



Artisan Value Fund

MONTHLY
Commentary

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

Commentary

The Russell 1000® Value Index has returned 15.05% QTD, with top contributions from the financials, health care and energy sectors. Our portfolio is outperforming QTD, with top relative returns coming from the communication services and financials sectors. While below-benchmark exposure to energy has dragged on relative returns, our outperformance has been driven by superior stock selection overall.

For us, names like Alphabet and Facebook are leading the way. Large-cap tech companies have been resilient through the pandemic. Facebook and Alphabet's Google generate the bulk of revenue from advertising sales. While ad revenue will likely be disrupted, engagement and users continue to grow rapidly for the big tech platforms. Over the long run, those are the key metrics which will drive ad revenue growth once economic conditions become more favorable. Facebook's core functionality is connecting people across the digital divide. This service only gets more valuable when people can't connect across physical divides. Alphabet's Play Store and Google Cloud were in demand as business activity moved online, and YouTube usage is accelerating, which helps stabilize weaker search ad revenue trends. For both companies, strong balance sheets have taken credit risk off the table, leaving equity investors to focus on earnings.

Among our top detractors is Compass, the world's largest contract catering business. Compass operates onsite food service for corporations, health care, academic, and sports and leisure facilities. There is a secular shift to outsourced providers such as Compass, and Compass is the largest and best such operator in the world. Compass has long been a steady grower due to a favorable industry backdrop and an excellent management team. The decision in May to raise nearly £2bn in equity was a departure from expectations, but with uncertainty still high, management believes the funds will help with managing leverage and continuing to invest in the business for the long term.

Our process is built to capitalize on market dislocations, when fear and uncertainty dominate, as is the case in our current environment. But we are also vigilantly risk-aware. This is where a thoughtful and repeatable process makes all the difference. We are guided by our margin of safety criteria. Those safety elements aren't foolproof, but they are intellectually honest, based on sound principals and time-tested.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$11.26	\$11.22
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)	4.7
Booking Holdings Inc (Consumer Discretionary)	4.4
Comcast Corp (Communication Services)	4.1
Facebook Inc (Communication Services)	3.8
Cisco Systems Inc (Information Technology)	3.6
Air Lease Corp (Industrials)	3.4
Raytheon Technologies Corp (Industrials)	3.4
Fresenius Medical Care AG & Co KGaA (Health Care)	3.4
Apple Inc (Information Technology)	3.1
TOTAL	40.6%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Communication Services	18.2	8.6
Consumer Discretionary	14.6	5.8
Consumer Staples	8.0	10.0
Energy	1.3	6.3
Financials	18.0	20.8
Health Care	10.2	15.4
Industrials	12.3	9.5
Information Technology	13.8	6.9
Materials	3.6	4.5
Real Estate	0.0	4.8
Utilities	0.0	7.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 4.8% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 May 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	4.74	17.05	-16.34	-0.19	1.46	3.87	8.54	5.62
Advisor Class: APDLX	4.76	17.24	-16.21	0.09	1.63	4.03	8.63	5.68
Russell 1000® Value Index	3.43	15.05	-15.70	-1.64	2.60	4.36	9.85	5.81
Russell 1000® Index	5.28	19.19	-4.91	12.54	10.09	9.58	13.07	8.46

As of 31 March 2020

Investor Class: ARTLX	-19.57	-28.53	-28.53	-17.80	-3.95	1.02	6.09	4.51
Advisor Class: APDLX	-19.58	-28.53	-28.53	-17.73	-3.82	1.15	6.16	4.56
Russell 1000® Value Index	-17.09	-26.73	-26.73	-17.17	-2.18	1.90	7.67	4.82
Russell 1000® Index	-13.21	-20.22	-20.22	-8.03	4.64	6.22	10.39	7.21

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+	19.2	15.3
98.0–250.0	25.5	24.2
42.6–98.0	15.4	19.5
16.5–42.6	20.9	19.7
0.0–16.5	19.0	21.3
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 May 2020: Compass Group PLC 2.6%. 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.

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