



# Artisan Value Fund

## QUARTERLY Fact Sheet

Institutional Class: APLHX

As of 31 December 2019

### Investment Process Highlights

The investment team seeks to invest in cash-producing businesses in strong financial condition that are selling at undemanding valuations.

#### Attractive Valuation

- Distinct discount to intrinsic value
- Low expectations
- Favorable risk/reward

#### Sound Financial Condition

- Focus on financial flexibility and liquidity
- Evaluate on- and off-balance sheet liabilities
- Allows management to pursue value-enhancing initiatives

#### Attractive Business Economics

- Focus on free cash flow and return on capital capabilities
- Ability to grow underlying business value
- Avoid "value traps"

Sector Diversification (% of total portfolio equities)	Fund	R1V <sup>1</sup>	Index
Communication Services	15.1	8.2	
Consumer Discretionary	9.5	5.9	
Consumer Staples	7.1	8.9	
Energy	2.9	8.2	
Financials	21.7	23.9	
Health Care	10.1	13.0	
Industrials	11.2	9.7	
Information Technology	15.2	6.3	
Materials	7.3	4.3	
Real Estate	0.0	5.2	
Utilities	0.0	6.6	
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.2% of the total portfolio. <sup>1</sup>Russell 1000<sup>®</sup> Value Index.

### Investment Results (%)

As of 31 December 2019	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
<b>Institutional Class: APLHX</b>	<b>8.84</b>	<b>30.45</b>	<b>30.45</b>	<b>8.95</b>	<b>8.78</b>	<b>10.48</b>	<b>7.33</b>
Russell 1000 <sup>®</sup> Value Index	7.41	26.54	26.54	9.68	8.29	11.80	7.31
Russell 1000 <sup>®</sup> Index	9.04	31.43	31.43	15.05	11.48	13.54	9.12

Returns for periods less than one year are not annualized.

### Calendar Year Returns (%)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Institutional Class: APLHX</b>	<b>11.32</b>	<b>5.61</b>	<b>13.95</b>	<b>26.06</b>	<b>5.30</b>	<b>-8.83</b>	<b>29.21</b>	<b>16.23</b>	<b>-14.70</b>	<b>30.45</b>
Russell 1000 <sup>®</sup> Value Index	15.51	0.39	17.51	32.53	13.45	-3.83	17.34	13.66	-8.27	26.54
Russell 1000 <sup>®</sup> Index	16.10	1.50	16.42	33.11	13.24	0.92	12.05	21.69	-4.78	31.43

Source: Artisan Partners/Russell. Class inception: Investor (27 March 2006); Institutional (26 July 2011). For the period prior to inception, Institutional Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Institutional 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 800.399.1770 for current to most recent month-end performance.

### Portfolio Details

	APHLX
Net Asset Value (NAV)	\$13.41
Inception	26 July 2011
Expense Ratios	
Annual Report 30 Sep 2019	0.84%
Prospectus 30 Sep 2018 <sup>1</sup>	0.80%
Total Net Assets (Millions)	\$446

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

### Portfolio Statistics

	Fund	R1V <sup>1</sup>
Median Market Cap (Billions)	\$48.7	\$9.9
Weighted Avg. Market Cap (Billions)	\$209.8	\$130.6
Weighted Harmonic Avg. P/E (FY1)	14.3X	16.0X
Weighted Harmonic Avg. P/E (FY2)	13.1X	14.9X
Median Price/Book Value	2.0X	2.4X
Median ROE	16.2%	11.7%
Median Fixed Charge Coverage Ratio	6.9X	4.8X
Active Share	88.7%	—
Portfolio Turnover Rate <sup>2</sup>	28.4%	—
Number of Securities	37	764

Source: Artisan Partners/FactSet/Russell. <sup>1</sup>Russell 1000<sup>®</sup> Value Index. <sup>2</sup>Audited. For the 12 months ended 30 Sep 2019.

### Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	5.1
Berkshire Hathaway Inc (Financials)	4.6
Citigroup Inc (Financials)	4.2
Air Lease Corp (Industrials)	3.9
Apple Inc (Information Technology)	3.7
NXP Semiconductors NV (Information Technology)	3.7
Booking Holdings Inc (Consumer Discretionary)	3.5
Comcast Corp (Communication Services)	3.4
Facebook Inc (Communication Services)	3.3
Raytheon Co (Industrials)	3.3
<b>TOTAL</b>	<b>38.8%</b>

Source: Artisan Partners/GICS.

## Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RIV <sup>1</sup>
250.0+	20.5	22.9
98.0–250.0	19.3	16.7
42.6–98.0	22.9	21.7
16.5–42.6	18.3	19.4
0.0–16.5	18.9	19.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/Russell. <sup>1</sup>Russell 1000® Value Index.

## Portfolio Construction

- Typically 30-40 holdings
- Maximum position size generally 5%<sup>1</sup>
- Position sizes determined in part by how well a company meets the team's margin of safety criteria
- Attention to economic exposure
- Typically less than 15% cash

<sup>1</sup>Limitations apply at the time of purchase. See prospectus for more details. **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.

## Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
James C. Kieffer, CFA	30
Thomas A. Reynolds IV	21
Daniel L. Kane, CFA	21
Craig Inman, CFA	20

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 800.399.1770. Read carefully before investing.

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 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. Value securities may underperform other asset types during a given period.

Russell 1000® Value Index measures the performance of US large-cap companies with lower price/book ratios and forecasted growth values. Russell 1000® Index measures the performance of roughly 1,000 US large-cap companies. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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

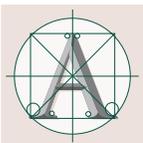
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**Median** is the data's midpoint value. **Market Cap** is the aggregate value of all of a company's outstanding equity securities. **Weighted Average** is the average of values weighted to the data set's composition. **Weighted Harmonic Average** is a calculation of weighted average commonly used for rates or ratios. **Price-to-Earnings Ratio (P/E Ratio)** measures how expensive a stock is. Earnings figures used for FY1 and FY2 are estimates for the current and next unreported fiscal years. **Price-to-Book Ratio (P/B Ratio)** measures a company's stock price in relation to its book value (the total amount a company would be worth if it liquidated its assets and paid back all its liabilities). **Fixed Charge Coverage Ratio** indicates a firm's ability to satisfy fixed financing expenses, such as interest and leases. **Active Share** is defined as the percentage of a portfolio that differs from its benchmark index. Active Share can range from 0% for an index fund that perfectly mirrors its benchmark to 100% for a portfolio with no overlap with an index. **Portfolio Turnover** is a measure of the trading activity in an investment portfolio — how often securities are bought and sold by a portfolio. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Return on Capital (ROC)** is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

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# Artisan Value Fund

MONTHLY  
Commentary

Institutional Class: APHLX

As of 29 February 2020

## Commentary

Rising fear and uncertainty roiled financial markets in February as COVID-19 spreads aggressively around the globe. With new pockets of infection in Italy, South Korea and Iran, it was no surprise to see a growing number of cases in the US, as well. While the situation in the US appears manageable at present, investors and traders are grappling with the specifics of the disease and how this global epidemic ultimately affects global supply and demand. As US Treasury yields hit record lows, equities had their worst week since 2008. So intense was the pain, it prompted the Federal Reserve to offer a palliative press release: a single paragraph promising “to act as appropriate to support the economy.”

QTD, the Russell 1000® Value Index has returned -11.63%, and no sector has been spared from the selling pressure. With large portions of China’s manufacturing base offline and skittish populations starting to self-isolate, the energy, materials and financials sectors have been hardest hit. Utilities and real estate fared the best in the falling interest rate environment.

Our portfolio has performed modestly better than the benchmark, namely due to our underweight position in energy, as well as strong stock picking in financials and health care. Utilities, where we have no holdings, and materials are the biggest drags on relative returns.

Top contributor Swedish Match manufactures a variety of smokeless tobacco products under brand names that would be recognizable to most Americans, even those who do not consume the products. That brand recognition translates into a sizeable moat. Management was able to exceed the market’s high expectations for Q4 earnings; margins remain robust and free cash flow grew notably year over year. Not only did Swedish Match generate more cash in absolute terms, it has done so on a per share basis. An active share repurchase program alongside higher dividends has generated excellent value for shareholders.

