



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 May 2024

Commentary

Top month-to-date contributors: Humana Inc; Meta Platforms Inc; Arch Capital Group Ltd; Texas Instruments Inc; The Goldman Sachs Group Inc

Bottom month-to-date contributors: Baxter International; EOG Resources Inc; The Walt Disney Co; United Parcel Service Inc; Samsung Electronics Co Ltd

In this space, we discuss one top contributor (Humana) and one bottom contributor (Baxter International) from the recent month.

Humana is a leading US managed health care company, which we added to the portfolio in Q1. During May, the stock recouped some of its YTD losses. After a few years of benign costs, mainly related to lower utilization trends during COVID in which the managed care industry enjoyed expanding profits and strong growth, utilization has ticked higher, driving up costs. Due to the timing of annual negotiated repricing for Medicare Advantage plans in June, Humana won't be able to adjust pricing higher until the following year. In the interim, this is problematic for near-term earnings. Naturally, this has weighed on Humana's stock price. The main drivers for the business remain intact, however, and there are no large fundamental shifts impacting the industry's long-term outlook. As opportunistic value investors, we took advantage of what we believe will be a temporary air pocket in earnings to purchase shares trading at historic lows on most valuation metrics using our estimates of normalized results.

Baxter provides essential products in renal care, medication delivery, advanced surgery, clinical nutrition, pharma and acute therapies. Though quarterly results beat expectations and the company raised guidance, shares were down because some of the upside to results was in the renal care business, which is being spun off, whereas there was weakness in its healthcare services and technologies business—the legacy Hillrom business that it acquired in 2021. Baxter has sought to transform the company by selling several non-core operations, which will raise cash and simplify the business longer term as it focuses on profitable growth. Last year, it sold its BioPharma Solutions business at a significant premium, and this year it is exiting the kidney business. Given the company's growth challenges over the past few years, patience among investors seems to be lacking. In our view, there is significant pessimism embedded in the stock price as it sells cheaply based on our sum-of-the-parts valuation analysis.

Portfolio Details

| | ARTLX | APDLX |
|---|------------------------|------------|
| Net Asset Value (NAV) | \$14.76 | \$14.67 |
| Inception | 27 Mar 2006 | 1 Apr 2015 |
| Expense Ratios (% Gross/Net) | | |
| Semi-Annual Report 31 Mar 2024 ^{1,2,3} | 1.07/0.98 | 0.96/0.88 |
| Prospectus 30 Sep 2023 ^{2,3} | 1.10/1.07 ⁴ | 0.97/0.88 |

¹Unaudited, annualized for the six-month period. ²Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2025. ³See prospectus for further details. ⁴There was no expense limit prior to July 1, 2023. Effective July 1, 2023, expense limit was 0.98%.

Top 10 Holdings (% of total portfolio)

| | |
|---|--------------|
| Alphabet Inc (Communication Services) | 3.8 |
| Meta Platforms Inc (Communication Services) | 3.5 |
| The Goldman Sachs Group Inc (Financials) | 3.1 |
| Arch Capital Group Ltd (Financials) | 3.1 |
| Diageo PLC (Consumer Staples) | 3.0 |
| Humana Inc (Health Care) | 2.8 |
| Kerry Group PLC (Consumer Staples) | 2.8 |
| Comcast Corp (Communication Services) | 2.8 |
| Heineken Holding NV (Consumer Staples) | 2.7 |
| The Cigna Group (Health Care) | 2.7 |
| TOTAL | 30.3% |

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

| | Fund | RIV ¹ |
|------------------------|---------------|------------------|
| Communication Services | 15.0 | 4.5 |
| Consumer Discretionary | 6.4 | 4.8 |
| Consumer Staples | 15.3 | 8.0 |
| Energy | 5.2 | 7.9 |
| Financials | 27.3 | 22.8 |
| Health Care | 14.5 | 14.0 |
| Industrials | 10.3 | 14.3 |
| Information Technology | 5.9 | 9.2 |
| Materials | 0.0 | 4.8 |
| Real Estate | 0.0 | 4.5 |
| Utilities | 0.0 | 5.2 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.8% of the total portfolio. ¹Russell 1000[®] Value Index.

Investment Results (%)

| As of 31 May 2024 | Average Annual Total Returns | | | | | | | |
|---------------------------------------|------------------------------|-------|-------|-------|------|-------|-------|-----------|
| | MTD | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
| Investor Class: ARTLX | 2.07 | -1.27 | 7.27 | 23.42 | 7.43 | 14.56 | 9.36 | 8.35 |
| Advisor Class: APDLX | 2.09 | -1.21 | 7.39 | 23.50 | 7.62 | 14.77 | 9.51 | 8.43 |
| Russell 1000 [®] Value Index | 3.17 | -1.24 | 7.64 | 21.71 | 5.45 | 10.74 | 8.61 | 7.57 |
| Russell 1000 [®] Index | 4.71 | 0.25 | 10.58 | 28.01 | 8.46 | 15.42 | 12.40 | 10.11 |

As of 31 March 2024

| | | | | | | | | |
|---------------------------------------|------|-------|-------|-------|-------|-------|-------|-------|
| Investor Class: ARTLX | 4.69 | 8.65 | 8.65 | 25.11 | 10.98 | 14.01 | 9.93 | 8.50 |
| Advisor Class: APDLX | 4.65 | 8.71 | 8.71 | 25.22 | 11.16 | 14.20 | 10.08 | 8.59 |
| Russell 1000 [®] Value Index | 5.00 | 8.99 | 8.99 | 20.27 | 8.11 | 10.32 | 9.01 | 7.72 |
| Russell 1000 [®] Index | 3.21 | 10.30 | 10.30 | 29.87 | 10.45 | 14.76 | 12.68 | 10.19 |

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (27 March 2006); 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.

Market Cap Distribution (% of portfolio securities)

| \$ in billions | Fund | RIV ¹ |
|----------------|---------------|------------------|
| 204.0+ | 17.6 | 22.2 |
| 114.0–204.0 | 23.2 | 21.2 |
| 50.0–114.0 | 35.9 | 19.6 |
| 21.0–50.0 | 17.0 | 18.5 |
| 0.0–21.0 | 6.2 | 18.5 |
| TOTAL | 100.0% | 100.0% |

Source: Artisan Partners/Russell. ¹Russell 1000® 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. 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 and less developed markets, including frontier markets. 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 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.

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 May 2024: Baxter International Inc 2.4%; EOG Resources Inc 2.7%; Samsung Electronics Co Ltd 1.4%; Texas Instruments Inc 2.5%; The Walt Disney Co 1.7%; United Parcel Service Inc 2.3%. 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.

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

Sum-of-the-parts valuation is an approach to valuing a company by separately assessing the value of each business segment and adding them up to determine the total value of the company.

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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