



**Eric R. Colson, CFA**  
Managing Director, Chief Executive Officer  
Artisan Partners

## 20 Years of Disciplined Investing

Eric Colson, Managing Director and CEO of Artisan Partners, reflects on the founding principles that have contributed to the firm's success over the past two decades.

*P&I: Describe for us who Artisan Partners is and what makes the firm different from other asset managers.*

**Eric R. Colson:** Artisan Partners is a global investment management firm. We have six autonomous investment teams that manage fourteen distinct U.S., non-U.S. and global investment strategies.

The two areas that really distinguish us are our business model and culture. Our business model is designed for investment talent to thrive. We have a distinct business management team in place that oversees a robust operational capability and distribution strategy to ensure our investment talent can focus on portfolio management. This design creates an investment culture at our firm that we believe differentiates us in the market. The distinctive elements of our culture are creative perspectives, investment focus, interest alignment and thoughtful growth.

*P&I: Tell us more about your investment culture. Why are creative perspectives and investment focus important to you?*

**Eric R. Colson:** We believe creative perspectives lead to value-added investment decisions. One way in which we foster a creative investment environment is through the autonomy of our investment teams. The uniqueness of each team combined with original research establishes a pure environment where ideas can be developed, vetted and second-guessed by a peer with the same goals and interests.

We also provide our teams the ability to be creative through increasing degrees of investment freedom in the portfolios they manage. Degrees of freedom within a disciplined investment philosophy allow our teams to truly differentiate themselves from the index and peers. That mindset amplifies the creative perspectives that are essential to producing value-added results.

Investment focus is critical at Artisan Partners. Most of our investment teams, if not all, joined the firm because they didn't want to manage their own organizations—oversee the operations, select the office space, deal with contracts, etc. They wanted to focus on investing. And that's what our business model provides—an environment that allows

talented investment professionals to produce their best results. In order to create that environment, we have a business management team in place, which is distinct from our investment teams, as well as dedicated marketing and client service teams to oversee the numerous operational, legal and client service aspects of our business. This model maximizes the time our investment teams spend on investment decisions.

*P&I: You mentioned alignment as a key element of your business. Can you expand on that concept?*

**Eric R. Colson:** Alignment of interests is a lot broader than pure economics. Alignment starts from the top—at Artisan, we instill and look for talent that naturally has a client-first, then firm, then individual mindset. Having that thought process helps create alignment of interests across the entire organization.

We want to develop long-term relationships with our investment talent and clients. If we share common goals, we increase the likelihood of that happening. Our equity ownership structure is a key way for us to establish alignment of interests between our investment teams and clients. Equity ownership encourages long-term thinking, it preserves the integrity of the investment process, and it aligns the goals of our investment teams with the investing goals of our clients.

*P&I: You mentioned "thoughtful growth" is important to you. Explain what that means.*

**Eric R. Colson:** We have always had a commitment to growth and we have viewed ourselves as a growth firm. But we use the term "thoughtful" because we don't want to grow at all costs. We think growth can be destructive over time if it's not managed thoughtfully.

The main ingredients for thoughtful growth, in our minds, are patience and discipline. We've always been patient throughout our history, and I think that's been a big part of our success. Patient in finding and developing investment teams and patient in how we have evolved our distribution efforts. We have also been disciplined in how we manage our business so that growth doesn't become disruptive, or we don't start operating in areas in which we can't excel. That's a big part of our belief system around thoughtful growth.

Another important aspect of thoughtful growth is prioritizing the sources of growth. For example, when you consider assets under management, we believe that growth over time should come from investment results and alpha creation. Therefore, we are thoughtful about the rate of assets coming into our investment strategies. We pay close attention to the total capacity of each product. We look at the mix of clients in each strategy so that we create a thoughtful growth pattern and a stable outcome. We've closed half of our products to manage growth and to maintain the integrity of those strategies.

Growth is rarely a linear outcome and if we try to grow outside of the firm's capabilities it could create unnecessary risk to the firm. So, we always try to be thoughtful about how we grow.

*P&I: What have been the most important aspects of your evolution over the past 20 years?*

**Eric R. Colson:** I think the most important aspect of our evolution over the past 20 years has been the patient acquisition and development of our investment talent and teams.

Each of the investment teams that has joined our firm has marked a key moment in our history—starting with Mark Yockey in 1995 all the way to the 2013 hire of Bryan Krug. We now have six investment teams that oversee a range of 14 high value-added investment strategies. Each of those teams has its own distinct investment process and has developed a team dedicated solely to the execution of its process. Those teams are the true assets of our firm.

