Artisan Value Equity Strategy

QUARTERLY
Commentary

As of 31 December 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.

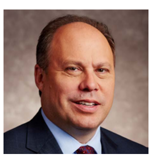
Attractive Business Economics

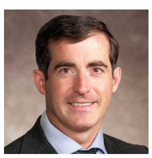
We favor cash-producing businesses that we believe are capable of earning acceptable returns on capital over the company's business cycle.

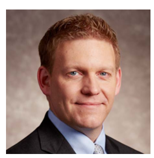
Team Overview

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 (%)

			Average Annual Total Returns				
As of 31 December 2018	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Composite — Gross	**-17.60**	**-13.73**	**-13.73**	**9.53**	**5.00**	**11.86**	**7.13**
Composite — Net	**-17.75**	**-14.34**	**-14.34**	**8.78**	**4.27**	**11.04**	**6.30**
Russell 1000® Value Index	-11.72	-8.27	-8.27	6.95	5.94	11.17	6.49
Russell 1000® Index	-13.82	-4.78	-4.78	9.08	8.21	13.27	7.96

Annual Returns (%) 12 months ended 31 December

	2014	2015	2016	2017	2018
Composite — Gross	**5.90**	**-8.30**	**30.22**	**16.99**	**-13.73**

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

Investors faced a rocky year amid heightened financial market volatility, punctuated by major price declines in February, October and December. The dominant concerns were largely consistent throughout the fourth quarter, namely ratcheting trade tensions between the US and China, tightening monetary policy, and the potential for slower global economic growth.

Most asset classes underperformed cash in 2018, and the major equity indices closed in negative territory for Q4. The US was among the bottom performers in the quarter, but led most major indices for 2018, which is an ignominious distinction since the S&P 500® Index notched its worst calendar year since the global financial crisis' conclusion.

Tighter US monetary policy was a prevalent theme as the US economy remained strong. Substantial fiscal stimulus in the form of tax cuts contributed to growth in the economy and in corporate profits. Citing strong economic fundamentals, the Federal Reserve continued normalizing policy—hiking its benchmark rate four times in 2018 and continuing to unwind its balance sheet. Even so, conflicting signals about the underlying health of economic conditions and financial markets' weakness contributed to investors' questioning whether the Fed was being too aggressive in its approach.

For the Russell 1000® Value Index, the energy sector was the big loser in the quarter as oil prices collapsed. The industrials, materials, financials, consumer discretionary and technology sectors also suffered notably. Utilities were the sole sector in the black over the quarter as investors shunned more cyclically oriented names. Value stocks generally trailed growth stocks for the year. From a size perspective, larger companies tended to hold up better for the year overall as volatility likely swayed investors' preference toward the liquidity found in larger stocks.

Performance Discussion

Our portfolio trailed the Russell 1000® Value Index QTD. A stunning equity selloff in December rocked the energy sector amid sinking oil prices. With crude oil prices off approximately $30 per barrel over the quarter and energy the worst performing sector in the index, it's of little surprise the exploration and production firms—particularly Hess, Apache and Devon—were among our largest detractors.

Weakness in airline stocks, tensions with China and the outlook for consumer spending bled into the aircraft lessors, and Air Lease Corp was our largest detractor on the quarter. However, demand for air travel by the global emerging middle class and the rise of ultra-low-cost carriers provide secular tailwinds in the long term. Air Lease is priced at a discount to book value, and we added to the position on the weakness as we continue to believe management has positioned the company as the industry leader. We had sold the position size down somewhat earlier in the year.

Apple was a top detractor. At the end of 2018, Apple pre-announced results were going to be significantly lower than the estimates given investors two months prior. The primary reason for slowing iPhone sales is weak demand in China. While we are disappointed by the recent results, we continue to believe the market underappreciates Apple's long-term business prospects. Our view remains Apple will continue to earn outsized profits despite relying on hardware sales due to the iOS operating system, which can only be accessed via Apple devices. Looking past the current weak results we also see a rising install base of Apple devices, which contributes to rising services revenue. We believe the rising install base shows a healthy business, and Apple's ability to monetize the install base, should lead to rising profits over time. On top of what we think is an excellent business, Apple has a strong net cash position, which management is returning aggressively to shareholders.

We closed our position in Simon Property Group, a real estate investment trust, which was the top contributor QTD as the business reached what we considered full value.

Also among our top contributors in Q4 were a couple new names—SunTrust Banks and Sanofi.

SunTrust Banks, a super-regional bank with its locus in the fast-growing southeast US, is another case of low expectations. We believe it is fetching a price that reflects trough-like assumptions. This is a much different (i.e., better) bank than it was a decade ago. Management is disciplined on expense lines, and the stock offers a strong capital return yield (dividends plus buybacks).

Global pharmaceuticals company Sanofi is an off-index name. After five years of deep underperformance versus a variety of indices and peers, Sanofi's valuation is compelling. We believe their vaccines portfolio is particularly appealing, delivering steady EBIT in what is a higher-multiples business with high barriers to entry. We are encouraged by the path its new management has embarked upon since taking over in 2015.

