



Artisan Mid Cap Fund

MONTHLY Commentary

Investor Class: ARTMX

Advisor Class: APDMX

As of 29 February 2024

Commentary

The Russell Midcap® Index returned 5.6% in February. Aided by renewed enthusiasm over rapid advancements in artificial intelligence, equities rallied in February despite a surge in US inflation readings and dwindling rate-cut expectations. After pricing in aggressive rate cuts from the US Federal Reserve in late 2023 and early 2024, investors have moderated their outlook in the wake of a string of strong US economic data points and signs that inflation may fall slower than expected.

Our portfolio outperformed the Russell Midcap® Growth Index in the QTD period. Among our top contributors were Spotify and Saia. Spotify is a leading global audio streaming franchise with a high-quality content library and user interface. We believe its position in the supply chain is solid given a secular trend around the fragmentation of music as well as internal product and pricing initiatives. With a likely rise in prices, potentially better terms with labels and the emergence of some cost discipline, we believe margins should expand going forward. Shares rallied after the company reported strong earnings results, including growth of 23% for monthly active users, 15% for premium subscribers and 16% for revenue.

Saia operates in less-than-truckload shipping, a structurally attractive area of transportation that features several solid franchises supported by real estate assets and network advantages. Saia has been opening new terminals across the country, raising its terminal count by 46 since 2017 to a total of 192 in 2023. With its expansion largely complete, Saia is entering a new growth phase that should unlock additional operating leverage. Shares rallied after the company released strong financial results, including growth of 15% for revenue and 22% for operating income. Furthermore, there continues to be evidence that the company is taking advantage of the void left in the market after the bankruptcy of Yellow, a key competitor.

Among our top detractors were Exact Sciences and Atlassian. Exact Sciences is a leading provider of diagnostic testing and a maker of the noninvasive colorectal cancer screening test Cologuard®. The company reported another solid quarter with revenues growing 18% and, importantly, screening (Cologuard) revenues growing 21%. However, growing optimism around a competing blood-based test has led to competitive fears and corresponding performance weakness. While the company presents strong arguments against these tests, we trimmed the position while we wait for confirmation that this competitive threat will fade.

Atlassian's earnings results met expectations for cloud revenue growth. However, this was insufficient for investors to support the stock's momentum after strong recent performance. While parts of its cloud business, such as enterprise, are exceeding expectations, there are signs of weakness within small and medium-sized businesses (SMB), where pressures persist in paid seat expansions. While we remain optimistic longer term, we trimmed the position due to valuation concerns.

Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$37.48	\$38.24
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2023	1.20%	1.05%
Prospectus 30 Sep 2023 ¹	1.20%	1.05%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Chipotle Mexican Grill Inc (Consumer Discretionary)	4.3
Ascendis Pharma A/S (Health Care)	3.3
Lattice Semiconductor Corp (Information Technology)	3.1
West Pharmaceutical Services Inc (Health Care)	3.0
Argenx SE (Health Care)	2.9
Atlassian Corp (Information Technology)	2.7
HubSpot Inc (Information Technology)	2.6
Dexcom Inc (Health Care)	2.6
Ingersoll Rand Inc (Industrials)	2.6
Saia Inc (Industrials)	2.5
TOTAL	29.5%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCG ¹
Communication Services	6.7	4.3
Consumer Discretionary	13.5	13.7
Consumer Staples	1.4	2.8
Energy	0.0	3.5
Financials	7.0	10.9
Health Care	22.9	18.0
Industrials	18.8	19.6
Information Technology	28.5	23.9
Materials	0.0	1.3
Real Estate	1.1	1.6
Utilities	0.0	0.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.1% of the total portfolio. ¹Russell Midcap® Growth Index.

Investment Results (%)

As of 29 February 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	7.39	7.76	7.76	21.37	-2.96	11.13	8.99	12.80
Advisor Class: APDMX	7.39	7.75	7.75	21.55	-2.83	11.29	9.13	12.85
Russell Midcap® Growth Index	7.52	6.94	6.94	25.03	3.13	11.59	10.88	9.29
Russell Midcap® Index	5.59	4.08	4.08	15.46	5.51	10.35	9.45	9.79

As of 31 December 2023

	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	7.68	8.86	23.99	23.99	-4.74	13.64	8.90	12.56
Advisor Class: APDMX	7.71	8.93	24.22	24.22	-4.60	13.83	9.04	12.62
Russell Midcap® Growth Index	7.58	14.55	25.87	25.87	1.31	13.81	10.57	9.08
Russell Midcap® Index	7.73	12.82	17.23	17.23	5.92	12.68	9.42	9.69

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (27 June 1997); Advisor (1 April 2015). For the period prior to inception, Advisor Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor Class and the share class's returns during that period would be different if such expenses were reflected.

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.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMCG ¹
41.4+	25.1	30.7
30.9–41.4	19.0	17.8
21.1–30.9	16.8	15.8
12.4–21.1	16.5	17.2
0.0–12.4	22.6	18.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell Midcap® Growth Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Matthew Kamm, CFA (Lead)	24
James Hamel, CFA	27
Jason White, CFA	24
Craig Cepukenas, CFA	35
Jay Warner, CFA	22

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. 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 and less developed markets, including frontier 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.

For the purpose of determining the Fund’s holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The discussion of portfolio holdings does not constitute a recommendation of any individual security. These holdings comprise the following percentages of the Fund’s total net assets as of 29 Feb 2024: Exact Sciences Corp 1.3%; Spotify Technology SA 2.4%. Securities named in the Commentary, but not listed as a Top Ten Holding or not listed here are not held in the Fund as of the date of this report. The portfolio managers’ views and portfolio holdings are subject to change and the Fund disclaims any obligation to advise investors of such changes.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

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Sector exposure percentages reflect sector designations as currently classified by GICS.

Our capital allocation process is designed to build position size according to our conviction. Portfolio holdings develop through three stages: GardenSM, CropSM and HarvestSM. GardenSM 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. CropSM investments are holdings where we have gained conviction in the company’s profit cycle, so positions are larger. HarvestSM investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company’s profit cycle. HarvestSM investments are generally being reduced or sold from the portfolios.

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