A second key aspect of our evolution has probably been how we have evolved our client base and asset mix. We slowly evolved into the defined contribution marketplace—once the characteristics of that market aligned with our long-term goals. Similarly, as the broker-dealer marketplace evolved—creating centralized research and a more institutional orientation—we leveraged our distribution in this channel. Most recently, it was our decision to expand globally. The key has been evolving at a glacial speed and making sure that we move into areas—products or distribution channels—that match our long-term goals and fit with our core values.

In general, whether we are talking about investment talent or our client base or anything else, we have always moved slowly and thoughtfully. It has allowed us to communicate changes, set expectations and create a more transparent outcome for our clients and our associates. We believe that's created a lot of retention, a lot of predictability and, most importantly, stability in our business.

*P&I: What's in the pipeline for Artisan Partners over the next 20 years?*

**Eric R. Colson:** When we look at current trends in the marketplace, we spend a lot of time thinking about what products will be relevant to long-term clients and what strategies will be a good fit for our business. We will remain focused on broadening the degrees of investment freedom in our current strategies as well as with future products. Degrees of freedom can be defined here as expanding the type of securities in which we invest or finding alternative investment strategies that we think will align with secular asset allocation change.

We will continue to expand globally—broadening our distribution around the world. We will spend more time on how our business operations function, the type of technologies we use, the type of people we hire and how all those pieces of our business work together. We will continue to look for opportunities to grow our business in a way that maximizes long-term career opportunities for our investment professionals and provides relevant investment solutions for our clients. In short, our focus for the future is to be true to who we are. We will maintain a focus on investments, a focus on people and a focus on thoughtful growth. ❖

Read, print, and email this Q&A to a colleague at [www.pionline.com/InvestmentInsights\\_Artisan20](http://www.pionline.com/InvestmentInsights_Artisan20)



# ARTISAN PARTNERS



**\$106.2 Billion**

Total AUM (As of 30 Sep 2014)

**1994**

Firm Founded

[Learn more artisanpartners.com/20](http://artisanpartners.com/20)

## Who We Are

### High Value-Added Investment Firm

- Active Strategies
- Autonomous Franchises
- Process-Driven Results

### Talent Driven Business Model

- Designed for Investment Talent to Thrive
- Managed by Business Professionals
- Structured to Align Interests

### Thoughtful Growth

- Active Talent Identification
- Entrepreneurial Commitment
- Focus on Long-Term Global Demand

## Investment Teams and Strategies

### Growth

Global Opportunities  
U.S. Mid-Cap Growth  
U.S. Small-Cap Growth

### Global Equity

Global Equity  
Global Small-Cap Growth  
Non-U.S. Growth  
Non-U.S. Small-Cap Growth

### U.S. Value

Value Equity  
U.S. Mid-Cap Value  
U.S. Small-Cap Value

### Global Value

Global Value  
Non-U.S. Value

### Emerging Markets

Emerging Markets

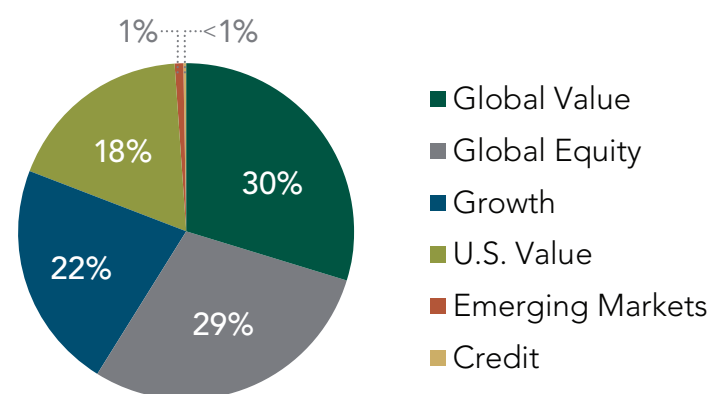
### Credit

High Income

## Firm Facts

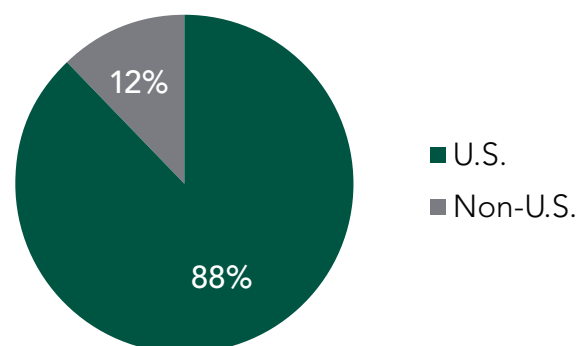
### AUM by Investment Team

As of 30 Sep 2014



### AUM by Client Domicile

As of 30 Sep 2014



## Principal Offices

Milwaukee

San Francisco

Atlanta

New York

Kansas City

London

## Key Contacts

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