

Investment News™

June 4, 2012

Reprinted with permission from—

crain

The Leading News Source for Financial Advisers

InvestmentNews.com

Fund Managers

DAVID SAMRA

Finding undervalued global stocks by getting 'under the hood'

By Mark Schoeff Jr.

DAVID Samra, who seeks overlooked stocks around the world for the Artisan International Value Fund (ARTKX), has not allowed success to go to his head.

"I'm not a master of the universe," said Mr. Samra, managing director of Artisan Partners and lead portfolio manager of the \$5.4 billion fund. "We're sort of like auto mechanics. We get under the hood and spend our time understanding the business."

Mr. Samra, 48, delves into unglamorous research tasks — plowing through transcripts of analyst calls, reading annual reports, interviewing line managers, senior management and former employees, and hitting the road for site visits.

He and fellow fund manager Daniel O'Keefe are looking for firms with a low stock price and upside potential.

"The price we pay for a security is the largest determinant of our outcomes," Mr. Samra said. "We think the universe outside the United States is large enough where we can find asymmetric outcomes."

The downturn in the global economy helps, he said.

"This is a very robust environment in which to operate, because prices are coming down," Mr. Samra said.

The challenge is to glean the intrinsic value of companies that may have recently lost market share.

"We look out a couple of years and try to understand the normalized earnings power of our businesses," Mr. Samra said.

Even though the companies that Mr. Samra selects may be underperforming at the moment, contributing to their low stock price, they have strong balance sheets and cash flow, along with good management. He is counting on those factors to spark a turnaround for the Artisan International Value Fund.

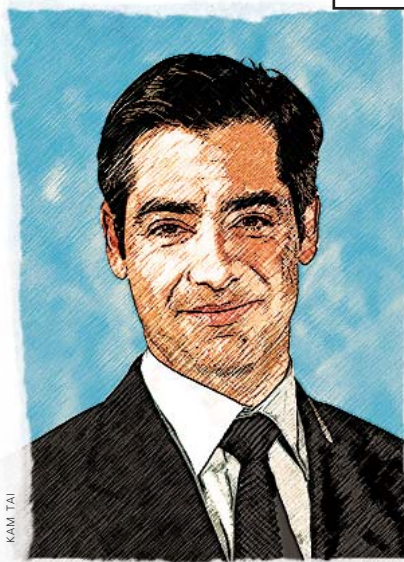
"Think of it as stacking the odds in your favor," Mr. Samra said.

The fund's bets have paid off since it was established in 2002.

"We like the fund quite a bit," said Greg Carlson, a senior fund analyst at Morningstar. "They've stuck to their discipline and produced a really good performance record with relatively low volatility."

The fund won't necessarily burst out like a supernova in the investing sky during bull markets. But it is a steady performer when things are more sluggish.

"It's not a strategy that's going to do well in market rallies," Mr. Carlson



KAM TAI

Spotlight

10

Fund Managers to Watch

Portfolio managers at the top of their game talk about their approach to investing and what sets them apart from the competition.

said. "They tend to do well in choppy markets, like in 2011, and relatively well in down markets."

Over the past few years, the fund has done so well that it is now closed to most new investors. Limiting participation keeps the fund nimble and poised to jump on the next opportunity.

It's still open to investments from new 401(k)s, but others will have to wait. Mr. Samra, tongue-in-cheek, compared himself to the bouncers who used to keep him out of cool clubs.

"I was the guy they never let in," joked Mr. Samra, an avid runner, swimmer and cyclist who is married and has two little girls. "Now it's my turn. It's revenge of the nerds."

Investors can join another fund that Mr. Samra and Mr. O'Keefe manage, the Artisan Global Value Fund (ARTGX). It operates on the same principles as the international fund.

"The philosophy, the discipline, the process are exactly the same," Mr. Samra said. "The only difference is, we're allowed to invest inside the U.S. as well as outside the U.S."

The global value vehicle — established in 2007 — is relatively new, but it has potential, according to Mr. Carlson.

"We haven't rated that one yet, but we do like it," Mr. Carlson said. "They've done a very good job of choosing stocks in the U.S. with discipline."

When choosing foreign stocks, Mr. Samra considers cultural factors as much as financial fundamentals. He notes that corporate governance is strong in developed countries such as the United States, Britain, Canada, Australia and New Zealand. South Africa is making strides.

Although they have achieved consistently high growth, countries such as Brazil, Russia, India and China also carry investment risks for those not familiar with their social and political mores.

"What it means to be a minority shareholder in certain parts of the world is vastly different than what it means to be a minority shareholder in other parts of the world," Mr. Samra said.

"As you wade into emerging markets, you're getting aggressive growth. As a minority shareholder, you better make sure you're getting the benefit of that growth."

mschoeff@investmentnews.com

This article has been reprinted from *InvestmentNews*, a financial publication intended for, investment professionals, financial advisors and broker/dealers. Entire contents copyright by Crain Communications Inc. All rights reserved. *Investment News*, Mr. Schoeff Jr., and Mr. Carlson are not affiliated with David Samra, or Artisan Partners Distributors LLC and the opinions expressed are their own.

