Artisan Partners U.S. Value Team

Investment Philosophy and Process

Artisan Value Equity Strategy
Artisan U.S. Mid-Cap Value Strategy
Artisan Value Income Strategy

ARTISAN PARTNERS

We seek cash-producing businesses in strong financial condition that are selling at undemanding valuations.

An In-Depth Discussion with Eric Colson, CEO

A Distinctive Investment Culture

Visit: www.artisanpartners.com/InvestmentCulture

Portfolio Managers (L-R):

Thomas A. Reynolds IV

Daniel L. Kane, CFA

Craig J. Inman, CFA

All team members share a strong commitment to value, quality and risk control that has remained constant since the inception of the team.

Artisan Partners U.S. Value Team

Our Investment Team

Our investment team is led by three portfolio managers—Dan Kane, Tom Reynolds and Craig Inman. Dan joined the team in 2008, Craig joined in 2012, and Tom came on board in 2017. We have a collaborative approach to investing, and each member has a high level of trust and confidence in each other's capabilities. Together we manage Artisan Value Strategy, Artisan U.S. Mid-Cap Value Strategy and Artisan Value Income Strategy.

Though our title is "portfolio manager," we think of ourselves as stock pickers. Each of us functions as a generalist with respect to investment research, and the entire team works together on considering potential investments. A significant amount of discussion is had between team members before a stock is added to a portfolio. We interact on a daily basis, challenging each other's ideas and ways of thinking. We regularly discuss the risks involved with each individual investment idea so that we can best understand where to position a holding within the portfolio. We do not operate under a hierarchy, though each investment has a portfolio manager sponsor.

Our Investment Philosophy

Our investment philosophy can be summarized by the following statement: *We seek cash-producing businesses in strong financial condition that are selling at undemanding valuations.* Our effort is geared towards stacking the deck in our favor, i.e. we want the business on our side, the balance sheet on our side and valuation on our side. Since our team was established in 1997, experience has taught us that investing in companies with these characteristics tilts the risk/reward in our favor over the long term.

From a valuation perspective, we desire companies that are trading at a distinct discount to underlying worth. Our process is geared toward investing in low expectation situations. These situations are often found in areas of the market where high levels of fear and anxiety exist. Our belief is that if a high level of pessimism is already baked into the stock, risk/reward will be tilted in our favor.

We seek companies with healthy balance sheets, strong liquidity and financial flexibility. Focusing on financial condition helps us in many ways. A company with a strong financial position can reinvest in its business, make acquisitions at opportune times, buy back stock and/or pay down debt. Additionally, our experience has taught us that when we are wrong on an investment and it has a sound financial condition, we will still lose money, but we have found that we typically lose significantly less than if we were invested in a company that was highly levered.

We take a private business owner's perspective and focus on the free cash flow and return on capital capabilities of the business.

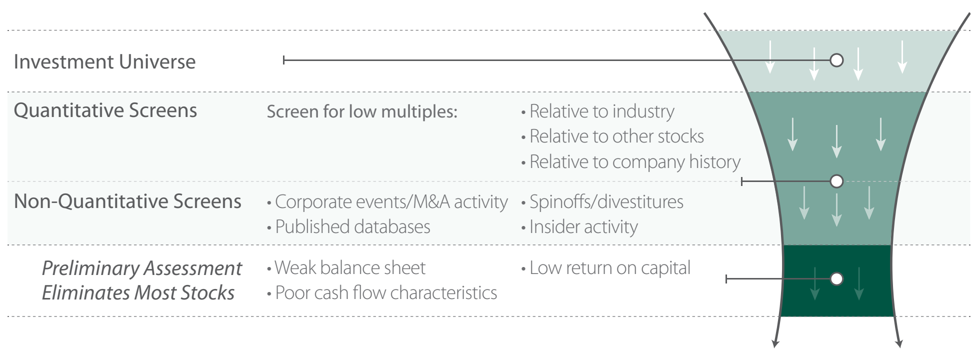
For the business economics characteristic, we take a private business owner's perspective and focus on the free cash flow and return on capital capabilities of the business. These two elements are necessary ingredients for the long-term prosperity of a business. Focusing on these elements helps us avoid value traps and instead targets situations where the potential exists for growth in business value.

