Artisan Value Equity Strategy

QUARTERLY
Commentary

As of 30 September 2018

Investment Process

We seek to invest in companies that are undervalued, in solid financial condition and have attractive business economics. We believe that companies with these characteristics are less likely to experience eroding values over the long term.

Attractive Valuation

We value a business using what we believe are reasonable expectations for the long-term earnings power and capitalization rates of that business. This results in a range of values for the company that we believe would be reasonable. We generally will purchase a security if the stock price falls below or toward the lower end of that range.

Sound Financial Condition

We prefer companies with an acceptable level of debt and positive cash flow. At a minimum, we seek to avoid companies that have so much debt that management may be unable to make decisions that would be in the best interest of the companies' shareholders.

Attractive Business Economics

We favor cash-producing businesses that we believe are capable of earning acceptable returns on capital over the company's business cycle.

Team Overview

Everyone on the team functions as a generalist with respect to investment research and the entire team works together on considering potential investments.

Portfolio Management

James C. Kieffer, CFA
Portfolio Manager

Thomas A. Reynolds IV
Portfolio Manager

Daniel L. Kane, CFA
Portfolio Manager

Investment Results (%)

As of 30 September 2018	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Composite — Gross	**4.54**	**4.69**	**10.62**	**18.02**	**10.42**	**10.93**	**8.84**
Composite — Net	**4.36**	**4.15**	**9.86**	**17.22**	**9.66**	**10.12**	**8.00**
Russell 1000® Value Index	5.70	3.92	9.45	13.54	10.71	9.78	7.63
Russell 1000® Index	7.42	10.49	17.76	17.05	13.66	12.08	9.34

Annual Returns (%) 12 months ended 30 September

	2014	2015	2016	2017	2018
Composite — Gross	**12.34**	**-11.14**	**25.58**	**18.40**	**10.62**

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. [1]Composite inception: 1 July 2005.

Past performance does not guarantee and is not a reliable indicator of future results. Current performance may be lower or higher than the performance shown. Composite performance has been presented in both gross and net of investment management fees.

Investment Risks: Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in strategies denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. These risks, among others, are further described on the second to last page, which should be read in conjunction with this material.

Investing Environment

It's late in the economic cycle. How late? We can't rightly say. We certainly aren't going to use a feeble sports metaphor—the 7th inning, the 4th quarter, the 3rd period, etc.—to give you some false sense of precision. Having seen at least a few first hand, business cycles are more like the seasons, and we are confident this one will turn—like all the previous ones.

The third quarter's broad market volatility was due, in large part, to rising interest rates as the Federal Reserve continued along its rate-hike path. At the same time, escalating trade tensions and rising raw material prices combined to raise uncertainty around business prospects. Still, the US jobs market continued to tighten as the widening fiscal deficit helped extend this cycle even further. From loose monetary policy to fiscal stimulus to the effects of global exchange rates, timing cycles is something of a foolhardy endeavor. One of the benefits of experience is knowing this. Another benefit is knowing that when cycles turn, the investment opportunity set tends to get bigger, not smaller.

The business cycle is as natural as the changing seasons and having seen a few economic winters, we know that as certain as they are, spring is always around the corner.

Performance Discussion

Our portfolio trailed the Russell 1000® Value Index QTD. While our stock selection overall was additive to results, notably in the IT and industrials sectors, above-benchmark exposure to the consumer discretionary sector and below-benchmark exposure to the health care sector were contributing factors in underperformance. Stock selection in the communications services sector also detracted.

Our top QTD detractor was Facebook, whose stock price has yet to recover fully from a tough Q2. Facebook is a dominant social media platform with a robust net cash position and consistent free cash flow. It's likely to face persistent negative headlines for some time, with continued fallout from the 2016 election, intensifying focus on "fake news" and other bad actors using the platform, and the transition from the traditional Facebook model to "stories" as a new social media feature. We expect revenue growth for 2018 and 2019 will be slower than previously forecast. Former growth or momentum investors may be upset with higher expense guidance, but we believe the company's focus on protecting its community and enhancing the user experience will preserve and potentially expand an already dominant market position, driving long-term shareholder value. We are under no illusions that Facebook's path will be a smooth one, so we maintain our disciplined cash-flow-based valuation framework.

