



# Artisan Value Fund

MONTHLY  
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 30 September 2017

## Commentary

Our portfolio advanced, outperforming the Russell 1000® Value Index in September and finishing ahead in Q3 and YTD. Energy holdings Hess and Devon rebounded along with oil prices this month, overcoming early-quarter weakness to deliver positive relative and absolute results for our energy exposure in Q3. We continue to believe our energy holdings are high-quality names selling at undemanding valuations.

Shares of LyondellBasell, a producer of petrochemical ethylene, also aided results. Global ethylene prices tightened as Hurricane Harvey created supply disruptions. Further, ethylene prices are highly correlated to crude oil prices, which rallied in the month. Shares trade at around 8X-9X our estimates of normalized earnings, it has a healthy dividend yield, and the company is repurchasing shares.

Global pharmaceutical company Allergan weighed on results. Recent disappointments and guide-downs have weighed on investor sentiment as investors continue to monitor the company's ability to prevent generic entry for the company's dry eye drug, RESTASIS. However, Allergan recently transferred its patent covering the franchise to the Saint Regis Mohawk Tribe, a recognized sovereign tribal government that has sovereign immunity from patent challenges. Regardless of the outcome of the trial, Allergan has a diversified product mix, solid management team, and one of the best balance sheets in specialty pharma. We used the weakness to add to our position as shares trade at a discount to peers on earnings multiples and our normalized range of earnings.

Media company CBS also declined, as negative investor sentiment surrounding secular changes in the industry pressured shares. There have been early concerns surrounding NFL ratings as viewership has taken a hit. We don't view the early NFL ratings as material, and continue to believe CBS is positioned well for evolution in the media industry. The company owns its content, has its own method for distribution (CBS All-Access), and can sell content into syndication with minimal damage to its brand. Further, the company has strong top-line growth and good interest coverage, affording it the ability to return cash to shareholders through share repurchases.

## Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$15.25	\$15.22
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2017 <sup>1</sup>	0.97%	0.84%
Prospectus 30 Sep 2016 <sup>2</sup>	0.97%	0.84%

<sup>1</sup>Unaudited, annualized for the six month period. <sup>2</sup>See prospectus for more information.

## Top 10 Holdings (% of total portfolio)

Air Lease Corp (Industrials)	4.6
LyondellBasell Industries NV (Materials)	4.5
Citigroup Inc (Financials)	4.4
Berkshire Hathaway Inc (Financials)	4.0
Devon Energy Corp (Energy)	3.9
Alphabet Inc (Information Technology)	3.7
Apple Inc (Information Technology)	3.5
Cie Generale des Etablissements Michelin (Consumer Discretionary)	3.5
Agrium Inc (Materials)	3.4
Hess Corp (Energy)	3.3
<b>TOTAL</b>	<b>38.8%</b>

Source: Artisan Partners/FactSet (GICS).

## Sector Diversification (% of total portfolio equities)

	Fund	R1V <sup>1</sup>
Consumer Discretionary	14.7	6.8
Consumer Staples	0.0	8.7
Energy	15.3	10.9
Financials	20.0	26.0
Health Care	8.2	13.9
Industrials	6.1	8.5
Information Technology	17.6	8.2
Materials	16.1	2.9
Real Estate	2.1	4.8
Telecommunication Services	0.0	3.2
Utilities	0.0	6.2
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/Russell. Cash represented 5.5% of the total portfolio. <sup>1</sup>Russell 1000® Value Index.

## Investment Results (%)

As of 30 September 2017	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	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. <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.

Market Cap Distribution (% of total portfolio equities)

\$ in billions	Fund	RIV <sup>1</sup>
225.0+	17.2	19.9
100.0–225.0	10.8	18.9
40.0–100.0	16.7	21.9
15.0–40.0	20.7	19.3
0.0–15.0	34.6	20.0
<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
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 30 Sep 2017: Allergan PLC 2.0%; CBS Corp 1.7%. 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. **Dividend Yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

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