



# Artisan Mid Cap Value Fund

MONTHLY  
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 28 February 2025

## Commentary

Top month-to-date contributors: Expedia Group Inc; Genpact Ltd; LKQ Corp; OGE Energy Corp; Alliant Energy Corp

Bottom month-to-date contributors: Bio-Rad Laboratories Inc; First Citizens BancShares Inc; Waters Corp; Asbury Automotive Group Inc; Humana Inc

In this space, we discuss one top contributor (Genpact) and one bottom contributor (Bio-Rad Laboratories) from the recent month.

Genpact, a business process outsourcing company, reported 8.7% year-over-year revenue growth in Q4, which was better than expectations and marked an acceleration from the prior quarter. The company experienced solid growth across verticals and geographies, as well as momentum in its Data-Tech-AI segment (12% Y/Y revenue growth) on strong demand for artificial intelligence-based solutions. Continuing its prudent and shareholder-friendly capital allocation, Genpact also announced an 11% increase in its quarterly dividend and upped its stock buyback authorization by \$500 million. Genpact is one of our more recent new positions—added to the portfolio in 2024. At the stock's all-time highs in early 2022, Genpact was selling in the low \$50s at around 22X FY1 earnings. When we initiated our position, Genpact was selling in the low \$30s at a 10X multiple. Though the business had performed well—continuing to generate free cash flow and grow earnings—the market had become concerned about the risk posed by AI to a labor-intensive outsourcing business. However, technological-driven automation isn't new to this industry. Technology has been continually replacing low-value work. Also, Genpact is not a commoditized body shop. The company has domain expertise, its contracts are long term in nature, it provides services that are essential, and the tailwind of specialization via outsourcing appears to have a long runway.

Bio-Rad Laboratories (BIO) manufactures and distributes life science research and clinical diagnostics products. Quarterly results were disappointing due to ongoing sluggishness in biopharma R&D, a change to reimbursement policies in China contributing to weaker revenues in its clinical diagnostics business and a lack of clarity on future margin improvement. After a few years of business headwinds related to receding COVID-related revenues, persistent supply chain issues and slowing life science tool end markets, investors are eager to see improvement. A key component of our investment case is BIO's large investment (~\$5.5 billion and 34% of shares outstanding) in German peer Sartorius, a biopharmaceutical research solutions provider. BIO also has net cash and securities outside of its Sartorius stake. For context, BIO is an ~\$7.2 billion market cap company. BIO is under-followed on Wall Street, and screens on enterprise value do not capture BIO's stake in Sartorius. As a result, we believe quantitative and casual market watchers don't appreciate BIO's cheap valuation.

## Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$15.96	\$15.85
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2024	1.23%	1.11%
Prospectus 30 Sep 2024 <sup>1,2</sup>	1.17%	1.06%

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

## Top 10 Holdings (% of total portfolio)

Genpact Ltd (Industrials)	3.4
First Citizens BancShares Inc (Financials)	3.3
Globe Life Inc (Financials)	3.3
Expedia Group Inc (Consumer Discretionary)	3.2
Lamar Advertising Co (Real Estate)	3.2
Vontier Corp (Information Technology)	3.1
U-Haul Holding Co (Industrials)	3.1
OGE Energy Corp (Utilities)	2.9
The Kroger Co (Consumer Staples)	2.6
Corebridge Financial Inc (Financials)	2.6
<b>TOTAL</b>	<b>30.8%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of portfolio securities)

	Fund	RMCV <sup>1</sup>
Communication Services	10.0	3.4
Consumer Discretionary	15.5	9.1
Consumer Staples	7.6	5.7
Energy	3.7	5.8
Financials	15.4	18.5
Health Care	13.3	8.0
Industrials	12.2	16.7
Information Technology	8.8	8.7
Materials	0.0	6.8
Real Estate	8.0	10.0
Utilities	5.5	7.2
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.1% of the total portfolio. <sup>1</sup>Russell Midcap® Value Index.

## Investment Results (%)

As of 28 February 2025	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	0.38	2.37	2.37	5.41	4.19	10.90	6.52	9.45
Advisor Class: APDQX	0.38	2.39	2.39	5.51	4.32	11.07	6.67	9.51
Russell Midcap® Value Index	-1.82	1.63	1.63	11.67	6.14	11.68	8.00	9.65
Russell Midcap® Index	-2.84	1.29	1.29	12.25	7.18	12.41	9.35	9.87

As of 31 December 2024

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.

## Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMV <sup>1</sup>
39.4+	9.2	21.6
28.1–39.4	10.5	18.4
17.8–28.1	16.8	20.9
10.6–17.8	31.6	19.5
0–10.6	31.9	19.6
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/Russell. <sup>1</sup>Russell 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 28 Feb 2025: Alliant Energy Corp 2.4%; Asbury Automotive Group Inc 2.1%; Bio-Rad Laboratories Inc 1.2%; Humana Inc 2.4%; LKQ Corp 2.4%; Waters Corp 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.

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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) Ratio** measures how expensive a stock is. Earnings figures used for FY1 and FY2 are estimates for the current and next unreported fiscal years. **Enterprise Value (EV)** is a measure of a company's value. **Net Cash** is a figure that is reported on a company's financial statements. It is calculated by subtracting a company's total liabilities from its total cash.

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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