



Artisan Mid Cap Value Fund

MONTHLY Commentary

Investor Class: ARTQX | Advisor Class: APDQX As of 31 December 2024

Commentary

Top month-to-date contributors: Vail Resorts Inc; U-Haul Holding Co; Check Point Software Technologies Ltd; Expedia Group Inc; Globe Life Inc

Bottom month-to-date contributors: Omnicom Group Inc; Humana Inc; Polaris Inc; First Citizens BancShares Inc; Baxter International Inc

In this space, we discuss one top contributor (Vail Resorts) and one bottom contributor (Omnicom Group) from the recent month.

For Vail Resorts, a premium skiing, lodging and resort company, good snow accumulation early in the season and better-than-expected pass sales that trended higher since the company's late-September update lifted shares. After two years of tough weather, featuring below-average snowfall and highly variable temperatures that contributed to reduced visitation, the hope is early snow results this winter are a harbinger of a better ski season. Vail is one of a couple dominant players in an industry that benefits from high barriers to entry due to the fixed supply of suitable mountains. Of course, this is a highly seasonal business, dependent on appetite for ski vacations and the right weather conditions, but the company has made strides to improve the business model by increasing the percentage of its business from the advance commitment pass product, which transforms the business from one of uncertainty and weather dependency to one of greater visibility and predictability. This provides stability and the ability to spend on capex during the offseason to improve the guest experience as well as pursue additional footprint expansion. While some years are better than others, the company has been consistently free cash flow positive and prudently allocates capital, with excess capital returned to shareholders, primarily via dividends.

Shares of Omnicom, a leading global advertising and marketing services agency, were down after it announced a \$13.25 billion all-stock deal to acquire rival Interpublic Group. The combination of the world's third- and fourth-largest ad agencies would make Omnicom the largest ad agency in the world and position it to better compete with the big tech firms and the increasing use of artificial intelligence; however, the market's immediate reaction indicates concerns about potential synergies and retention of clients and talent in the near term. We believe the deal makes sense strategically and financially, and the stock is now selling quite cheaply for under 12X earnings after the recent pullback. We like Omnicom's business. While cyclical due to its ties to ad spend, advertising is a royalty on competition as clients around the world seek Omnicom's expertise in creating, managing and tracking advertising campaigns. The business generates strong free cash flow, which has funded capital return in the form of share repurchases and dividends (3.3% current dividend yield), and is mostly a cost-plus business, which lessens the risk of margin pressure. Omnicom also has a flexible cost model allowing it to cut overhead during economic downturns to protect operating profit. While we cannot predict the economic cycle, Omnicom is a business that has delivered high returns on equity over a full business cycle.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$15.59	\$15.48
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2024	1.23%	1.11%
Prospectus 31 May 2024 ^{1,2}	1.14%	0.99%

¹The Fund's operating expenses have been restated to reflect a reduction in management fees, effective as of 31 May 2024. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

First Citizens BancShares Inc (Financials)	3.9
U-Haul Holding Co (Industrials)	3.2
Lamar Advertising Co (Real Estate)	3.1
Vontier Corp (Information Technology)	3.0
Expedia Group Inc (Consumer Discretionary)	3.0
Globe Life Inc (Financials)	2.9
Genpact Ltd (Industrials)	2.8
Waters Corp (Health Care)	2.7
OGE Energy Corp (Utilities)	2.6
The Kroger Co (Consumer Staples)	2.5
TOTAL	29.7%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	11.5	3.3
Consumer Discretionary	16.8	9.3
Consumer Staples	7.5	5.7
Energy	2.0	5.7
Financials	15.8	18.1
Health Care	14.5	8.2
Industrials	11.6	17.0
Information Technology	8.3	9.2
Materials	0.0	6.7
Real Estate	7.1	9.8
Utilities	5.0	7.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.8% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 31 December 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	-6.15	-3.70	4.49	4.49	2.33	7.38	6.57	9.41
Advisor Class: APDQX	-6.13	-3.67	4.65	4.65	2.46	7.53	6.71	9.47
Russell Midcap® Value Index	-7.32	-1.75	13.07	13.07	3.88	8.59	8.10	9.65
Russell Midcap® Index	-7.04	0.62	15.34	15.34	3.79	9.92	9.63	9.88

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (28 March 2001); 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.

Average Annual Total Returns

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMCV ¹
39.4+	7.9	19.1
28.1–39.4	17.9	19.2
17.8–28.1	10.3	21.3
10.6–17.8	26.4	20.2
0–10.6	37.4	20.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell Midcap® Value Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Thomas A. Reynolds IV	26
Daniel L. Kane, CFA	26
Craig Inman, CFA	25

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.

Current and future portfolio holdings are subject to risk. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. 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 Midcap® Value Index measures the performance of US mid-cap companies with lower price/book ratios and forecasted growth values. Russell Midcap® Index measures the performance of roughly 800 US mid-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 31 Dec 2024: Baxter International Inc 2.4%; Check Point Software Technologies Ltd 2.1%; Humana Inc 2.1%; Omnicom Group Inc 1.8%; Polaris Inc 1.9%; Vail Resorts Inc 2.4%. 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.

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

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **Dividend Yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

Source: Artisan Partners/FactSet. Contribution to Return includes the securities with the highest positive and negative contribution to the portfolio's return and is calculated by multiplying a security's portfolio weight by its in-portfolio return for the period. Purchases/sales are accounted for by using end of the day prices, which may or may not reflect the actual purchase/sale price realized by the portfolio. Contribution to return is not exact, but should be considered an approximation.

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