

Artisan Mid Cap Value Fund

QUARTERLY
Commentary

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

As of 30 June 2025

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.

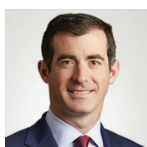
Attractive Business Economics

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 June 2025	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	0.26	-0.77	3.75	7.86	11.68	6.46	9.18
Advisor Class: APDQX	0.26	-0.71	3.90	8.00	11.83	6.61	9.24
Institutional Class: APHQX	0.33	-0.65	3.95	8.10	11.91	6.70	9.31
Russell Midcap® Value Index	5.35	3.12	11.53	11.34	13.71	8.39	9.58
Russell Midcap® Index	8.53	4.84	15.21	14.33	13.11	9.89	9.89

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 2025 ¹	1.18	1.07	0.95
Prospectus 30 Sep 2024 ^{2,3}	1.17	1.06	0.95

¹Unaudited, annualized for the six-month period. ²The Fund's operating expenses have been restated to reflect a reduction in management fees, effective as of 31 May 2024. ³See 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

Equity markets in Q2 were marked by significant volatility, driven primarily by the announcement and subsequent pause of the so-called "Liberation Day" tariffs. Early April saw a sharp selloff after President Donald Trump announced new tariffs, pushing the Russell Midcap® Value Index into bear market territory, with a drop of more than 20% from its November 2024 highs. From April 2 to April 4, the mid-cap value index fell more than 10%, marking one of the steepest two-day declines since the COVID-19 pandemic.

However, the market quickly rebounded after the administration paused the tariff implementation and excluded certain tech products from the tariffs. By mid-April, equities had begun a strong recovery that continued through May and June. With the US economy and corporate profits yet to show meaningful impacts from new tariffs, and inflation levels holding in, stocks rallied on better-than-expected corporate earnings and the following set of assumptions: 1) the President will likely continue to be sensitive to the markets, 2) additional negotiated trade deals will be forthcoming, and 3) final implemented tariffs will be much lower than the ones laid out on Liberation Day. Further, while uncertainty remains about the long-term economic outlook, relatively tame inflation data is expected to give the Federal Reserve flexibility for interest rate cuts later this year, and the pro-growth provisions in the 2025 reconciliation bill that was signed into law on July 4 are predicted to offset some of the tariff headwinds. These are at least a few of the justifications for the market's "glass half-full" behavior. Not even heightened geopolitical risks related to the Israel-Iran conflict that precipitated an attack by the US on Iranian nuclear facilities could derail the rally as stocks largely brushed off these events.

Growth stocks greatly outperformed value stocks in Q2, with the Russell Midcap® Growth Index returning 18.20% compared to just 5.35% for the Russell Midcap® Value Index. This pushed the growth index ahead by ~1,500bps over the one-year period. Mid-cap value stocks, which were already historically cheap on a relative basis compared to mid-cap growth stocks, are now even more attractive. As of June 30, the value index traded for 16.8X FY1 estimated earnings per share, compared to the growth index's 33.1X. This 16-point valuation spread compares to average and median spreads of 10 points and 7 points based on data since 1998.

Information technology stocks were key drivers of the stock market rally, leading the way with a 17.70% return in the Russell Midcap® Value Index as enthusiasm for artificial intelligence (AI) has remained a dominant theme in markets. Strong gains were also had in the industrials, financials, consumer discretionary and communication services sectors as cyclical stocks outperformed. Conversely, energy, utilities, consumer staples and real estate stocks trailed, finishing Q2 in the negative.

Performance Discussion

The market's preference for growth and the outperformance of more cyclical sectors and industries contributed to the portfolio's underperformance in Q2. The industrials sector was the largest source of our relative performance shortfall, partly due to the portfolio's below-benchmark weighting and lack of aerospace & defense and

construction & engineering holdings, which were the sector's top-performing industry groups. Additionally, we had a few laggards, including Genpact, a business process outsourcing company.

Genpact was a top contributor in Q1 on solid quarterly financial results, but most recently, markets punished shares after management reduced 2025 annual revenue guidance from 6.5% growth to around 3.5%. The expected slowdown is attributed to delayed decision-making by customers in select end markets, particularly those impacted by shifting global trade dynamics. Genpact has significant exposures to supply chain management for manufacturing, high-tech consumer goods and consumer packaged goods companies. It makes sense that customers are being cautious. The good news is these deals have not been canceled, and even with this slowdown, Genpact's pipeline is at an all-time high. In fact, the company's disclosed pipeline for large deals is up 80% year over year. Generally, complexity and disruption are tailwinds for Genpact's supply chain business, but we admit the near term could be slower than normal. The stock valuation is now back to about the same valuation as what we paid to purchase it in June 2024 at about a 10X enterprise value to EBITA multiple.

