Artisan Mid Cap Value Fund

QUARTERLY Commentary

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

As of 30 September 2023

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.

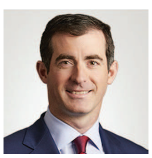
Attractive Business Economics

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 (%)

As of 30 September 2023	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
			Average Annual Total Returns				
Investor Class: ARTQX	**-2.94**	**6.24**	**16.19**	**12.53**	**4.82**	**5.87**	**9.23**
Advisor Class: APDQX	**-2.95**	**6.34**	**16.39**	**12.68**	**4.98**	**6.00**	**9.29**
Institutional Class: APHQX	**-2.89**	**6.46**	**16.53**	**12.79**	**5.07**	**6.11**	**9.36**
Russell Midcap® Value Index	-4.46	0.54	11.05	10.98	5.18	7.92	9.05
Russell Midcap® Index	-4.68	3.91	13.45	8.09	6.38	8.98	9.18

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 2023[1]	1.22	1.07	1.00
Prospectus 30 Sep 2022[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

Following solid returns in the first half of the year, US equities experienced a pullback in Q3 driven by the significant rise in long-term interest rates and the higher for longer policy messaging from the Federal Reserve and other major central banks. The rate on the 10-year US Treasury rose ~75bps in Q3 to 4.57%, eclipsing its previous cycle highs of October 2022, and is now up over 400bps since it bottomed in March 2020 at just 0.50%. It's difficult to overstate the severity of this bond bear market. According to Bank of America, which examined available bond market data going back to the country's founding in the late 1700s, this is the worst bear market in US bonds…ever. As a comparison, it's on par with the bear market in US equities following the tech bubble. Of course, like the tech bubble, these types of market outcomes tend to occur when starting valuations reach extremes, whether stock P/Es or interest rates.

As in 2022, rising long-term yields were a negative for equities in Q3 as long-term cost of capital assumptions were adjusted upward. However, unlike in 2022 when yields moved higher due to inflation, the recent market moves have been due more to supply/demand pressures. Elevated fiscal spending is causing supply issues (i.e., high Treasury issuance), while quantitative tightening by the Fed is contributing to reduced demand. In the background, there are increasing concerns about the long-term fiscal outlook given higher funding costs in a higher for longer environment and little confidence that budgetary solutions are imminent amid political dysfunction in Washington.

After pausing at its June meeting, the Fed raised its benchmark rate another 25bps in July and then held steady in September. Of course, the higher for longer stance of the Fed is less about the level of peak rates and more about how long rates will remain high before the Fed reverses course. While inflation has continued cooling, the rate of inflation is still well above the Fed's 2% target, and labor markets remain tight. Besides higher borrowing costs, the US economy is facing multiple pressures from banks' tightened lending standards to the resumption in student loan payments and the increase in energy prices. While we're not economists, we know from history that eventually tight policy and lending will slow the economy even if the timing of "the long and variable lags" is tough to predict.

All sectors, aside from energy and financials, which were laggards in the first half of 2023, finished lower in Q3. The energy sector gained 12%, making it Q3's best performer. Rising oil prices and investors' seeking value among market segments that hadn't participated as much in the stock market's YTD advance drove a broad sector rotation to energy stocks. YTD, the energy sector is up ~8%, following its strong outperformance in 2022. The worst performing sectors were communication services and health care—each down about 10%. There were few notable performance patterns by market capitalization and style (value-growth), though large caps tended to hold up a little better as investors continued to favor quality. The Russell Midcap® Value Index returned -4.46%, slightly outperforming the Russell Midcap® Growth Index, which fell -5.22%.

Performance Discussion

The portfolio held up better than the Russell Midcap® Value Index in Q3 due to positive stock selection, with notable relative strength in the consumer discretionary, financials and industrials sectors. Additionally, our above-benchmark weighting in the financials sector was favorable. Conversely, our above-benchmark weighting in the communication services sector and lighter exposure to energy stocks were drawbacks.

