Artisan Value Equity Strategy

QUARTERLY
Commentary

As of 30 June 2019

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.

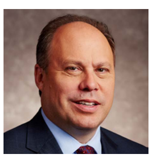
Attractive Business Economics

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

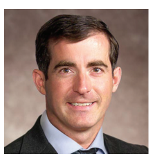
Team Overview

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

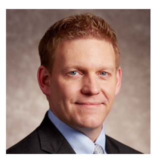
Portfolio Management



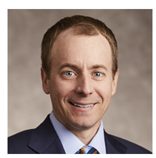
James C. Kieffer, CFA
Portfolio Manager



Thomas A. Reynolds IV
Portfolio Manager



Daniel L. Kane, CFA
Portfolio Manager



Craig Inman, CFA
Portfolio Manager

Investment Results (%)

			Average Annual Total Returns				
As of 30 June 2019	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception[1]
Composite — Gross	**4.40**	**18.47**	**2.05**	**10.68**	**6.55**	**12.46**	**8.17**
Composite — Net	**4.22**	**18.07**	**1.35**	**9.92**	**5.82**	**11.66**	**7.33**
Russell 1000® Value Index	3.84	16.24	8.46	10.19	7.46	13.19	7.40
Russell 1000® Index	4.25	18.84	10.02	14.15	10.44	14.76	9.00

Annual Returns (%) 12 months ended 30 June

	2015	2016	2017	2018	2019
Composite — Gross	**-2.27**	**3.66**	**19.72**	**10.97**	**2.05**

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 near the back of this document, which should be read in conjunction with this material.

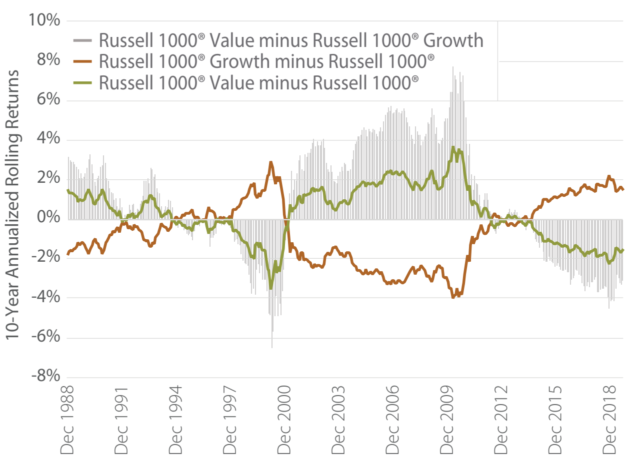
Investing Environment

In the second quarter, the US economy clocked a 10th straight year of expansion, tying the post-war record of 120 months set over the 1991-2001 period, even as some indicators flashed warnings signs. The yield curve, as measured by the difference between long-term and short-term US Treasury yields, was inverted for the entire quarter. Historically, an inverted yield curve has portended recession. Among the G7 economies, manufacturing activity deteriorated materially. Against this softening macro backdrop, investors had to contend with downgraded corporate earnings expectations. Ever the economic and financial markets put option, the Federal Reserve swiftly shifted from rate hikes at the end of last year to signaling the likelihood of rate cuts as early as July this year.

With the prospects for an escalating Sino-US trade-war looming, the central bank's dovishness was heartily welcomed by equity markets, which broadly performed well in Q2. After some hiccups in May, the S&P 500® Index made a new all-time high on June 20. In fact, for the S&P 500® Index, the first six months of 2019 were the best first half since 1997.

Over the last five years, the Russell 1000® Growth Index has beaten the Russell 1000® Value Index in 16 of 21 quarters—and cumulatively over the first and second quarter of 2019 by almost 500bps. Valuation spreads—the difference in valuation metrics, like P/E multiples, between the richest and cheapest stocks—are at some of the widest levels of the post-war era. History suggests rich stocks can't stay rich forever and cheap stocks don't stay cheap forever. Exhibit 1 illustrates how the Russell 1000 style index returns (trailing 10 years) deviate from the core index in mean-reverting ways. When value underperforms growth, it also underperforms the core; over time, this relationship swings back and forth like a pendulum, but for the time being, value remains out of favor.

