



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 October 2017

Commentary

Our portfolio was roughly in line with the Russell 1000® Value Index in October. Shares of global pharmaceutical company Allergan worked against us. A US district court ruled in favor of the generic filers in the Restasis® patent cases. Allergan will likely file an appeal, and it's unclear when the generic filers will be able to meet the bioequivalence guidance. Regardless of the Restasis® outcome, Allergan has a diversified product mix, solid management team and one of the best balance sheets in specialty pharma. Shares trade at a discount to peers on earnings multiples and our normalized range of earnings.

Oil and natural gas E&P Hess weighed on results. Investors responded negatively to the announced sale of the company's Equatorial Guinea and Norway assets, as the announcement wasn't coupled with a return of cash to shareholders. We view the sale as a positive step in the company's portfolio optimization, as the assets in question are higher cost mature assets, and the offers received were above our estimates of value for these units. Elsewhere, weather-related headwinds weighed on the Bakken. We used the weakness to add to our position—Hess remains in solid financial condition with ample cash on its balance sheet.

Technology holdings Samsung Electronics and Apple boosted results. Shares of Samsung advanced on solid execution across the business and on a significant improvement in its shareholder return policy. Samsung plans to shift its focus from share buybacks and cancellations to a higher dividend payment. The company also plans to allocate 50% of free cash flow for shareholder returns over a three-year period (versus a previously stated one-year period) and will exclude M&A costs when calculating FCF. The stock has been a standout over the past year, and we continue to believe the company exemplifies our three margin of safety criteria.

At Apple, strong pre-order demand for the iPhone X helped ease concerns of the higher price point. And while unit volumes for the iPhone 8 have been underwhelming, it has helped buoy the iOS user base. We remain attracted to Apple's dominant position in the smartphone and tablet market, its healthy balance sheet with substantial cash, and its dividend and share-repurchase program.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$15.35	\$15.32
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)

LyondellBasell Industries NV (Materials)	4.7
Air Lease Corp (Industrials)	4.6
Citigroup Inc (Financials)	4.4
Berkshire Hathaway Inc (Financials)	4.1
Alphabet Inc (Information Technology)	3.9
Devon Energy Corp (Energy)	3.9
Apple Inc (Information Technology)	3.8
Samsung Electronics Co Ltd (Information Technology)	3.5
Agrium Inc (Materials)	3.5
Cie Generale des Etablissements Michelin (Consumer Discretionary)	3.4
TOTAL	39.8%

Source: Artisan Partners/FactSet (GICS).

Sector Diversification (% of total portfolio equities)

	Fund	R1V ¹
Consumer Discretionary	14.7	6.7
Consumer Staples	0.0	8.4
Energy	15.3	10.7
Financials	20.6	26.6
Health Care	8.7	13.7
Industrials	6.3	8.4
Information Technology	19.1	8.6
Materials	13.2	3.0
Real Estate	2.1	4.8
Telecommunication Services	0.0	2.8
Utilities	0.0	6.4
TOTAL	100.0%	100.0%

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

Investment Results (%)

As of 31 October 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	0.66	0.66	10.75	20.04	9.36	11.83	6.12	7.19
Advisor Class: APDLX	0.66	0.66	10.85	20.26	9.48	11.91	6.15	7.22
Russell 1000® Value Index	0.73	0.73	8.70	17.78	7.99	13.48	5.99	6.93
Russell 1000® Index	2.29	2.29	16.78	23.67	10.58	15.18	7.61	8.41

As of 30 September 2017

Investor Class: ARTLX	3.74	4.74	10.03	17.16	8.76	11.29	6.05	7.18
Advisor Class: APDLX	3.68	4.75	10.13	17.37	8.88	11.36	6.08	7.21
Russell 1000® Value Index	2.96	3.11	7.92	15.12	8.53	13.20	5.92	6.92
Russell 1000® Index	2.13	4.48	14.17	18.54	10.63	14.27	7.55	8.26

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+	18.6	17.1
100.0–225.0	11.5	21.4
40.0–100.0	22.0	21.7
15.0–40.0	20.1	20.5
0.0–15.0	27.8	19.2
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
James C. Kieffer, CFA	28
Thomas A. Reynolds IV	18
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.

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 Oct 2017: Allergan PLC 1.7%; Hess Corp 3.2%. 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.

Margin of Safety, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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11/3/2017 A17704L_vR