



Artisan Focus Fund

QUARTERLY
Commentary

Investor Class: ARTTX | Advisor Class: APDTX | Institutional Class: APHTX

As of 30 June 2020

Investment Process

Our investment approach is based on thematic idea generation, a systematic framework for analyzing companies and proactive risk management. Utilizing this approach, we seek to construct a focused portfolio designed to maximize alpha while limiting downside risk over the long term.

Thematic Idea Generation

We believe a key element in alpha generation is finding areas where our views on industry fundamentals differ from consensus estimates. In this pursuit, we seek to identify inflections in multi-year trends which may be caused by changes in supply/demand dynamics, societal behavior, market conditions, technology, laws/regulations and business models, among other variables. We believe these inflections are often misunderstood by market participants, and can lead to powerful re-ratings of industries and companies. Identifying themes helps us develop a focused universe of companies to analyze more thoroughly.

Systematic Analytical Framework

We apply a systematic framework for analyzing companies across sectors and themes, creating a repeatable and methodical decision-making process. Our proprietary company models focus on multi-year earnings power differentiation, expected outcome scenario analysis, return on invested capital and discounted cash flow valuations. Visual outputs are then produced through our internally developed technology solutions, allowing us to consistently evaluate positions across the portfolio.

Proactive Risk Management

We incorporate risk management into all stages of our investment process. Metrics evaluated include crowding, correlation, volatility, stress tests, liquidity, factor analysis and macro drivers, all of which inform portfolio construction and position sizing. We also use various instruments, such as options, in an effort to magnify alpha and minimize downside.

Team Overview

The investment team applies the same approach to thematic idea generation and fundamental company analysis that Portfolio Manager Chris Smith has honed throughout his career. Research analysts are sector specialists with deep knowledge of their coverage areas. Our process blends a collaborative team mentality with individual accountability.

Portfolio Management



Christopher Smith
Portfolio Manager

Investment Results (%)

As of 30 June 2020	Average Annual Total Returns						
	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTTX	20.24	3.09	14.17	23.32	—	—	23.80
Advisor Class: APDTX	20.32	3.15	14.39	23.42	—	—	23.89
Institutional Class: APHTX	20.30	3.21	14.30	23.37	—	—	23.84
S&P 500® Index	20.54	-3.08	7.51	10.73	—	—	10.93

Source: Artisan Partners/S&P. Returns for periods less than one year are not annualized. Class inception: Investor (24 April 2017); Advisor (31 July 2018); Institutional (3 February 2020). For the period prior to inception, each of Advisor Class and Institutional Class's performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor or Institutional Class and each share's respective returns during that period would be different if such expenses were reflected.

Expense Ratios	ARTTX	APDTX	APHTX
Semi-Annual Report 31 Mar 2020	1.31	1.14	1.06
Prospectus 30 Sep 2019 ⁵	1.39	1.19	1.10

¹Unaudited, annualized for the six-month period. ²Excludes Acquired Fund Fees & Expenses as described in the prospectus. ³Unaudited, for the period from commencement of operations 3 Feb 2020 through 31 Mar 2020. ⁴Includes estimated expenses for the current fiscal year. ⁵See prospectus for further details.

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. Performance reflects agreements to limit the Fund's expenses, which would reduce performance if not in effect. The Fund's investments in initial public offerings (IPOs) made a material contribution to performance. IPO investments may contribute significantly to a small portfolio's return, an effect that will generally decrease as assets grow. IPO investments may be unavailable in the future.



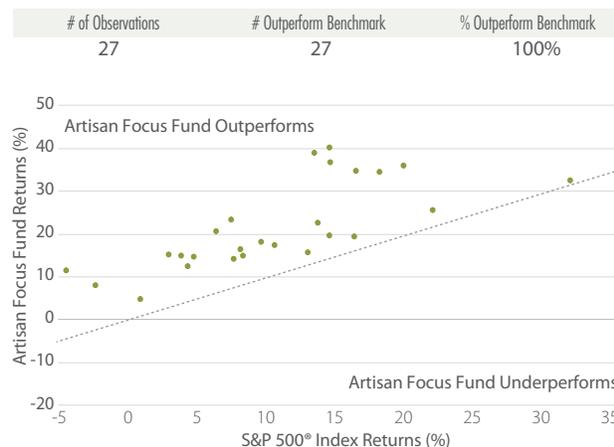
Performance Discussion

Our portfolio performed in line with the S&P 500® Index during the period to maintain YTD outperformance. Our returns were driven by positive security selection, but our allocation effects modestly detracted from relative returns. The dramatic reflation of risk assets during the quarter stands in stark contrast to the risk-off environment in Q1. Our market hedges and more balanced portfolio positioning helped us withstand the dramatic drawdown in Q1, but our more defensive posturing entering Q2 weighed on relative returns early in the quarter. Across themes, all of our largest themes contributed positively to returns—with notable strength in transformation of the enterprise, data monetization and digitization of commerce.

