



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 October 2020

Commentary

The Russell 1000® Value Index has returned -1.31% QTD, with the information technology, health care and consumer staples sectors leading it lower. Utilities and financials are the top contributors to the index's performance; we maintain no exposure to utilities. The portfolio trails the benchmark, primarily due to financials and health care holdings. Our lack of exposure to utilities has also worked against relative results. The portfolio's holdings in communication services and information technology have been the top contributors to relative returns.

Comcast and Fresenius Medical Care are among the top detractors.

Comcast is the leading broadband cable company in North America, and global content producer. Despite posting another quarter of record broadband cable customer growth, investors focused on the continued pressure the business faces in its movie and theme park operations. We believe once the physical limitations of the pandemic ease, investors will see a business emerging from this period of disruption with more customers and substantially higher earnings power. Comcast's free cash flow generation, despite the downturn, remains robust and will soon allow the business to play offense with regards to capital allocation. Looking a few years out we see a business with a wide competitive moat, which is well financed, and trades under 12X our estimates of normalized earnings power.

Fresenius is a vertically integrated provider of dialysis equipment and services, reaching the large and growing global population of chronic kidney disease patients. It is a market-share leader in terms of both supplying dialysis equipment and treating dialysis patients. As with many health care providers in the US, profits depend on Medicare reimbursement rates, and the stock has been sensitive to the presidential election cycle. We anticipate the business will continue to grow and will benefit from improved operating margins and expansion into new lines of business.

Among our top contributors is Alphabet. Large-cap tech companies have been resilient through the pandemic, and Alphabet continues showing its strength. Alphabet's Play Store and Google Cloud are in demand as business activity has moved online, and YouTube usage is accelerating, which helps stabilize temporarily weaker search ad revenue trends. It's worth noting that this holding may strike readers as more befitting a growth or momentum strategy than a value strategy. But it's our benchmark-agnostic, opportunistic value investing style that differentiates us. Our disciplined bottom-up research process shows Alphabet to be a juggernaut of a business, with a fortress balance sheet, trading for a below-average asking price.

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)	\$12.15	\$12.11
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)	7.1
FedEx Corp (Industrials)	5.8
Berkshire Hathaway Inc (Financials)	4.9
Comcast Corp (Communication Services)	4.2
Booking Holdings Inc (Consumer Discretionary)	4.1
AutoNation Inc (Consumer Discretionary)	3.8
Morgan Stanley (Financials)	3.3
Samsung Electronics Co Ltd (Information Technology)	3.2
The Goldman Sachs Group Inc (Financials)	3.1
Arch Capital Group Ltd (Financials)	3.1
TOTAL	42.7%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Communication Services	15.5	9.5
Consumer Discretionary	15.1	7.7
Consumer Staples	7.7	8.2
Energy	1.5	3.9
Financials	19.8	18.5
Health Care	10.5	14.2
Industrials	14.7	13.1
Information Technology	12.4	9.3
Materials	2.9	4.8
Real Estate	0.0	4.5
Utilities	0.0	6.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.9% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 October 2020	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	-2.10	-2.10	-9.73	-4.42	1.57	6.87	8.55	6.01
Advisor Class: APDLX	-2.10	-2.10	-9.56	-4.26	1.74	7.04	8.64	6.07
Russell 1000® Value Index	-1.31	-1.31	-12.74	-7.57	1.94	5.82	9.48	5.89
Russell 1000® Index	-2.41	-2.41	3.83	10.87	10.63	11.79	13.05	8.86

As of 30 September 2020

Investor Class: ARTLX	-3.72	8.29	-7.80	0.35	2.51	9.48	9.05	6.20
Advisor Class: APDLX	-3.66	8.41	-7.62	0.54	2.69	9.65	9.14	6.26
Russell 1000® Value Index	-2.46	5.59	-11.58	-5.03	2.63	7.66	9.95	6.02
Russell 1000® Index	-3.65	9.47	6.40	16.01	12.38	14.09	13.76	9.10

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+	19.0	12.2
98.0–250.0	18.8	24.6
42.6–98.0	25.9	21.6
16.5–42.6	19.9	21.4
0.0–16.5	16.3	20.2
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 Oct 2020: Fresenius Medical Care AG & Co KGaA 3.0%. 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.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Normalized Earnings** are earnings that are adjusted for the cyclical ups and downs over a business cycle. **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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