



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 December 2021

Commentary

US equities rallied in December after late-November's selloff on the emergence of COVID variant omicron. While omicron has proven highly transmissible, it hasn't been as virulent as previous strains. The Russell 1000® Value Index returned 6.31% in December, resulting in gains of 7.77% and 25.16% in Q4 and 2021. All sectors advanced, with defensives—consumer staples, real estate and utilities—leading the way. Energy, financials and communication services stocks trailed. Returns favored value stocks in December; however, growth stocks led in Q4 and 2021—at least in the large-cap segment. In small caps and mid caps, value held a decided edge in Q4 and for the full year.

Our portfolio outperformed the Russell 1000® Value Index in December, as our investment approach emphasizing attractive valuations and cash-flow producing businesses was rewarded. Cigna, a leading managed care company, was a top performer. When shares retreated in August due to fears of increasing health care utilization, we took advantage of the weakness—adding to our position. The share price has since recovered to its early-August price as sentiment has improved. Cigna is one of the few managed care organizations in the US with the scale and size to compete effectively. The company used the \$6.3 billion in gross proceeds from its 2020 sale of its US group life, accident and disability insurance business to reduce outstanding debt, repurchase substantial amounts of stock and acquire MDLIVE, a virtual care provider. In short, we believe management is smartly redeploying capital from low-return situations to higher return uses; these efforts should grow the business, while creating long-term shareholder value. Additionally, the stock sells cheaply, trading below 11X 2022 consensus estimates.

Medtronic, a medical technology company, was among our biggest detractors during the month. The case of Medtronic is an interesting juxtaposition to Cigna as each stock is the other side of the coin of pandemic-driven shifts in sentiment driving short-term volatility in asset prices. In contrast to Cigna coming under pressure due to concerns about increased visits to the doctor's office as the pandemic abates, shares of Medtronic fell due to fears that omicron will dampen surgery capacity and demand. Pressure on surgery volumes related to the pandemic can't last forever though, in our view, so we added to our position on weakness. Medtronic is under new management that is focused on growing the company's top line, reinvesting in R&D, returning cash to shareholders and growing operating profits. We like the new management's strategy and believe new product launches, increased surgery visits, sound M&A transactions and a shareholder-returns focus should reinvestigate the business.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$15.04	\$14.96
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2021	1.05/—	0.95/0.88 ¹
Prospectus 30 Sep 2020 ²	1.09/—	0.93/0.89 ¹

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2023. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	5.7
FedEx Corp (Industrials)	3.5
Booking Holdings Inc (Consumer Discretionary)	3.4
Samsung Electronics Co Ltd (Information Technology)	3.2
Comcast Corp (Communication Services)	3.1
Compass Group PLC (Consumer Discretionary)	3.1
Koninklijke Philips NV (Health Care)	3.0
EOG Resources Inc (Energy)	2.9
Airbus SE (Industrials)	2.9
Arch Capital Group Ltd (Financials)	2.9
TOTAL	33.8%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RIV ¹
Communication Services	16.9	7.3
Consumer Discretionary	13.4	5.7
Consumer Staples	6.6	7.4
Energy	5.1	5.1
Financials	18.5	20.7
Health Care	15.0	18.0
Industrials	14.6	11.5
Information Technology	9.9	10.2
Materials	0.0	3.8
Real Estate	0.0	5.1
Utilities	0.0	5.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 0.7% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 December 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	6.74	4.48	23.08	23.08	21.06	11.85	11.91	8.34
Advisor Class: APDLX	6.78	4.55	23.25	23.25	21.24	12.03	12.02	8.41
Russell 1000® Value Index	6.31	7.77	25.16	25.16	17.64	11.16	12.97	8.07
Russell 1000® Index	4.05	9.78	26.45	26.45	26.21	18.43	16.54	10.87

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
260.0+	19.9	20.2
128.0–260.0	17.8	19.9
53.0–128.0	31.0	19.5
24.0–53.0	18.5	20.5
0.0–24.0	12.9	19.9
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	23
Daniel L. Kane, CFA	23
Craig Inman, CFA	22

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. 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 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 Dec 2021: Cigna Corp 2.1%; Medtronic PLC 1.6%. 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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