



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 29 February 2024

Commentary

Top month-to-date contributors: Meta Platforms Inc; The Cigna Group; Safran SA; The Walt Disney Co; NXP Semiconductors NV

Bottom month-to-date contributors: Comcast Corp; Heineken Holding NV; Warner Bros Discovery Inc; Medtronic PLC; Koninklijke Philips NV

In this space, we discuss one top contributor (Meta Platforms) and one bottom contributor (Heineken Holding) from the recent month.

Meta Platforms' shares soared after the company reported blowout earnings and announced its first-ever dividend payment. Net income more than tripled year over year as revenue growth accelerated to its fastest pace since 2021 on improving engagement across its social media platforms and broad-based strength in advertising. In spite of its large size, Meta has been able to outgrow the broader digital ad market by integrating artificial intelligence and machine learning tools that boost ad spend by increasing engagement, content creation and measurement. Since its 2022 lows, when shares were trading for less than 10X next year's estimated earnings, Meta has grown its market capitalization by nearly \$1 trillion. To put that into perspective, that is more than the combined market capitalizations of the smallest 230 companies in the large-cap Russell 1000® Index. Shares currently sell for about 25X FY1 earnings. While the stock has benefited from enthusiasm around AI, the re-rating in the price multiple seems entirely rational considering Meta's growth drivers, consistent free cash flow generation and a large net cash position. While Meta is no longer cheap, we feel it is still reasonably priced for a good business with attractive growth prospects and will continue to manage its position size.

Shares of Heineken, the second-largest brewer in the world, declined about 8% in February as volumes have remained soft amid challenging macro trends globally. Volume trends can ebb and flow, but on the whole, the alcoholic beverage category has a highly stable demand profile. Rather than sacrifice margins, Heineken has remained focused on maintaining its premium positioning—leveraging its strong brand portfolio and exposure to the premium beer segment—to pass through cost inflation. Heineken's brands and scale provide it with competitive advantages on margins, cash flow and the capacity to invest for growth. Also, Heineken's geographical exposures provide growth tailwinds. It has a relatively small presence in the competitive and shrinking US beer market and an outsized presence in emerging markets. Expectations for this stable and higher quality business appear relatively low—the stock sells for just 14X FY1 earnings compared to its average of 17X over the past decade.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$14.28	\$14.19
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2023 ^{1,2}	1.09/1.06 ³	0.97/0.88
Prospectus 30 Sep 2023 ^{1,2}	1.10/1.07	0.97/0.88

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

Top 10 Holdings (% of total portfolio)

Meta Platforms Inc (Communication Services)	4.7
Alphabet Inc (Communication Services)	3.8
Arch Capital Group Ltd (Financials)	3.5
Airbus SE (Industrials)	3.1
Comcast Corp (Communication Services)	3.0
Visa Inc (Financials)	2.9
Baxter International Inc (Health Care)	2.9
Safran SA (Industrials)	2.8
Compass Group PLC (Consumer Discretionary)	2.8
The Cigna Group (Health Care)	2.7
TOTAL	32.1%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RIV ¹
Communication Services	16.8	4.7
Consumer Discretionary	7.7	5.1
Consumer Staples	13.7	7.8
Energy	5.3	7.7
Financials	25.9	22.5
Health Care	13.8	14.6
Industrials	11.4	14.2
Information Technology	5.5	9.5
Materials	0.0	4.7
Real Estate	0.0	4.7
Utilities	0.0	4.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 4.6% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 29 February 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	2.96	3.78	3.78	20.36	11.29	13.10	9.66	8.27
Advisor Class: APDLX	2.98	3.88	3.88	20.52	11.47	13.30	9.82	8.35
Russell 1000® Value Index	3.69	3.80	3.80	14.01	8.41	9.38	8.74	7.46
Russell 1000® Index	5.40	6.87	6.87	29.81	10.66	14.43	12.39	10.05

As of 31 December 2023

Investor Class: ARTLX	5.21	9.75	24.23	24.23	11.70	14.97	9.33	8.12
Advisor Class: APDLX	5.19	9.75	24.32	24.32	11.85	15.14	9.47	8.20
Russell 1000® Value Index	5.54	9.50	11.46	11.46	8.86	10.91	8.40	7.31
Russell 1000® Index	4.94	11.96	26.53	26.53	8.97	15.52	11.80	9.73

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+	22.1	22.9
114.0–204.0	20.1	19.1
50.0–114.0	34.8	20.0
21.0–50.0	15.9	18.7
0.0–21.0	7.0	19.3
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	25
Craig Inman, CFA	24

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 29 Feb 2024: Heineken Holding NV 2.5%; Koninklijke Philips NV 1.5%; Medtronic PLC 2.2%; NXP Semiconductors NV 1.6%; The Walt Disney Co 1.9%; Warner Bros Discovery Inc 0.9%. 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) is a valuation ratio of a company’s current share price compared to its per-share earnings.

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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