



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX As of 31 December 2018

Commentary

Our portfolio trailed the Russell 1000® Value Index QTD. A stunning equity selloff in December rocked the energy sector amid sinking oil prices while falling long-term interest rates benefited real estate.

With crude oil prices off approximately \$30 per barrel over the quarter and energy the worst performing sector in the index, it's of little surprise the exploration and production firms—Hess and Devon—were among our largest detractors.

Apple was another top detractor. In addition to a practically unheard-of pre-earnings announcement warning about the effects of Chinese demand, Apple also recently cut production orders for iPhones, which has cascaded down its supply chain, hitting vendors and suppliers along the way. Still, we continue to believe that Apple is poised for long-term success and generally see opportunity in the sharp dislocations that result when the market over-reacts to near-term weakness.

Weakness in airline stocks bled into the aircraft lessors, and Air Lease Corp was our largest detractor on the quarter. However, leasing companies should generally be less affected by carrier profitability given the contractual (and asset-backed) nature of the business. Overall, it's demand for air travel, which may wane during cyclical downturns but should trend higher over time, that should preoccupy leasing firms. We added to the position on the weakness as we continue to believe management has positioned the company as the industry leader.

We closed our position in Simon Property Group, a real estate investment trust, which was the top contributor QTD as the business reached what we considered full value.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$10.76	\$10.71
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2018	1.01/—	0.89/0.88 ^{1,2}
Prospectus 30 Sep 2017 ¹	1.01/—	0.85/—

¹See prospectus for further details. ²Reflects a contractual expense limitation agreement in effect through 31 Jan 2020.

Top 10 Holdings (% of total portfolio)

Berkshire Hathaway Inc (Financials)	5.1
Alphabet Inc (Communication Services)	4.9
Apple Inc (Information Technology)	3.7
Citigroup Inc (Financials)	3.4
Comcast Corp (Communication Services)	3.3
Cie Generale des Etablissements Michelin SCA (Consumer Discretionary)	3.1
Cisco Systems Inc (Information Technology)	3.1
NXP Semiconductors NV (Information Technology)	3.1
Air Lease Corp (Industrials)	3.0
Oracle Corp (Information Technology)	2.9
TOTAL	35.6%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R1V ¹
Communication Services	14.5	7.3
Consumer Discretionary	11.3	5.2
Consumer Staples	0.0	7.8
Energy	8.1	9.3
Financials	22.7	22.5
Health Care	10.0	15.7
Industrials	8.1	7.4
Information Technology	15.6	9.3
Materials	9.7	4.1
Real Estate	0.0	4.9
Utilities	0.0	6.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 1.6% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 December 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	-10.63	-17.97	-14.92	-14.92	8.39	3.97	10.70	5.55
Advisor Class: APDLX	-10.53	-17.85	-14.73	-14.73	8.53	4.09	10.76	5.60
Russell 1000® Value Index	-9.60	-11.72	-8.27	-8.27	6.95	5.95	11.18	5.93
Russell 1000® Index	-9.11	-13.82	-4.78	-4.78	9.09	8.21	13.28	7.54

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (27 March 2006); 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 total portfolio equities)

\$ in billions	Fund	RIV ¹
225.0+	16.6	20.0
100.0–225.0	27.0	20.6
40.0–100.0	17.0	19.6
15.0–40.0	17.0	19.2
0.0–15.0	22.3	20.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet/Russell. ¹Russell 1000® Value Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
James C. Kieffer, CFA	30
Thomas A. Reynolds IV	20
Daniel L. Kane, 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 800.344.1770. 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.

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 2018: Devon Energy Corp 1.5%; Hess Corp 1.2%. 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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1/7/2019 A18845L_vR