Artisan Value Fund

QUARTERLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 30 September 2016

Investment Process

We seek to invest in companies that are undervalued, in solid financial condition and have attractive business economics. We believe that companies with these characteristics are less likely to experience eroding values over the long term.

Attractive Valuation

We value a business using what we believe are reasonable expectations for the long-term earnings power and capitalization rates of that business. This results in a range of values for the company that we believe would be reasonable. We generally will purchase a security if the stock price falls below or toward the lower end of that range.

Sound Financial Condition

We prefer companies with an acceptable level of debt and positive cash flow. At a minimum, we seek to avoid companies that have so much debt that management may be unable to make decisions that would be in the best interest of the companies' shareholders.

Attractive Business Economics

We favor cash-producing businesses that we believe are capable of earning acceptable returns on capital over the company's business cycle.

Team Overview

Our team has worked together for a long time and each member has a high level of trust and confidence in each other's capabilities. Everyone on the team functions as a generalist with respect to investment research and the entire team works together on considering potential investments. The portfolio managers are supported by two research analysts who share a common mindset and focus on the key elements of our investment process.

Portfolio Management

George O. Sertl, CFA
Portfolio Manager

Scott C. Satterwhite, CFA
Portfolio Manager

James C. Kieffer, CFA
Portfolio Manager

Daniel L. Kane, CFA
Portfolio Manager

Investment Results (%)

As of 30 September 2016	QTD[1]	YTD[1]	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception[2]
Investor Class: ARTLX	**5.82**	**21.18**	**24.64**	**6.99**	**12.81**	**6.18**	**6.28**
Advisor Class: APDLX	**5.75**	**21.17**	**24.73**	**7.04**	**12.85**	**6.20**	**6.29**
Russell 1000® Value Index	3.48	10.00	16.20	9.70	16.15	5.85	6.17
Russell 1000® Index	4.03	7.92	14.93	10.78	16.41	7.40	7.33

Source: Artisan Partners/Russell. [1]Returns for periods less than one year are not annualized. [2]Investor Class inception: 27 March 2006. 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.

Expense Ratios	ARTLX	APDLX
Semi-Annual Report 31 Mar 2016[1]	0.95	0.82
Prospectus 30 Sep 2015	1.00	0.82[2]

[1]Unaudited, annualized for the six month period. [2]Includes estimated expenses for the current fiscal year.

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.

Investing Environment

US stocks continued their ascent in Q3, advancing across the market-cap spectrum. Small-cap stocks outpaced both large and mid caps. In a reversal of the first half of 2016, growth stocks outperformed value, though value maintains the edge YTD. Second quarter US GDP data was revised upward on the back of strong exports and consumer spending. The US Federal Reserve left interest rates unchanged, buoying stocks. Investors remain fixated on the timing of Fed moves, with a rate hike before the end of the year remaining a possibility.

The Global Industry Classification Standard (GICS®) introduced real estate as its 11th sector at the end of August. The newly added real estate sector incorporates real estate investment trusts (REITs), previously categorized as an industry under the financials sector. One exception is mortgage REITs, which will remain in the financials sector. We believe the move makes sense—REITs are clearly different than financials, while mortgage REITs tend to be more closely correlated with interest rates and financials stocks. Further, we believe the new real estate sector and reclassification of REITs is a natural evolution, given the massive growth seen in the space.

In Q3, technology and financials stocks were strong, while real estate along with the more defensive utilities, consumer staples and telecom stocks underperformed following a strong first half of the year. Elsewhere, emerging markets strength persisted. Gold prices were essentially flat while remaining materially ahead YTD. Oil prices rallied at the end of Q3 on the surprising news that OPEC officials agreed to a deal to limit production (though details and execution of the deal are not expected until the group's November meeting).