The communication services sector was another source of relative weakness, due largely to our investment in Cable One (CABO), a broadband provider in rural markets. CABO reported weak subscriber additions and a decline in ARPU (average revenue per user). Additionally, the company surprised investors by suspending its quarterly cash dividend. Our investment case has been predicated on CABO's ability to grow subscribers given its premium offering and low penetration; however, Q1 2025 subscriber trends—the worst we've seen—have required us to reassess our thesis. The conditions causing low household formation are ongoing, fixed wireless and fiber competition continues to take market share, and most recently the company has had execution issues rolling out a new billing system. In our view, these issues don't fully explain the sudden change in subscriber trends from flat to down. Management largely sees the setback as temporary, and while it could be, management seems unrealistically bullish about its ability to turn trends around soon. This has been a painful case, and while the valuation still indicates a cheap security based on a variety of scenarios, the financial condition is now impeding on the business and leaves management no room to operate the business strategically if conditions deteriorate further.

Other key detractors were Lineage and LKQ. Lineage is the largest cold storage warehouse operator in the world. While Lineage's overall market position and balance sheet remain solid, which we believe should continue enabling it to aggregate market share within the space, cold storage demand remains softer than prior years as higher food costs impact consumer spending. Further, the cost of capital assumptions used to value real estate investment trusts (REITs) have moved higher due to rising interest rates. This appears to have hit cold storage harder than other REITs despite cold storage's better balance sheets as investors are unsure how cold storage operators' cash flows will look in soft end markets. Also, Lineage is seen as a consolidator, but we believe it's less likely Lineage will issue equity for a deal at these low stock prices as share repurchases may be a better use of cash flow. While we cannot predict the trends in consumer

demand or interest rates, we added to our position at what look to us to be attractive prices as we believe the selling has been overdone.

LKQ is the dominant player in salvage/aftermarket collision parts distribution in North America, with over 70% market share. Shares pulled back, perhaps due to investors favoring cyclicals. The stock is roughly flat year to date. End markets remain soft as repairable claims have been held back by higher total loss frequency and consumers forgoing repairs due to inflationary pressures. Tariff fears are also in the mix. However, LKQ's management believes it can mitigate tariffs through a combination of negotiating with suppliers, passing through pricing and relocating supply chains. At a 10X P/E (next 12 months), shares trade at a distinct discount to their historical 10-year average of around 14X and are also cheaper relative to LKQ's auto parts retailer peers, which arguably have similar long-term growth profiles. LKQ is not a fast-growing business, but we believe it can grow 2% to 4%, and given its dominant market share and mid-teens return on tangible capital, we believe it should trade at a higher valuation. LKQ reliably generates free cash flow and operates in end markets with limited cyclicality as 90% of revenues are from non-discretionary spending. The company also meets our requirement for a sound financial condition as its debt load is manageable at 2X EBITDA due to its attractive free cash flow.

On the positive side, nVent Electric, Pinterest and Ferguson Enterprises were top contributors. The latter two were new purchases this quarter. nVent Electric is a provider of electrical connections and protection solutions. nVent has a leading position in liquid cooling solutions, which have experienced strong demand as hyperscalers invest huge sums to build out AI infrastructure. Liquid cooling is used in data centers to manage the heat generated by high performance computing, including AI. As AI usage grows, these solutions are increasingly important for energy efficiency, sustainability and cost management. Prior to the April selloff, nVent's stock fell in sympathy with other AI beneficiaries after the emergence of the Chinese DeepSeek AI model temporarily spooked markets. We added to our position at that time as there was little evidence of a change in the company's fundamental underpinnings. Strong growth in the business over the past few years has been supported by multiple secular tailwinds—electrification, clean energy, energy efficiency, digitalization and onshoring, to name a few—in addition to AI. The company has also executed well, allocating capital wisely by deploying free cash flow into product development, accretive M&A and return of capital via dividends and share repurchases.

