



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX As of 31 July 2019

Commentary

Quarter to date, the Russell 1000® Value Index is up 0.83%, led by information technology and consumer staples; energy and health care have posted negative total returns. Our portfolio has outpaced the benchmark QTD, with stock selection in communication services and industrials driving relative performance. Our below-benchmark exposure to the energy sector has been another notable contributor.

Technology behemoth and Google search parent, Alphabet, is the top contributor to our portfolio, posting a 12.6% total return QTD. Revenue growth is accelerating, led by consensus-beating revenues in the Google Cloud business, where management intends to continue scaling up resources. The market has also been pleased to hear management's plan to increase share buybacks by \$25bn. With a massive balance sheet, strong cash flow-generating capabilities and a management oriented toward returning value to shareholders, we continue to like this industry-leading franchise which is replete with undervalued assets.

AutoNation, an automobile retailer, is also among our top contributors. A CEO change in July took the market by surprise as former CFO Cheryl Miller was elevated to the role. The outgoing CEO, Carl Liebert, had only been on the job for six months. Markets responded well to the news as the stock price surged. Of course, the market was also responding to improving gross profits tied to cost discipline. AutoNation remains a highly profitable, well-financed, cash-generating business, with management engaged in creating per-share value for shareholders, even amid the recent changes.

The largest QTD detractors include Michelin and Berkshire Hathaway. International tire manufacturer Michelin remains a free cash flow juggernaut. However, a tough market environment and weaker sales volumes during Q2 led to lower-than-expected EBIT growth and a falling stock price. Management has reiterated its commitment to pricing discipline and expects to continue growing market share in the premium tire category. Berkshire Hathaway has continued amassing cash which many investors eagerly anticipate will be put to work, either in the form of a massive acquisition or, more likely in the near term, share buybacks. However, with no clear indication of the path for buybacks, along with weakness in its rail and reinsurance businesses, the stock price is lower QTD.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$12.88	\$12.83
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2019 ¹	1.06/—	0.94/0.88 ^{2,3}
Prospectus 30 Sep 2018 ³	1.02/—	0.90/0.89 ²

¹Unaudited, annualized for the six-month period. ²Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2020. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	4.9
Apple Inc (Information Technology)	4.5
Berkshire Hathaway Inc (Financials)	4.4
Citigroup Inc (Financials)	4.0
NXP Semiconductors NV (Information Technology)	3.7
Air Lease Corp (Industrials)	3.7
Comcast Corp (Communication Services)	3.5
Booking Holdings Inc (Consumer Discretionary)	3.4
Synchrony Financial (Financials)	3.4
Cisco Systems Inc (Information Technology)	3.3
TOTAL	39.0%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Communication Services	16.1	8.0
Consumer Discretionary	9.5	6.0
Consumer Staples	0.0	8.9
Energy	3.1	9.0
Financials	24.5	23.8
Health Care	9.9	12.6
Industrials	11.8	9.6
Information Technology	16.3	6.2
Materials	8.8	4.4
Real Estate	0.0	5.1
Utilities	0.0	6.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 3.7% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 July 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	1.50	1.50	19.70	-0.29	8.72	6.03	10.82	6.73
Advisor Class: APDLX	1.50	1.50	19.79	-0.06	8.91	6.17	10.89	6.78
Russell 1000® Value Index	0.83	0.83	17.20	5.20	9.44	8.01	12.40	6.93
Russell 1000® Index	1.55	1.55	20.69	8.00	13.31	11.15	14.10	8.73

As of 30 June 2019

Investor Class: ARTLX	8.00	4.10	17.94	0.96	9.45	5.50	11.36	6.66
Advisor Class: APDLX	8.13	4.20	18.02	1.12	9.61	5.64	11.43	6.71
Russell 1000® Value Index	7.18	3.84	16.24	8.46	10.19	7.46	13.19	6.91
Russell 1000® Index	7.02	4.25	18.84	10.02	14.15	10.45	14.77	8.66

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+	21.4	23.1
100.0–225.0	19.7	14.8
40.0–100.0	20.8	22.1
15.0–40.0	19.1	20.8
0.0–15.0	19.0	19.2
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	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 800.344.1770. 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 Jul 2019: AutoNation Inc 3.0%; Cie Generale des Etablissements Michelin SCA 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.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Earnings Before Interest & Tax (EBIT)** is an indicator of a company's profitability, calculated as revenue minus expenses, excluding tax and interest.

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