



# Artisan Value Fund

MONTHLY  
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 October 2016

## Commentary

US stocks ended October in negative territory (though they remain ahead YTD), as a tightening presidential race spurred market uncertainty. Despite the political uncertainty, M&A activity saw a large uptick, with several large deals announced. Value stocks outperformed growth stocks, and large-cap stocks bested both mid- and small-cap stocks. Oil prices were down on growing concerns that major oil producers will fail to agree to terms to limit production ahead of OPEC's late-November meeting.

Our portfolio moderately trailed the Russell 1000® Value Index in October, but remains ahead YTD. Similarly, our energy E&Ps (Devon, Hess, Apache, EOG Resources) and gold miners (Goldcorp, Kinross Gold) worked against us in October, though they remain top performers YTD. We believe the recent moves reflect the recent drop in the respective commodity prices rather than any change in company fundamentals.

On the upside, our below-benchmark positioning to health care, real estate and telecom worked in our favor. On an individual holdings basis, media and entertainment company Time Warner was a top performer. Shares advanced on news the company entered into an agreement to be acquired by AT&T in a stock-and-cash transaction worth an equity value of about \$85.4 billion, and a total transaction value of around \$108.7 billion. We view the takeout price as more reflective of Time Warner's value than the depressed prices that the stock was trading at roughly a year ago. The companies state the deal will help combine Time Warner's premium content with AT&T's content-delivery capabilities. However, the deal will be subject to regulatory approval. Absent the deal, we continue to believe Time Warner is a quality business that generates steady earnings and returns capital to shareholders.

We initiated a position in Wells Fargo, a diversified financial services and bank holding company. Wells Fargo has dominated headlines as of late, but we believe the fears are largely overdone. Wells Fargo is well capitalized, has a low cost deposit base, and scale and solid characteristics in place regardless of who the CEO is. Further, we like that the company is returning capital to shareholders through a healthy dividend yield and repurchasing stock. We established our position as shares hit what we viewed as an interesting price point, trading at around 11X our estimate of normalized earnings.

## Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$12.87	\$12.82
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2016 <sup>1</sup>	0.95%	0.82%
Prospectus 30 Sep 2015	1.00%	0.82% <sup>2</sup>

<sup>1</sup>Unaudited, annualized for the six month period. <sup>2</sup>Includes estimated expenses for the current fiscal year.

## Top 10 Holdings (% of total portfolio)

Apache Corp (Energy)	4.6
Devon Energy Corp (Energy)	4.5
Samsung Electronics Co Ltd (Information Technology)	4.3
Air Lease Corp (Industrials)	3.8
Berkshire Hathaway Inc (Financials)	3.8
Goldcorp Inc (Materials)	3.6
Citigroup Inc (Financials)	3.5
LyondellBasell Industries NV (Materials)	3.5
The Goldman Sachs Group Inc (Financials)	3.4
Jacobs Engineering Group Inc (Industrials)	3.3
<b>TOTAL</b>	<b>38.4%</b>

Source: Artisan Partners/FactSet (GICS).

## Sector Diversification (% of total portfolio equities)

	Fund	RIV <sup>1</sup>
Consumer Discretionary	16.6	4.6
Consumer Staples	0.0	8.9
Energy	14.7	13.3
Financials	21.6	24.4
Health Care	2.0	11.1
Industrials	9.5	9.7
Information Technology	19.2	9.9
Materials	16.4	2.8
Real Estate	0.0	4.9
Telecommunication Services	0.0	3.7
Utilities	0.0	6.6
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 6.2% of the total portfolio. <sup>1</sup>Russell 1000® Value Index.

## Investment Results (%)

As of 31 October 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	-1.76	-1.76	19.06	10.85	5.27	9.79	5.56	6.05
Advisor Class: APDLX	-1.76	-1.76	19.03	10.93	5.32	9.83	5.57	6.06
Russell 1000® Value Index	-1.55	-1.55	8.29	6.37	7.59	13.31	5.35	5.96
Russell 1000® Index	-1.95	-1.95	5.82	4.26	8.48	13.51	6.83	7.07

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+	11.4	21.2
80.0–210.0	15.5	20.8
35.0–80.0	13.6	18.5
13.0–35.0	22.6	20.9
0.0–13.0	36.9	18.5
<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 31 Oct 2016: EOG Resources Inc 1.8%; Hess Corp 2.8%; Kinross Gold Corp 2.2%; Time Warner Inc 3.2%; Wells Fargo & Co 2.1%. 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.

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

Normalized Earnings are earnings that are adjusted for the cyclical ups and downs over a business cycle.

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