Pinterest (PINS) is a social media platform and visual discovery tool. We had been researching PINS for some time, but its valuation had always been a hurdle. But in April, when the stock was down ~40% from mid-February due to uncertainty around tariffs, we took advantage of attractive prices to start a position. Like other social media platforms, PINS generates revenue from digital advertising, which continues to grow well above rates of US GDP as traditional formats lose share. However, PINS's R&D and technology had historically trailed peers considerably, contributing to its relatively low engagement and monetization. Where the investment case has become more interesting is new management that took over in 2022 has changed the company's strategy, prioritizing growing the user base, engagement, monetization and profitability, and thus far it has

been delivering on these objectives. Key initiatives include a faster pace of ad product innovation, improved ad relevance to drive a higher ad load, the integration of new monetization features and a focus on lower funnel advertising (performance advertising) solutions that can optimize returns for advertisers.

Ferguson (formerly Wolseley) is the largest US distributor of heating, plumbing and HVAC (heating, ventilation and air conditioning) products. We added Ferguson to the portfolio on April 10 near the depths of the post-Liberation Day market selloff. Ferguson's stock price had fallen by about one-third from early December 2024 due to continued residential housing market softness as higher interest rates have slowed housing sales and renovations, as well as due to the broader fears around tariffs. These concerns gave us an attractive entry point to purchase a strong business that we believe should be able to compound value over time due to growing end markets and an ability to take market share. FERG was trading at 15X next 12-month estimates at the time of purchase, making it attractive for a business with a strong return on invested capital (ROIC). Ferguson's size and scale allow it to produce solid economics, it's well financed, and its management is well regarded. As of the end of June, the stock was back near its 2024 highs on improved market sentiment.

Portfolio Activity

There's an oft-repeated phrase by investors, "You can have good news, or you can have good prices, but you can't have both." While falling markets can be uncomfortable while they are occurring, we've seen time and time again that these periods can present favorable buying opportunities. In Q2, Liberation Day tariffs were the metaphorical bad news that created good prices. In fact, the steep drop in the stock market presented us with an opportunity to be much more active than we had been for some time. In April, we made four new purchases, which compares to just one in the entire Q1. In addition to adding Pinterest and Ferguson in April, we also initiated new positions in Align Technology and CDW.

Align Technology (ALGN) is a medical device company known for its Invisalign clear aligners used in orthodontics. We purchased ALGN on April 4—two days after Liberation Day tariffs caused equity markets to sell off. We had been doing work on ALGN prior to the volatility, so the market turmoil that ensued gave us an opportunity to add what we believe is a high-quality business with a bright future at a reasonable price. We initiated our position at \$150 per share. It was selling for over \$300 as recently as April 2024 and for more than \$700 when ALGN was seen as a "COVID winner" during its hyper-growth phase in 2021. ALGN is a case of a former growth darling that lost its luster when growth decelerated. Invisalign is the market leader in clear aligners, the alternative to traditional braces. The pull forward during COVID dampened subsequent revenue trends, and higher consumer financing costs have been an additional headwind to sales. More recent concerns center around emerging low-end competition and falling consumer confidence, particularly as recession risks have increased. We don't have a strong view on near-term growth inflecting higher, but longer term, we believe clear aligners, which are just ~20% of the more than 20 million new orthodontia cases annually, can continue to take share. Invisalign is a premium brand that orthodontists trust, so we see less risk from new entrants that

compete mainly on price. Shares rebounded strongly after the reciprocal tariffs were paused.

CDW is a value-added reseller (VAR) of information technology solutions. IT resellers pulled back with the broader sector in the first few months of the year. Additionally, there have been fears that growth in cloud computing will harm the VARs' higher margin networking business. Disintermediation has been a concern with these businesses throughout their lives due to ongoing technological change. Historically the change to digital software from physical delivery sparked concern, followed by the growth of software as a service, and today, the risk of cloud vendors going direct is front and center. Disintermediation is likely a bigger risk in the enterprise market. Small and medium businesses (SMBs), however, generally do not have the resources to go out and vet the universe of IT products and services, and therefore they rely on VARs for that and for implementation. The vendors also generally do not seem to be interested in building out sales support to go out and sell their products directly to SMBs. CDW has solid business economics. It's not capital intensive and generates free cash flow. IT solutions are cyclical, but CDW has been able to grow at a faster rate than overall IT spend as the channel has taken share from direct sales over time. Over the mid- to long-term, we believe CDW is positioned to continue consolidating share of the highly fragmented VAR market, which should enable mid-single-digit to high-single-digit percentage growth on a recurring basis.

