Value Investor INSIGHT

September 30, 2011

The following excerpt, reprinted with permission, is from a feature interview with David Samra that appeared in the September 30, 2011 issue of *Value Investor Insight*.

INVESTOR INSIGHT

David Samra
Artisan Partners

"As a value investor, one has to get used to a lifetime of averaging down. That's what we do."

What do you consider the crux of the macroeconomic problem today in Europe?

David Samra: For the most part, the liquidity in the system is gone. Banks aren't lending to banks. Banks aren't rolling over their sovereign-debt exposures. That then leaves it to the European Central Bank [ECB] to provide liquidity, which raises many concerns about how and where they do it. There's just no confidence in the system.

Breaking that cycle probably comes down to following one of two approaches. As has happened in both the U.K. and the U.S., the central bank can start essentially printing money in a big way and using it to purchase all the unwanted periphery-country government bonds. Or there will be some political resolution where the AAA-credit countries like Germany restructure the debt of the countries with the biggest fiscal problems. That's more complicated and is being dragged out, which is fueling investor uncertainty.

Is that level of uncertainty attracting or repelling you?

DS: Our micro views depend to a certain extent on the success or failure in dealing with the macro problems. We're not assuming much growth at all in Europe for our portfolio companies, but we have made a basic underlying assumption that the problems are sufficiently addressed so that overall economic activity doesn't decline. With that assumption, the discount to intrinsic value of our portfolio today is the biggest we've seen since the market bottom in 2009.

As a result, we believe it's an excellent time to be deploying capital in both our global and international portfolios. Primarily by adding to existing positions, we've moved fairly quickly from elevated levels of cash at June 30 to historically low levels today. As is often the case for value investors, there is some short-term risk to our intrinsic-value estimates, but the size of the discounts to our longer-term estimates of value generally make that a reasonable risk to take.

You're not heavily invested in banks, but has the decimation of stocks in the sector prompted any response?

DS: The four key principles we follow are to look for good businesses, with strong balance sheets, management with a track record of building shareholder value, and with cheap stocks. That hasn't resulted in our owning a lot of banks, but one to which we've allocated more capital is ING [ING], whose stock had been sold off so aggressively that the cheap price was the dominant factor in our risk-reward analysis. The stock has popped very recently [to $7.75], but a week ago it was below $6, trading at 3.5x earnings and 45% of book value.

If you add up all of ING's sovereign-debt exposure to Greece, Portugal, Italy and Spain, it could all be written off to zero and paid for with two quarters' worth of earnings. At the same time, if the world normalizes we think the stock is worth in the high-teens. When there's panic in the marketplace, the pure math of what a downturn scenario would actually look like isn't what's driving valuations. If you don't believe the system will break, it can be an excellent opportunity to buy.

Something that is probably more indicative of what we've been buying is QinetiQ [QQ:LN], the U.K.'s equivalent of the U.S.'s DARPA [Defense Advanced Research Projects Agency] which was spun off as a publicly traded company a few years ago. In addition to running a variety of mostly IT-services-related defense contracts in the U.K. and U.S. – total revenues last year were around £1.7 billion – the company has a broad portfolio of technologies that its now commercially driven management is in the process of developing into saleable products and services.

Due to concerns over defense spending, QinetiQ stock trades for less than 9x estimated 2011 free cash flow. That's a perfectly adequate 11% free-cash-flow yield if it doesn't grow at all, but we believe continued restructuring of the cost base will increase cash flow, and that there are excellent opportunities for the new-product pipeline to produce material successes. Innovative product wins would make a big difference for a company of this size, and can happen independent of whether overall defense budgets are growing or not.

Does your bet on Ryanair [RYA:ID] have a somewhat counter-cyclical bent?

DS: Ryanair is the largest low-cost airline in Europe, operating short-haul routes with a business model similar to that of Southwest Airlines. It has a distinctive competitive cost advantage from operating a single type of aircraft, avoiding expensive hubs, flying often into secondary airports and maintaining a flexible and union-free workforce. It's managed by Michael O'Leary, who we think is one of the most creative and focused CEOs in the business.

The company has a secular growth profile, as it continues to take market share from higher-cost carriers. While that's generally true, they have had notable recent success in economically strapped countries like Italy and Spain, where they've mopped up bargain-hunting domestic demand from ailing legacy carriers. In addition, as their footprint expands, more mainstream airports are wooing them because their low-cost platform can deliver the passengers.

