



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 30 June 2017

Commentary

Our portfolio outpaced the Russell 1000® Value Index in June, finishing roughly in line for Q2 and ahead YTD. Bank stocks were generally strong in the month, and ours were no exception—Citigroup and Wells Fargo were among our top performers. All US banks under the Fed's oversight received approval for their capital plans in the Fed's release of its 2017 Comprehensive Capital Analysis Review results, buoying investor confidence. While we have had below-benchmark exposure to banks over the past nine or so years, we added to our weighting in 2016, resulting in higher—(albeit still below-benchmark) exposure. We believe Citigroup and Wells Fargo have strong balance sheets, and we like their focus on shareholders, as evidenced by a healthy dividend yield and stock repurchasing program.

Shares of tire manufacturer Michelin were also additive. Mining-volume growth has accelerated while falling rubber prices have eased the headwinds from raw material costs. The company operates in a stable business environment and is backed by strong brand recognition and a globally diversified revenue base. Its balance sheet is in sound condition with low leverage, and the company is funneling excess cash back to shareholders via dividend payments and share repurchases.

On the downside, shares of Alphabet fell as the European Commission fined Google approximately \$2.7 billion (~0.5% of Alphabet's current valuation) due to what it deems a violation of the European Union's antitrust laws. Google will likely appeal the decision, and despite weakness in the month, the stock remained a top performer in Q2. We maintain our conviction in Alphabet's dominant position and view it as a high-quality company that has a solid balance sheet with strong free cash flow generation.

Energy holding Devon also weighed on results. Oil prices reached YTD lows in June, pressuring sentiment on energy-exposed names. However, in our view the underlying fundamentals have not changed. The market is currently undersupplied, and we believe inventories will ultimately come in line. We believe the current price does not encourage the amount of investment necessary to provide enough incentive for longer term supply to meet growing demand. We continue to own what we believe are high quality companies capable of better weathering a sustained, weaker operating environment.

We sold our position in biopharmaceutical company Gilead Sciences as fundamentals weakened more than we anticipated. When we established our position in Q2 2016, the name represented our lone health care holding. And while Gilead never grew to sizable portfolio position, our weighting in the health care space has gone from 0% to around 8% as we've increasingly found opportunities in the space.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$14.56	\$14.53
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2017 ¹	0.97%	0.84%
Prospectus 30 Sep 2016 ²	0.97%	0.84%

¹Unaudited, annualized for the six month period. ²See prospectus for more information.

Top 10 Holdings (% of total portfolio)

Citigroup Inc (Financials)	4.2
Air Lease Corp (Industrials)	4.2
LyondellBasell Industries NV (Materials)	4.0
Berkshire Hathaway Inc (Financials)	3.9
Alphabet Inc (Information Technology)	3.7
Devon Energy Corp (Energy)	3.5
Apple Inc (Information Technology)	3.4
Cie Generale des Etablissements Michelin (Consumer Discretionary)	3.3
Goldcorp Inc (Materials)	3.2
Agrium Inc (Materials)	3.0
TOTAL	36.3%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R1V ¹
Consumer Discretionary	16.2	6.9
Consumer Staples	0.0	9.2
Energy	14.1	10.5
Financials	20.3	25.5
Health Care	8.4	14.2
Industrials	5.7	8.7
Information Technology	19.1	8.0
Materials	16.1	2.7
Real Estate	0.0	5.0
Telecommunication Services	0.0	3.1
Utilities	0.0	6.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 6.4% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 30 June 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	2.03	1.32	5.05	18.37	5.67	11.63	5.33	6.91
Advisor Class: APDLX	2.04	1.40	5.14	18.49	5.79	11.71	5.36	6.94
Russell 1000® Value Index	1.63	1.34	4.66	15.53	7.36	13.94	5.57	6.79
Russell 1000® Index	0.70	3.06	9.27	18.03	9.26	14.67	7.29	8.03

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.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RIV ¹
225.0+	16.5	21.4
100.0–225.0	9.0	16.2
40.0–100.0	13.4	21.9
15.0–40.0	22.9	20.3
0.0–15.0	38.2	20.2
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	25
James C. Kieffer, CFA	28
Daniel L. Kane, CFA	19

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.

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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 Jun 2017: Wells Fargo & Co 1.9%. 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.

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

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