



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 October 2018

Commentary

Our portfolio trails the Russell 1000® Value Index QTD. Our energy sector holdings, a particularly hard-hit sector as crude oil prices plummeted, are among the largest QTD detractors from performance. Specifically, Occidental Petroleum and Hess Corp, both oil and natural gas exploration and production companies, are in the bottom five contributors to return.

Our top QTD detractor is Air Lease Corp, a global aircraft leasing company. Nothing fundamentally changed for Air Lease in October. Production challenges at OEMs Boeing and Airbus remain, but have not materially affected Air Lease's results, even if the stock price came under some pressure. The ongoing trade war between the US and China is a headline concern as China makes up a significant portion of OEM order books, but there has been nothing to curb demand yet. Despite Air Lease's consistent delivery record, the production backlog is weighing on its share price in much the same way that the slowdown is pressuring Boeing's and Airbus' share prices.

American content producer, broadband and cable operator Comcast was overwhelmingly the top contributor QTD after finalizing its acquisition of Britain's Sky TV, which lifted uncertainty on CMCSA's capital structure. We believe Comcast's focus will now be on integrating Sky and on deleveraging the balance sheet from the transaction. Subsequent to closing the deal, CMCSA reported strong results, which helped the market gain increased confidence in the duration of Comcast's cash flows. It was a relatively bright spot in an otherwise turbulent month.

In addition to top contributors Wells Fargo and Goldman Sachs, two financial services firms that traded in-line with rising front-end interest rates, Simon Property Group, a real estate investment trust, was another strong performer in the portfolio. Yes, Simon's Q3 financials beat expectations, which supported its rising valuation. But also, its notable exposure to bankrupted and shuttering Sears stores is turning into an opportunity. It expects to increase capital expenditures over the next year to redevelop big box, anchor Sears locations away from pure retail, into denser, more diversified revenue streams as it looks to re-energize the shopping mall experience for a new generation of consumers.

Portfolio Details

| | ARTLX | APDLX |
|---|-------------|------------|
| Net Asset Value (NAV) | \$13.96 | \$13.91 |
| 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 (Communication Services) | 4.5 |
| Berkshire Hathaway Inc (Financials) | 4.3 |
| Apple Inc (Information Technology) | 4.1 |
| Citigroup Inc (Financials) | 3.8 |
| Oracle Corp (Information Technology) | 3.3 |
| Comcast Corp (Communication Services) | 3.2 |
| Air Lease Corp (Industrials) | 3.1 |
| CBS Corp (Communication Services) | 3.0 |
| Wells Fargo & Co (Financials) | 2.9 |
| Cisco Systems Inc (Information Technology) | 2.8 |
| TOTAL | 35.1% |

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

| | Fund | RIV ¹ |
|------------------------|---------------|------------------|
| Communication Services | 14.3 | 7.1 |
| Consumer Discretionary | 12.5 | 5.3 |
| Consumer Staples | 0.0 | 7.8 |
| Energy | 9.7 | 10.0 |
| Financials | 21.3 | 22.9 |
| Health Care | 9.5 | 15.3 |
| Industrials | 5.3 | 7.5 |
| Information Technology | 15.9 | 9.5 |
| Materials | 9.2 | 3.9 |
| Real Estate | 2.3 | 4.7 |
| Utilities | 0.0 | 6.0 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 2.0% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

| As of 31 October 2018 | Average Annual Total Returns | | | | | | | |
|---------------------------|------------------------------|-------|-------|------|-------|-------|-------|-----------|
| | MTD | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
| Investor Class: ARTLX | -7.55 | -7.55 | -4.12 | 0.41 | 10.14 | 7.05 | 11.83 | 6.63 |
| Advisor Class: APDLX | -7.51 | -7.51 | -4.00 | 0.55 | 10.28 | 7.15 | 11.89 | 6.67 |
| Russell 1000® Value Index | -5.18 | -5.18 | -1.46 | 3.03 | 8.88 | 8.61 | 11.30 | 6.62 |
| Russell 1000® Index | -7.08 | -7.08 | 2.67 | 6.98 | 11.31 | 11.05 | 13.42 | 8.29 |

As of 30 September 2018

| | | | | | | | | |
|---------------------------|-------|------|-------|-------|-------|-------|-------|------|
| Investor Class: ARTLX | -0.26 | 4.35 | 3.71 | 9.32 | 16.87 | 9.42 | 9.81 | 7.35 |
| Advisor Class: APDLX | -0.27 | 4.30 | 3.80 | 9.43 | 17.01 | 9.51 | 9.86 | 7.39 |
| Russell 1000® Value Index | 0.20 | 5.70 | 3.92 | 9.45 | 13.55 | 10.72 | 9.79 | 7.12 |
| Russell 1000® Index | 0.38 | 7.42 | 10.49 | 17.76 | 17.07 | 13.67 | 12.09 | 8.99 |

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 |
|----------------|---------------|------------------|
| 230.0+ | 18.7 | 19.5 |
| 100.0–230.0 | 23.4 | 20.2 |
| 40.0–100.0 | 15.4 | 21.3 |
| 15.0–40.0 | 23.7 | 20.0 |
| 0.0–15.0 | 18.9 | 19.1 |
| 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 Oct 2018: Hess Corp 1.6%; Occidental Petroleum Corp 2.4%; Simon Property Group Inc 2.2%; The Goldman Sachs Group Inc 2.7%. 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.

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