Due to the law of large numbers the growth rate is slowing a bit, which we believe means the company is entering the sweet spot in its evolution where capital spending declines as they buy fewer aircraft, but the profit per passenger booked increases. When Ryanair enters a new market it discounts more heavily to fill the planes, but as usage rates go up, it's able to increase its fares while still beating the competition. The combination of lower capex and higher yields improves the cash flow profile dramatically. We've already seen some fruits of that, as last year the company paid a special dividend – at a 10% yield to today's share price – with excess cash.

What upside do you see in the shares of Ryanair from today's price of around €3.30?

DS: The stock is down around 15% this year and currently trades at 10x our estimate of fiscal 2012 earnings. If we assume profit per passenger booked increases over the next two to three years from 2010's €6.20 to more like €8-9 – it was consistently above €10 in the early to mid-2000s – we think EPS could be 40 to 45 euro cents. At a reasonable 12.5x multiple, you'd have a share price nicely above €5. We also wouldn't be surprised as cash accumulates to see further special dividends paid.

This is the type of competitively advantaged, financially strong company we like. The fact that it should prosper even if the European economic environment gets more difficult protects us on the downside and makes it that much more attractive.

In general, have you found it difficult to pull the trigger on buying in the face of such volatile markets?

DS: I wrote recently in a letter to our clients that as a value investor, one has to get used to a lifetime of averaging down. Is it easy? No, but that's what we do. VII

INVESTMENT SNAPSHOT

Ryanair
(Ireland: RYA:ID)

Business: Based in Ireland, Europe's largest discount airline, operating more than 1,400 flights per day and connecting 160 destinations across 27 countries.

Share Information
(@9/29/11, Exchange Rate: $1 = €0.737):

Price	**€3.28**
52-Week Range	€2.76 – €4.22
Dividend Yield	0.0%
Market Cap	€4.80 billion

Financials (FY ending 3/31/11):

Revenue	€3.63 billion
Operating Margin	13.5%
Net Profit Margin	10.3%

Valuation Metrics
(Current Price vs. TTM):

	RYA	S&P 500
P/E	11.6	13.5

RYA PRICE HISTORY

THE BOTTOM LINE

David Samra believes the company is entering a "sweet spot," where capital spending declines as the profit per passenger booked increases. As that plays out, he believes the company over the next two to three years can earn 40 to 45 euro cents per share. At what he considers a reasonable 12.5x multiple, the shares would trade above €5.

Sources: Company reports, other publicly available information

This interview represents the views and opinions of the portfolio manager as of 30-Sep-11. Those views may change at any time, and the Funds disclaim any obligation to advise investors of such changes.

AVERAGE ANNUAL TOTAL RETURNS (as of 30-Sep-11)

	YTD[1]	1 Yr	3 Yr	5Yr	Inception	Expense Ratios
Artisan Global Value Fund (ARTGX)[2]	-8.66%	-0.23%	5.03%	n/a	-0.96%	1.50%/1.96%[3]
MSCI All Country World Index℠	-13.56%	-6.01%	0.59%	n/a	-7.77%	
Artisan International Value Fund (ARTKX)[4,5]	-13.54%	-4.01%	4.90%	1.13%	13.35%	1.22%[6]
MSCI EAFE® Index	-14.98%	-9.36%	-1.13%	-3.46%	7.62%	
MSCI EAFE® Value Index	-14.52%	-9.99%	-1.69%	-4.82%	7.99%	

Source: Artisan Partners/MSCI. [1]Returns are not annualized. [2]Fund inception 10-Dec-07. [3]Subsidized/Unsubsidized. For the fiscal year ended 30-Sep-10. Artisan Global Value Fund's gross expense ratio is 1.96%. The Fund's net expense ratio is 1.50%. From the Fund's inception until 1-Dec-09, Artisan Partners voluntarily limited the Fund's expenses, which could have been terminated at any time. As of 1-Dec-09, Artisan Partners has been contractually agreeing on an annual basis to reimburse the Fund for any ordinary operating expenses in excess of 1.50% of its average daily net assets. The current contract continues through 1-Feb-12, at which time Artisan Partners will determine whether to renew, revise or discontinue it. [4]Fund inception 23-Sep-02. [5]Artisan International Value Fund is closed to most new investors. Please refer to the prospectus for new account eligibility criteria. [6]For the fiscal year ended 30-Sep-10. The Fund's direct operating expenses are 1.21% which is reflected in the Fund's "Financial Highlights" in the statutory prospectus and financial statements. The expense ratio noted above includes "Acquired Fund Fees and Expenses," which are indirect expenses the Fund may incur from investing in an investment company (acquired fund); such indirect expenses are not paid from the Fund's assets but are reflected in the return realized by the Fund on its investment in the acquired funds.