Portfolio Activity

In addition to closing our position in Simon Property Group, we exited Expedia and Liberty Expedia Holdings. We did not sour on the online travel agencies, but saw an opportunity to buy a better online travel business at a similar valuation to Expedia—Booking Holdings, the corporate entity behind Booking.com, priceline.com, and OpenTable, among other popular brands. The drivers of Expedia and Booking are similar, but in our view Booking has the upper hand as a business for multiple reasons. For one, Booking has a single platform which allows for a lower cost structure and less capital expenditure. Second, Booking is the dominant online travel agency in Europe, where the majority of hotels are independently owned, giving the hotel operators less bargaining power with Booking. Furthermore, Booking has a better balance sheet and generates more free cash flow on their marketing spend due to scale advantages than Expedia.

In the December swoon, international shipper FedEx—our latest acquisition—was under pressure as investors feared slowing global trade. Furthermore, FedEx indicated its integration of TNT Express was going to take longer and cost more than originally planned. We have long admired FedEx but only recently have we found the asking price of the business disconnected from our assessment of business value. FedEx operates a global network which enables the express shipment of goods to almost every corner of the globe, with time-definite delivery, in under seventy-two hours. It is the largest express air carrier in the world with industry leading speed and reliability performance. Additionally, FedEx operates a ground delivery business in the attractively structured US market. The logistics business is highly cyclical, which will lead to pressure on profits in an economic downturn. When we initiated our purchase, we assessed the market was pricing FedEx at a value which assumed a recession was around the corner. Taking a longer view, we think the majority of outcomes for FedEx in the years ahead lead to higher earnings and a better multiple as returns on capital improve once the TNT Express integration is complete and global trade fears subside.

Perspective

Volatility begets opportunity. Our process is designed to take advantage of the discounts that can manifest when fear and uncertainty drive prices away from their intrinsic values. While recent market action may have widened that gap, discounts are not yet widely available. We like how the portfolio is positioned, and we will continue engaging in new opportunities where valuations warrant. However, at this point in the economic cycle, we believe avoiding high-valuation areas can continue be a source of alpha for the portfolio.

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.

Business Update

We are pleased to announce that Craig Inman has been named a portfolio manager for the Artisan Value Equity Strategy and Artisan U.S. Mid-Cap Value Strategy, effective February 1. Craig joined our team in 2012 and is being promoted to portfolio manager in recognition of the quality of his recommendations over the years, providing him an opportunity to broaden his leadership and influence on the portfolios.

His most recent promotion does not change our decision-making process. Rather, it is a reflection of our view of his abilities as a decision maker and the value he has created for our shareholders during his tenure.

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. 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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This summary represents the views of the portfolio manager as of 31 Dec 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%. **Book Value** is the net asset value of a company, calculated by total assets minus intangible assets and liabilities. **Earnings Before Interest & Tax (EBIT)** is an indicator of a company's profitability, calculated as revenue minus expenses, excluding tax and interest. **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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A R T I S A N P A R T N E R S

Artisan Value Equity Strategy

Quarterly Contribution to Return (%)

As of 31 December 2018

Top Contributors	Average Weight	Contribution to Return	Ending Weight
Simon Property Group Inc	1.81	0.10	0.00
Cash Holdings	4.25	0.02	1.62
SunTrust Banks Inc	0.02	0.01	0.91
Sanofi	1.92	0.00	2.92
Expedia Group Inc	0.64	-0.01	0.00
Chubb Ltd	2.23	-0.06	2.49
Oaktree Capital Group LLC	2.41	-0.06	2.61
Liberty Expedia Holdings Inc	0.47	-0.08	0.00
Comcast Corp	3.12	-0.11	3.25
Berkshire Hathaway Inc	4.51	-0.16	5.12
GCI Liberty Inc	0.86	-0.17	0.85
Medtronic PLC	2.54	-0.18	2.76
Booking Holdings Inc	1.66	-0.22	2.83
NXP Semiconductors NV	2.71	-0.29	3.06
AutoNation Inc	2.45	-0.29	2.59
Qurate Retail Inc	2.56	-0.30	2.58
Cisco Systems Inc	2.90	-0.30	3.07
Wells Fargo & Co	2.82	-0.32	2.83
DowDuPont Inc	2.39	-0.33	2.75
Oracle Corp	3.00	-0.34	2.94
Celanese Corp	1.99	-0.34	2.38

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
Air Lease Corp	3.21	-1.22	3.03
Apple Inc	3.79	-1.19	3.66
Citigroup Inc	3.73	-1.05	3.43
Devon Energy Corp	1.88	-0.96	1.47
Apache Corp	1.70	-0.90	1.29
Hess Corp	1.75	-0.89	1.23
Allergan PLC	2.61	-0.86	2.38
CBS Corp	2.86	-0.70	2.63
Occidental Petroleum Corp	2.54	-0.66	2.36
EOG Resources Inc	1.81	-0.65	1.65
Synchrony Financial	2.60	-0.63	2.63
The Goldman Sachs Group Inc	2.41	-0.62	2.26
Alphabet Inc	4.56	-0.54	4.92
Nutrien Ltd	2.83	-0.50	2.51
Facebook Inc	2.47	-0.49	2.63
Cie Generale des Etablissements Michelin SCA	2.94	-0.46	3.13
Jacobs Engineering Group Inc	2.00	-0.45	2.12
Samsung Electronics Co Ltd	2.58	-0.39	2.62
LyondellBasell Industries NV	2.08	-0.37	1.86
Cardinal Health Inc	1.92	-0.35	1.83
FedEx Corp	0.46	-0.35	2.79

Source: Artisan Partners/FactSet. **Performance is historical and is not a reliable indicator of future results.** As of 31 Dec 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.