



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX As of 31 August 2020

Commentary

The Russell 1000® Value Index has returned 8.25% QTD, with top contributions from the industrials, financials and health care sectors. Our portfolio has outperformed QTD with top relative returns coming from the consumer discretionary, communication services and industrials sectors. Health care holdings and a below-benchmark weighting in the materials sector have dragged on relative returns.

At the individual holdings level, top contributors QTD include classic value plays like FedEx, AutoNation and Berkshire Hathaway.

Global shipper FedEx faces a mix of headwinds as lower margin business-to-consumer shipments are soaring while higher margin business-to-business volumes are challenged. Still, FedEx is controlling costs, and due to industry structure, management can implement pricing changes to improve margins. FedEx is also closer to fully integrating TNT, a global shipping brand it acquired in 2015, which when complete will greatly enhance margins. While slowing global trade is weighing on FedEx's returns on capital, the acceleration of e-commerce shipments is an important tailwind.

Car dealer AutoNation's variable cost model is showing resilience. The predictable, high-margin parts and service business remains highly profitable, covering all dealership overhead, even while new and used car sales volumes are challenged. C-suite clarity and the company's renewed emphasis on cost controls have been supportive of margin-focused efforts as well.

We attribute Berkshire Hathaway's (BRK) recent success to a few things. First, major holding Apple's strength is finally contributing to results. Second, BRK has the firepower and might to participate meaningfully in a hardening insurance market. Third, and less a driver of price action but worthy of note, BRK disclosed in late August it had taken up stakes in five Japanese "trading houses"—conglomerates that have expansive, diverse holdings across many industries, sectors and geographies. After shedding airline stocks earlier in the year, investors and analysts wondered if Warren Buffet might not take advantage of the discounted market prices to put Berkshire's cash hoard to work. Interestingly, some of that cash hoard resulted from recent yen-denominated bond issuances. After raising yen funds at rock-bottom rates, Berkshire has put them to work in relatively high dividend-yielding stocks.

Top detractors QTD include Cisco and EOG Resources. Networking equipment giant Cisco had prepared investors for weak Q2 results, but revenues were down more than expected as small business commercial customer demand flagged amid the pandemic. Energy E&P firm EOG is facing headwinds from weakness in the crude oil complex.

We devote all our time to researching companies from every available angle, building a bench of cash-producing businesses in strong financial condition. When valuations reach undemanding levels and we are comfortable with the margin of safety, we will be opportunistic and put capital to work. By being disciplined and opportunistic, we believe we tilt the odds of delivering superior results for our investors in our favor.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$12.89	\$12.84
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2020 ¹	1.06/—	0.91/0.88 ^{2,3}
Prospectus 30 Sep 2019 ³	1.07/—	0.94/0.89 ²

¹Unaudited, annualized for the six-month period. ²Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2021. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	6.6
Berkshire Hathaway Inc (Financials)	4.9
FedEx Corp (Industrials)	4.5
Booking Holdings Inc (Consumer Discretionary)	4.5
Comcast Corp (Communication Services)	4.0
AutoNation Inc (Consumer Discretionary)	3.5
Raytheon Technologies Corp (Industrials)	3.1
E*TRADE Financial Corp (Financials)	3.0
Fresenius Medical Care AG & Co KGaA (Health Care)	3.0
Philip Morris International Inc (Consumer Staples)	3.0
TOTAL	40.2%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Communication Services	15.4	9.6
Consumer Discretionary	15.8	7.4
Consumer Staples	8.2	8.4
Energy	1.0	4.6
Financials	19.6	18.5
Health Care	10.3	14.2
Industrials	14.4	12.8
Information Technology	11.9	9.5
Materials	3.3	4.6
Real Estate	0.0	4.6
Utilities	0.0	5.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 4.9% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 August 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	7.24	12.48	-4.23	7.92	5.10	8.83	10.32	6.51
Advisor Class: APDLX	7.27	12.53	-4.11	8.07	5.23	8.99	10.41	6.57
Russell 1000® Value Index	4.13	8.25	-9.35	0.84	4.50	7.53	11.05	6.24
Russell 1000® Index	7.34	13.63	10.43	22.50	14.58	14.31	15.19	9.43

As of 30 June 2020

Investor Class: ARTLX	1.78	19.13	-14.86	-5.94	1.38	4.89	9.16	5.72
Advisor Class: APDLX	1.69	19.23	-14.79	-5.87	1.52	5.02	9.24	5.77
Russell 1000® Value Index	-0.66	14.29	-16.26	-8.84	1.82	4.64	10.41	5.72
Russell 1000® Index	2.21	21.82	-2.81	7.48	10.64	10.47	13.97	8.57

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
250.0+	18.6	12.3
98.0–250.0	22.6	26.6
42.6–98.0	21.3	20.5
16.5–42.6	18.6	20.6
0.0–16.5	18.9	19.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell 1000® Value Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
James C. Kieffer, CFA	31
Thomas A. Reynolds IV	21
Daniel L. Kane, CFA	22
Craig Inman, CFA	21

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.

Current and future portfolio holdings are subject to risk. 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 Aug 2020: Apple Inc 1.5%; Cisco Systems Inc 2.8%; EOG Resources 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.

Margin of Safety, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **Return on Capital (ROC)** is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations.

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