



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 December 2016

Commentary

US stocks finished 2016 meaningfully ahead, despite a bumpy start to the year. Value stocks bested growth stocks in the month and year, a reversal from 2015. The Russell 1000® Value Index underperformed the Russell 2000® Value Index, but outperformed the Russell Midcap® Value Index in December. As expected, the US Federal Reserve raised its benchmark interest rate a quarter point, citing steady employment growth among other economic measures. Oil prices continued rising following OPEC's announcement of a production cut agreement.

Our portfolio trailed the Russell 1000® Value Index in December, but finished 2016 meaningfully ahead of the index. A number of our energy, materials and industrials holdings—top performing areas in the portfolio for the year—pulled back in the month, weighing on results. Shares of materials holding LyondellBasell, a low-cost chemical company, were pressured on uncertainty whether demand will match the elevated levels of capacity coming into the industry. We acknowledge the fears, but believe too much pessimism is baked into the price. Further, we believe the company has a cost advantage and is a good allocator of capital.

On the up side, our below-benchmark health care exposure and strength in select health care holdings worked in our favor. Health care has been an area of the market we've had limited exposure to over the last few years as valuations have generally appeared stretched. More recently, we've found selective opportunities, including Allergan, a global pharmaceutical company with a portfolio of leading brands such as BOTOX. We initiated our position last month, with shares rallying in December making it a top performer. We believe it's a best-in-class player with a diversified product offering, strong balance sheet and ample free cash flow generation.

We sold our position in Union Pacific, one of the largest railroads in North America, as shares hit our estimate of fair value.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$13.86	\$13.82
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2016	0.96%	0.84%
Prospectus 30 Sep 2015	1.00%	0.82% ¹

¹Includes estimated expenses for the current fiscal year.

Top 10 Holdings (% of total portfolio)

Devon Energy Corp (Energy)	5.0
Samsung Electronics Co Ltd (Information Technology)	4.1
Air Lease Corp (Industrials)	4.0
Berkshire Hathaway Inc (Financials)	3.9
Citigroup Inc (Financials)	3.9
Goldcorp Inc (Materials)	3.5
LyondellBasell Industries NV (Materials)	3.4
Hess Corp (Energy)	3.4
Apache Corp (Energy)	3.1
Alphabet Inc (Information Technology)	3.1
TOTAL	37.6%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Consumer Discretionary	13.5	4.5
Consumer Staples	0.0	8.0
Energy	16.9	13.6
Financials	21.5	26.8
Health Care	7.3	10.2
Industrials	5.9	10.0
Information Technology	17.3	9.4
Materials	16.6	2.8
Real Estate	1.1	4.6
Telecommunication Services	0.0	3.9
Utilities	0.0	6.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 7.7% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 December 2016	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	0.80	6.48	29.04	29.04	7.18	11.96	6.00	6.75
Advisor Class: APDLX	0.88	6.57	29.13	29.13	7.26	12.02	6.02	6.77
Russell 1000® Value Index	2.50	6.68	17.34	17.34	8.59	14.80	5.72	6.66
Russell 1000® Index	1.88	3.83	12.05	12.05	8.59	14.69	7.08	7.53

Source: Artisan Partners/Russell. ¹Returns for periods less than one year are not annualized. Advisor Class performance is that of the Investor Class from 27 March 2006 through the inception of the Advisor Class on 1 April 2015, and actual Advisor Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Advisor Class for the period prior to the Class's inception, and Advisor Class performance results would differ if such expenses were reflected. Past performance does not guarantee and is not a reliable indicator of future results. Investment returns and principal values 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 that shown. Call 800.344.1770 for current to most recent month-end performance. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect.

Average Annual Total Returns

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RIV ¹
225.0+	12.6	18.7
100.0–225.0	10.5	20.1
40.0–100.0	19.4	20.9
15.0–40.0	21.6	20.4
0.0–15.0	35.9	19.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet/Russell. ¹Russell 1000® Value Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
George O. Sertl, CFA	24
James C. Kieffer, CFA	28
Daniel L. Kane, CFA	18

Carefully consider the Fund's investment objective, risks and charges and expenses. This and other important information is contained in the Fund's prospectus and summary prospectus, which can be obtained by calling 800.344.1770. Read carefully before investing.

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.

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.

For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The discussion of portfolio holdings does not constitute a recommendation of any individual security. These holdings comprise the following percentages of the Fund's total net assets as of 31 Dec 2016: Allergan PLC 2.8%. Securities named in the Commentary, but not listed as a Top Ten Holding or not listed here are not held in the Fund as of the date of this report. The portfolio managers' views and portfolio holdings are subject to change and the Fund disclaims any obligation to advise investors of such changes.

All information in this report includes all classes of shares, except performance and expense ratio information and as otherwise indicated, and is as of the date shown in the upper right hand corner unless otherwise indicated. Totals may not sum due to rounding.

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Sector exposure percentages reflect sector designations as currently classified by GICS.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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