholder value through share buybacks and dividends.

Portfolio Activity

We had one significant new purchase in Q1—adding CBS as market weakness among media stocks pushed its share price down to a level where we felt the risk-reward was compelling. The CBS television network is facing headwinds, no doubt. Less appreciated, we believe, is the ramp up in cash flows coming from retransmission contract renewals, its production company and ownership of the Showtime cable network and local affiliates, as well as its scarcity value due to its breadth of strategic assets. We believe CBS is positioned well for evolution in the media industry. The company owns its content, has its own method for distribution (CBS All-Access), and can sell content into syndication with minimal damage to its brand. While the top line is growing only slightly, the revenue mix continues to shift away from less stable advertising revenue to more stable affiliate fees and licensing revenue. CBS also returns all its free cash flow to shareholders via dividends and buybacks and remains well capitalized with interest coverage over 10X.

There might be an expectation that our activity would be greater because the market was down; however, those who are less myopic would realize markets are down to where they were just a few months ago. Hence, it was not as though we had a valuation reset. We did add here and there to existing names, such as aforementioned Kroger, and continued building positions in recent purchases, such as TRIP or AMERCO, the parent company of U-Haul.

Our single sale this quarter was Synopsys, a provider of electronic design automation (EDA) software for the semiconductor and electronics industries. Strength in its core EDA business and momentum in its emulation systems has driven strong top-line growth. The financial condition remains solid, with ample cash on the balance sheet and strong free cash flow generation. We've held shares since 2009 and believe it's a good business with a management team that has been a smart allocator of capital, resulting in compounding value over time. However, we believe investors are now giving the company too much credit for the strength of recent hardware sales and exited our position as valuations appeared stretched.

Perspective

For most of the past few years, we've discussed the lack of fear and uncertainty in the marketplace. Not only has that made it more challenging to find quality investments at a distinct discount, but it has also contributed to relative performance headwinds as investors have chased momentum and valued growth potential over existing cash flows and balance-sheet strength. Well, fear and uncertainty returned in Q1 with shifts in trade, fiscal and monetary policies moving to uncharted waters. The recent bout of volatility did not produce immediate results for our relative performance, owing primarily to energy stocks being hit hardest in the initial downdraft, but also because growth remained in favor in Q1 as the selloff in momentum areas only began in late March.

We believe that what you don't own at this juncture is just as important as what you do own. We see a large number of individual names that are selling at much higher valuations than normal. We like how the portfolio is positioned, and at this point in the economic cycle, we believe avoiding some of these high-valuation areas can be a source of alpha for the portfolio on a go-forward basis. Managing risk is at the core of our process. We manage business risk by looking for companies that have solid return on capital and cash flow capabilities. We manage financial risk by focusing on balance-sheet strength. We manage valuation risk by seeking stocks that are out of favor and are selling cheaply. We believe that sticking to our investment discipline—seeking cash-producing businesses in strong financial condition that are selling at undemanding valuations—is the best approach for compounding returns over a market cycle.

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 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.

This summary represents the views of the portfolio managers as of 31 Mar 2018. 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 31 Mar 2018: IAC/InterActiveCorp 3.2%; TripAdvisor Inc 2.1%; Liberty Interactive Corp QVC Group 2.7%; Devon Energy Corp 2.7%; Cimarex Energy Co 1.9%; The Kroger Co 2.5%; CBS Corp 1.2%; AMERCO 2.0%. 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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Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Return on Capital (ROC)** is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations. **Generally Accepted Accounting Principles (GAAP)** are the common set of accounting principles, standards and procedures that companies use to compile their financial statements. **Alpha** is a quantitative measure of the volatility of the portfolio relative to a designated index. A positive alpha of 1.0 means the fund has outperformed its designated index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%.

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