This material contains the views of David Samra as of Jun-12. The views and opinions expressed are based on current market conditions, which will fluctuate and those views are subject to change without notice. While the information contained herein is believed to be reliable, there is no guarantee to the accuracy or completeness of any statement in the discussion. This material is for informational purposes only and should not be considered as investment advice or a recommendation of any investment service, product or individual security. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

For important fund performance and disclosures, see below.

Average annual total returns for the fund and benchmark as of 31-May-12:

Artisan International Value Fund – ARTKX (Inception 23-Sep-02): -12.86% (1YR), 10.75% (3YR), -0.72% (5YR), 13.20% (Since Inception). MSCI EAFE Index: -20.48% (1YR), 3.40% (3YR), -7.34% (5YR), 7.02% (Since Inception). MSCI EAFE Value Index: -22.62% (1YR), 1.07% (3YR), -9.17% (5YR), 7.02% (Since Inception).
Artisan Global Value Fund – ARTGX (Inception 10-Dec-07): -3.91% (1YR), 14.75% (3YR), 1.89% (Since Inception). MSCI All Country World Index: -12.29% (1YR), 8.83% (3YR), -5.05% (Since Inception).

Average annual total returns for the fund and benchmark as of 31-Mar-12:

Artisan International Value Fund – ARTKX (Inception 23-Sep-02): 0.74% (1YR), 23.63% (3YR), 2.18% (5YR), 14.74% (Since Inception). MSCI EAFE Index: -5.77% (1YR), 17.13% (3YR), -3.51% (5YR), 8.75% (Since Inception). MSCI EAFE Value Index: -7.83% (1YR), 16.50% (3YR), -5.18% (5YR), 8.92% (Since Inception).
Artisan Global Value Fund – ARTGX (Inception 10-Dec-07): 8.04% (1YR), 25.09% (3YR), 3.70% (Since Inception). MSCI All Country World Index: -0.73% (1YR), 20.75% (3YR), -2.90% (Since Inception).
Expense Ratios are for the fiscal year ended 30-Sep-11. Artisan International Value Fund's expense ratio is 1.24%. The Fund's direct operating expenses are 1.18%, which is reflected in the Fund's "Financial Highlights" in the statutory prospectus and financial statements. The expense ratio noted above includes "Acquired Fund Fees and Expenses," which are indirect expenses the Fund may incur from investing in an investment company (acquired fund); such indirect expenses are not paid from the Fund's assets but are reflected in the return realized by the Fund on its investment in the acquired funds. Artisan Global Value Fund's gross expense ratio is 1.77%. Artisan Partners has contractually agreed to reimburse the Fund for any ordinary operating expenses in excess of 1.50% of its average daily net assets. The current contract continues through 1-Feb-13, at which time Artisan Partners will determine whether to renew, revise or discontinue it.

Source: Artisan Partners/MSCI.

The performance quoted represents past performance, which does not guarantee future results. The investment return and principal value of an investment in the Fund 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 the performance data quoted. For current to most recent month-end performance information, call 800.344.1770 or visit www.artisanfunds.com.

Investors should consider carefully before investing the Fund's investment objective, risks and charges and expenses. For a prospectus or summary prospectus, which contains that information and other information about the Fund, please call us at 800.344.1770. Please read the prospectus or summary prospectus carefully before you invest or send money.

Artisan International Value & Global Value Funds: 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 be more volatile and less liquid than those of large companies, may have underperformed the securities of large companies during some periods and tend to have a shorter history of operations than large companies. Value securities may underperform other asset types during a given period. Artisan International Value Fund: Securities of small-sized companies tend to be more volatile and less liquid than those of large companies, may have underperformed the securities of large companies during some periods and tend to have a shorter history of operations than large companies.

A mutual fund's NAV is the value of a single share and is computed daily using closing prices as of the NYSE closing time – usually 4:00 p.m. Eastern Time, but sometimes earlier. Securities for which prices are not readily available (such as when there are significant changes in one or more U.S. market indices) are valued at a fair value under the Funds' Valuation Procedures as described in the Funds' prospectus. When fair value pricing is employed, the value of a portfolio security used by the Fund to calculate its NAV may differ from (and consequently be higher or lower than) quoted or published prices for the same security. Fair value pricing is not employed by market indices.

Quotations of mutual fund performance are calculated using NAV and may be impacted by fair value pricing.

The MSCI EAFE Index is an index of companies in developed markets, excluding the U.S. and Canada. The MSCI EAFE Value Index is an index of companies in developed markets, excluding the U.S. and Canada that exhibit value investment style characteristics according to MSCI's methodology. MSCI ACWI (All Country World) Index is an index designed to measure equity market performance in the global developed and emerging markets. The indices are unmanaged and its returns include net reinvested dividends but, unlike the Fund's returns, do not reflect the

payment of sales commissions or other expenses incurred in the purchase or sale of the securities included in the indices. An investment cannot be made directly into an index.

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msibarra.com)

Artisan 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 Funds, is wholly owned by Artisan Partners Holdings LP.

© 1999–2011 Artisan Partners Distributors LLC. All rights reserved. 6/14/12 – A12637L