



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 March 2019

Commentary

After stocks cratered in the last weeks of 2018, equity markets almost fully recovered by March, ending the best quarter of price appreciation since 2009 for the S&P 500® Index. Overall, technology stocks led the way, and the bias was toward smaller cap names beating larger cap names.

The Russell 1000® Value Index rallied through the first half of the quarter but was flat in the second half. Still, the index returned 11.93% QTD. In the index, sector strength was broad-based, with industrials, technology, energy and real estate leading the way.

Solid stock picking led our portfolio to outpace the Russell 1000® Value Index QTD. Our financials, communication services and technology holdings contributed prominently to relative returns. Consumer discretionary exposures dragged modestly on performance.

Top contributor Synchrony Financial, a consumer financial services company, has benefited from its contract renewals with major partners (e.g., Sam's Club, Amazon, Qurate, eBay and Walgreens). Additionally, share prices have appreciated based on expectations of hearty stock repurchases—approximately \$5bn—over the next 18 months. Adding to this momentum are a solid balance sheet, still-improving credit metrics and a record of profitability. Synchrony's low valuation, healthy business fundamentals and strong capital return have been favorable for the stock price QTD.

Television and online retailer Qurate was the largest QTD detractor from relative returns. After rallying with the market in January, the stock traded flat until the last couple days of February; then it continued falling in March. Weighing broadly on investor sentiment were both a worse-than-expected earnings report and a growing realization that management plans to engage more aggressively than was anticipated in digital platform retailing. Unlike the successful TV and telephone model of QVC's past, this transition would likely cut into margins—customer acquisition is expensive and pricing power on the Internet is generally weaker.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$12.19	\$12.13
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 2018 ²	1.02/—	0.90/0.89 ¹

¹Reflects a contractual expense limitation agreement in effect through 31 Jan 2020.

²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	4.8
Berkshire Hathaway Inc (Financials)	4.4
Apple Inc (Information Technology)	4.1
Citigroup Inc (Financials)	3.5
Cisco Systems Inc (Information Technology)	3.3
Comcast Corp (Communication Services)	3.3
NXP Semiconductors NV (Information Technology)	3.2
Air Lease Corp (Industrials)	3.0
Synchrony Financial (Financials)	3.0
Cie Generale des Etablissements Michelin SCA (Consumer Discretionary)	2.9
TOTAL	35.5%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Communication Services	15.6	6.9
Consumer Discretionary	9.9	5.3
Consumer Staples	0.0	7.9
Energy	6.0	9.7
Financials	23.4	21.7
Health Care	9.7	15.3
Industrials	11.7	7.8
Information Technology	15.8	9.8
Materials	8.0	4.0
Real Estate	0.0	5.2
Utilities	0.0	6.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 7.4% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 March 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	0.58	13.29	13.29	1.10	9.92	6.00	13.21	6.46
Advisor Class: APDLX	0.58	13.26	13.26	1.26	10.08	6.12	13.28	6.50
Russell 1000® Value Index	0.64	11.93	11.93	5.67	10.45	7.72	14.52	6.74
Russell 1000® Index	1.74	14.00	14.00	9.30	13.52	10.63	16.05	8.48

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+	21.0	26.5
100.0–225.0	22.2	15.6
40.0–100.0	19.3	19.6
15.0–40.0	17.7	19.3
0.0–15.0	19.9	18.9
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
Craig Inman, CFA	19

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. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. 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 Mar 2019: Quorate Retail Inc 1.0%. 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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