Artisan Mid Cap Value Fund

QUARTERLY Commentary

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

As of 30 June 2019

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.

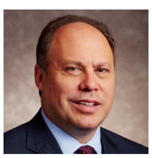
Attractive Business Economics

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

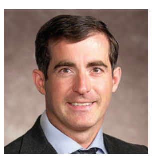
Team Overview

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

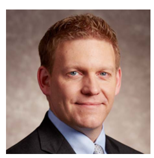
Portfolio Management



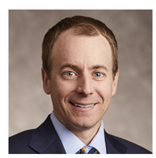
James C. Kieffer, CFA
Portfolio Manager



Thomas A. Reynolds IV
Portfolio Manager



Daniel L. Kane, CFA
Portfolio Manager



Craig Inman, CFA
Portfolio Manager

Investment Results (%)

			Average Annual Total Returns				
As of 30 June 2019	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	**5.06**	**17.65**	**0.44**	**8.47**	**4.12**	**11.43**	**9.95**
Advisor Class: APDQX	**5.13**	**17.70**	**0.57**	**8.59**	**4.23**	**11.49**	**9.99**
Institutional Class: APHQX	**5.18**	**17.81**	**0.67**	**8.71**	**4.35**	**11.62**	**10.06**
Russell Midcap® Value Index	3.19	18.02	3.68	8.95	6.72	14.56	9.77
Russell Midcap® Index	4.13	21.35	7.83	12.16	8.63	15.16	9.72

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
Semi-Annual Report 31 Mar 2019[1]	1.21	1.09	0.99
Prospectus 30 Sep 2018[2]	1.20	1.05	0.99

[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

In the second quarter, the US economy clocked a 10th straight year of expansion, tying the post-war record of 120 months set over the 1991-2001 period, even as some indicators flashed warnings signs. The yield curve, as measured by the difference between long-term and short-term US Treasury yields, was inverted for the entire quarter. Historically, an inverted yield curve has portended recession. Among the G7 economies, manufacturing activity deteriorated materially. Against this softening macro backdrop, investors had to contend with downgraded corporate earnings expectations. Ever the economic and financial markets put option, the Federal Reserve swiftly shifted from rate hikes at the end of last year to signaling the likelihood of rate cuts as early as July this year.

With the prospects for an escalating Sino-US trade-war looming, the central bank's dovishness was heartily welcomed by equity markets, which broadly performed well in Q2. After some hiccups in May, the S&P 500® Index made a new all-time high on June 20. In fact, for the S&P 500® Index, the first six months of 2019 were the best first half since 1997.

For the quarter, the Russell Midcap® Value Index was up 3.19%, led by the industrials, communication services and financials sectors. Energy, consumer staples and discretionary each posted negative total returns in Q2.

Performance Discussion

Our portfolio performed well in the second quarter, both in absolute terms and relative to the benchmark. 17 of our 51 securities holdings had double-digit returns while just 6 had double-digit losses. Consumer discretionary, financials and materials holdings contributed, while exposures to the technology and industrials sectors detracted. Among the five top-performing stocks in the portfolio, three were consumer discretionary names: H&R Block, Gentex and AutoNation. On a relative performance basis, where this sector posted negative total returns in the index, our stock picking led to a positive, double-digit total return.

Our top three performers included Air Lease, which rebounded 21% after the market digested the Boeing 737 Max grounding news; H&R Block, which jumped 24% after having a better-than-expected tax season; and Dentsply Sirona, up 18% as management's turnaround continues to gain traction.

The single biggest contributor to return in the second quarter was airplane leasing firm Air Lease Corp. Demand for air travel from the global emerging middle class, along with the rise of ultra-low-cost carriers, provides secular tailwinds to the business. In the near term, as Boeing's 737 Max remains grounded and continues facing regulatory scrutiny, carriers will need aircraft to cover those routes. Air Lease maintains a diversified, young fleet of fuel-efficient, low operational-cost aircraft, which could see increased demand. Furthermore, where Air Lease owns 737 Max jets, the carriers are required to pay the leases whether the planes fly or not. In sum, we believe this business model is well-built for various cyclical and secular environments, and management has positioned the company as the industry leader.

Tax preparer H&R Block's (HRB) fiscal year ended April 30, and while revenues fell and expenses were up, margins were ultimately at the high end of the guidance, which satisfied market expectations. Much of the activity in the financial statements was due to long-term, strategic investments in pricing, technology and operations, which we expect will lead to a more efficient business. While the higher standard deduction passed in 2017's tax bill has meant fewer itemized returns, more DIY tax prep and therefore less demand for Block's services, over 70% of its customers take the standard deduction already. We think changes in the tax law are not likely to materially affect the company over the longer term. In fact, prepared returns through Block increased year over year. Even as the tax code evolves, we believe the company is one of the industry's best brands based on its strong market-share position and a highly cash-generative business model. Expectations remain low for HRB despite a healthy balance sheet. Much of the cash flow is allocated to dividends, which were announced to increase, and share repurchases were re-authorized for an additional three years.

Another top Q2 contributor was Dentsply Sirona, a global dental products manufacturer and distributor. Since the 2016 merger between Dentsply and Sirona, the restructuring has gone well, and execution risk has diminished. Recently, management has made notable strides toward improving margins in line with a long-term strategic plan. These improvements beat expectations and the stock has outperformed. This name is exemplary of our approach: We had followed the business for nearly a decade pre-merger and waited patiently for the valuation to come to us. We like the company's steady, recurring, market-leading consumables business that serves the dentist office at every patient visit. That, along with management's commitment to prudent capital management are qualities which align very well with our margin of safety criteria.