The car dealer AutoNation was another detractor in the face of cyclical pressures, weakening US auto sales and the potential negative effects of tariffs. Despite policy uncertainty and weaker-than-expected Q2 earnings, AutoNation continues to be a highly profitable, well-financed, cash-generating business, with management engaged in creating per-share value for shareholders. When considering a range of outcomes in earnings power and a variety of macroeconomic scenarios, the business looks attractively valued. We believe this is an opportunity to own a quality franchise at an undemanding valuation.

Fully engaged in executing on its plan to buy back shares and sell non-core assets, Devon Energy's stock price was nonetheless down 12% from its high in Q3, leading it to be a notable detractor from relative returns. While management expects to have positive free cash flow in the second half of the year, investors have struggled with distinct and separate issues related to its three main plays, including the Delaware basin of the Permian, the Stack play in Oklahoma and its Canadian oil sands operation. Still, we believe these are all good assets and will perform strongly barring major downside shocks to energy prices. Furthermore, management continues to be a big believer in its assets and capital return paradigm, and it expects to complete its $4 billion share-repurchase program in early 2019. The company is on track to repurchase nearly 20% of its outstanding common stock.

Top contributors included Apple and Berkshire Hathaway. Each continues to benefit from good execution and positive sentiment from earlier in the quarter. Of course, Apple's recent product launches have been well received.

By migrating the mix of their backlog away from the more volatile energy industry, specifically servicing downstream petrochemical facilities, technical and construction services firm Jacobs Engineering has benefited from improving execution, rising backlogs and a shift of the portfolio toward better target profitability in areas like government services, information systems, cybersecurity, infrastructure and water. The market agrees with this shift in focus, and we have trimmed our position here as well on some of this strength.

Another top contributor was Oracle, a popular enterprise information management software provider. How do we know it's popular? Chairman and major shareholder, Larry Ellison, reminds listeners on every earnings call that Salesforce.com, SAP and even Amazon are among Oracle's customers. In Q3, the company used free cash flow to finance an acquisition, pay a dividend, reduce debt and buy back shares. We continue to like this name for its smart, shareholder-friendly use of capital.

Portfolio Activity

NXP Semiconductors, a global semiconductor company, was a new purchase in the quarter. The company designs semiconductors and software for mobile communications, consumer electronics, security applications, in-car entertainment and networking. After a merger with Qualcomm fell through in July, the valuation became increasingly attractive as the merger arbitrage community sold out of its NXP holdings, creating an opportunity for our purchase. With 49% of revenue coming from the automotive end market, NXP is positioned to benefit from the underlying trend toward auto electrification. Bear in mind, however, that electrification is not a straight-line evolution for the automotive industry; there will be ups, downs and all sorts of volatility along the way. Furthermore,

interactions with management suggest to us that the firm is focused on generating cash flow and returning it to the shareholders.

We continued to pare our NewsCorp holdings, finally selling out of the position in Q3.

Perspective

At this point in the economic cycle, valuations are stretched, and the opportunity set has narrowed. We believe avoiding high-valuation areas can itself be a way to mitigate risk in this environment, as well as be a source of alpha for the portfolio. But it can't be stressed enough: we will continue vigilantly monitoring for any new opportunities as broad market pullbacks or policy-induced panics provide us the necessary margins of safety.

Managing risk is at the core of our process. We manage business risk by looking for companies that have solid return on capital and cash flow capabilities. We manage financial risk by focusing on balance sheet strength. We manage valuation risk by seeking stocks that are out of favor and are selling cheaply. We believe that sticking to our investment discipline—seeking cash producing businesses in strong financial condition that are selling at undemanding valuations—is the best approach for compounding returns over a market cycle.

For more information: Visit www.artisanpartners.com

Investment Risks: 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. These risks, among others, are further described in Artisan Partners Form ADV, which is available upon request.

Unless otherwise indicated, the Artisan Strategy characteristics relate to that of an investment composite or a representative account managed within a composite. It is intended to provide a general illustration of the investment strategy and considerations used by Artisan Partners in managing that strategy. Individual accounts may differ, at times significantly, from the reference data shown due to varying account restrictions, fees and expenses, and since-inception time periods, among others. Where applicable, this information is supplemental to, and not to be construed with, a current or prospective client's investment account information.

Securities of the same issuer are aggregated to determine a holding's weight in the portfolio. Securities referenced may not represent all of the securities in the portfolio. If certain information is unavailable for a particular security Artisan Partners may use data from a related security to calculate portfolio characteristics. All information in this report is as of the date shown in the upper right hand corner unless otherwise indicated and is subject to change without notice. Totals may not sum due to rounding.