On the sales side, we sold Kroger, a food retailer, in favor of more attractive opportunities. Amid the market tumult in April, we took advantage of people's zeal for stable businesses to exit our position at what appeared a full valuation. When we originally purchased Kroger in 2017, the stock was under pressure due to concerns that Amazon's acquisition of Whole Foods would disintermediate the food retail market. That clearly hasn't happened. During our holding period, the company has been a strong operator, and its stock has performed well as investors have appreciated its steady business results and ability to raise prices as a free rider of inflation. Kroger has been able to pile up cash and deleverage its balance sheet, and the termination of the planned merger with Albertsons allowed it to resume stock buybacks. We continue to like Kroger and would welcome the opportunity to own it again if it were to become out of favor.

Perspective

If the tariff escalations of the first half of July are any indication, the threat from trade tensions will loom over markets for the foreseeable future. We have invested through many different periods, but this one is unusual, to have one person be a vector of disruption. Tariffs raise costs for companies reliant on global supply chains, squeezing profit margins and complicating business planning. Just because tariffs' negative impacts haven't yet shown up in the economic data in a meaningful way does not necessarily mean these impacts are not occurring under the surface. Tariff uncertainty discourages business expansion and hiring. These decisions have economic multipliers that manifest over time—not over days and weeks, but over months and years. Many companies are currently in wait and see mode—focusing on what they can control while waiting to see how things play out. While markets have responded favorably thus far, whether because market participants believe tariffs are a negotiating tactic or because

they believe there is a "Trump put," it should not be forgotten that tariffs have a real price for businesses and consumers. Regardless of the final levels of tariffs, damage is already being done to the extent companies are delaying investments and hiring.

While uncertainty has increased, we question whether certainty ever exists. As investors, we do not need certainty to invest. In fact, we welcome uncertainty if it results in markets overreacting to short-term pessimism by driving down the asking prices of high-quality businesses we want to buy. As we move through the second half of the year, we remain focused on the key characteristics of our process as we seek to identify companies that we believe have undemanding valuations, sound financial conditions and attractive business economics. The portfolio continues to be tilted toward high-quality mid-cap names selling at undemanding valuations. Importantly, when we look at the portfolio today, it is significantly cheaper than the Russell Midcap® Value Index. The portfolio sells for less than 15X FY1 earnings and more than two multiple points less than the index. The portfolio has been this cheap on a relative basis just 10% of the time going back to its 2001 inception date. The portfolio is also higher quality as it has a higher return on equity and fixed charge coverage ratio—one of our preferred measures of financial condition. We can't predict when value stocks will be in favor. What we can control is the execution of our process, and we believe the characteristics of the portfolio today demonstrate our continued execution of our investment discipline.

ARTISAN CANVAS

Timely insights and updates from our investment teams and firm leadership

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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 Jun 2025. 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 2025: Genpact Ltd 3.0%, Lineage Inc 1.1%, Cable One Inc 0.4%, LKQ Corp 2.0%, Ferguson Enterprises Inc 2.2%, nVent Electric PLC 2.5%, Pinterest Inc 2.1%, CDW Corp 2.0%, Align Technology Inc 2.2%. 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.

Contribution to Return (CTR) represents the contribution of an investment to the total portfolio return. CTR is calculated by multiplying a security's portfolio weight by its in-portfolio return daily for the period and has been derived from a holdings-based methodology, which uses daily positions and pricing rather than intraday transactions. **Attribution** quantifies the relationship between a portfolio's relative returns and the active management decisions differentiating the portfolio from the benchmark. **CTR and Attribution** are not exact, nor representative of actual investor returns due to several variables (e.g., fees, expenses, transactions) and therefore should be considered an approximation and examined in conjunction with the performance of the portfolio during the period. If applicable, securities of the same issuer are aggregated and may be delta-adjusted to determine the weight in the portfolio, and aggregation of corporate affiliates is subject to the determination of Artisan Partners. Further information on the methodology used is available upon request.

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Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **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. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **Return on Capital (ROC)** is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations. **Return on Invested Capital (ROIC)** is a measure of how well a company generates cash flow relative to capital invested in the business. **Return on tangible capital** measures the rate of return on tangible common equity or shareholders' equity less preferred stock, goodwill and other intangible assets. **Enterprise Value to Earnings Before Interest, Taxes, Depreciation and Amortization (EV/EBITDA)** is a measure of the intrinsic value of a business. EV is calculated as the market capitalization of the company plus its long-term debt. EBITDA is an approximate measure of a company's operating cash flow based on data from the company's income statement. It is calculated by looking at earnings before the deduction of interest expenses, taxes, depreciation, and amortization. **Earnings per Share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock. References to "**better, safer, cheaper**" are based on views of a security's Margin of Safety. **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. **Fixed Charge Coverage Ratio** indicates a firm's ability to satisfy fixed financing expenses, such as interest and leases. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity.

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