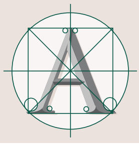


Artisan Mid Cap Fund

QUARTERLY Commentary

Investor Class: ARTMX | Advisor Class: APDMX | Institutional Class: APHMX

As of 30 June 2018

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

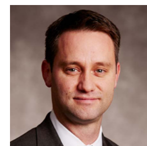
We believe deep industry expertise, broad investment knowledge, a highly collaborative decision-making process and individual accountability are a powerful combination. Since the inception of the team, we have been committed to building a team of growth investors that retains these attributes and is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

			Average Annual Total Returns				
As of 30 June 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	**3.53**	**7.64**	**12.55**	**7.58**	**11.19**	**10.80**	**13.24**
Advisor Class: APDMX	**3.57**	**7.73**	**12.70**	**7.73**	**11.29**	**10.85**	**13.26**
Institutional Class: APHMX	**3.59**	**7.76**	**12.81**	**7.84**	**11.46**	**11.09**	**13.48**
Russell Midcap® Growth Index	3.16	5.40	18.52	10.73	13.37	10.45	8.73
Russell Midcap® Index	2.82	2.35	12.33	9.58	12.22	10.23	9.85

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (27 June 1997); Advisor (1 April 2015); Institutional (1 July 2000). 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	ARTMX	APDMX	APHMX
Semi-Annual Report 31 Mar 2018[1]	1.19	1.05	0.95
Prospectus 30 Sep 2017[2]	1.18	1.05	0.95

[1]Unaudited, annualized for the six-month period. [2]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

Q1's volatility continued in Q2 against a backdrop of substantially similar macroeconomic concerns. Foremost among them was the increase in global protectionist rhetoric—becoming increasingly tit-for-tat between the US and China. Nevertheless, US stocks managed to close in the black as economic fundamentals largely remain intact. Foreign developed stocks were also modestly positive. In contrast, emerging markets finished Q2 in negative territory, pressured not only by threatened tariffs, but also growing investor concern about the potential impact of rising developed-world interest rates.

On the monetary policy front, the US Fed raised rates 25bps as expected in June, to a target range of 1.75%-2.00%. Across the pond, the BOE held steady but hinted at a potential hike in Q3. The ECB—which had been moving toward a modestly tighter stance by indicating it could slow and possibly stop its bond purchases sometime this year—reversed direction, recommitting itself to a data-dependent approach. The Bank of Japan has maintained its similarly accommodative posture—the net effect of which is a growing divergence among the major developed-world central banks.

With rates poised to rise in the US, many presumed a bleaker outlook for emerging markets, anticipating fund flows to higher-yielding assets. Along with the US dollar's YTD strength, these factors likely contributed to emerging markets' relative underperformance in Q2—with more vulnerable countries like Argentina and Turkey particularly challenged. That said, most impacted governments thus far seem to be taking actions to shore up investor confidence. Argentina, in particular, worked expeditiously with the IMF to secure funding, likely helping the country avert a broader currency crisis.

From a style standpoint, growth stocks continue outperforming their value counterparts, and US-based small stocks are outperforming their larger counterparts. Among foreign developed markets, there was relatively little size distinction in Q2. At the sector level, energy led US and global indices, tied partly to rising oil prices. Technology and consumer discretionary were also leading sectors. Conversely, the financials sector was among the bottom performers in Q2, both in the US and abroad.

Performance Discussion

Our portfolio outperformed the Russell Midcap® and Russell Midcap® Growth Indices in Q2 and remains ahead YTD. Our holdings across most sectors were overall positive contributors in the quarter, led by technology, industrials and health care. Conversely, our consumer discretionary holdings were the primary detractors in Q2, with energy also weighing on relative results.

