



Artisan Mid Cap Value Fund

MONTHLY
Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 31 January 2024

Commentary

Top month-to-date contributors: Corebridge Financial Inc; Arch Capital Group Ltd; First Citizens BancShares Inc; Sysco Corp; The Progressive Corp

Bottom month-to-date contributors: U-Haul Holding Co; WaFd Inc; Warner Bros Discovery Inc; Public Storage; CAE Inc

In this space, we discuss one top contributor (Corebridge Financial) and one bottom contributor (CAE) from the recent month.

Corebridge, a provider of life insurance and retirement solutions, was previously a unit of AIG and a September 2022 IPO. AIG still owns ~51% of the company following its recent secondary sale in November 2023, equaling 9.1% of shares outstanding. Since adding Corebridge to the portfolio in Q1 2023, it's been among our top performers as the "higher for longer" interest rate environment has driven an increase in spread income. Our investment thesis has been that Corebridge would not only benefit from the current interest rate environment following ZIRP (zero interest rate policy), but as a standalone entity that is not part of a large inefficient and capital-constrained parent, would have plenty of room to improve its competitive position and wring out efficiencies to improve ROE. Even after recent stock price gains, Corebridge yields 3.8% on its dividend, with a double-digit free cash flow yield. In addition to Corebridge's regular dividend, the company paid two special dividends in 2023 totaling \$1.78, which is 7.6% on today's price. Besides dividends, we expect free cash flow will be used to ensure holding company liquidity, retire diluted shares and support modest growth expectations.

CAE is an aerospace and defense company providing pilot training via either the sale of full flight simulators or third-party training services. When we established our position in CAE in May 2022, the business was still recovering from the impacts from COVID, but this offered us an attractive entry point to purchase a high-quality business that was well positioned in a growing industry having high barriers to entry. Over its history, the company has transformed itself from a flight simulator equipment maker to primarily a services company with a high share of recurring revenues. Though the civil business is growing well on positive commercial traffic trends, disappointing margins in the defense segment continue to weigh on investor sentiment. Management now expects defense margins to remain mid-single-digits versus prior expectations of an inflection in the second half of the year, citing legacy low-margin contracts and delays in new program awards. While progress on margins has been disappointing, CAE remains a good business, and the valuation is compelling on both an absolute basis and relative to the broader market as it now sells for just 11X normalized EBITA.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$15.42	\$15.32
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2023	1.22%	1.07%
Prospectus 30 Sep 2023 ¹	1.22%	1.08%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

First Citizens BancShares Inc (Financials)	3.9
Analog Devices Inc (Information Technology)	3.7
U-Haul Holding Co (Industrials)	3.5
Vontier Corp (Information Technology)	3.2
Globe Life Inc (Financials)	3.1
Expedia Group Inc (Consumer Discretionary)	2.9
Lamar Advertising Co (Real Estate)	2.6
News Corp (Communication Services)	2.5
NOV Inc (Energy)	2.5
Arch Capital Group Ltd (Financials)	2.4
TOTAL	30.3%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	12.2	3.3
Consumer Discretionary	13.5	9.2
Consumer Staples	6.8	3.7
Energy	2.6	5.2
Financials	21.2	18.0
Health Care	11.6	6.8
Industrials	11.7	19.5
Information Technology	10.5	9.5
Materials	0.0	7.5
Real Estate	7.7	10.3
Utilities	2.1	7.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 4.9% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 31 January 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	-0.64	-0.64	-0.64	6.94	8.67	8.51	6.70	9.56
Advisor Class: APDQX	-0.58	-0.58	-0.58	7.10	8.85	8.67	6.83	9.62
Russell Midcap® Value Index	-1.79	-1.79	-1.79	2.42	7.80	8.61	8.25	9.37
Russell Midcap® Index	-1.42	-1.42	-1.42	6.70	5.50	10.08	9.48	9.54

As of 31 December 2023

Investor Class: ARTQX	7.06	11.21	18.15	18.15	9.02	11.03	6.27	9.63
Advisor Class: APDQX	6.97	11.20	18.25	18.25	9.17	11.19	6.39	9.69
Russell Midcap® Value Index	7.79	12.11	12.71	12.71	8.36	11.16	8.26	9.50
Russell Midcap® Index	7.73	12.82	17.23	17.23	5.92	12.68	9.42	9.65

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	RMCV ¹
36.7+	15.5	20.0
23.5–36.7	8.8	19.1
15.7–23.5	25.6	20.3
9.7–15.7	18.6	20.0
0–9.7	31.6	20.4
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	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. 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 Jan 2024: CAE Inc 1.6%; Corebridge Financial Inc 1.8%; Public Storage 1.6%; Sysco Corp 1.7%; The Progressive Corp 1.4%; WaFd Inc 1.4%; Warner Bros Discovery Inc 1.4%. 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.

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. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Free Cash Flow Yield** is an overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share. The ratio is calculated by taking the free cash flow per share divided by the share price. **Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)** is an indicator of a company's financial performance which is calculated by looking at earnings before the deduction of interest expenses, taxes, depreciation and amortization.

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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