



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX As of 30 September 2020

Commentary

Quarter to date, the Russell 1000® Value Index has returned 5.59%, with top contributions from the industrials, consumer discretionary and health care sectors. Our portfolio is outperforming QTD namely due to our strong stock picking in the industrials and information technology sectors as well as our below-benchmark weighting to the energy sector. Holdings in health care and consumer staples have detracted from relative returns. As stock pickers, we view sector allocations merely as the byproduct of our fundamental research and rigorous stock-selection process. At times, our bottom-up approach benefits sector allocations, as it did by being underweight energy.

On the heels of company earnings that easily glided past estimates for the first quarter of its fiscal year, global shipper FedEx is the top contributor QTD. 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.

Another top contributor, car dealer AutoNation has been firing on all cylinders with its variable cost model. 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.

Another notable contributor, conglomerate Berkshire Hathaway (BRK) owes recent success to its stake in tech goliath Apple, a rewarding investment. Additionally, BRK's size and scope to participate meaningfully in a hardening insurance market has supported the valuation. Also worthy of note, Berkshire is starting to put its cash hoard to work. BRK disclosed in late August it had taken up stakes in five Japanese "trading houses"—conglomerates in their own right with expansive, diverse holdings across many industries, sectors and geographies. In late September, BRK announced it will part with more cash and invest in publisher E.W. Scripps Co. (SSP), supporting SSP's acquisition of ION Media. BRK's shares in SSP will mark the company's first venture into the media industry since it sold out of the newspaper business in January.

Top detractors QTD include Cisco Systems and Citigroup. Shares of networking equipment giant Cisco were battered as small business and commercial customer demand flagged amid the pandemic. Cisco's ability to maintain business contracts in China has also come into question in light of a "blacklist" by Chinese leadership that could be used to prohibit some US technology firms from doing business in the country. Global financial services holding company Citigroup faces several headwinds stemming from a mid-September public reprimand by federal regulators concluding the company's risk management improvements have fallen short of expectations.

Investment Results (%)

As of 30 September 2020	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$12.41	\$12.37
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)	6.2
FedEx Corp (Industrials)	5.5
Berkshire Hathaway Inc (Financials)	5.0
Comcast Corp (Communication Services)	4.4
Booking Holdings Inc (Consumer Discretionary)	4.2
AutoNation Inc (Consumer Discretionary)	3.5
E*TRADE Financial Corp (Financials)	3.2
Fresenius Medical Care AG & Co KGaA (Health Care)	3.2
The Goldman Sachs Group Inc (Financials)	3.2
Samsung Electronics Co Ltd (Information Technology)	3.0
TOTAL	41.3%

Source: Artisan Partners/GICS.

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Communication Services	15.2	9.6
Consumer Discretionary	15.2	7.6
Consumer Staples	8.2	8.4
Energy	1.5	4.0
Financials	19.2	18.1
Health Care	10.5	14.3
Industrials	14.8	13.0
Information Technology	12.5	9.7
Materials	2.7	4.7
Real Estate	0.0	4.6
Utilities	0.0	6.0
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.

Average Annual Total Returns

As of 30 September 2020	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+	18.5	12.2
98.0–250.0	20.1	25.2
42.6–98.0	22.9	21.1
16.5–42.6	18.9	21.6
0.0–16.5	19.6	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 30 Sep 2020: Apple Inc 1.4%; Cisco Systems Inc 2.8%; Citigroup Inc 1.3%. 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.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

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Sector exposure percentages reflect sector designations as currently classified by GICS.

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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