As in Q1, outperformance among our technology holdings was the product of strong returns from many of our cloud-based software holdings, such as Tableau, Atlassian and Guidewire Software. As the cloud leaders in their respective software categories, we see multiple growth drivers ahead for Atlassian (team collaboration tools), Guidewire (property & casualty insurance software), Tableau (data analytics tools) and others. Specifically, many industries are in the early innings of adopting cloud-era software tools, and innovative software franchises have barely scratched the surface of their potential from a data-analytics, artificial-intelligence or machine-learning perspective. Despite our conviction in the long-term sustainability, the strong gains in this area prompted us to harvest Workday, as we see fewer catalysts ahead for that stock, and we wanted to have dry powder to "buy the dips" in our favorite software holdings over the balance of the year.

Atlassian, which was among our top individual contributors in Q2, is a provider of innovative, customizable team-collaboration software tools for enterprises. The company continues delivering its impressive combination of fast top-line growth and solid margins, as more teams within companies of all sizes adopt its tools. Software innovation is becoming an increasingly prominent aspect of corporate strategy across the economy. Within our portfolio alone, companies as diverse as TD Ameritrade, Fortive and Wabtec are investing to add software content to their products and services. This provides a nice tailwind for Atlassian, as the company's largest product, Jira, is one of the core apps used by software developers to collaborate. In addition, Jira is increasingly being adopted by teams in other areas such as human resources and IT help desks.

While Atlassian (and many of our cloud software holdings) appear expensive on traditional valuation metrics, our private market value (PMV) estimates are based on free cash flow (which is meaningfully higher than reported net income for these business models) and give these companies credit for their largely recurring revenue streams, as well as their substantial growth opportunities. On this basis, we view software valuations as still reasonable overall. We received some external validation for our Atlassian PMV during the quarter, based on the impressive price Microsoft paid to acquire GitHub (another collaboration tool used by software developers).

Also among our top individual Q2 contributors was Wayfair. We first initiated our position in Wayfair, a leading online furniture retailer, in Q3 2017 given its differentiated approach to offering a sizeable assortment of merchandise and its specialized logistics network that allows it to efficiently deliver bulky items. We've been encouraged by recent results, including solid revenue growth both in the US and international markets, which are growing rapidly. Wayfair is also winning new customers and—importantly—seeing growth among its repeat customers. Shares have been volatile over the past year as the company's heavy investments in operations, headcount, logistics and new category expansion have weighed on profitability. However, given rapid revenue growth, we anticipate these investments will be rewarded in the coming quarters, while simultaneously contributing to Wayfair's moat against competitors.

As mentioned, we benefited from outperformance among our health care holdings in Q2, led by solid gains from Crop℠ holding Boston Scientific (a top individual contributor in Q2) as well as a sharp move up for Garden℠ holding Exact Sciences. Boston Scientific's

management team has reinvigorated the business over the last five years, focusing on higher growth categories within medical devices, and investing in a diversified set of new products. The company's dramatically improved innovation output and operational execution have led to meaningful margin gains. With some of the most interesting new product launches yet to come in 2019-2020, and with margins still below its peers', we believe this profit cycle still has significant life ahead of it.

These health care gains offset a sell-off in biotechnology holding, Genmab, which we believe will ultimately prove temporary but made it one of our bottom contributors in the quarter. Genmab announced in late May that its blockbuster drug Darzalex™ failed to add any benefit to lung cancer patients when dosed in combination with Johnson & Johnson's PD-1 therapy—an outcome which removes some optionality for the drug. However, its significant longer-term potential in multiple myeloma remains intact. Further, the company's pipeline potential beyond Darzalex™ remains compelling. We believe investors overreacted to the disappointing trial results and capitalized on share-price weakness to add to our position in Q2.

Relative weakness within consumer discretionary was not driven by traditional consumer holdings but by long-term business services holding LKQ, which was also among Q2's bottom individual contributors. LKQ has struggled with several ongoing operational and logistical challenges which have driven costs up—particularly in the US and Europe—and pressured shares. While we believe the company has a plan to address them and appears to have made progress in recent months, we have reduced our position in favor of more compelling opportunities elsewhere.

