



# Artisan Value Fund

MONTHLY  
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 30 June 2021

## Commentary

Stocks continued their rise in Q2 with the majority of sectors participating in the market's upward trajectory. Our portfolio outperformed in Q2. Positive stock selection in the communication services, financials and industrials sectors helped drive relative returns. The Russell 1000® Value Index returned 5.21% in Q2 supported by contributions from holdings in financials, health care and energy. Core to our process is our focus on investing in high-return businesses in strong financial condition that are selling at attractive valuations. Also known as our better, safer, cheaper philosophy, here are three noteworthy holdings that typify this framework.

Investment stalwart Blackstone Group's "virtuous cycle" is in full swing. Throughout Blackstone's history, excellent investment performance and capital protection have allowed the firm to increase fundraising in existing verticals as well as launch new endeavors. Historically, less than 10% of assets under management matures in any given year, and that number should move lower with continued growth in perpetual capital vehicles. Blackstone's A+ rated balance sheet and capital-light model are the backbone of its 85% of cash flow distribution policy via a variable quarterly dividend.

Facebook is at the crux of a new paradigm. Historically, advertising dollars have been correlated with GDP; however, this model is changing with more ad revenue being tied to e-commerce growth trends. We think Facebook is well-positioned to take advantage of this shift given its extensive infrastructure and valuable ad inventory that has yet to be monetized (e.g., Facebook Groups, Facebook Marketplace, Instagram Reels and WhatsApp). The company's strong balance sheet has taken credit risk off the table, leaving equity investors to focus on earnings. We would be remiss if we did not acknowledge the regulatory challenges the company has faced. All the more reason why investors welcomed news of the dismissal of two antitrust cases against Facebook in June. 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.

Schlumberger, the world's largest oil services company, is performing well in a competitive marketplace. New management has driven the company's refocused efforts to increase free cash flow and expand profit margins, a task made easier with the cooperating price of oil. We like that the business model is becoming nimbler and more adaptive to market forces, as evidenced by its recent focus on contributing to the production of cleaner energy. Additionally, company management has instituted a disciplined approach to spending which we believe should benefit shareholders over the long term. However, there is no denying that the company is dependent upon the volatile spending cycle of its exploration and production customers and the associated commodity price. We expect Schlumberger to successfully navigate market volatility and anticipate the company will continue to increase its market share as global economic growth and travel rebound.

## Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$16.50	\$16.42
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2021 <sup>1</sup>	1.04/—	0.96/0.88 <sup>2,3</sup>
Prospectus 30 Sep 2020 <sup>3</sup>	1.09/—	0.93/0.89 <sup>2</sup>

<sup>1</sup>Unaudited, annualized for the six-month period. <sup>2</sup>Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2022. <sup>3</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	6.5
FedEx Corp (Industrials)	3.9
Comcast Corp (Communication Services)	3.7
Morgan Stanley (Financials)	3.5
Samsung Electronics Co Ltd (Information Technology)	3.5
The Goldman Sachs Group Inc (Financials)	3.4
Booking Holdings Inc (Consumer Discretionary)	3.3
Compass Group PLC (Consumer Discretionary)	3.1
Synchrony Financial (Financials)	3.0
Philip Morris International Inc (Consumer Staples)	2.9
<b>TOTAL</b>	<b>36.8%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of portfolio securities)

	Fund	RIV <sup>1</sup>
Communication Services	14.7	8.5
Consumer Discretionary	12.8	5.7
Consumer Staples	7.3	7.2
Energy	5.0	5.1
Financials	19.9	20.8
Health Care	13.7	17.3
Industrials	15.4	12.0
Information Technology	9.9	10.2
Materials	1.4	3.8
Real Estate	0.0	4.5
Utilities	0.0	4.8
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.2% of the total portfolio. <sup>1</sup>Russell 1000® Value Index.

## Investment Results (%)

As of 30 June 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	-0.96	7.77	19.39	55.14	13.79	13.86	11.30	8.41
Advisor Class: APDLX	-0.97	7.81	19.42	55.42	13.95	14.02	11.40	8.48
Russell 1000® Value Index	-1.15	5.21	17.05	43.68	12.42	11.87	11.61	7.87
Russell 1000® Index	2.51	8.54	14.95	43.07	19.16	17.99	14.90	10.56

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 portfolio securities)

\$ in billions	Fund	RIV <sup>1</sup>
210.0+	22.9	24.1
96.0–210.0	23.5	20.3
42.0–96.0	30.3	20.0
17.5–42.0	12.9	19.6
0.0–17.5	10.4	15.9
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

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

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Thomas A. Reynolds IV	22
Daniel L. Kane, CFA	23
Craig Inman, CFA	22

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 Jun 2021: Facebook Inc 2.1%; Schlumberger NV 2.4%; The Blackstone Group Inc 2.0%. 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.

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