Our top individual contributor in Q3 was NOV, a provider of oilfield equipment, technology and expertise. Shares rallied as part of the broader sector move. Additionally, recent results have benefited from improved manufacturing throughput, market share gains and improving demand from international and offshore markets. NOV is our sole energy holding. In the mid-cap segment, it's more challenging to find higher quality businesses in a sector that also has above-average risk due to the volatility in underlying commodity prices. NOV has a moat around the rig technologies business, and unlike many energy-focused companies, it has a history of generating free cash flow and acceptable returns on tangible capital. NOV's valuation remains undemanding, in our view, and we believe margins still have room to rise as the cycle continues and cost savings opportunities are realized.

In the consumer discretionary sector, tax preparer H&R Block (HRB) was a winner. Revenues contracted in the recent quarter but were better than expected, sending shares higher. Revenue growth was held back by lighter US industry tax filing volumes during the 2023 tax season, due in part to a year-over-year normalization of stimulus filers, in addition to market share losses in the assisted category. Some share losses are due to competition, but also a factor is a continued shift among filers to HRB's cheaper DIY (do-it-yourself) option. While recent growth has been disappointing, HRB remains a dominant provider in assisted tax prep, a cash cow that is a relatively predictable, non-cyclical business. Prodigious cash flow continues to be faithfully returned to shareholders via dividends and share buybacks. Further, expectations remain muted as shares trade for less than 10X FY24 earnings.

Corebridge Financial, a provider of life insurance and retirement solutions, was a standout in the financials sector. Corebridge was previously a unit of AIG and a September 2022 IPO. Earnings and cash flow have been solid, aided by increased spread income in the general account due to higher reinvestment rates. We added Corebridge to the portfolio in Q1 2023. Our thesis is now that Corebridge is not a part of a large inefficient and capital-constrained parent, the company should have plenty of room to improve its competitive position. Establishing new processes that both improve capabilities and wring out efficiencies as a standalone entity should help improve ROE in coming years. It has a 4%+ dividend yield and a double-digit free cash flow yield, even in 2022 when negative fixed income and equity markets reduced fee revenue. In addition to the dividend, free cash flow will be used to ensure holding company liquidity, repurchase stock and support modest growth expectations.

On the downside, our biggest detractors included Dollar General (DG), IAC and Omnicom Group. DG, a discount retail chain in the US, reported weak results, missed expectations and reduced full-year guidance. DG clearly benefited from COVID stimulus checks, reflected in the bump it experienced in revenues and margins. However, the effects have worn off. The lower end consumer is being hurt by inflation, stiffer economic conditions, lower tax refunds and reduced SNAP benefits. Margins are also under pressure due to labor costs, shrink and markdowns. Some of the issues are likely self-inflicted. After years of focusing on store growth to drive the top line, store standards have suffered. Addressing store standards is needed to turn around flagging traffic, comps and customer satisfaction. On the positive side, discount retail due to its trade-down feature tends to be a defensive business during economic slowdowns. DG has a strong market position and faces less competition than other discounters due to its largely rural footprint. The business's value proposition is everyday low prices, a convenient format and proximity. The company has leverage due to capital expenditures, but interest coverage of 10X is strong. From a valuation perspective, the froth from the pandemic is gone. Shares now trade at a low-teens price-to-earnings multiple—the lowest levels since it went public in 2009 and much cheaper than the low- to mid-twenties from 2020 to 2022. So, we aren't paying for margin upside or store growth. Those would be bonuses. If the company can continue to grow revenues, generate cash flow and buy back stock, we still see a path to success.

IAC is a diversified collection of eclectic businesses that includes a large controlling stake in public company ANGI, ownership of digital and print publisher Dotdash Meredith and a 18.5% stake in public company MGM Resorts. After strong gains since their April lows, shares pulled back this month after the company reported weak revenue growth, punctuated by headwinds in both Dotdash Meredith and ANGI. Dotdash Meredith is contending with a soft advertising environment, while ANGI is in the early stages of a business transformation that is contributing to top-line weakness in the short run given management's decisions to optimize the business for the long term by winding down unprofitable demand channels. Despite disappointing results, we believe IAC's businesses remain well positioned for the long-term growth opportunities in digital media. The company also has significant excess cash, a history of putting capital to good use through M&A and a long successful track record of growing controlled businesses.