The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment in the Fund 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 the performance data quoted. For current to most recent month-end performance information, call 800.399.1770 or visit www.artisanpartners.com. The performance information shown for Artisan International Value and Artisan Global Value Funds does not reflect the deduction of a 2% redemption fee on shares held by an investor for 90 days or less and, if reflected, the fee would reduce the performance quoted. Artisan Global Value Fund's performance information reflects Artisan Partners' agreement to limit the Fund's expenses and has had a material impact on the Fund's performance, which would have been lower in its absence.

Investors should consider carefully before investing the Fund's investment objective, risks and charges and expenses. For a prospectus or summary prospectus, which contains that information and other information about the Funds, please call us at 800.399.1770. Please read the prospectus or summary prospectus carefully before you invest or send money.

Value securities may underperform other asset types during a given period. 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 medium-sized companies tend to be more volatile and less liquid than those of large companies, may have underperformed the securities of large companies during some periods and tend to have a shorter history of operations than large companies. Artisan International Value Fund: Securities of small companies tend to be more volatile and less liquid than those of large companies, may have underperformed the securities of large companies during some periods and tend to have a shorter history of operations than large companies.

A mutual fund's NAV is the value of a single share and is computed daily using closing prices as of the NYSE closing time – usually 4:00 p.m. Eastern Time, but sometimes earlier. Securities for which prices are not readily available (such as when there are significant changes in one or more U.S. market indices) are valued at a fair value under the Funds' Valuation Procedures as described in the Funds' prospectus. When fair value pricing is employed, the value of a portfolio security used by the Fund to calculate its NAV may differ from (and consequently be higher or lower than) quoted or published prices for the same security. Fair value pricing is not employed by market indices. Quotations of mutual fund performance are calculated using NAV and therefore may be impacted by fair value pricing.

MSCI ACWI (All Country World) Index℠ is an index designed to measure equity market performance in the global developed and emerging markets. The MSCI EAFE® Index is an index of companies in developed markets, excluding the U.S. and Canada. The MSCI EAFE® Value Index is an index of companies in developed markets, excluding the U.S. and Canada, that exhibit value investment style characteristics according to MSCI's methodology. The indices are unmanaged, market-weighted indices whose returns include net reinvested dividends but, unlike the Fund'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. An investment cannot be made directly into an index.

For the purpose of determining the Funds' holdings, securities of the same issuer are aggregated to determine the weight in the Funds. The holdings mentioned above comprise the following percentages of Artisan Global Value Fund's total net assets as of 30-Sep-11: ING Groep NV 1.2%; Ryanair Holdings PLC 1.1%. The holdings mentioned above comprise the following percentages of Artisan International Value Fund's total net assets (including all classes of shares) as of 30-Sep-11: ING Groep NV 2.3%; QinetiQ Group PLC 2.6%; Ryanair Holdings PLC 2.6%. Securities discussed, but not listed here were not held in the Funds as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities.

Price-Earnings Ratio or the P/E Ratio is a valuation ratio of a company's current share price compared to its per- share earnings Calculated by dividing the market value per share by the earnings per share. **Forward Price to Earnings Ratio or the Forward P/E** is a measure of the price-to-earnings ratio (P/E) using forecasted earnings for the P/E calculation. The forecasted earnings used in the formula can either be for the next 12 months or for the next full-year fiscal period. **Trailing Price-To-Earnings or Trailing P/E** is the sum of a company's price-to-earnings, calculated by taking the current stock price and dividing it by the trailing earnings per share for the past 12 months. **Book value** is the value at which an asset is carried on a balance sheet, equal to the cost of an asset minus the accumulated depreciation. **Free cash flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. Free cash flow (FCF) represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base. **Free cash flow yield** is an overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share. The ratio is calculated by taking the free cash flow per share divided by the share price. **Earnings Per Share or EPS** is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability. **Dividend Yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its share price. **Market Capitalization** is the aggregate value of all of a company's outstanding equity securities. **Revenue** is the amount of money that a company actually receives during a specific period, including discounts and deductions for returned merchandise. **Operating margin** is a ratio used to measure a company's pricing strategy and operating efficiency. **Net Profit Margin** is the ratio of net profits to revenues for a company or business segment - typically expressed as a percentage – that shows how much of each dollar earned by the company is translated into profits.

Clarification: ING's [ING] 2011 combined first and second quarter earnings were approximately 83% of its sovereign-debt exposure to Greece, Portugal, Italy and Spain.

Artisan Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and advisor to Artisan Funds, is wholly owned by Artisan Partners Holdings LP.

May Lose Value. Not FDIC Insured. No Bank Guarantee.

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