Artisan Mid Cap Value Fund

QUARTERLY
Commentary

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

As of 31 March 2021

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.

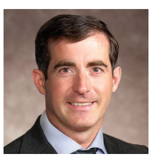
Attractive Business Economics

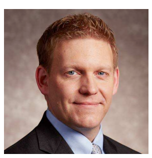
We favor cash-producing businesses that we believe are capable of earning acceptable returns on capital over the company's business cycle.

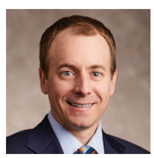
Team Overview

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


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 31 March 2021	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	**15.12**	**15.12**	**86.28**	**9.90**	**10.93**	**9.07**	**10.38**
Advisor Class: APDQX	**15.17**	**15.17**	**86.60**	**10.07**	**11.07**	**9.15**	**10.42**
Institutional Class: APHQX	**15.17**	**15.17**	**86.62**	**10.13**	**11.15**	**9.28**	**10.49**
Russell Midcap® Value Index	13.05	13.05	73.76	10.70	11.60	11.05	10.22
Russell Midcap® Index	8.14	8.14	73.64	14.73	14.67	12.47	10.53

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 2020	1.21	1.06	1.00
Prospectus 30 Sep 2020[1]	1.22	1.06	1.00

[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

Disrupted. Is there a better word to describe the past 12 months? Disrupted lives. Disrupted routines. Disrupted travel. Disrupted work. Disrupted education. Disrupted supply chains. Disrupted markets.

At this time last year, US GDP plunged 32.9% quarter over quarter, annualized—the largest contraction on record. Companies directly and indirectly exposed to the uncertainties of COVID-19 slashed orders as demand collapsed and recovery was highly uncertain. However, a combination of government support, new vaccines created with unprecedented speed, and US workforce flexibility led demand to snap back faster than anticipated. This demand whipsaw caused imbalances across many supply chains.

For example, automotive OEMs slashed orders for auto semiconductors last year. Semiconductor companies in turn slashed orders from their foundries. Foundries in turn reallocated to the smartphone and device market, which actually grew demand over the course of the pandemic lockdowns as more people lived and worked and studied on personal screens. With demand for autos recovering faster than expected in 2020, and now accelerating in 2021, semiconductor chips are in short supply and, as a result, automakers have slowed production.

Automotive is but one of many disrupted supply chains. If you tried to replace a dishwasher part or order a new piece of furniture or even buy a Peloton anytime over the past year, you will recognize this familiar pattern. First, the pandemic spread through the global workforce causing work stoppages and production-line shutdowns. Next, whatever products did make it off the line met a constrained logistics infrastructure, with commercial air capacity cut and ship cargo space at a premium. Then, in the event your dishwasher part actually made it to US waters, our ports were congested due to manpower shortages and COVID-19 protocols. When the goods were finally unloaded, it turns out trucking shortages caused a spike in ground rates! All this might be bad for your dinner parties, home décor or exercise goals, but it can be great for the middlemen. Middlemen like logistics expert Expeditors International of Washington.

Expeditors International provides global logistics services. It gets your dishwasher part on a ship, or that semiconductor chip on a plane. Expeditors' revenue soared in 2020 despite decreasing shipping volumes for the first three quarters as customers sought the company's expertise to manage rapidly changing supply chains. Surely the rents Expeditors is earning are closer to peak than trough, so we managed our position size down on the stock's success. However, we maintain our holding as the business generates strong returns on investment and has a pristine balance sheet. As part of our disciplined approach, we work hard to separate the asking price from the business. In this case, we continue to like the business despite the increased asking price since our initial purchase.

Another, and in our view more welcome, disruption has emerged recently: value's outperformance versus growth. The difference between the asking prices of companies viewed as growing and those viewed as lacking interesting growth prospects had reached historically wide levels (Morningstar reports Q1 2021 was value's best performance versus growth in two decades). We didn't know when the dispersion would correct, but we knew that the price one pays for an investment always matters. With a cyclical recovery gaining momentum—unemployment falling, interest rates rising, nominal growth picking up pace—the environment is one that historically favors value stocks, and investors have taken notice.

For the last few years, we have wondered if we are investing dinosaurs—fundamentalists focused on profits, cash flows and returns. We hear and read that "the Internet of everything" disrupts many business models, especially those of stodgy value companies. Bearish views on reasonably valued companies often rested on the case that a high-valuation disruptor would overtake the incumbent leaders. The result of this divergence in performance between value and growth led us to field all manner of interesting questions about our approach to the investing environment: Why should investors care about cash flows and balance sheets, when management-adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) is the preferred metric of Wall Street and debt markets will always be wide open? Why worry about dilution from stock compensation when a company's TAM (total addressable market) presents bountiful opportunity? No profits now? Minor detail! The terminal value is secured by the always accurate 20-year DCF (discounted cash flow) which is built on consistently rising sales and margins. Worried about interest rates? The Fed has our back and rates are certain to remain low in perpetuity. Extreme valuation? Valuation isn't a leading indicator of performance, so why worry about the asking price? Tractor companies in a space ETF? Someone needs to mow the lawns on terraformed Mars.