Exhibit 1: Value-Growth Pendulum



Source: Artisan Partners/FactSet/Russell. As of 30 Jun 2019. 10-year rolling returns, Russell 1000® Growth Index vs. Russell 1000® Value Index; Russell 1000® Growth Index and Russell 1000® Value Index vs. Russell 1000® Index. **Past performance is not a reliable indicator of future results.**

Performance Discussion

Our portfolio outpaced the Russell 1000® Value Index in Q2, led by strong stock selection in the consumer discretionary, health care and information technology sectors. Our lack of exposure to the real estate and consumer staples sectors also contributed positively to relative returns. Communication services and financials holdings detracted.

Our top three performers included Air Lease, which rebounded 21% after the market digested the Boeing 737 Max grounding news; Citigroup, which was up 13%; and Facebook, up almost 16% amid its crypto-currency launch.

The single biggest contributor to return in the second quarter was airplane leasing firm Air Lease Corp. Demand for air travel from the global emerging middle class, along with the rise of ultra-low-cost carriers, provides secular tailwinds to the business. In the near term, as Boeing's 737 Max remains grounded and continues facing regulatory scrutiny, carriers will need aircraft to cover those routes. Air Lease maintains a diversified, young fleet of fuel-efficient, low operational-cost aircraft, which could see increased demand. Furthermore, where Air Lease owns 737 Max jets, the carriers are required to pay the leases whether the planes fly or not. In sum, we believe this business model is well-built for various cyclical and secular environments, and management has positioned the company as the industry leader.

Financials led the index, and global financial services holding company Citigroup was a top performer in our portfolio. The market has been overly critical of this name and may slowly be recognizing this global bank is cheap to peers and on track for strong return-on-equity performance. By continuing to be disciplined on expenses, even slight revenue improvements can lead to improving returns on tangible equity. Lower tax rates haven't hurt, either. The company is highly diversified by region and product, which can create sentiment headwinds or tailwinds but over the long term should serve as a benefit. For example, Citi's large exposure to Mexico can cause short-term stock price fluctuations based on the latest trade-war Tweets. However, Citi has built one of the strongest balance sheets among all international banks, which coupled with prudent amounts of diversification should help create and defend intrinsic value over time. Cost-cutting efforts have succeeded at raising profits above expectations, and management continues to repurchase shares at a discount to tangible book value.

Top-three contributor Facebook, while historically a growth-oriented company, has matured into an industry-dominating, global social media platform with a healthy balance sheet and consistent free cash flow. Applying our disciplined investment process, Facebook met our margin of safety criteria on balance sheet and business economics. Then, when the valuations tumbled in 2018, we initiated our ownership position.

While it's not core to the value proposition, we recognize that Facebook—as a platform—will use its dominant market position, massive global scale and strong network effects to generate new products and revenue streams. Libra is the most recent and highest profile example of this product development, and we believe it is a promising venture. While Libra seizes upon the cryptocurrency zeitgeist and will be built on blockchain technology, it looks more like payments-facilitator Venmo than bitcoin. We believe if Facebook can navigate the regulatory oversight—no small challenge—and integrate Libra into WhatsApp and Messenger, it can leverage the massive user base to be a leader in cross-border remittances and peer-to-peer payments at a scale that would be difficult for other firms in the space to reach organically. For Instagram and Facebook, Libra would be another way of closing the loop from advertising to purchase, meaning if you see the ad on Facebook or Instagram, then buy the product later with Libra, the company knows how effective the marketing was. Most importantly, Libra's success isn't currently reflected in the share price and is not a part of our upside analysis. It has the potential to bring growth investors back to the stock in droves paving the way for our exit.

