Artisan Mid Cap Value Fund

QUARTERLY
Commentary

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

As of 31 December 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.

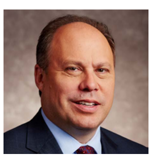
Attractive Business Economics

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

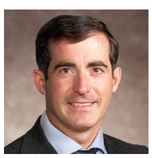
Team Overview

Everyone on the team functions as a generalist with respect to investment research and the entire team works together on considering potential investments.

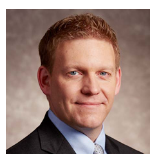
Portfolio Management



James C. Kieffer, CFA
Portfolio Manager



Thomas A. Reynolds IV
Portfolio Manager



Daniel L. Kane, CFA
Portfolio Manager

Investment Results (%)

			Average Annual Total Returns				
As of 31 December 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	**-16.62**	**-13.57**	**-13.57**	**5.95**	**1.70**	**10.80**	**9.24**
Advisor Class: APDQX	**-16.55**	**-13.43**	**-13.43**	**6.08**	**1.80**	**10.86**	**9.27**
Institutional Class: APHQX	**-16.54**	**-13.38**	**-13.38**	**6.18**	**1.93**	**10.97**	**9.34**
Russell Midcap® Value Index	-14.95	-12.29	-12.29	6.06	5.44	13.03	9.03
Russell Midcap® Index	-15.37	-9.06	-9.06	7.04	6.26	14.03	8.81

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 2018	1.19	1.05	0.98
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

Investors faced a rocky year amid heightened financial market volatility, punctuated by major price declines in February, October and December. The dominant concerns were largely consistent throughout the fourth quarter, namely ratcheting trade tensions between the US and China, tightening monetary policy, and the potential for slower global economic growth.

Most asset classes underperformed cash in 2018, and the major equity indices closed in negative territory for Q4. The US was among the bottom performers in the quarter, but led most major indices for 2018, which is an ignominious distinction since the S&P 500® Index notched its worst calendar year since the global financial crisis' conclusion.

Tighter US monetary policy was a prevalent theme as the US economy remained strong. Substantial fiscal stimulus in the form of tax cuts contributed to growth in the economy and in corporate profits. Citing strong economic fundamentals, the Federal Reserve continued normalizing policy—hiking its benchmark rate four times in 2018 and continuing to unwind its balance sheet. Even so, conflicting signals about the underlying health of economic conditions and financial markets' weakness contributed to investors' questioning whether the Fed was being too aggressive in its approach.

For the Russell Midcap® Value Index, the energy sector was the big loser on the year as oil prices collapsed. The consumer discretionary and materials sectors suffered notably. Utilities concluded the year in the black as investors shunned more cyclically oriented names. Led by the likes of Twitter and TripAdvisor, the communications services sector also finished with a positive return. Value stocks generally trailed growth stocks for the year. From a size perspective, larger companies tended to hold up better for the year overall as volatility likely swayed investors' preference toward greater liquidity found in larger stocks.

Performance Discussion

Our portfolio trailed the Russell Midcap® Value Index QTD. In the index, defensive and interest-rate sensitive sectors—utilities and real estate, for example, where we have little-to-no exposure—outperformed, contributing to the drag on our relative returns.

However, our stock selection was additive to performance, particularly in communication services, financials and technology names. Triple-net lease REIT operator Store Capital was a positive contributor in the quarter, as well.

An historic equity market selloff in December rocked the energy sector amid sinking oil prices. With crude oil prices off a staggering $30 per barrel over the quarter and energy the worst performing sector in the index, it's of little surprise exploration and production firms—Hess and Devon—were among our largest detractors, weighing on our relative performance.

By virtue of the property of transitivity, firms with exposure to the oil and gas sector also came under pressure as commodity prices fell. Fluor, an engineering and construction company servicing oil and gas firms, was another key detractor for our portfolio. Aside from the broad market volatility, its shares remained under pressure due to legacy project problems, primarily in the power and downstream markets.

Weakness in airline stocks, tensions with China and the outlook for consumer spending bled into the aircraft lessors, and Air Lease Corp was our largest detractor on the quarter. However, demand for air travel by the global emerging middle class and the rise of ultra-low-cost carriers provide secular tailwinds in the long term. Air Lease is priced at a discount to book value, and we added to the position on the weakness as we continue to believe management has positioned the company as the industry leader. We had sold the position size down somewhat earlier in the year.

Judging by headlines alone, it was a tough quarter for car manufacturers. Palace intrigue embroiled former Nissan and Renault chairman Carlos Ghosn. GM announced layoffs and plant closures as it halted production on a handful of brands. Europe implemented a difficult new emissions testing protocol. Chinese purchases of automobiles slumped. Trump's trade war complicated supply chains and export markets through both tariffs and inflation in steel prices, squeezing manufacturers on both sides of their ledgers.