Among the top five detractors in the portfolio, two were new purchases this quarter (Thor Industries and E*Trade Financial) and one was a new purchase last quarter (Lions Gate Entertainment). This is a phenomenon consistent with our process and philosophy. We seek to invest in companies that are out of favor, where the market's valuation is driven by fear or uncertainty, creating an opportunity for value investors to acquire stakes in quality franchises at discounted prices. It is not uncommon for these discounts to continue widening as we enter and build our positions.

One of these detractors, Lions Gate Entertainment, is in its present form the result of a 2016 acquisition of the Starz Network. Weighing on the stock was the company's announced intention to expand its streaming services to the highly competitive global marketplace—a costly prospect with potential negative implications for the near-term financials. While this strategy carries risks to the business that we do not endorse—and we have shared these misgivings with management—we remain invested in this franchise because we continue to see value in a free cash flow-generating content powerhouse trading at an excessive discount.

Kroger was a top detractor from Q2 performance. Management continues making progress on its *Restock Kroger* initiative, but the path has been volatile as investors remain concerned that the turnaround plan will take longer than anticipated or simply prove unsuccessful. We expect this to be a back-and-forth situation, meaning a mix of advances and surprises, but Kroger's strong competitive position should help carry the day. A good example of this strength is the board of directors' June decision to raise the quarterly dividend.

Portfolio Activity

Given rising concerns over a looming recession, the market has tended to discount cyclical businesses most. Because that's where cheap stocks are currently concentrated, our portfolio positioning has leaned toward more cyclically-oriented names. But with 92% active share, our portfolio's percentage is higher than the average peer in the Morningstar US Fund Mid Cap Value category, which carries an average active share of 74%. The result is a portfolio that looks very different from both the index and from other actively managed mid-cap value funds.

Since we've found what we believe to be considerable value in areas that are more sensitive to the business cycle—like names in the consumer discretionary, financials, industrials and communication services sectors—our collective weight in these sectors is 68%, whereas they comprise 42% of the index. Consequently, we've had less exposure to the more stable, yet expensive, interest rate-sensitive sectors like consumer staples, utilities and REITs. Here we have a less than 6% weight against the index's 31%. Yet, while we are always cognizant of the portfolio's economic and sector exposures, our process starts and ends with our bottom-up margin of safety analysis.

Putting our process to work, we made three new purchases in the second quarter—recreational vehicles manufacturer Thor Industries, brokerage firm E*Trade Financial and timber REIT Weyerhaeuser. We also completed two sales—property and casualty insurer Alleghany and energy exploration and production firm Hess.

Thor Industries manufactures a variety of towable and motorized recreational vehicles under several brands, including the industry's most recognizable one: Airstream. A recent expansion into the European market (by way of acquiring the Erwin Hymer Group) and excess inventory across the industry pressured valuations lower, allowing us to purchase a market-leading franchise that meets our margin of safety criteria. We believe Thor consistently delivers value over the economic cycle—in fact, we have owned it in a previous cycle—though working off the inventory overhang may weigh on the stock price over the next several quarters.

E*Trade operates a best-in-class online brokerage technology platform and has a hidden jewel of an asset in its corporate services business, which helps companies with their stock and option grant plans. The company's revenue comes mostly from investing customers' parked balances, augmented by fees. Given this model, revenues tend to improve as interest rates rise. Consequently, E*Trade faced some pressures as the Fed's bias shifted from rate hikes to rate cuts. Additionally, the board had been considering strategic alternatives, including a sale, but when the decision was made in the fourth quarter of 2018 to go-it-alone, investors were disappointed which pressured valuation and brought this name into our view. E*Trade has evolved from a special situation post financial crisis to a unique asset with tailwinds from retail investors, who increasingly prefer more economical options than the traditional wirehouses offer.

Regarding this quarter's sales, property and casualty insurer Alleghany's valuations extended beyond what we determined to be justified for the underlying business. We sold our remaining position after well over a decade of ownership. We also sold our position in Hess, an E&P stock that has run ahead of fundamentals given investor excitement about an Exxon partnership project off the coast of Guyana. Hess jumped 6.5% in a quarter where energy stocks broadly declined, and we used the strength to sell out of our position.

Perspective

Our portfolio construction is rooted in a conscientious, risk-aware stock selection process that emphasizes margin of safety. The result is a stable of stocks that look very different from the index. We believe these companies are differentiated because of the sensible way they deploy and allocate capital, the strength of their balance sheets and how they run the businesses for long-term value creation. We want to be aligned with these types of companies, especially at this point in the cycle when elevated prices pervade.

Despite recent headwinds to our style and strategy, we have continued to stick to our philosophy of owning better businesses with solid balance sheets that are trading at cheaper valuations. While there are many areas of the market that are quite uninteresting from a valuation perspective, there are also some that are priced with substantive margins of safety due to the effects of cyclicality and controversy. Our ability to look through negative fluctuations in investor sentiment and focus on the health of the business is what makes our process time-tested and relevant.

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. 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 Jun 2019. 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 Jun 2019: Air Lease Corp 3.2%; AutoNation Inc 2.8%; Thor Industries Inc 2.6%; Gentex Corp 2.6%; H&R Block Inc 2.5%; Dentsply Sirona Inc 2.5%; The Kroger Co 2.3%; E*TRADE Financial Corp 1.9%; Lions Gate Entertainment Corp 2.0%; Weyerhaeuser Co 0.3%. 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.

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. **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. **Active Share** is defined as the percentage of a portfolio that differs from its benchmark index. Active Share can range from 0% for an index fund that perfectly mirrors its benchmark to 100% for a portfolio with no overlap with an index.

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.

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