Our energy holdings also weighed on our relative results—namely, Concho Resources, which was among our bottom individual contributors in Q2. Shares of Concho Resources have been pressured as rapidly growing production among Permian producers has bumped up against meaningful infrastructure bottlenecks—namely, insufficient pipeline capacity. The result has been lower realized prices for Permian crude (as the infrastructure providers collect higher tolls), which has pressured shares of Permian-focused producers like Concho. However, we believe these issues are temporary—more pipeline capacity is being added—and that over the longer term, Concho remains one of the best-positioned producers with top-quality acreage and a solid balance sheet. In fact, we believe the company's growth prospects were actually enhanced during the quarter, as its announced acquisition of RSP Permian (a holding in our small-cap portfolio) adds additional high-return inventory while making Concho's acreage denser (and therefore more efficient to develop and operate).

Portfolio Activity

Q2's volatility allowed us to remain active, introducing several new Garden℠ positions—including Lululemon, Cree and Pagseguro Digital—while adding to existing holdings, including Delphi Technologies, New York Times and Gardner Denver. Lululemon is a retailer of yoga-inspired apparel and a name with which we have prior experience. For several years, it had lagged a strong global market for performance sportswear, in large part due to internal operational struggles. However, after having significantly upgraded its management team, we believe many of these challenges are in the rear-view mirror. Encouragingly, the company is now seeing accelerating traffic in its core US stores, but more importantly is experiencing dramatic growth in e-commerce sales, led by a combination of compelling product offerings and an impressive digital marketing campaign. After years of heavy investment to improve operations, this renewed topline strength is also driving margin expansion. With new customer acquisition gaining momentum and with many more store openings ahead internationally, we think the brand has ample growth runway ahead.

Cree owns a portfolio of lighting fixtures, lighting electronics, semiconductors, chips and its silicon carbide (SiC) business. The company's SiC business is particularly compelling given silicon carbide's high electronic connectivity properties and its very high melting point, which means it can be used in particularly harsh environments. We believe SiC has an important role to play in electronic vehicles, energy storage and next-generation communication networks such as 5G. Given Cree's dominant position in the SiC business, the market is coming to the company, which is in turn reinvesting in the business to perpetuate its advantage and capitalize on the growth opportunity ahead. Adding to our optimism, Cree recently introduced a new CEO with whom we're quite familiar from past investments and who has a solid track record of turning around businesses he's helmed. Based on our conviction in the compelling secular growth opportunity ahead of Cree, combined with the potential for internal change under new leadership, we established a Garden℠ position in Q2.

Pagseguro Digital engages in the provision of digital payments processing services, with a focus on micro- to small-sized companies in Brazil. The market opportunity is substantial: The vast majority of merchants in Brazil are individual entrepreneurs—a number that has grown rapidly over the last decade or so, despite periodic recessions, and which continues growing rapidly. Adding to our enthusiasm, the Brazilian market remains relatively underpenetrated from a digital payments standpoint relative to developed markets, yet the country is highly penetrated from a smartphone ownership perspective—providing a compelling intersection of potential tailwinds. We further anticipate that over time, Pagseguro Digital will be able to leverage its base of customers and merchants to add new products and services, broadening the runway.

As mentioned, we added to Delphi Technologies, New York Times and Gardner Denver in Q2. Delphi Technologies, which represents the former Delphi Automotive's powertrain systems segment, is focused on optimizing vehicle propulsion systems by improving environmental efficiency and vehicle performance. We believe it is well-positioned relative to secular tailwinds driving increased energy

efficiency and electrification. Recent results have lent this thesis confirmation, as Delphi is driving faster-than-expected organic growth and profitability while winning new business. Importantly, its recent wins speak not only to the company's ability to succeed in a competitive field, but also to the high quality of its content relative to competitors. With shares pressured in Q2 tied to investors' concerns about the potential for global trade headwinds, we capitalized on what see as an attractive valuation to add to our position.

