



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 30 June 2024

Commentary

Top month-to-date contributors: Expedia Group Inc; Check Point Software Technologies Ltd; NetApp Inc; Public Storage; Marriott International Inc

Bottom month-to-date contributors: DENTSPLY SIRONA Inc; Centene Corp; nVent Electric PLC; Vontier Corp; Waters Corp

In this space, we discuss one top contributor (Check Point Software Technologies) and one bottom contributor (Waters) from the recent month.

Underlying growth trends are improving for Check Point, a network security solutions provider, after growth slowed in 2023. Revenue growth has been supported by growth in subscriptions—a key sales focus due to their recurring and predictable nature and higher lifetime customer value. We like that the company's founder is the largest shareholder and runs the business like an owner. However, despite high customer retention and enviable margins, the stock tends to be unloved because investors in the software space value growth at any cost, and Check Point deliberately holds the line on margins, with an attention on real cash flow. Over the past several years, the company has made several acquisitions that improved its competitive position in the areas of cloud infrastructure and cyber security. With significant and consistent cash flow and a sizable net cash position, the company remains in a strong position to deploy capital strategically.

Waters is a specialty measurement company that offers analytical workflow solutions for quality assurance/quality control (QA/QC) to pharma, industrial, academic and government customers. The stock was under pressure this month after industry peer Agilent Technologies aggressively cut its fiscal year guidance citing weakness in China and the biopharma end market. However, none of this was news as these have been ongoing headwinds for the life sciences companies. We've held Waters in the portfolio since July 2023. At that time, we were able to initiate a position at close to a trough multiple on EV/EBIT and at a discount to peers as the stock had de-rated due to concerns about pharma capital spending. Waters is an attractive business. It has industry-leading margins that have been very stable over time, it converts most of its earnings to cash, and its free cash flow margin is around 20%. Waters has a high recurring revenue stream (about 50% of revenues), which includes consumables, services and software, and this also contributes to a stronger financial condition. The balance is instruments, which are driven by replacement, moderate market growth and innovation. Instruments sales are quite sticky because methods for testing are part of regulatory filings, which are difficult and cumbersome to change.

Investment Results (%)

As of 30 June 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	-1.34	-5.37	-0.06	7.88	2.79	7.47	5.78	9.42
Advisor Class: APDQX	-1.34	-5.34	0.00	7.92	2.92	7.62	5.91	9.47
Russell Midcap® Value Index	-1.60	-3.40	4.54	11.98	3.65	8.49	7.60	9.49
Russell Midcap® Index	-0.66	-3.35	4.96	12.88	2.37	9.46	9.04	9.66

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.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$15.51	\$15.41
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2024 ¹	1.24%	1.13%
Prospectus 31 May 2024 ^{2,3}	1.14%	0.99%

¹Unaudited, annualized for the six-month period. ²The Fund's operating expenses have been restated to reflect a reduction in management fees, effective as of 31 May 2024. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Analog Devices Inc (Information Technology)	4.6
First Citizens BancShares Inc (Financials)	4.5
Vontier Corp (Information Technology)	3.1
U-Haul Holding Co (Industrials)	3.1
Lamar Advertising Co (Real Estate)	3.0
News Corp (Communication Services)	2.9
Arch Capital Group Ltd (Financials)	2.8
nVent Electric PLC (Industrials)	2.6
Expedia Group Inc (Consumer Discretionary)	2.6
NOV Inc (Energy)	2.5
TOTAL	31.7%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	10.8	2.9
Consumer Discretionary	13.4	9.0
Consumer Staples	6.7	3.5
Energy	2.5	5.6
Financials	21.7	18.2
Health Care	9.7	6.2
Industrials	12.8	20.1
Information Technology	11.2	9.7
Materials	0.0	7.2
Real Estate	6.8	10.1
Utilities	4.3	7.5
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.6% of the total portfolio. ¹Russell Midcap® Value Index.

Average Annual Total Returns

As of 30 June 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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Russell Midcap® Value Index	-1.60	-3.40	4.54	11.98	3.65	8.49	7.60	9.49
Russell Midcap® Index	-0.66	-3.35	4.96	12.88	2.37	9.46	9.04	9.66

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMCV ¹
36.7+	16.7	24.2
23.5–36.7	17.3	20.7
15.7–23.5	20.6	19.4
9.7–15.7	13.0	16.8
0–9.7	32.4	18.9
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	25
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 30 Jun 2024: Centene Corp 2.1%; Check Point Software Technologies Ltd 1.9%; DENTSPLY SIRONA Inc 1.8%; Marriott International Inc 1.9%; NetApp Inc 1.5%; Public Storage 1.6%; Waters Corp 2.1%. 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.

Enterprise Value to Earnings Before Interest and Taxes (EV/EBIT) is a valuation multiple defined as an enterprise value (EV) divided by earnings before interest and tax (EBIT). **Free cash flow margin** takes a company's FCF and expresses it as a percentage of sales (or revenue).

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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