



# Artisan Value Fund

## MONTHLY Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 30 November 2016

### Commentary

November was a positive month for US equities across the board following a sharp post-election rally. Small-cap stocks came out on top, with value besting growth across the market-cap spectrum. Energy stocks were strong as oil prices surged on news OPEC voted to implement its first production cut in eight years. The six-month agreement will begin in January, with potential to be renewed thereafter. Domestic economic reports were generally positive, and bond yields jumped as investor expectations are high for an interest rate hike at the US Federal Reserve's December meeting.

Our portfolio posted strong gains, outperforming the Russell 1000® Value Index in the month and YTD. Energy holdings Devon, Apache, Hess and EOG Resources have rebounded with oil prices and are key contributors YTD. As inventories decline and fundamental supply and demand pressures in oil markets show signs of rebalancing, we believe oil prices should eventually stabilize within our long-term price range. Global aircraft leasing company Air Lease continued its outperformance. The company has been executing well, and we believe it is one of the best operators in the leasing space with one of the best management teams.

Goldminers Kinross Gold and Goldcorp were a headwind in the month and QTD, as the stocks have fallen with gold prices. Despite near-term weakness, the stocks remain among our top performers YTD. Elsewhere, shares of diversified media company News Corp (assets include *The Wall Street Journal*, Harper Collins book publishing, Fox Sports Australia, etc.) were pressured by deteriorating trends on the back of weak advertising revenue at *The Wall Street Journal*. We acknowledge the fears, but believe they are overdone—shares trade at a large discount to our estimate of the sum-of-the-parts, the company's balance sheet is healthy, and it is a solid generator of free cash flow.

We were fairly active in the month—on the sale side, we exited our position in networking solutions provider Cisco Systems following a long, successful investing campaign. We initiated a position in exploration and production (E&P) company Occidental Petroleum. The company is a stable enhanced oil recovery (EOR) producer in the Permian basin with a solid balance sheet and hefty dividend program. Shares have lagged peers since the summer, presenting us an opportunity to invest and increase our E&P exposure.

Other new positions included health care companies Allergan (a global pharmaceutical company with a portfolio of leading brands, including BOTOX), and Medtronic (the largest medical device manufacturer in the world). 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. As drug pricing practices spurred fear and uncertainty, we've found selective opportunities (including Gilead Sciences in Q2 2016). We believe our holdings are best-in-class players with diversified product offerings, strong balance sheets, and ample free cash flow generation.

### Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$13.75	\$13.70
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% <sup>1</sup>

<sup>1</sup>Includes estimated expenses for the current fiscal year.

### Top 10 Holdings (% of total portfolio)

Devon Energy Corp (Energy)	5.4
Apache Corp (Energy)	4.8
Air Lease Corp (Industrials)	4.2
Samsung Electronics Co Ltd (Information Technology)	4.1
The Goldman Sachs Group Inc (Financials)	3.9
Berkshire Hathaway Inc (Financials)	3.9
Citigroup Inc (Financials)	3.8
LyondellBasell Industries NV (Materials)	3.7
Goldcorp Inc (Materials)	3.3
Hess Corp (Energy)	3.1
<b>TOTAL</b>	<b>40.1%</b>

Source: Artisan Partners/FactSet (GICS).

### Sector Diversification (% of total portfolio equities)

	Fund	RIV <sup>1</sup>
Consumer Discretionary	14.6	4.7
Consumer Staples	0.0	8.0
Energy	17.5	13.7
Financials	21.3	26.3
Health Care	6.0	10.4
Industrials	7.9	10.2
Information Technology	16.0	9.6
Materials	15.8	2.9
Real Estate	1.0	4.5
Telecommunication Services	0.0	3.6
Utilities	0.0	5.9
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 1.7% of the total portfolio. <sup>1</sup>Russell 1000® Value Index.

### Investment Results (%)

As of 30 November 2016	Average Annual Total Returns							
	MTD <sup>1</sup>	QTD <sup>1</sup>	YTD <sup>1</sup>	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	7.52	5.64	28.02	19.92	7.24	11.60	6.04	6.72
Advisor Class: APDLX	7.54	5.65	28.01	19.99	7.30	11.63	6.06	6.74
Russell 1000® Value Index	5.71	4.08	14.48	12.02	8.60	14.69	5.70	6.47
Russell 1000® Index	3.94	1.92	9.99	8.01	8.88	14.45	7.02	7.40

As of 30 September 2016

Investor Class: ARTLX	1.39	5.82	21.18	24.64	6.99	12.81	6.18	6.28
Advisor Class: APDLX	1.40	5.75	21.17	24.73	7.04	12.85	6.20	6.29
Russell 1000® Value Index	-0.21	3.48	10.00	16.20	9.70	16.15	5.85	6.17
Russell 1000® Index	0.08	4.03	7.92	14.93	10.78	16.41	7.40	7.33

Source: Artisan Partners/Russell. <sup>1</sup>Returns 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.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RIV <sup>1</sup>
210.0+	10.7	25.1
80.0–210.0	20.5	18.4
35.0–80.0	13.9	18.9
13.0–35.0	21.3	19.7
0.0–13.0	33.6	17.9
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

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

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
George O. Sertl, CFA	24
James C. Kieffer, CFA	27
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 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 30 Nov 2016: Allergan PLC 2.0%; Gilead Sciences 1.9%; Kinross Gold Corp 2.1%; Medtronic PLC 1.9%; News Corp 1.6%; Occidental Petroleum Corp 2.0%. 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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