While Facebook was a contributor, the communication services sector itself was a drag on relative returns for our portfolio, thanks exclusively to Internet search giant Alphabet, which was under pressure in the quarter due to slower revenue growth and rising expenses. The intensifying rhetoric from Washington, DC, to investigate the large US tech companies didn't help either. Slower growth and higher expenses seem to chase away the growth-oriented investors who want a more immediate return. We remain vigilant about Alphabet's free spending ways, but believe their investments in the business will result in reasonable returns on capital. We also aren't naïve to the possibility of greater regulatory oversight of Alphabet in the US, but believe it is not a risk that is likely to materially change the economics of the business or result in excessive fines in the near-term. In our view, Alphabet remains an exceptionally attractive investment and fits squarely in our margin of safety criteria. To summarize the case, the moats around Alphabet's businesses are some of the best we have ever analyzed, the business is growing revenue almost 20% per year organically, the balance sheet is a fortress, and the asking price is below the market average. For these reasons, Alphabet remains a top holding in the portfolio.

Global shipping and logistics firm FedEx was a top detractor in Q2. Despite a strong market position in domestic ground delivery, rising trade tensions and risks of any ensuing economic weakness weighed on the valuation. In addition, softer revenues, margin compression and decelerating Asian airfreight activity are pressuring profits. We continue to believe FedEx has a durable franchise, which is rising in value and should trade for a higher multiple over time. We have added to the position on the weakness.

Television and online retailer Qurate (parent company of QVC and HSN) was among the largest detractors from relative returns in both the first and second quarters of 2019. The laundry list of negatives for this name continues to get longer: margin pressure, demand headwinds, weaker free cash flow, etc. When we bought this company in its original iteration, QVC, we loved the nature of the TV shopping business. It's capex-light, and inventory can be managed in practically real time, which, along with a relatively small expense base, means generally high profits and consistent free cash flow. This core business model remains an attractive investment opportunity, even if it faces competitive headwinds. Unfortunately, we don't own only the base business anymore. Over the past few years, Qurate has mis-stepped through a couple acquisitions which have been within our tolerance levels. But it's management's decision to expand into digital sales and distribution that concerns us as investors. It's just not a good transition given Qurate's core competencies. The problems are numerous: It's expensive (i.e., sky-high customer acquisition costs), price transparency is higher than TV and overall prices lower (i.e., margin pressure), customers exhibit less loyalty, and the capital requirements are more intense. Our view is that Qurate is intentionally raising business and execution risks by embarking on the transition to the digital retailing business, and we are exiting the position.

Portfolio Activity

Regarding this quarter's sales, we sold our position in Hess, an E&P stock that has run ahead of fundamentals given investor excitement about an Exxon partnership project off the coast of Guyana. Hess jumped 6.5% in a quarter where energy stocks broadly declined, and we used the strength to sell out of our position. Among those declining energy names was our other sale, Occidental Petroleum, which posted a -23% total return over the second quarter. We have been tactically paring our energy exposure for the past several quarters. So, while we recognize the challenges to Occidental's purchase of Anadarko, none of those issues factored into our selling decision.

Shifting from the tactical to the strategic, it's been an interesting late-cycle period for M&A—and for our portfolio—not least because of the Occidental-Anadarko deal. Of the 37 securities we hold, four are actively involved in a merger or acquisition: Allergan (acquired by Abbvie), Raytheon (merger with UTC), SunTrust (merger with BB&T) and Oaktree (acquired by Brookfield). We don't go shopping for acquisition targets; that's just not part of how we approach the markets. However, when we put our process to work and evaluate investment opportunities using our margin of safety criteria, we are doing the same kind of work a strategic acquirer would do when seeking high-quality businesses at undemanding valuations. As a result, we're not surprised to see a handful of names in the portfolio enter into transactions at any given time. And just as we're not surprised now, we wouldn't be surprised to see other holdings get tied-up in M&A deals within our investment horizon.

