



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 October 2019

Commentary

The Russell 1000® Value Index has returned 1.40% QTD, while the Russell 1000® Index has returned 2.12% as equity markets more broadly set new record highs. The buoyant markets have been responding to a solid string of above-consensus earnings results. Investors have been eager to reward management teams for guiding lower and beating Wall Street estimates, even though earnings are expected to contract year over year—record highs on shrinking earnings growth.

Our portfolio outpaced the benchmark, led by stock picking in the consumer staples and information technology sectors. Materials holdings detracted from relative returns.

Consumer electronics giant Apple is our top contributor QTD. After rising trade war tensions walloped the stock in early August, prices rose steadily in October, setting a new all-time high. Any concerns over the iPhone 11 launch were allayed as the product was well received in September, and sales remain better than expected. Investors are also beginning to recognize a 5G iPhone cycle is likely in the next few years and could materially improve profitability for Apple. We continue to appreciate Apple's cash-generating capabilities, sound balance sheet and ability to innovate existing hardware products while growing services revenues.

Developer and manufacturer of defense solutions Raytheon was another top contributor. Raytheon posted better-than-expected profits for Q3 with a strong ratio of orders received to products shipped and billed, in addition to a recovery in its missiles segment margin. The market is becoming more comfortable with the pending 2020 merger with United Technologies' aerospace division. These factors sent the stock higher QTD.

While scale advantages and synergies can result in some cost savings, the Viacom-CBS merger has been poorly received by investors, weighing on the stock price and making it our top QTD detractor. We like that the deal was executed at no premium and expect the combined company's free cash flow to hold up better than the market anticipates. Viacom's movie studio business is undervalued inside the combined company, we believe, and could unlock value for shareholders should profits at the studio continue to improve. Amid the post-merger price volatility, we believe our original thesis remains intact.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$13.24	\$13.19
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)	5.1
Apple Inc (Information Technology)	4.7
Berkshire Hathaway Inc (Financials)	4.5
Citigroup Inc (Financials)	4.0
Air Lease Corp (Industrials)	3.8
Booking Holdings Inc (Consumer Discretionary)	3.7
Comcast Corp (Communication Services)	3.6
NXP Semiconductors NV (Information Technology)	3.5
Raytheon Co (Industrials)	3.3
Synchrony Financial (Financials)	3.3
TOTAL	39.4%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Communication Services	14.6	8.2
Consumer Discretionary	9.8	6.0
Consumer Staples	6.3	9.0
Energy	1.8	8.1
Financials	23.7	23.7
Health Care	9.7	12.6
Industrials	11.1	9.6
Information Technology	15.5	6.1
Materials	7.4	4.3
Real Estate	0.0	5.5
Utilities	0.0	6.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 0.7% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 October 2019	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	2.80	2.80	23.05	9.18	9.58	7.47	10.49	6.82
Advisor Class: APDLX	2.81	2.81	23.16	9.39	9.77	7.62	10.56	6.87
Russell 1000® Value Index	1.40	1.40	19.46	11.21	10.51	7.61	11.96	6.95
Russell 1000® Index	2.12	2.12	23.09	14.15	14.73	10.55	13.72	8.71

As of 30 September 2019

Investor Class: ARTLX	3.54	1.50	19.70	-1.80	7.94	6.67	10.07	6.64
Advisor Class: APDLX	3.55	1.50	19.79	-1.59	8.12	6.81	10.14	6.70
Russell 1000® Value Index	3.57	1.36	17.81	4.00	9.43	7.79	11.46	6.88
Russell 1000® Index	1.73	1.42	20.53	3.87	13.19	10.62	13.23	8.60

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+	20.6	24.1
100.0–225.0	20.1	14.3
40.0–100.0	21.0	22.4
15.0–40.0	20.1	20.3
0.0–15.0	18.2	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	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 Oct 2019: CBS Corp 1.8%. 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.

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