Retail investors received most of the headlines for driving this speculation, but many of the speculative dollars are also pouring in from professional investors (Recall Softbank's aggressive option trades last summer). The volume in YOLO trades wasn't primarily retail; it was professional investors as well. Now we have the proof large investors using enormous leverage via derivatives and total return swaps are indeed taking concentrated bets to create and drive momentum. These so-called investors are fueled by banks with risk management divisions that somehow allow a $4.7bn hole to be blown in a balance sheet from a prime brokerage business that generates $1bn in annual fees. We'd imagine the behavior of these banks is different now than it was in the global financial crisis, but there's something all too familiar. From retail to institutions, speculation is on the rise. As our readers would expect, while we watch the rising speculation, we steadily ply our trade in search of investment bargains in less exciting areas of the market.

Performance Discussion

The Russell Midcap® Value Index returned 13.05% in Q1, led by contributions from energy, financials and consumer discretionary sectors. Our portfolio outperformed, primarily supported by strong stock selection in the consumer discretionary and health care sectors. Below-benchmark exposure to the poor performing utilities sector was also a contributor to relative outperformance. Our financials holdings and the portfolio's lack of exposure to energy dampened relative returns. At the individual holding level, we have several contributors and detractors to note.

RV manufacturer Thor has been a strong performer for the portfolio. Critically, management has noted results will likely be strong for a couple years as the jump in demand emptied out industry inventory. Our core views are unchanged: Thor operates a resilient business model built to handle cyclicality. This is an industry-leading business with strong return on capital, consistent free cash flow and sensible capital allocation.

AMERCO, the parent company of U-Haul, owns and operates the largest fleet of rental trucks for the DIY mover in the US and Canada. The company also has a rapidly growing self-storage business which now encompasses 45 million rentable square feet. While U-Haul has long been a steady and growing business, the pandemic has accelerated its top-line growth as mobility across the US is on the rise. As a result, the market has rerated the stock. Despite the rerating, the business has an undemanding valuation due to secular tailwinds, and offers attractive returns on reinvested capital. From a financial perspective, the company does employ leverage; however, it is conservatively capitalized, resulting in a strong financial profile.

Shares of diversified media company News Corp (assets include *The Wall Street Journal's* publisher Dow Jones, REA Group, Harper Collins book publishing, Foxtel Australia, Realtor.com, among others) hit a record high in January. With a market cap of $15bn, we believe investors are only valuing three of News Corp's many assets: its 61% stake in publicly traded REA Group in Australia, the book publisher Harper Collins and the $1.4 bn of cash and investments on the balance sheet. News Corp's other main assets—Dow Jones and Realtor.com—are growing and cash-generative. Despite hitting new highs, the shares still trade at a significant discount to our estimate of the sum of the parts. With a healthy balance sheet and solid free cash flow, News Corp exemplifies our better, safer, cheaper approach.

Fifth Third Bancorp (FITB) is a regional bank with a strong presence in the Midwest and Southeast. The company's recent rebound is an example of how investing in out-of-favor businesses can lead to alpha. Nearly five years ago, FITB's management developed a plan focused on measurable enhancements to revenue, and we attribute improved performance to these efforts. FITB's free cash flow is steady, and we think earnings growth opportunities are robust. We are long-term shareholders who believe the market is finally recognizing this company's value.

Recently, we added Check Point Software Technologies to the portfolio. The company provides computer network firewalls to enterprise customers. We believe the market is underappreciating recent improvements in Check Point's cloud offerings, which are growing rapidly. The company has high customer retention and enviable margins and is amid an upgrade cycle. Its founder is the largest shareholder and runs the business like an owner. Additionally, Check Point has significant cash flow with nearly $28 per share of net cash and investments to deploy strategically. Recent acquisitions have improved the company's competitive position. While Check Point was a detractor in this period, it is not uncommon for new purchases to continue falling out of favor as we build our positions. We tend to run toward these situations while others run away.

In late 2020, telecom services provider Liberty Broadband acquired GCI Liberty, which we owned at the time. Liberty Broadband is our look-through investment in Charter Communications, and we believe its acquisition of GCI supports our investment thesis. Liberty's plans to ramp up share buybacks show company management is focused on delivering value to its investors. Government interest in expanding US broadband infrastructure could also contribute to the company's growth trajectory. Despite recent muted performance, we believe Liberty shares offer an attractive risk/reward profile.

Portfolio Activity

New purchases included OGE Energy, Equity Commonwealth and Liberty SiriusXM Group.