All three of these characteristics are critical to our investment process. Our goal is to find investments that are strong on all three counts. We think of these characteristics as analytical guardrails that help us avoid taking on excessive business and/or financial risk.

Our Investment Process

We employ a bottom-up investment process to construct a diversified portfolio of value-oriented investments that we believe are undervalued, in solid financial condition and have attractive business economics.

We generate investment ideas in lots of different ways. Our objective is to be open-minded and resourceful as we search for new investments. We use a variety of quantitative and qualitative screens to help narrow our universe. Some of the quantitative screens include low price-to-earnings, low price-to-book and low price-to-cash flow ratios. Non-quantitative screens include published databases, spin-offs/divestitures, insider activity and corporate events. One of our most useful idea generation tools is what we call our "daily downtrodden" list, which are stocks with recent large percentage declines. We are constantly sifting through our investment universe, but due to our stringent criteria most ideas are quickly eliminated.



Once a potential investment candidate has been identified, we proceed with an in-depth analysis. Steps include a thorough analysis of financial statements, a company's competitive position, business economics and valuation.

The goal of valuation analysis is to establish a conservative estimated range of a company's intrinsic value. We utilize many valuation tools, including the examination of normalized free cash flow multiples, price-to-book value, sum of the parts and M&A multiples. It is important to note that we do not utilize a "one size fits all" valuation approach. The use of these tools varies by each individual investment opportunity depending on the company and related industry. The most common tool we use is a normalized earnings approach. In general, we look to invest in a company priced at 8-12X normalized earnings, and we typically sell a holding when it reaches a more demanding multiple in the mid- to high-teens.

Attractive Valuation	▪ Distinct discount to intrinsic value ▪ Low expectations ▪ Favorable risk/reward
Sound Financial Condition	▪ Focus on financial flexibility and liquidity ▪ Seek to protect capital in difficult environments ▪ Allow management to pursue value-enhancing initiatives
Attractive Business Economics	▪ Focus on free cash flow and return on capital capabilities ▪ Ability to grow underlying business value ▪ Avoid "value traps"

We seek companies in strong financial condition. Our analysis is holistic in that we look at on- and off-balance sheet items. Some of those items include interest coverage, debt type, pension liabilities, etc. Quite simply, we do not want the financial condition to impede on the business, meaning we do not want it to interfere with how the business is operated or where management wants to take the business strategically.

When it comes to business quality, our main focus is on analyzing the company's free cash flow capabilities and assessing its ability to earn cost of capital over a full business cycle. Our goal is to have a thorough understanding of how a company operates and its competitive dynamics so that we can properly judge how current controversies are impacting the business.

Time Horizon Inefficiency

Time horizon is an important facet of our investment process. We evaluate opportunities based on a 3-5 year investment time horizon. By extending our time horizon, we aim to take advantage of bargains that result when negative news and nervous investors drive stock prices down. Sentiment can shift dramatically over short periods, but changes in business value typically occur over long time frames. As a result, the difference between the success and failure of an individual investment can often be a function of one's time horizon. Hence, patience is important in exploiting this inefficiency.

Sell Discipline

We monitor each of our holdings closely, evaluating new information relative to our original investment thesis. Our dynamic price ranges are re-evaluated as a company's fundamentals evolve. We begin to trim a position when its stock enters our target selling range and we will exit that position entirely as it reaches the top end of our range. A decline in financial condition or a material change in business economics will also cause us to sell a stock. We aim to manage fully invested portfolios, so if we have a better idea, we will sell a stock to fund that opportunity.

Conclusion

Our process aims to take advantage of market inefficiencies. To repeat our earlier line, we seek cash-producing businesses in strong financial condition that are selling at undemanding valuations. More to the point, we want to stack the odds in our favor by buying cash flows as cheaply and safely as possible.

