



Artisan Value Fund

MONTHLY Commentary

Investor Class: ARTLX | Advisor Class: APDLX As of 31 January 2017

Commentary

Markets remained focused on politics in January, with a steady flow of headlines invoking some optimism as well as some fear and uncertainty. Perhaps driven more by optimism than any change in fundamentals, markets posted strong gains to begin the year, pricing in expectations of tax cuts, regulatory reform and expansionary infrastructure spending at the hands of President Trump. The Dow Jones Industrial Average surpassed the long-anticipated 20,000 barrier, only to retreat with other major US indices following Trump's executive-order travel ban, spurred by heightening risk sentiment. Q4 US GDP growth was softer than anticipated on the back of weaker-than-expected trade. The dollar weakened, gold prices advanced, and oil prices ended slightly down.

Our portfolio outperformed the Russell 1000® Value Index in January. Shares of Samsung Electronics advanced as the company has been executing well on multiple fronts. Strong semiconductor and organic light-emitting diode (OLED) results have driven impressive operating profits, while smartphone sales have climbed despite the discontinuation of the Galaxy Note7. We continue to believe the company exemplifies our three margin of safety criteria—it's well positioned in most of its markets, is in sound financial condition, and has a solid balance sheet with a tremendous amount of net cash which it returns to shareholders through dividends and buybacks. Samsung was our largest holding for some time; however, with the stock up in excess of 60% over the past 12 months, we've been trimming the name on success, dropping it to a smaller, albeit still significantly sized, holding.

Shares of Qualcomm were pressured as legal uncertainty surrounding the company's licensing royalty method overshadowed operating results. Qualcomm charges royalties for its proprietary modem chip technology essential for phones using wireless data. Apple (also a holding in the portfolio) has sued Qualcomm in the US and China, claiming the company is charging exorbitant fees for the modem chips. We had materially trimmed our position in Qualcomm in Q3 and Q4 2016, and we have a small position at this point. The two companies have a long working history, and the cases boil down to a commercial dispute over the price of intellectual property. While we're uncertain on the outcome, we believe the stock price is discounting for a number of negative outcomes. Our conviction in the name remains—it's a quality business that has been effectively cutting costs, and it returns capital to shareholders via dividends and a large share buyback.

We added Cognizant Technology Solutions to the portfolio this month. The company is an IT services vendor, providing consulting and business process outsourcing largely to the health care and financial services industries. A slowdown in earnings, coupled with fears surrounding US visa reform pressured shares, presenting us with an opportunity to establish our position in what we view as an above average business, at a slightly below average price. We think it's a quality company with a solid management team and long track record of success. We like that it has recently renewed its focus on fundamental improvements and more efficient capital allocation, and believe the business is well positioned for evolution in the industry. Further, its balance sheet is strong, with a large amount of net cash, and it generates ample free cash flow.

Investment Results (%)

As of 31 January 2017	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	2.31	2.31	2.31	39.23	9.62	11.36	5.89	6.92
Advisor Class: APDLX	2.32	2.32	2.32	39.37	9.72	11.42	5.92	6.94
Russell 1000® Value Index	0.71	0.71	0.71	24.62	10.16	14.11	5.66	6.67
Russell 1000® Index	2.01	2.01	2.01	20.81	10.50	14.06	7.09	7.66

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.

Portfolio Details	ARTLX	APDLX
Net Asset Value (NAV)	\$14.18	\$14.14
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2016	0.96%	0.84%
Prospectus 30 Sep 2016 ¹	0.97%	0.84%

¹See prospectus for more information.

Top 10 Holdings (% of total portfolio)

Devon Energy Corp (Energy)	4.9
Air Lease Corp (Industrials)	4.2
Goldcorp Inc (Materials)	4.1
Berkshire Hathaway Inc (Financials)	3.9
Citigroup Inc (Financials)	3.6
Samsung Electronics Co Ltd (Information Technology)	3.5
Alphabet Inc (Information Technology)	3.3
LyondellBasell Industries NV (Materials)	3.3
Occidental Petroleum Corp (Energy)	3.0
Apple Inc (Information Technology)	3.0
TOTAL	36.7%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	RIV ¹
Consumer Discretionary	13.4	4.6
Consumer Staples	0.0	8.1
Energy	16.5	13.0
Financials	20.9	26.7
Health Care	6.6	10.4
Industrials	6.0	10.2
Information Technology	19.6	9.6
Materials	15.9	3.0
Real Estate	1.1	4.6
Telecommunication Services	0.0	3.8
Utilities	0.0	6.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 8.5% of the total portfolio. ¹Russell 1000® Value Index.

Average Annual Total Returns

	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	39.23	9.62	11.36	5.89	6.92
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Russell 1000® Value Index	24.62	10.16	14.11	5.66	6.67
Russell 1000® Index	20.81	10.50	14.06	7.09	7.66

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RIV ¹
225.0+	13.3	22.4
100.0–225.0	11.8	16.9
40.0–100.0	16.2	21.6
15.0–40.0	23.4	19.8
0.0–15.0	35.3	19.4
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 Jan 2017: Cognizant Technology Solutions Corp 2.7%; QUALCOMM Inc 1.1%. 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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