We initiated our position in New York Times in Q1 2018 based on our belief that it's in the early days of transforming into a digital subscription business. Newspapers have undoubtedly faced headwinds in recent years as ad dollars have increasingly shifted to digital platforms and print readership has declined. Most mainstream news organizations have retrenched against this challenging backdrop and reduced their investments in content creation—increasing the New York Times's advantage from a newsroom and content offering perspective. The company is transforming itself into a digital content provider, with digital subscription and advertising revenues growing over 20% year-over-year. As news consumers increasingly look to find reliable sources of thoughtful news and insight, we believe the New York Times's digital subscription business will continue to grow, which should bring higher profitability and potentially a higher multiple as the market increasingly recognizes the company's relative advantages over its competitors.

Gardner Denver is a leading manufacturer of flow control and compression technologies for industrial end markets. Its relatively new management team has an impressive track record and is rapidly improving virtually every aspect of the company's operations: new product development, pricing, customer acquisition and manufacturing. The aforementioned concerns about drilling activity in the US's Permian Basin have pressured shares given the company's energy exposure. However, we believe Gardner Denver's business—including its energy-related business—remains sound overall, and the company continues making solid progress toward its internal transformation goals. We consequently capitalized on Q2's share-price weakness to add to our position.

In addition to LKQ, we also pared our exposure to S&P Global and Treasury Wine Estates in Q2. We have been gradually harvesting our position in S&P Global over the past several quarters as its profit cycle matures and its valuation expands. Though the trends contributing to the company's success remain healthy and have resulted in solid results, they've also led naturally to a larger market cap over time. As it begins outgrowing the mid-cap threshold, we have consequently been harvesting what has thus far been a very successful investment campaign.

Treasury Wine Estates has executed at a high level, reinvigorating its brands and improving margins by streamlining its business and cutting costs. As has been the case in recent quarters, China represents a rapidly growing source of demand for "masstige" wines—premium brands at the $20 and above price-point per bottle. However, given the combination of a valuation that has risen alongside the company's success and a macro backdrop that features growing concern about the prospect for rising global trade barriers, we have pared our exposure.

We concluded our campaigns in Becton Dickinson, Match Group and Skechers in the quarter. Becton Dickinson is a leading global medical devices company, which over the course of our campaign has consolidated several product categories within medication management and delivery to provide full solutions to developed-market hospitals that are migrating to value-based health care systems. It has also grown its presence and product offering breadth in emerging markets, where access to health care technology is growing. With the recent completion of its acquisition of CR Bard, the company has outgrown the typical mid-cap range. We consequently concluded our successful campaign in Q2.

We first invested in Match Group on the thesis that the company would capitalize on the secular trend toward online dating—particularly among the millennial generation—to monetize its top platforms, including Tinder, Match.com, OKCupid and others. However, Facebook announced during the quarter that it would launch its own online dating service. While the near- and long-term impacts on Match's business are unclear, Facebook undoubtedly represents a well-capitalized new competitor with access to a large audience. We consequently chose to exit our Garden℠ position in favor of more compelling opportunities elsewhere.

Skechers, a leading casual lifestyle and athletic footwear company, was also a Garden℠ holding which we exited in Q2. We believed the company was well-positioned to capitalize on international momentum—particularly in China—and a turnaround in its US business to expand margins and drive a powerful profit cycle. However, the company's surprisingly weak margin performance in Q1 called into question the adequacy of its distribution investments outside the US. With the potential for an additional investment cycle consequently threatening our thesis, we chose to exit in favor of better-positioned opportunities.

Portfolio Statistics

As of June 30, the portfolio had a median market cap of $14 billion and a 3-5 year forecasted weighted average earnings growth rate of 22%. Our holdings were selling at a weighted harmonic average P/E (excluding negative earnings) of 24X FY1 earnings and 21X FY2 earnings. As of quarter end, we held 68 positions. Our top 20 holdings accounted for roughly 50% of portfolio assets as of quarter end. Our top 30 holdings represented about 65% of portfolio assets.

Perspective

While the economy appears healthy and earnings momentum in the portfolio has been solid year to date, ratcheting global trade tensions have undoubtedly contributed to 2018's notable uptick in volatility. Many have expended significant efforts trying to determine how

much of the rhetoric is posturing and how much might represent the early days of a meaningful retrenchment in global trade activity. We doubt we possess any unique ability to handicap this debate. We do suspect, however, that the skirmishes to date have likely injected enough frictional costs and future uncertainty to have at least some impact on business results within areas such as automotives and semiconductors. Ultimately, however, we believe an escalating trade war would impact all equities.