Omnicom is a global advertising and marketing services holding company. Organic growth came in slightly lighter than expected, which caused the stock to sell off. Even after the pullback, the stock has returned 22% over the prior one year. The business, while cyclical due to its ties to ad spend, is a royalty on competition as clients around the world seek Omnicom's expertise in creating, managing and tracking advertising campaigns. The business generates strong free cash flow, which has funded capital return in the form of share repurchases and dividends (3.8% current dividend yield), and is mostly a cost-plus business, which lessens the risk of margin pressure. Omnicom also has a flexible cost model allowing it to cut overhead during economic downturns to protect operating profit. While we cannot predict the economic cycle, Omnicom is a business that has delivered high returns on equity over a full business cycle and is currently selling at an attractive ~12X earnings.

Portfolio Activity

We made one new purchase in Q3: Waters Corp. Classified in the health care sector, Waters is a specialty measurement company that offers analytical workflow solutions for quality assurance/quality control (QA/QC) to pharma, industrial, academic and government customers. As always, for a new name to enter the portfolio, we require it to meet each of our three margin of safety criteria: attractive business economics, a sound financial condition and an attractive valuation. With regard to Waters, its business economics benefit from high growth visibility given the recurring nature of its portfolio. Moreover, it has industry-leading margins that have been very stable over time, it converts most of its earnings to cash, and its free cash flow margin is ~20%. Waters has a high recurring revenue stream (about 50% of revenues), which includes consumables, services and software, and this also contributes to a stronger financial condition. The balance is instruments, which are driven by replacement, moderate market growth and innovation. Instruments sales are quite sticky because methods for testing are part of regulatory filings, which are difficult and cumbersome to change. The company has a conservative balance sheet. Net leverage (net debt/EBITDA) has risen to 2.3X post its acquisition of Wyatt Technology, but we believe it should de-lever back to its long-run average of 1.0X in a few quarters. We were able to purchase it at an attractive price because the stock de-rated due to concerns about pharma capital spending. Waters is trading close to a trough multiple on EV/EBIT and at a discount to peers.

Perspective

Value remains cheap. Aside from the pandemic years of 2020 to 2021, mid-cap value hasn't been this cheap relative to mid-cap growth since the aftermath of the tech bubble. The Russell Midcap® Value Index trades for 14.4X FY1 estimated earnings. The Russell Midcap® Growth Index trades at 26.2X FY1 estimates. The average and median valuation spreads between these indices have been 9.6 and 6.5 percentage points over the past 25 years. Today, it's 11.8 percentage points. Thus, we feel good about our opportunity set today and the long-term forward return potential that exists among mid-cap value stocks.

The valuation spread remains wide despite mid-cap value closing the gap significantly over the past three years. As of the end of the quarter, the Russell Midcap® Value Index's 3-year annualized return of

11.0% was more than 8 percentage points higher than the Russell Midcap® Growth Index's 2.6% return. This was driven by the extended starting valuations of growth stocks and the influence of rising interest rates. This is a big shift, but history has shown these value/growth cycles can persist for several years.

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. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. 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 Sep 2023. 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 Sep 2023: NOV Inc 2.9%, H&R Block Inc 1.6%, Corebridge Financial Inc 2.1%, IAC Inc 1.9%, Dollar General Corp 1.1%, Omnicom Group Inc 1.7%, Waters Corp 1.9%. 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.

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Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **Interest coverage** measures a company's ability to make interest payments on its debt by calculating earnings before interest and taxes divided by total interest expense. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **Free Cash Flow Yield** is an overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share. The ratio is calculated by taking the free cash flow per share divided by the share price. **Return on tangible capital** measures the rate of return on tangible common equity or shareholders' equity less preferred stock, goodwill and other intangible assets. **Dividend Yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its share price. **Enterprise Value to Earnings Before Interest and Taxes (EV/EBIT)** is a valuation multiple defined as an enterprise value (EV) divided by earnings before interest and tax (EBIT). **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. **Net debt/EBITDA**, also referred to as the net leverage ratio, is measure of a company's ability to make interest payments, calculated as total debt less cash divided by EBITDA.

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