We initiated a position in OGE Energy, an electric utility. Shares lagged more than its traditional utilities-only peers, creating an attractive entry point. We believe OGE Energy has several factors working in its favor, including low absolute kWh rates, a strong balance sheet, customer growth and a sound safety record. OGE Energy also factors in ESG considerations. Amid a reduction in costs required to produce cleaner energy, we believe the company is well-positioned to invest in power generation assets such as solar and wind without increasing customer bills.

Equity Commonwealth is a REIT with commercial office properties throughout the US. We previously held Equity Commonwealth but took advantage of 2020's market volatility to sell the name and reallocate capital. In Q1, we repurchased Equity Commonwealth as the shares fell below our estimate of NAV. In our view, the market is not accurately pricing in the company's potential to create value in a distressed real estate cycle with its $3bn net cash balance sheet.

We fully exited positions in Aon, Arrow Electronics, BOK Financial and Weyerhaeuser.

Arrow Electronics, a global electronics distributor, performed well during the COVID-19 pandemic amid soaring demand for technology hardware and chips. Wholesale electrical suppliers like this tend to suffer in normal recessions when inventories build and eventually need to be written down. However, this recession was different, with supply chain disruptions leading to more sales and lower inventories, and the business compounded better than the index as a result. We took advantage of the firm's success and reallocated to better opportunities.

We exited our position in Oklahoma-based financial services company BOK Financial in an environment that saw the stock rebound strongly on a steeper yield curve and strong energy prices. With some of the bank's risk profile exposed to health care facilities like nursing homes, the range of outcomes started to include pandemic-related contingent liabilities. In addition, earnings growth had been relatively flat and our position size sufficiently small that it was prudent to exit the position on strength in favor of other opportunities.

We sold forest products manufacturer Weyerhaeuser as the valuation exceeded our expectations on an accelerated timeline thanks to the pandemic-induced housing boom. When we purchased Weyerhaeuser in mid-2019, lumber mills were facing a surplus of timber in the American South and the industry was consolidating rapidly. Fast-forwarding to Q1, the company has benefited from technology improvements in mills, leading to higher yields amid tighter log supply, driven by pandemic-induced industry shutdowns of milling capacity.

Perspective

Depending on how you parse the data, it's possible to concoct a story that value has been beating growth for longer than just the past two quarters. Start the clock on May 1, 2020, and the Russell Midcap® Value Index outperformed the Russell Midcap® Growth Index by 891bps to the end of Q1 2021. Pick June 1, 2020, as the start date and value has trounced growth by 1,313bps in the period ended March 31, 2021. Does this mean the market disruptions that led to the value rotation have been long underway? Not particularly. No, this example merely illustrates how arbitrary some data can ultimately be in this industry (and serves as a good reminder to be wary of anyone touting performance numbers over process).

You see, alpha doesn't know there is a calendar. Because of this, we don't attempt to time market cycles. Instead, we developed over many years a process-oriented approach that evaluates businesses in the context of a range of future outcomes. Then, we work diligently to separate the business from the asking price, which means we understand as much about the fundamentals of a business as possible before thinking about what it ought to be worth. Once we have a valuation in mind, we insist on an appropriate discount. One that provides a sufficient margin of safety for the wide range of potential future outcomes. But how does an ostensibly efficient market ever offer sufficient margins of safety? That's easy to explain: disruption. And as opportunistic investors, we seek to take advantage of disruption when quality stocks that meet our criteria fall out of favor for whatever reason. These are hallmarks of our patient, long time horizon approach.

In some sense, our investing style is at the core all about disruption. It may seem odd that a value investor thrives in disrupted environments—surely that's the domain of angels and incubators. But to us, disruptions are really just opportunities. We devote all our time to researching companies from every available angle, building a bench of cash-producing businesses in strong financial condition. When valuations reach undemanding levels and we are comfortable with the margin of safety, we will be opportunistic and put capital to work. By being disciplined and opportunistic in the face of disruptions, we believe we tilt the odds of delivering superior results in our favor.

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.

Current and future portfolio holdings are subject to risk. 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 31 Mar 2021. 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 2021: Expeditors International of Washington Inc 2.0%, AMERCO 3.5%, News Corp 2.8%, Thor Industries Inc 2.4%, OGE Energy Corp 2.1%, Fifth Third Bancorp 1.9%, Check Point Software Technologies Ltd 1.6%, Equity Commonwealth 1.3%, Liberty SiriusXM Group 2.0%, Liberty Broadband Corp 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.

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. **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. **Return on Capital (ROC)** is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations. **Discounted cash flow** (DCF) is a valuation method used to estimate the value of an investment based on its expected future cash flows. **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)** is an indicator of a company's financial performance which is calculated by looking at earnings before the deduction of interest expenses, taxes, depreciation and amortization. **Net asset value (NAV) for REITs** equals the estimated market value of the total assets less the value of all liabilities.

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