With this uncertain backdrop, and with the Russell Midcap® Growth Index having generated its 11th consecutive positive quarterly gain, the short-term instinct to "sell in May and go away" is certainly understandable. However, with our longer-term time horizon, we continue to see substantial long-term profit cycle opportunities within the portfolio. Automotive technology suppliers are a case in point—tariffs may impact global supply chains and profits in the near term, but over a multi-year period, we think rising electronics content (assisted driving, infotainment) and electric vehicle growth have the potential to transform well-positioned suppliers such as Delphi, Aptiv and Cree. With a potential trade war having injected short-term uncertainty/volatility—but also cheaper valuations—we're holding on for now, while (as always) focusing on franchise quality and balance-sheet strength.

Our secular growth-driven holdings in software and health care are more insulated from the first-order trade war concerns, and these stocks are certainly more favored by the market today. While we're staying disciplined on valuations, we continue to feel quite positive about the near- and long-term profit cycle outlooks for our Crop℠ holdings. For example, Guidewire's software (which dominates the competitive landscape) is still used to help manage less than 20% of the world's property and casualty insurance premiums—yet when we consider the company's ability to cross-sell its expanding product portfolio, its runway for long-term growth is even larger. Within medical devices, we estimate that only 20% of US aortic stenosis patients have been treated, leaving substantial room for Edwards Lifesciences to keep growing its leading transcatheter aortic valve replacement (TAVR) franchise—and on top of this, the company is investing to develop therapies for mitral valve disease, which is an even larger potential market. In short, we believe holding on to these franchises with strong hands will be rewarded over time.

While consumer discretionary stock selection hurt returns during the quarter (primarily due to business services holding LKQ), we were actually encouraged to find several new Garden℠ investments in this area. While most brick-and-mortar and otherwise Amazon-exposed consumer businesses remain uninteresting to us, we have found a small number of growth brands with limited storefronts and strong e-commerce presence who are seeing accelerating revenue and profit growth. We mentioned Lululemon earlier in this letter—we believe other well-positioned franchises include Tiffany and Canada Goose.

Stated simply, while there are reasons to be concerned about the current bull market's sustainability, we have conviction in the compounding potential of our holdings over time. If macroeconomic disruption—such as a trade war—impacts the economy and markets along the way, we'll look to our valuation guidelines as well as the quality of our franchises and their balance sheets to provide some degree of downside protection. And regardless of the environment, we will maintain our disciplined approach to managing portfolios which has served us well over the team's long history.

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 Jun 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 comprise the following percentages of Artisan Mid Cap Fund's total net assets (including all classes of shares) as of 30 Jun 2018: Atlassian Corp PLC 3.4%, Boston Scientific Corp 2.9%, Tableau Software Inc 2.8%, Concho Resources Inc 2.3%, TD Ameritrade Holding Corp 2.2%, Guidewire Software Inc 2.2%, Edwards Lifesciences Corp 2.2%, LKQ Corp 2.0%, Gardner Denver Holdings Inc 1.8%, Wabtec Corp 1.6%, S&P Global Inc 1.5%, Genmab A/S 1.3%, Delphi Technologies PLC 1.3%, Wayfair Inc 1.2%, lululemon athletica inc 1.1%, Treasury Wine Estates Ltd 1.1%, Exact Sciences Corp 0.9%, The New York Times Co 0.8%, Pagseguro Digital Ltd 0.7%, Cree Inc 0.5%, Canada Goose Holdings Inc 0.5%, Fortive Corp 0.5%, Tiffany & Co 0.5%. The holdings mentioned comprise the following percentages of Artisan Small Cap Fund's total net assets (including all classes of shares) as of 30 Jun 2018: RSP Permian Inc 0.5%. 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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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. **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. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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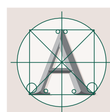
A R T I S A N  P A R T N E R S