Portfolio Construction

In building each of the portfolios, position sizes are determined based on how well each company fits our three margin of safety criteria. For example, if a company clears each hurdle easily, it will be at the top end of the portfolio in terms of position size. If a potential investment meets all three criteria but is relatively weaker in one of the criteria, it will be a smaller position within the portfolio. This portfolio construction method provides a risk/reward framework for the portfolio.

Artisan Value Equity Strategy

- Typically 30-40 holdings
- Maximum position size generally 5%[1]
- Position sizes determined in part by how well a company meets the team's margin of safety criteria
- Attention to economic exposure
- Typically less than 15% cash

Artisan U.S. Mid-Cap Value Strategy

- Typically 40-60 holdings
- Maximum position size generally 5%[1]
- Position sizes determined in part by how well a company meets the team's margin of safety criteria
- Attention to economic exposure
- Market capitalization range generally within that of the Russell Midcap® Index[2]
- Typically less than 10% cash

Artisan Value Income Strategy

- Typically 50-70 holdings
- Maximum of 30% in Non-US companies[1]
- Maximum of 25% in any one industry[1]
- Market capitalization of at least $2 billion[1]

Based on a model portfolio. [1]Limitations apply at the time of purchase. [2]Market capitalization range determined as of the most recent calendar year end.

Services being offered described herein involve risks which may include the following: Dividend payments are not guaranteed and the amount declared, if any, could vary over time. 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. 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 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.

Price-to-Book Ratio is a valuation measure used to compare a stock's market value to its book value. Price-to-Cash Flow is a measure of the market's expectations of a firm's future financial wealth. 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. Return on Capital (ROC) is a measure of how effectively a company uses the money (borrowed or owned) invested in its operations. Price-to-Earnings (P/E) is a valuation ratio of a company's current share price compared to its per-share earnings. Normalized Earnings are earnings that are adjusted for the cyclical ups and downs over a business cycle.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

Artisan Partners is an independent investment management firm focused on providing high value-added, active investment strategies to sophisticated clients globally. Artisan Partners Limited Partnership (APLP) is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC). Artisan Partners UK LLP (APUK) is authorized and regulated by the Financial Conduct Authority and is a registered investment adviser with the SEC. APLP and APUK are collectively, with their parent company and affiliates, referred to as Artisan Partners herein.

Artisan Partners is not registered, authorized or eligible for an exemption from registration in all jurisdictions. Therefore, services described herein may not be available in certain jurisdictions. This material does not constitute an offer or solicitation where such actions are not authorized or lawful. Further limitations on the availability of products or services described herein may be imposed. In no event shall Artisan Partners have any liability for direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) losses or any other damages resulting from the use of this material.

This material is only intended for Professional Investors as defined in the MiFID Directive or investors which meet other requirements for institutional investors applicable in the jurisdiction where this material is received. This material is not for use by retail investors and may not be reproduced or distributed without Artisan Partners' permission.

In the United Kingdom, issued by APUK, 25 St. James's St., Floor 3, London SW1A 1HA, registered in England and Wales (LLP#: OC351201). Registered office: Reading Bridge House, Floor 4, George St., Reading, Berkshire RG1 8LS.

Australia: This material is directed at wholesale clients only and is not intended for, or to be relied upon by, private individuals or retail investors. Artisan Partners Australia Pty Ltd is a representative of APLP (ARBN 153 777 292) and APUK (ARBN 603 522 649). APLP and APUK are respectively regulated under US and UK laws which differ from Australian laws and are exempt from the requirement to hold an Australian financial services license under the Australian Corporations Act 2001 in respect to financial services provided in Australia. Canada: This material is distributed in Canada by APLP and/or Artisan Partners Distributors LLC, which conduct activities in Canada under exemptions from the dealer, portfolio manager and investment fund manager registration requirements of applicable Canadian securities laws. This material does not constitute an off er of services in circumstances where such exemptions are not available. APLP advisory services are available only to investors that qualify as "permitted clients" under applicable Canadian securities laws.

For Institutional Investors Only—Not for Onward Distribution.

A R T I S A N P A R T N E R S