Performance Discussion

Our portfolio advanced, outperforming the Russell 1000® Value Index. Our relative and absolute returns have been strong YTD, especially when looked at in the context of the low interest-rate environment. Given how our portfolio looks considerably different than the index, we feel it's important to point out that relative performance can come from two sources: what you own, and what you don't own. We've stayed true to our philosophy and process and avoided the more expensive, stable areas of the market as we believed valuations there appeared stretched. In Q3, our below-benchmark exposure to these areas—utilities, real estate, consumer staples and telecom—worked in our favor, aiding performance.

We benefited from strength in a number of our technology holdings, with three of our top six performers in Q3 coming from the sector (Qualcomm, Samsung Electronics and Apple). In the case of mobile phone technology and equipment provider Qualcomm, shares rallied on speculation of its possible acquisition of semiconductor company NXP. We believe the acquisition would deliver diversification benefits and substantial cost savings. Whether or not the deal goes through, we're attracted to Qualcomm's cost-cutting initiatives and its focus on returning cash to shareholders through buybacks and dividends.

Diversified IT company Samsung Electronics was a top performer. Shares did sell off briefly mid-September on highly publicized issues related to its Galaxy Note 7 smartphone. We'd note that smartphone sales outside of the Note 7 have been solid, with strong demand for the Galaxy S7. The company's market cap gives little credit for the smartphone business, and we believe the market has already discounted a large amount of the earnings weakness associated with the Note 7. Further, the company is executing well in key business segments, including strong results from its memory business. What's unclear at this time is how much damage to the brand has occurred—though we are somewhat hedged in that we believe two of the biggest winners from Samsung's Note 7 issues will be Apple and Alphabet, also holdings in the portfolio. That said, we continue to believe Samsung Electronics exemplifies our three margin of safety criteria—it's well positioned in most of its markets, has a solid balance sheet with a tremendous amount of net cash, and the financial condition is solid.

Shares of Apple bounced back following a weak first half of the year. Shares had been pressured by lackluster smartphone sales in China and consumers delaying purchases in anticipation of the iPhone® 7 release. We viewed the slowdown as temporary, and used Q2 weakness to add to our position as the stock sold at a material discount based on our estimate of normalized earnings. As the stock advanced in Q3 on the back of better-than-expected results, we trimmed our position on strength. We continue to be attracted to the company's solid financial condition—Apple has substantial cash on the balance sheet and returns free cash flow to shareholders through dividends and share repurchases. Further, its business economics are strong—alongside Samsung Electronics, Apple has a dominant position in smartphones and tablets, and has its own proprietary operating system.

Our holdings exposed to energy, whether directly or indirectly, were a bright spot in Q3 and YTD. Our process is geared toward investing in low-expectation situations. Over the past few years, fear and uncertainty in energy stocks have been palpable, punishing prices of energy-exposed holdings—often unfairly, in our view. We employ normalized ranges for oil and natural gas prices, constructing the low end of our ranges by understanding what prices will cause players to curtail production, and the upper end of our ranges by observing at what levels players tend to lock in higher prices through hedging activity. Thanks to particularly grim sentiment and based on our normalized energy ranges, we were able to build on our positions in a number of high quality names trading at undemanding valuations as energy prices dipped yet again in Q1 2016.

As fundamental supply and demand pressures have shown signs of rebalancing, and OPEC officials indicated the possibility of limiting production, oil prices have rebounded—as have our holdings. Shares of oil and natural gas E&Ps Devon and Apache have been particularly strong. With oil and gas prices moving higher over the course of the

year, Devon has been able to add rigs to its drilling program. The company's basins look healthy, production is strong, and cash flows are higher than expected. Further, following its capital raise and a highly successful divestiture program, the company's balance sheet looks solid. In the case of Apache, shares advanced on news of a significant oil and natural gas discovery—Alpine High, in the Delaware Basin. Apache estimates Alpine High contains over 3 billion barrels of oil, representing a significant finding for the company. We continue to view Devon and Apache as high-quality businesses in strong financial condition selling at undemanding valuations.

