



# Artisan Value Fund

MONTHLY  
Commentary

Investor Class: ARTLX | Advisor Class: APDLX As of 30 April 2018

## Commentary

US large-cap stocks produced modest gains in April. Quarterly earnings have been historically strong, aided by tax cuts, currency effects and share buybacks. However, the market reaction to standout earnings has been surprisingly tepid. The energy sector was an outlier in April, finishing with a 9% gain. Finishing lower were industrials, technology and consumer staples.

Our portfolio outperformed the Russell 1000® Value Index in April, driven by our energy holdings and lack of consumer staples exposure. The price of WTI rose to the high-\$60s/barrel by month-end as OPEC's efforts to cap production and US producers' nascent exports have helped buoy prices. In addition, energy stocks, which had lagged underlying commodities prices in Q1, played catch-up in April.

Exploration and production companies Occidental Petroleum, Devon Energy, EOG Resources and Hess were top contributors. Leading the way was Occidental—a stable, enhanced oil recovery producer in the Permian Basin (an area where we, along with the market, are bullish on growth in the next 5 to 10 years). In addition to the broader sector-wide influences, we think shares of Occidental rose on greater appreciation of its cash-flow capabilities and increased optimism around near-term operating results.

On the down side, our biggest detractors included Qurate Retail Group (formerly Liberty Interactive QVC) and Allergan. Besides Qurate's flagship QVC business, the company owns a number of retail businesses, including HSN, zulily and Ballard Designs. Qurate weakened on rumors that Amazon was considering a takeover of Evine Live, a distant third in home shopping channels after QVC and HSN. Whether this proves a legitimate risk is open to debate—it may be just a rumor, and there is no assurance Amazon would be successful—but it is a threat we take seriously in considering Qurate's appeal.

Allergan is a specialty pharmaceuticals company with a portfolio of leading brands in areas such as eye care, aesthetics and dermatology. Allergan's weakness coincided with reports it was in talks to acquire Shire, a UK drugmaker. Allergan subsequently withdrew its bid after the negative reaction. This incident underlines the company's uncertain strategic direction. Management has identified several options to unlock value, including M&A, more aggressive stock buybacks, splitting up the company and divestitures. While we await increased visibility on its go-forward strategy, we remain attracted to Allergan's diversified product mix, strong balance sheet and undemanding valuation.

## Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$14.01	\$13.96
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2017	1.01%	0.85%
Prospectus 30 Sep 2017 <sup>1</sup>	1.01%	0.85%

<sup>1</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Alphabet Inc (Information Technology)	4.2
Berkshire Hathaway Inc (Financials)	4.0
Citigroup Inc (Financials)	3.8
Apple Inc (Information Technology)	3.6
Air Lease Corp (Industrials)	3.3
Devon Energy Corp (Energy)	3.3
Samsung Electronics Co Ltd (Information Technology)	3.1
Occidental Petroleum Corp (Energy)	3.1
Cie Generale des Etablissements Michelin SCA (Consumer Discretionary)	3.1
Hess Corp (Energy)	3.1
<b>TOTAL</b>	<b>34.6%</b>

Source: Artisan Partners/FactSet (GICS).

## Sector Diversification (% of total portfolio equities)

	Fund	RIV <sup>1</sup>
Consumer Discretionary	18.1	6.7
Consumer Staples	0.0	7.1
Energy	14.0	11.7
Financials	21.6	26.9
Health Care	9.9	14.3
Industrials	5.4	8.0
Information Technology	19.8	9.1
Materials	9.4	2.9
Real Estate	1.9	4.6
Telecommunication Services	0.0	2.8
Utilities	0.0	6.0
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/FactSet (GICS)/Russell. Cash and cash equivalents represented 2.3% of the total portfolio. <sup>1</sup>Russell 1000® Value Index.

## Investment Results (%)

As of 30 April 2018	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	0.94	0.94	-3.78	7.94	7.48	9.08	7.12	6.95
Advisor Class: APDLX	1.01	1.01	-3.66	8.18	7.65	9.18	7.17	6.99
Russell 1000® Value Index	0.33	0.33	-2.51	7.50	7.66	10.52	7.30	6.81
Russell 1000® Index	0.34	0.34	-0.35	13.17	10.25	12.84	9.10	8.39

As of 31 March 2018

Investor Class: ARTLX	-2.94	-4.67	-4.67	6.64	8.18	9.00	7.33	6.92
Advisor Class: APDLX	-2.95	-4.62	-4.62	6.80	8.32	9.08	7.38	6.95
Russell 1000® Value Index	-1.76	-2.83	-2.83	6.95	7.88	10.78	7.78	6.83
Russell 1000® Index	-2.27	-0.69	-0.69	13.98	10.39	13.17	9.61	8.42

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (27 March 2006); Advisor (1 April 2015). For the period prior to inception, Advisor Class performance is the Investor Class's return for that period ("Linked Performance"). Linked Performance has not been restated to reflect expenses of the Advisor Class and the share class's returns during that period would be different 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>
230.0+	20.9	20.6
100.0–230.0	16.5	17.8
40.0–100.0	20.1	22.9
15.0–40.0	23.8	20.3
0.0–15.0	18.8	18.4
<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	29
Thomas A. Reynolds IV	19
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 Apr 2018: Allergan PLC 2.3%; EOG Resources 2.3%; Quorate Retail Group Inc QVC Group 2.6%. 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.

Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expense ratio information, and is as of the date shown in the upper right hand corner. Totals may not sum due to rounding.

This material is provided for informational purposes without regard to your particular investment needs. This material shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

Frank Russell Company ("Russell") is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell's express written consent. Russell does not promote, sponsor or endorse the content of this communication.

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

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2018 Artisan Partners. All rights reserved.

5/3/2018 A18593L\_vR