



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 January 2020

Commentary

The Russell 1000® Value Index has returned -2.15% QTD, dragged down by the energy, financials and materials sectors. Utilities and real estate are the top contributors to the index's performance; we maintain no exposure to these sectors.

Our portfolio trails the benchmark, namely due to materials and consumer discretionary holdings. Our lack of utilities has also worked against relative returns. The portfolio's below-benchmark weight in the poor performing energy sector is the top contributor to relative returns.

Strong performances from the defensive, interest rate-sensitive sectors and weak performances from the cyclicals were consistent with the risk-off, flight-to-quality fear trade that dominated markets in January. The cause? Coronavirus—a rapidly spreading, easily contracted, flu-like virus—killed hundreds and infected tens of thousands in Southeast China, disrupting the Lunar New Year celebrations. While the mortality rate is relatively low, the long incubation period and a lack of information rattled investors as cases began popping up across the globe despite efforts to quarantine those infected.

Our process thrives on finding opportunities when fear and uncertainty drive market dislocations. Concerns that the virus would turn into a pandemic led people to self-isolate and companies to suspend operations. Governments shuttered public venues, restricted travel and closed borders. Not surprisingly, these actions punished shares of cruise operators, airlines and travel agencies. Online travel agent Booking Holdings was among our top detractors. We added to the position on the weakness. Air Lease Corporation is in the business of leasing commercial planes to carriers across the globe, and the market's fears of a pandemic weighed on the stock. Chemicals and advanced materials producer Celanese was our biggest detractor. It's a globally integrated operation to be sure, but that means it's integrated with the global supply chain and demand in China.

If the threat of a pandemic keeps people inside and worried, then it's no surprise they'd rely on Google searches and Apple hardware to communicate and educate. Alphabet and Apple were resilient in the face of the down trade and were our top two contributors to returns.

Investment Results (%)

As of 31 January 2020

	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	-3.86	-3.86	-3.86	13.07	6.50	7.69	10.03	6.83
Advisor Class: APDLX	-3.81	-3.81	-3.81	13.25	6.66	7.85	10.11	6.88
Russell 1000® Value Index	-2.15	-2.15	-2.15	14.88	8.63	8.70	11.87	7.09
Russell 1000® Index	0.11	0.11	0.11	21.39	14.33	12.13	13.97	9.07

As of 31 December 2019

	3.22	8.84	30.29	30.29	8.74	8.56	10.26	7.18
Investor Class: ARTLX	3.24	8.83	30.38	30.38	8.88	8.70	10.33	7.23
Russell 1000® Value Index	2.75	7.41	26.54	26.54	9.68	8.29	11.80	7.31
Russell 1000® Index	2.89	9.04	31.43	31.43	15.05	11.48	13.54	9.12

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.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$12.94	\$12.88
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2019	1.06/—	0.93/0.88 ^{1,2}
Prospectus 30 Sep 2019 ²	1.07/—	0.94/0.89 ¹

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2021. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	5.7
Berkshire Hathaway Inc (Financials)	4.9
Citigroup Inc (Financials)	4.1
Comcast Corp (Communication Services)	3.7
Air Lease Corp (Industrials)	3.7
Synchrony Financial (Financials)	3.6
Booking Holdings Inc (Consumer Discretionary)	3.5
Raytheon Co (Industrials)	3.4
Samsung Electronics Co Ltd (Information Technology)	3.2
Facebook Inc (Communication Services)	3.1
TOTAL	39.1%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Communication Services	15.6	8.1
Consumer Discretionary	9.1	5.9
Consumer Staples	6.9	9.0
Energy	2.7	7.4
Financials	22.3	23.6
Health Care	11.3	13.1
Industrials	11.1	9.8
Information Technology	13.9	6.5
Materials	7.1	4.0
Real Estate	0.0	5.4
Utilities	0.0	7.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 5.2% of the total portfolio. ¹Russell 1000® Value Index.

Average Annual Total Returns

	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RIV ¹
250.0+	20.8	19.4
98.0–250.0	20.4	20.8
42.6–98.0	18.5	19.5
16.5–42.6	23.0	20.3
0.0–16.5	17.2	20.0
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	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 Jan 2020: Apple Inc 2.7%; Celanese Corp 2.3%. 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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