



Artisan Value Fund

MONTHLY
Commentary

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

Commentary

US large-cap stocks advanced in May, with growth stocks continuing to lead their value counterparts. Quarterly earnings in the US have been historically strong, aided by tax cuts, currency effects and share buybacks. Thus far, markets have generally shrugged off rising trade tensions. Returns (based on the Russell 1000® Value Index) were led by energy stocks for a second-consecutive month. Other areas of strength were technology and REITs, while the consumer staples and telecom sectors trailed.

Our portfolio outpaced the Russell 1000® Value Index in May. Apple and Devon Energy were among our top performers. Apple's results were better than feared as accelerating revenue growth in its services business offset sluggish iPhone® sales. Apple's board authorized a \$100 billion share buyback (approximately 11% of shares outstanding) and a 16% dividend increase. Devon, an independent energy company, brought two wells online in the Northern Delaware basin that delivered the highest daily production rates ever seen in the region. The company continues to return capital to shareholders—repurchasing roughly \$200 million in share repurchases in Q1 (about 1% of shares outstanding)—while further strengthening its balance sheet, purchasing \$800 million in debt. This follows \$1.1 billion in asset sales over the past year.

Our biggest decliner was Cardinal Health. Cardinal Health is an integrated health care services and products distribution company. The stock continues to be pressured by higher-than-expected deceleration in generic drug pricing and difficult contract renegotiations. Adding to its woes this quarter were challenges in its Cordis business, which suffered inventory write-downs associated with outdated inventory among its international distribution partners and a higher tax rate. We appreciate the company's earnings headwinds but believe the stock has been overly punished given already weak investor sentiment. Drug distributors are critical to the health care system, as they have the scale and scope to get crucial pharmaceuticals to end users in a time-sensitive and cost-effective manner. Further, it's a relatively low capital-intensity business that generates significant amounts of free cash flow, resulting in high returns on capital.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$14.31	\$14.25
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2018 ¹	1.04%	0.88%
Prospectus 30 Sep 2017 ²	1.01%	0.85%

¹Unaudited, annualized for the six-month period. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Information Technology)	4.4
Apple Inc (Information Technology)	4.0
Berkshire Hathaway Inc (Financials)	3.9
Citigroup Inc (Financials)	3.7
Air Lease Corp (Industrials)	3.5
Nutrien Ltd (Materials)	3.3
Oracle Corp (Information Technology)	3.0
Express Scripts Holding Co (Health Care)	3.0
Facebook Inc (Information Technology)	3.0
Occidental Petroleum Corp (Energy)	3.0
TOTAL	34.7%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Consumer Discretionary	17.6	6.7
Consumer Staples	0.0	6.9
Energy	13.1	12.1
Financials	21.1	26.5
Health Care	9.7	14.2
Industrials	5.9	8.1
Information Technology	20.8	9.3
Materials	10.0	3.0
Real Estate	2.0	4.7
Telecommunication Services	0.0	2.7
Utilities	0.0	5.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 4.3% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 May 2018	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	2.14	3.10	-1.72	10.72	8.61	8.84	6.96	7.09
Advisor Class: APDLX	2.08	3.11	-1.66	10.82	8.76	8.93	7.00	7.12
Russell 1000® Value Index	0.59	0.93	-1.93	8.25	7.45	10.09	7.38	6.81
Russell 1000® Index	2.55	2.90	2.19	14.60	10.70	12.91	9.18	8.55

As of 31 March 2018

Investor Class: ARTLX	-2.94	-4.67	-4.67	6.64	8.18	9.00	7.33	6.92
Advisor Class: APDLX	-2.95	-4.62	-4.62	6.80	8.32	9.08	7.38	6.95
Russell 1000® Value Index	-1.76	-2.83	-2.83	6.95	7.88	10.78	7.78	6.83
Russell 1000® Index	-2.27	-0.69	-0.69	13.98	10.39	13.17	9.61	8.42

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.

Average Annual Total Returns

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RIV ¹
230.0+	21.9	20.5
100.0–230.0	16.6	17.8
40.0–100.0	19.7	22.7
15.0–40.0	25.1	20.7
0.0–15.0	16.7	18.3
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	29
Thomas A. Reynolds IV	19
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 May 2018: Cardinal Health Inc 1.8%; Devon Energy Corp 2.9%. 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. **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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