Fresenius, a vertically integrated provider of dialysis equipment and services, is another top contributor. Revenues and operating income were up in Q4, but net income and earnings per share were down. We anticipate improved operating margins can propel Fresenius forward. We purchased the stock around 10X normalized earnings after the price had fallen 39.6% over the trailing 12 months. Historically, the stock has traded nearer 16X earnings, presenting attractive upside potential, although we believe the stock can provide good returns without multiple expansion.

Our process thrives on finding opportunities when fear and uncertainty drive market dislocations. Concerns over the coronavirus have punished shares of cruise operators, airlines and travel agencies. Online travel agent Booking Holdings is among our top detractors. Recent developments have not altered our view on the fundamental case for owning this business. To the contrary, the value proposition is more compelling at these lower valuations. Another top detractor, Air Lease Corporation is in the business of leasing commercial planes to carriers across the globe, and the market’s fears of a pandemic have weighed on the stock.

## Portfolio Details

APHLX

Net Asset Value (NAV)	\$11.92
APHLX Inception	26 July 2011
Expense Ratios	
Annual Report 30 Sep 2019	0.84%
Prospectus 30 Sep 2019 <sup>1</sup>	0.85%

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

## Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	5.9
Berkshire Hathaway Inc (Financials)	5.0
Comcast Corp (Communication Services)	3.9
Citigroup Inc (Financials)	3.9
Synchrony Financial (Financials)	3.8
Booking Holdings Inc (Consumer Discretionary)	3.7
Air Lease Corp (Industrials)	3.7
Samsung Electronics Co Ltd (Information Technology)	3.4
Sanofi (Health Care)	3.3
Facebook Inc (Communication Services)	3.2
<b>TOTAL</b>	<b>39.8%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of total portfolio equities)

	Fund
Communication Services	15.4
Consumer Discretionary	9.6
Consumer Staples	7.3
Energy	2.4
Financials	22.5
Health Care	12.1
Industrials	11.5
Information Technology	13.2
Materials	6.0
Real Estate	0.0
Utilities	0.0
<b>TOTAL</b>	<b>100.0%</b>

Source: Artisan Partners/GICS. Cash and cash equivalents represented 4.6% of the total portfolio.

## Investment Results (%)

### Average Annual Total Returns

As of 29 February 2020	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
<b>Institutional Class: APHLX</b>	<b>-7.60</b>	<b>-11.11</b>	<b>-11.11</b>	<b>2.99</b>	<b>3.36</b>	<b>5.23</b>	<b>9.06</b>	<b>6.34</b>
Russell 1000® Value Index	-9.68	-11.63	-11.63	0.54	3.78	5.51	10.40	6.27
Russell 1000® Index	-8.17	-8.07	-8.07	7.82	9.73	9.00	12.64	8.36

As of 31 December 2019

<b>Institutional Class: APHLX</b>	<b>3.23</b>	<b>8.84</b>	<b>30.45</b>	<b>30.45</b>	<b>8.95</b>	<b>8.78</b>	<b>10.48</b>	<b>7.33</b>
Russell 1000® Value Index	2.75	7.41	26.54	26.54	9.68	8.29	11.80	7.31
Russell 1000® Index	2.89	9.04	31.43	31.43	15.05	11.48	13.54	9.12

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (27 March 2006); Institutional (26 July 2011). For the period prior to inception, Institutional Class performance is the Investor Class’s return for that period (“Linked Performance”). Linked Performance has not been restated to reflect expenses of the Institutional Class and the share class’s returns during that period would be different if such expenses were reflected.

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42.6–98.0	18.9	18.3
16.5–42.6	22.5	21.6
0.0–16.5	15.7	21.0
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/Russell. <sup>1</sup>Russell 1000® Value Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
James C. Kieffer, CFA	31
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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 2020: Fresenius Medical Care AG & Co KGaA 3.1%; Swedish Match AB 1.8%. 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.

**Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Normalized Earnings** are earnings that are adjusted for the cyclical ups and downs over a business cycle.

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