Perspective

Our portfolio construction is rooted in a conscientious, risk-aware stock selection process that emphasizes margin of safety. The result is a stable of stocks that look very different from the index. We believe these companies are differentiated because of the sensible way they deploy and allocate capital, the strength of their balance sheets and how they run the businesses for long-term value creation. We want to be aligned with these types of companies, especially at this point in the cycle when elevated prices pervade.

Despite recent headwinds to our style and strategy, we have continued to stick to our philosophy of owning better businesses with solid balance sheets that are trading at cheaper valuations. While there are many areas of the market that are quite uninteresting from a valuation perspective, there are also some that are priced with substantive margins of safety due the effects of cyclicality and controversy. Our ability to look through negative fluctuations in investor sentiment and focus on the health of the business is what makes our process time-tested and relevant.

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. Russell 1000® Growth Index measures the performance of US large-cap companies with higher price/book ratios and forecasted growth values.

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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. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **Tangible Book Value** is a measure of a company's shareholder equity after removing any intangible assets. **Tangible equity** (a.k.a. tangible common equity) is calculated by subtracting intangible assets and preferred equity from book value.

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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 30 June 2019

Top Contributors	Average Weight	Contribution to Return	Ending Weight
Air Lease Corp	3.34	0.64	3.63
Citigroup Inc	3.75	0.47	3.93
Facebook Inc	3.12	0.42	3.31
AutoNation Inc	2.46	0.39	2.60
NXP Semiconductors NV	3.45	0.34	3.48
Cie Generale des Etablissements Michelin SCA	3.05	0.33	3.12
Allergan PLC	2.09	0.32	2.54
Jacobs Engineering Group Inc	2.31	0.27	2.05
Synchrony Financial	3.20	0.27	3.27
Berkshire Hathaway Inc	4.47	0.27	4.61
Booking Holdings Inc	3.07	0.26	3.40
Celanese Corp	2.29	0.22	2.39
Medtronic PLC	2.48	0.19	2.64
Comcast Corp	3.43	0.19	3.44
Apple Inc	4.12	0.19	4.19
The Goldman Sachs Group Inc	2.28	0.15	2.36
Samsung Electronics Co Ltd	2.54	0.15	2.76
Corteva Inc	0.23	0.14	0.00
CBS Corp	2.54	0.14	2.56
Chubb Ltd	2.37	0.13	2.42

Bottom Contributors	Average Weight	Contribution to Return	Ending Weight
Alphabet Inc	4.68	-0.41	4.38
FedEx Corp	2.75	-0.27	2.65
Occidental Petroleum Corp	0.64	-0.25	0.00
Qurate Retail Inc	0.79	-0.20	0.03
Dow Inc	1.31	-0.15	1.49
Apache Corp	0.82	-0.14	0.76
Raytheon Co	2.71	-0.12	2.74
Devon Energy Corp	1.02	-0.11	0.98
Cardinal Health Inc	1.62	-0.03	1.65
EOG Resources Inc	1.50	-0.03	1.50
Wells Fargo & Co	1.77	-0.02	1.79
DuPont de Nemours Inc	2.10	0.01	2.12
Cash Holdings	5.92	0.03	5.37
Hess Corp	0.32	0.04	0.00
Oaktree Capital Group LLC	2.77	0.05	2.77
Sanofi	2.61	0.07	2.79
Nutrien Ltd	2.37	0.07	2.43
Cisco Systems Inc	3.33	0.08	3.30
Oracle Corp	1.51	0.10	1.60
GCI Liberty Inc	1.05	0.10	1.09
SunTrust Banks Inc	1.81	0.11	1.85

Source: Artisan Partners/FactSet. **Performance is historical and is not a reliable indicator of future results.** As of 30 Jun 2019. 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.