While we don't own those particular names, it's of little surprise Delphi Technologies, an automotive parts supplier to manufacturers, was a bottom contributor. We were initially attracted to the business due to an undemanding valuation. The business fell further out of favor after the initial purchase as investors fretted the combination of slowing car demand globally, notably in China, and the potential negative effects from emissions regulations in Europe. Delphi's execution on new products has lagged as well. We continue to believe it is well positioned to improve revenue and profit in the years to come due to key technologies enabling auto manufacturers to meet rising MPG and emissions standards around the world. Delphi's returns on the capex to develop these technologies are subpar currently, which along with slowing global auto volumes, creates uncertainty as to when its prospects will improve. We think taking a longer-term view, rather than focusing on the currently depressed results, reveals an undervalued business for patient investors.

TripAdvisor and Omnicom, both members of the communications services sector, were the top contributors in Q4. Omnicom Group, a global advertising and marketing services holding company, continues to generate strong cash flow and posted solid organic growth outside of North America, which the market was not expecting due to secular fears. General sentiment is that Omnicom is rooted in old or outdated media. However, we believe this is an unfair over-generalization based on a too-cursory understanding of the business—an incomplete thought that helps drive a wedge between the market price and fair value.

TripAdvisor's results in 2018 greatly exceeded the low expectations the market set for the business after a period of declining profitability.

The primary reasons being TripAdvisor was able to reduce marketing spend, while continuing to grow revenue in their hotel segment, indicating the business has higher earnings power than the depressed results in 2017 indicated. Investors are also beginning to assign more value to TripAdvisor's market leading "experiences" and restaurant bookings businesses. Our investment in TripAdvisor over the last year highlights how our process has the ability to identify opportunities in low expectations situations due to recent business setbacks.

Also among our top contributors in Q4 was a new name—Dentsply Sirona.

Dentsply Sirona is a global dental products manufacturer and distributor resulting from an all-stock merger-of-equals that took place in February 2016 between Sirona Technologies (digital tech) and legacy Dentsply (dental supplies). The management team at the time botched the merger; subsequently, the board of directors cleaned house. There is now a massive turnaround effort underway. The market soured on the name amid all the mismanagement and turnover. We appreciate that the company operates a steady, recurring, market-leading consumables business that serves the dentist office at every patient visit. Overall, there is execution risk here, but management recognizes this is no longer a growth stock; owners are now value investors, and they are committed to operating with that in mind, showing a commitment to prudent capital management.

Portfolio Activity

Weakness in the financial sector provided more attractive prices for existing and new positions. We added to our existing holdings of M&T Bank Corp and Pinnacle Financial Partners. Given the backdrop, we also initiated positions in SunTrust Banks and BOK Financial Corp.

BOK, a bank-holding company based in Tulsa, Oklahoma, is the rare bank that's run like a private business. This is mostly because a single owner holds over 50% of the shares. A focus on long-term value means its revenues are tilted more toward fee-based businesses than a typical regional bank. These fee businesses provide diversification which give BOK Financial a level of resiliency over a cycle. The company operates with a disciplined credit structure and is diversified geographically. It's the largest bank in Oklahoma by deposits.

SunTrust Banks, a super-regional bank with its locus in the fast-growing southeast US, is another case of low expectations. To wit, it was another top contributor in Q4. We believe it is fetching a price that reflects trough-like assumptions. This is a much different (i.e., better) bank than it was a decade ago. Management is disciplined on expense lines, and the stock offers a strong capital return yield (dividends plus buybacks).

Andeavor and Rockwell Collins are both names that came out of the portfolio due to acquisitions. Marathon Petroleum purchased Andeavor, and the deal closed in early October. We now own Marathon Petroleum shares. United Technologies, which at nearly a $100 billion market capitalization is too large for the Russell Midcap® Value Index, closed on its acquisition of Rockwell Collins in November. We sold our position before the deal closed.

Perspective

Volatility begets opportunity. Our process is designed to take advantage of the discounts that can manifest when fear and uncertainty drive prices away from their intrinsic values. While recent market action may have widened that gap, discounts are not yet widely available. We like how the portfolio is positioned, and we will continue engaging in new opportunities where valuations warrant. However, at this point in the economic cycle, we believe avoiding high-valuation areas can continue be a source of alpha for the portfolio.

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.

Business Update

We are pleased to announce that Craig Inman has been named a portfolio manager for the Artisan Value Fund and the Artisan Mid Cap Value Fund effective February 1. Craig joined our team in 2012 and is being promoted to portfolio manager in recognition of the quality of his recommendations over the years, providing him an opportunity to broaden his leadership and influence on the portfolios.

His most recent promotion does not change our decision-making process. Rather, it is a reflection of our view of his abilities as a decision maker and the value he has created for our clients during his tenure.

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 Dec 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 Dec 2018: Air Lease Corp 2.7%; BOK Financial Corp 1.4%; Delphi Technologies 1.3%; Dentsply Sirona 2.3%; Devon Energy Corp 1.4%; Fluor Corp 1.5%; Hess Corp 1.4%; M&T Bank Corp 2.8%; Marathon Petroleum Corp 1.4%; Omnicom Group 2.6%; Pinnacle Financial Partners 1.4%; Store Capital Corp 1.0%; SunTrust Banks 0.8%; TripAdvisor 1.4%. 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.

The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

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. **Book Value** is the net asset value of a company, calculated by total assets minus intangible assets and liabilities. **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%.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2019 Artisan Partners. All rights reserved.

ARTISAN PARTNERS