



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 30 June 2019

Commentary

June was a good month for equities, capping a solid quarter and an even better first half, despite some hiccups in May. In fact, for the S&P 500® Index, the first six months of 2019 were the best first half since 1997.

For the quarter, the Russell 1000® Value Index was up 3.84%, led by financials and industrials. Energy was the sole sector in the index with a negative total return. Our portfolio outpaced the benchmark over the month, quarter and year-to-date periods. In Q2, stock selection in the consumer discretionary, health care and technology sectors drove the outperformance.

Airplane leasing firm Air Lease Corp was the top Q2 contributor. Demand for air travel from the global emerging middle class, along with the rise of ultra-low-cost carriers, provides secular tailwinds to the business. Air Lease maintains a young fleet of high-demand, fuel-efficient, low-operational-cost aircraft, and we continue to believe management has positioned the company as the industry leader.

AutoNation, an automobile retailer, was among the top contributors. Management has executed well by improving variable gross profit per vehicle, and the predictable, high-margin parts and service business continued to grow. In addition, a renewed emphasis on cost controls supported the margin-focused efforts, which was a welcome surprise for investors and carried the stock higher throughout the second quarter.

Global financial services holding company Citigroup was another top contributor. By continuing to be disciplined on expenses, even slight revenue improvements can lead to improving returns on tangible equity. Lower tax rates haven't hurt, either. The company is highly diversified by region and product, and it has one of the strongest balance sheets among all international banks. Cost-cutting efforts have succeeded at raising profits above expectations, and management continues to repurchase shares at a discount to tangible book value.

Global shipping and logistics firm FedEx was a top detractor in Q2. Despite a strong market position in domestic ground delivery, rising trade tensions and risks of any ensuing economic weakness weighed on the valuation. In addition, softer revenues, margin compression and decelerating Asian airfreight activity are pressuring profits. We continue to believe FedEx has a durable franchise, which is rising in value and should trade for a higher multiple over time. We have added to the position on the weakness.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$12.69	\$12.64
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. ²Reflects a contractual expense limitation agreement in effect through 31 Jan 2020. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Berkshire Hathaway Inc (Financials)	4.6
Alphabet Inc (Communication Services)	4.4
Apple Inc (Information Technology)	4.2
Citigroup Inc (Financials)	3.9
Air Lease Corp (Industrials)	3.6
NXP Semiconductors NV (Information Technology)	3.5
Comcast Corp (Communication Services)	3.4
Booking Holdings Inc (Consumer Discretionary)	3.4
Facebook Inc (Communication Services)	3.3
Cisco Systems Inc (Information Technology)	3.3
TOTAL	37.7%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Communication Services	15.6	7.1
Consumer Discretionary	9.7	5.3
Consumer Staples	0.0	7.8
Energy	3.4	9.0
Financials	24.3	22.5
Health Care	10.2	15.2
Industrials	11.7	8.0
Information Technology	16.2	9.7
Materials	8.9	4.0
Real Estate	0.0	5.0
Utilities	0.0	6.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 5.4% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 30 June 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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+	23.8	25.4
100.0–225.0	17.1	16.8
40.0–100.0	20.9	20.2
15.0–40.0	19.2	20.3
0.0–15.0	19.0	17.3
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	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 30 Jun 2019: AutoNation Inc 2.6%; FedEx Corp 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.

Return on Equity (ROE) is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **Tangible Book Value** is a measure of a company's shareholder equity after removing any intangible assets.

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