

# Artisan Mid Cap Fund

MONTHLY  
Commentary

Investor Class: ARTMX | Advisor Class: APDMX As of 31 December 2024

## Commentary

The Russell Midcap® Index returned -7.0% in December, bringing the Q4 return to 0.6%. The US economy continues to demonstrate resilience, but persistent inflation raises uncertainty around the Fed's future rate cuts. In November, nonfarm payrolls surged by 227,000, average hourly earnings exceeded expectations, Q3 GDP was revised upward, and core inflation was steady at 3.3%. The Fed lowered rates by 0.25%, bringing the target range to 4.25%–4.50%, while signaling a more cautious approach to future cuts.

Our portfolio outperformed the Russell Midcap® Growth Index in December but trailed in Q4. Among our top contributors were Atlassian and Argenx. Atlassian is a provider of collaboration and productivity software tools—a large, structurally growing addressable market that is expanding from the core software developer market to a much larger “knowledge worker” market. Along with much of the software industry, the company has experienced a period of weakness as small and medium-sized businesses have pulled back spending due to macroeconomic concerns, and enterprise IT spending has shifted toward artificial intelligence projects at the expense of traditional cloud software offerings. However, shares rallied after earnings results beat expectations and showed signs of a turnaround, including higher-than-expected paid seat expansion.

Shares of Argenx have continued their year-to-date ascent due to multiple positive developments. The company recently received FDA approval to promote VYVGART® for chronic inflammatory demyelinating polyradiculoneuropathy (CIDP). We expect this to be the drug's second blockbuster indication since it is the first meaningful advance in CIDP treatment in decades. Meanwhile, VYVGART®'s first approved indication in myasthenia gravis continues to shine. With sales beating analyst expectations, we believe the size of the myasthenia gravis opportunity will continue to yield upside longer term. Lastly, the company is investing in clinical trials studying VYVGART® in numerous other rare autoimmune disorders and is making good progress in advancing its second breakthrough medicine.

Among our top detractors were Monolithic Power Systems and Ascendis. Monolithic Power Systems designs analog power-management chips for a wide variety of industrial and consumer devices. Shares experienced weakness after the company reported growth in its data center business that was strong but trailed even higher investor expectations, which had driven the stock up YTD. Our valuation discipline had led us to reduce the position earlier in the year, and now, from a more reasonable starting point, we decided to add to the position.

Ascendis is a biotechnology company leveraging a proprietary technology platform to drive the development of multiple leading therapies. Despite recent earnings reflecting underwhelming sales of its first approved drug, Skytrofa—targeted at pediatric growth hormone deficiency—we remain confident in the potential of its second drug, TransCon PTH, for hyperparathyroidism. We believe TransCon PTH will serve as a significant catalyst for the company's profit cycle, given the substantial addressable market and our expectation that physicians will adopt the drug for a considerable portion of their patients. We have maintained our large Crop<sup>SM</sup> position.

## Portfolio Details

	ARTMX	APDMX
Net Asset Value (NAV)	\$33.90	\$34.74
Inception	27 Jun 1997	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2024	1.19%	1.05%
Prospectus 30 Sep 2023 <sup>1</sup>	1.20%	1.05%

<sup>1</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Argenx SE (Health Care)	5.0
Spotify Technology SA (Communication Services)	4.2
West Pharmaceutical Services Inc (Health Care)	3.8
Tyler Technologies Inc (Information Technology)	3.6
Ascendis Pharma A/S (Health Care)	3.2
Atlassian Corp (Information Technology)	2.8
Lattice Semiconductor Corp (Information Technology)	2.5
Live Nation Entertainment Inc (Communication Services)	2.3
Liberty Media Corp-Liberty Formula One (Communication Services)	2.2
Shopify Inc (Information Technology)	2.1
<b>TOTAL</b>	<b>31.8%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of portfolio securities)

	Fund	RMCG <sup>1</sup>
Communication Services	9.8	4.5
Consumer Discretionary	9.5	14.8
Consumer Staples	1.2	2.3
Energy	0.0	4.0
Financials	6.4	12.8
Health Care	22.3	12.5
Industrials	15.7	17.3
Information Technology	33.5	27.5
Materials	0.0	1.1
Real Estate	1.4	1.3
Utilities	0.0	1.8
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.8% of the total portfolio. <sup>1</sup>Russell Midcap® Growth Index.

## Investment Results (%)

As of 31 December 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTMX	-4.44	5.11	11.97	11.97	-4.28	8.97	9.53	12.54
Advisor Class: APDMX	-4.44	5.14	12.10	12.10	-4.14	9.12	9.69	12.60
Russell Midcap® Growth Index	-6.22	8.14	22.10	22.10	4.04	11.47	11.54	9.52
Russell Midcap® Index	-7.04	0.62	15.34	15.34	3.79	9.92	9.63	9.89

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.

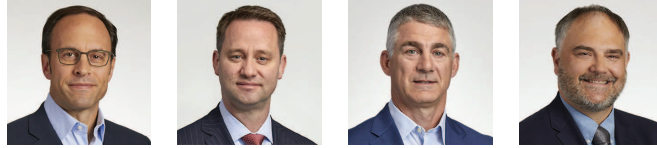
Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Call 800.344.1770 for current to most recent month-end performance.

## Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMCG <sup>1</sup>
49.8+	19.7	18.0
37.8–49.8	7.3	18.3
25.1–37.8	28.8	22.8
15.2–25.1	20.6	19.6
0.0–15.2	23.7	21.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

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

## Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Matthew Kamm, CFA (Co-Lead)	25
Jason White, CFA (Co-Lead)	25
James Hamel, CFA	28
Jay Warner, CFA	23

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<sup>®</sup> Growth Index measures the performance of US mid-cap companies with higher price/book ratios and forecasted growth values. Russell Midcap<sup>®</sup> 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 31 Dec 2024: Monolithic Power Systems Inc 1.4%. 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.

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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: Garden<sup>SM</sup>, Crop<sup>SM</sup> and Harvest<sup>SM</sup>. Garden<sup>SM</sup> 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. Crop<sup>SM</sup> investments are holdings where we have gained conviction in the company's profit cycle, so positions are larger. Harvest<sup>SM</sup> investments are holdings that have exceeded our estimate of intrinsic value or holdings where there is a deceleration in the company's profit cycle. Harvest<sup>SM</sup> investments are generally being reduced or sold from the portfolios.

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