Other top performers included Michelin and Liberty Ventures. Tire manufacture Michelin's operating margins are improving, as volumes recover and the benefits of large multi-year cost-cutting initiatives bear fruit. Michelin also appears to be taking market share, outperforming the global tire market (a welcome development, as market share in the industry has historically been static). We believe Michelin should benefit as tire sales growth in China outpaces the rest of the world, as the company enjoys a large market share in the country relative to its global peers. 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.

Liberty Ventures is a John Malone-led vehicle that owns stakes in private and publicly traded companies. Uncertainties surrounding the company's spinoff of Expedia had pressured shares in the first half of the year, but those fears have abated as the deal nears completion. The stock is also an inexpensive way to capture value from Charter Communications, which has been executing well. We continue to believe Liberty Ventures is exceptionally well managed, and shares look attractively valued on a sum-of-the-parts basis.

On the downside, materials holdings Mosaic, Goldcorp and Kinross Gold worked against us. Shares of fertilizer company Mosaic have been volatile. It was among our top performers in August but ultimately ended the quarter in negative territory. News out of the fertilizer industry has been somewhat mixed. On the one hand, a merger between two industry competitors could result in an increase in potash prices as fundamentals improve. On the other hand, a time-extension risk has become increasingly more likely as the downturn in agriculture and commodities has lasted longer than we expected. That said, we're still attracted to Mosaic's low-cost producer status and its focus on cost-savings initiatives and keeping its balance sheet in good shape. Further, despite the time-extension risk, we believe the long-term attributes of the fertilizer market look very compelling, and we are looking for ways to diversify our exposure.

Despite paring gains in Q3, goldminers Goldcorp and Kinross Gold remain top performers in 2016. For years we owned no gold miners, but gold-price weakness made a handful of quality gold mining companies look inexpensive, presenting us an opportunity to invest. Gold prices have ascended materially this year, lifting shares of our holdings. The global supply of gold has been curtailed as companies churn through existing mines and cut or eliminate capex for new mines or expansion projects, resulting in shrinking capacity. Further, a weaker US dollar, inflation, low/negative interest rates and supply and demand fundamentals should present opportunities for gold prices to move higher. We're by no means gold bugs, and our investment theses in Goldcorp and Kinross Gold center around the names meeting our three margin of safety criteria—we believe they are solid businesses with low-cost reserves and below-industry costs trading at undemanding valuations.

While our overall energy exposure was a source of strength, energy E&P Hess was weak in Q3. Shares fell on disappointing results from its Guyana exploration well with partner ExxonMobil. We view the move as an overreaction, and used weakness to add to our position. We like that Hess continues to focus on balance sheet strength and reining in operations. The company has a large stockpile of cash on the balance sheet, and we believe it should benefit as fundamental supply and demand pressures in oil markets rebalance.

Shares of Liberty Interactive QVC, an Internet commerce business that owns QVC® shopping network, weighed on results as the company cautioned a recent deceleration in demand on the backdrop of a continually difficult US retailing environment. Further, concerns of encroachment by online retailers are sparking doubt in investors' minds about the company's long-term success. We acknowledge the fears, but believe the company's business model remains attractive—it's a solid player in a niche industry, has an extremely loyal customer base, favorable vendor terms and low operating costs. Further, the company is repurchasing shares, and we have confidence in management's capital allocation skills. The selloff was an overreaction in our view, and we took advantage of the weakness to add to our position.

Our insurance holdings, property and casualty companies Alleghany and Chubb, worked against us. Both names were among our top performers in Q2, and we believe weakness in the quarter was more reflective of a sentiment reset than any changes in fundamentals. Both companies are executing well, generating free cash flow and returning it to shareholders through share repurchases. We think the businesses are well run with well-respected management teams, and are selling at undemanding prices.