April marked the three-year anniversary of the Artisan Focus Fund, and we are pleased to have delivered both relative and risk-adjusted performance exceeding that of our benchmark and peer group. Over the last three years, the Artisan Focus Fund has been tested in a variety of market environments, with returns driven by extremes on both sides of the risk spectrum. Throughout, the Fund has successfully produced long-term capital appreciation by generating excess returns and limiting drawdowns. The Artisan Focus Fund has generated returns that have exceeded the S&P 500® Index's returns over all rolling 12-month periods since the Fund's inception, participating in 124% of market advances while capturing just 66% of broad market drawdowns (Exhibit 1).

Exhibit 1: Consistency of Returns

Rolling 12-Month Returns: Artisan Focus Fund vs. S&P 500® Index



Source: Artisan Partners/S&P. As of 30 Jun 2020. Past performance does not guarantee and is not a reliable indicator of future results. Returns based on month-end data from 1 May 2017 to 30 Jun 2020. Green dots indicate rolling 12-month returns of the Artisan Focus Fund (ARTIX, Y-axis) relative to the S&P 500® Index (X-axis). Dotted line differentiates outperformance or underperformance of the Fund relative to the index for the rolling periods. Inception: 24 Apr 2017.

Among top contributors during the period was wireless operator T-Mobile US Inc. T-Mobile is part of our transformation of the enterprise theme, which is focused on the growing digitization of society and the applications, service providers and infrastructure that will be required

to support the exponential growth in Internet traffic. The widespread adoption of 5G is a central element of this theme as it allows for the instantaneous communication and faster speeds required for the adoption of transformative new technologies. T-Mobile's recent merger with Sprint provides access to Sprint's large band of 2.5 GHz spectrum, which is crucial for T-Mobile's 5G aspirations. The merger gives T-Mobile significant spectrum advantage over other key US competitors like AT&T and Verizon, allowing it to quickly grow its 5G presence and slow subscriber churn. Shares performed well during the quarter as investors priced in substantial operating efficiencies related to its Sprint tie-up.

Other top contributors came from our data monetization theme, led by global information provider IHS Markit. The company provides mission-critical and proprietary data sets—often embedded into client workflows—to a variety of industries. Given the difficulty of replicating the firm's data sets and the high cost of switching, IHS Markit faces little direct competition in many of its core end markets. As a result, the company operates under a highly stable revenue model: More than 80% of company sales are supported by subscription services with mid-90% retention rates. That said, its resources and transportation units (roughly 50% of revenues) have faced pandemic-related challenges. Adverse market conditions have slowed demand for sector-specific products as corporate capex budgets are trimmed, but the company's recurring revenue model has helped offset some of this cyclicity. We trimmed our exposure in early Q1 based on valuation but aggressively added back to the name in early Q2—more than 25% from its Q1 highs. During the quarter, the company's shares rallied with other data-related peers. Long term, IHS Markit remains an attractive growth story given its runway for margin expansion and organic growth trends.

Among detractors was TJX Cos—a sustainable retail formats holding. The off-price retailer was among our top contributors in Q1 but came under pressure as unevenness in store reopenings weighed on revenue and margin expectations following widespread COVID-related closings in Q1. Despite near-term weakness, we believe the company is well-positioned to grow market share and capture the consumer migration away from full-price retailers. TJX leverages its extensive merchandising operations and proprietary inventory management system to source and sell high-value designer apparel and home décor at 20%-60% discounts relative to full-price peers. In our view, the company stands to benefit from pent-up demand coming out of the lockdown as its ability to source discounted merchandise from over-inventoried suppliers could lead to outsized profits in 2021. Importantly, the off-price channel remains relatively insulated from the disruptive forces of e-commerce. Several digital retailers, including Amazon.com, have tried to grow their off-price presence but have failed given the difficulty in recreating the treasure-hunt shopping experience virtually. Long term, we expect the pandemic will accelerate TJX's share gains as weaker brick-and-mortar retailers are forced to shutter operations or right-size their footprints due to limited store traffic.