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.

Net-of-fees composite returns were calculated using the highest model investment advisory fees applicable to portfolios within the composite. Fees may be higher for certain pooled vehicles and the composite may include accounts with performance-based fees. All performance results are net of commissions and transaction costs, and have been presented gross and net of investment advisory fees. Dividend income is recorded net of foreign withholding taxes on ex-dividend date or as soon after the ex-dividend date as the information becomes available to Artisan Partners. Interest income is recorded on the accrual basis. Performance results for the Index include reinvested dividends and are presented net of foreign withholding taxes but, unlike the portfolio's returns, do not reflect the payment of sales commissions or other expenses incurred in the purchase or sale of the securities included in the indices.

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.

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This summary represents the views of the portfolio manager as of 30 Sep 2018. Those views and portfolio holdings are subject to change and Artisan Partners disclaims any obligation to advise investors of such changes. The discussion of portfolio holdings does not constitute a recommendation of any individual security. For a complete list of holdings by contribution to the strategy, refer to the Contributors to Return chart.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **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. **Alpha** is a quantitative measure of the volatility of the portfolio relative to a designated index. A positive alpha of 1.0 means the fund has outperformed its designated index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%.

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Artisan Value Equity Strategy

Quarterly Contribution to Return (%)

As of 30 September 2018

Top Contributors	Average Weight	Contribution to Return	Ending Weight
Apple Inc	4.20	0.87	3.98
Berkshire Hathaway Inc	4.05	0.55	4.21
Oracle Corp	3.06	0.50	3.24
Jacobs Engineering Group Inc	2.13	0.42	1.99
Allergan PLC	2.68	0.37	2.77
Cisco Systems Inc	2.61	0.35	2.81
Medtronic PLC	2.30	0.35	2.44
Air Lease Corp	3.41	0.31	3.49
Alphabet Inc	4.69	0.31	4.65
Citigroup Inc	3.83	0.29	3.86
Nutrien Ltd	3.50	0.24	3.63
Comcast Corp	2.77	0.22	2.76
Cardinal Health Inc	1.73	0.20	1.81
Hess Corp	2.61	0.19	2.58
Expedia Group Inc	1.71	0.15	1.71
Chubb Ltd	2.14	0.12	2.10
Qurate Retail Inc	2.30	0.11	2.40
GCI Liberty Inc	0.82	0.10	0.86
Simon Property Group Inc	2.02	0.10	2.00

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
Facebook Inc	2.76	-0.45	2.49
AutoNation Inc	2.53	-0.41	2.46
Devon Energy Corp	2.63	-0.24	2.26
LyondellBasell Industries NV	2.34	-0.14	2.18
Synchrony Financial	2.71	-0.14	2.70
Wells Fargo & Co	2.89	-0.13	2.64
Cie Generale des Etablissements Michelin SCA	2.98	-0.05	3.07
DowDuPont Inc	2.29	-0.04	2.16
NXP Semiconductors NV	0.05	-0.04	1.09
Occidental Petroleum Corp	2.72	-0.02	2.75
News Corp	0.26	-0.01	0.00
Samsung Electronics Co Ltd	2.57	0.03	2.65
Cash Holdings	6.84	0.04	6.25
The Goldman Sachs Group Inc	2.23	0.04	2.13
EOG Resources Inc	1.89	0.05	1.97
Apache Corp	1.92	0.05	2.02
Celanese Corp	1.69	0.06	1.67
CBS Corp	2.73	0.08	2.83
Oaktree Capital Group LLC	2.22	0.08	2.22
Liberty Expedia Holdings Inc	1.18	0.09	1.18

Source: Artisan Partners/FactSet. **Performance is historical and is not a reliable indicator of future results.** As of 30 Sep 2018. These investments made the greatest contribution to, or detracted most from, performance during the period based on a representative account within the strategy Composite. Upon request, Artisan will provide: (i) the calculation methodology and/or (ii) a list showing the contribution of each holding to overall performance during the measurement period. Securities of the same issuer are aggregated to determine the weight in the portfolio. % Contribution to Return is calculated by FactSet by multiplying a security's weight in the portfolio by its in portfolio return for the period referenced and does not take into account expenses of the portfolio. Purchases/sales are accounted for by using end of the day prices, which may or may not reflect the actual purchase/sale price realized by the portfolio.