Portfolio Activity

Portfolio activity was limited in Q3—new positions included diversified media company News Corp. The company is the "old media" spinoff of parent company Twenty-First Century Fox (FOX). The split occurred in the summer of 2013, separating the slower growing old media assets from FOX and rearranging the capital structure of the two companies. Since the split, News Corp has struggled to gain respect in the market largely due to declining newspaper profits, FX headwinds and its diversified collection of

assets (including news and information services including the *Wall Street Journal*, Harper Collins book publishing, Fox Sports Australia, etc.) This fear and uncertainty allowed us to establish a position as shares traded at undemanding valuations and at a large discount to our estimate of the sum-of-the-parts. We view the fears as overdone—we believe its diverse asset base is attractive, the balance sheet is strong, and the company is a solid generator of free cash flow.

A number of our cyclical holdings have rebounded YTD and we've used the bounce to decrease or exit our positions. Our industrials exposure has decreased, as we reduced our railway exposure in Q2 with the sale of CSX Corp, and exited mining equipment company Joy Global in Q3. We also sold our position in steel producer Nucor, as steel prices and gross margins have improved substantially and shares hit our estimate of fair value.

Perspective

As we've been living in an extended bull market over the past six-plus years, money has been flowing into passive investment strategies at levels never seen before. In 2015, US index funds saw over $400 billion in inflows. Actively managed funds, meanwhile, saw outflows of over $200 billion over the same period. The divide between active and passive investing is more pronounced in the US than anywhere else in the world, and the gap between active and passive flows has never been larger. These asset flow-patterns out of active investing strategies into passive strategies have persisted YTD in 2016 as well.

As record amounts of money flow into index-tracking ETFs, demand and momentum propel index-held names (and thus the index) higher. The Russell 1000® Value Index has performed in the top 22nd percentile or better when compared to the Morningstar Large Value category over the YTD, one-, three- and five-year periods. We'll go back to the Herb Stein quote, "If something cannot go on forever, it will stop." We do not believe the index can continue to be a top performer in comparison with the peer group over the long term. Valuations, business strength and financial condition ultimately matter, as they should, much more than any sentiment swings regarding a particular investing medium.

To some extent, we've witnessed a changing of the tides in 2016, with value stocks outperforming growth and pockets of opportunity opening up in the market. In our view, the fund's performance exemplifies how our investment process differentiates the portfolio from the index and its peers. As stability has outpaced cyclicality over the last few years, we went toward fear and uncertainty, investing in unloved cyclical areas of the market. We're not closet energy, materials, etc., investors—we invest where there's opportunity, in accordance with our disciplined approach. We aim to take advantage of volatility and mispricing in order to find quality businesses in sound financial condition trading at undemanding valuations. We have invested in stocks that have lived through a massive bear market over the last few years as the broader market hit new highs.

We will continue to focus on what we can control, aiming to put the business, balance sheet and valuation on our side. We believe that by investing in companies that meet our three margin of safety criteria—i.e. cash producing businesses in strong financial condition that are selling at undemanding valuations—will continue to tilt the risk/reward in our favor over the long term. Where we sit today, we feel the long-term return potential of the portfolio on an absolute and relative basis looks compelling.

For more information: Visit www.artisanpartners.com | Call 800.344.1770

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 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.

This summary represents the views of the portfolio managers as of 30 Sep 2016. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The holdings mentioned above comprised the following percentages of the Value Fund's total net assets as of 30 Sep 2016: Samsung Electronics Co Ltd 5.9%; Devon Energy Corp 5.2%; Apache Corp 4.9%; Goldcorp Inc 3.7%; Cie Generale des Etablissements Michelin 3.1%; Apple Inc 2.8%; Liberty Interactive Corp QVC Group 2.6%; Chubb Ltd 2.5%; Alleghany Corp 2.5%; Liberty Ventures 2.3%; Kinross Gold Corp 2.2%; The Mosaic Co 2.0%; News Corp 2.0%; QUALCOMM Inc 2.0%; Alphabet Inc 2.2%; Hess Corp 3.1%. Securities named in the Commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner. This material does not constitute investment advice.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

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Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Normalized Earnings** are earnings that are adjusted for the cyclical ups and downs over a business cycle. **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.

The Morningstar Large Value Category consists of funds primarily invested in U.S. large-cap companies that are less expensive or growing more slowly than other large-cap stocks.

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