Other detractors included data monetization holding Blackstone. The private equity shop continues sharpening its approach to deal due diligence, sourcing and portfolio management by leveraging its vast data resources across products and industries. Shares lagged during the period as investors priced in expectations for slightly lower fee-related revenues due to depressed valuations for its portfolio companies. While portfolio realizations are likely constrained in the near term, Blackstone is well positioned to opportunistically deploy dry powder across its diverse set of products, benefiting future performance and shareholder returns. Additionally, we believe that their superior historical return profile and diverse portfolio of products should allow them to continue to grow flows at a high single digit percentage annual rate for many years to come, particularly in light of the current low interest rate environment.

Across themes, we were able to use broad weakness early in Q2 to build positions in life sciences names that should benefit from the acceleration in global R&D spend expected to occur in a post-COVID world. Our life sciences theme was first introduced to the portfolio in early 2018 but was removed earlier this year based on valuations. Across our life sciences theme, we continue to believe strong and accelerating secular tailwinds in biopharmaceuticals and precision medicine, innovation related to diagnostics speed, and the proliferation of sequencing should drive organic growth above expectations, which in turn will support rising margins and returns on capital.

Notable life sciences theme holdings include Agilent and Thermo Fisher Scientific. Agilent has a number of attractive product tailwinds in its laboratory consumables, services and software businesses and is led by a management team with a strong history of strategic allocation decisions, while Thermo Fisher has a high level of recurring revenues and a diversified global footprint, and is accelerating its competitive moat with one of the largest R&D budgets in the industry.

Portfolio Positioning¹

As of June 30, 2020, the portfolio consisted of seven themes. The largest themes by weight were digitization of commerce (21.5%), transformation of the enterprise (21.1%), network infrastructure modernization (20.9%) and data monetization (20.6%). At quarter end, we held 33 companies, with the largest 5 holdings comprising 32.4% of the portfolio's net assets. Non-US companies comprised 9.0% of net assets, and the weighted average market cap of the portfolio was \$333 billion.

Portfolio Exposure by Current Theme¹

Themes	% of net assets
Digitization of Commerce	21.5
Transformation of the Enterprise	21.1
Network Infrastructure Modernization	20.9
Data Monetization	20.6
Automation of the Industrial Complex	8.2
Sustainable Retail Formats	5.8
Life Sciences	3.9
TOTAL	102.0%

Source: Artisan Partners. % of net assets represents the portfolio's exposures based on the economic value of investments and options are delta-adjusted. Cash and cash equivalents represented 2.8% of net assets.

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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. A non-diversified portfolio may invest a larger portion of assets in securities of a smaller number of issuers and performance of a single issuer may affect overall portfolio performance greater than in a diversified portfolio. The portfolio's use of derivative instruments may create additional leverage and involve risks different from, or greater than, the risks associated with investing in more traditional investments. High portfolio turnover may adversely affect returns due to increased transaction costs and creation of additional tax consequences. 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. 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.

This commentary represents the views of the manager as of 30 Jun 2020 and do not necessarily represent those of Artisan Partners. The views and opinions expressed are based on current market conditions, which will fluctuate and those views are subject to change without notice. While the information contained herein is believed to be reliable, there is no guarantee to the accuracy or completeness of any statement in the discussion. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

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S&P 500[®] Index measures the performance of 500 US companies focused on the large-cap sector of the market.

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For the purpose of determining the Fund's holdings, exposures are delta-adjusted at the issuer level and may include multiple securities of the same issuer. The holdings mentioned above comprise the following percentages of the portfolio net assets as of 30 Jun 2020: T-Mobile USA Inc 5.8%; IHS Markit Ltd 5.2%; The TJX Cos 4.3%; The Blackstone Group Inc 2.0%; Agilent Technologies Inc 2.4%; Thermo Fisher Scientific Inc 1.6%; Amazon.com Inc 4.3%. Securities named in the commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner.

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Portfolio statistics are obtained from various data sources and intended to provide a general view of the portfolio, or Index, at a point in time. Artisan Partners excludes outliers when calculating portfolio characteristics and may use data from a related security to calculate statistics if information is unavailable for a particular security. Exposure Pct Assets represents the portfolio's exposures based on the economic value of investments (including delta-adjusting options exposures). Delta-adjusted options exposure is a measure of the market exposure created by the options and accounts for the sensitivity of options to changes in price of the underlying security. In comparison, measuring the exposure of an option at the market value of the option or notional value can understate or overstate, respectively, the economic exposure and risk. This estimate of portfolio exposure is only an approximation of the portfolio at a point in time.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

Theme classifications are at the sole discretion of the team. Themes and constituents are as of the date indicated and are subject to change. Certain holdings have been reclassified subsequent to initial investment, which has impacted theme performance during the period. Portfolio sector classifications are defined by the investment team based on GICS.

Market Cap is the aggregate value of all of a company's outstanding equity securities. **Weighted Average** is the average of values weighted to the data set's composition. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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