



# Artisan Value Fund

## MONTHLY Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 30 September 2021

### Commentary

Equity markets came under pressure in September driven by concerns about persistent supply chain disruptions that are feeding into inflation and input costs. These worries were evidenced by a backup in interest rates with the yield on the 10-year Treasury note jumping over 20bps in the final week of the month. The Russell 1000® Value Index returned -3.48% in September and -0.78% in Q3. Quarterly returns by sector were mixed, with financials, real estate and utilities finishing higher. The materials, industrials and consumer sectors were lower due to concerns about input cost pressures. Our portfolio modestly trailed its benchmark in Q3, owing to select health care and industrials holdings.

Throughout the course of the pandemic over the past 18 months, market sentiment has shifted back and forth between the so-called pandemic winners—many of which are in the technology sector—to the economic reopening plays, such as those involved in travel and hospitality. The latter group rallied in November 2020 into the first half of 2021 on the vaccine rollout, but performance patterns reverted during the summer when the delta variant swept through the US. Rather than attempting to forecast the pandemic and gaming a particular outcome, we have instead endeavored to create a portfolio that is diversified across economic risk outcomes. If we do our job by following our bottom-up process, we believe our collection of businesses should compare well against those in the index on the dimensions of business economics, financial condition and valuations.

Some of our companies, like Alphabet, are benefiting from secular trends that accelerated during the pandemic. For Alphabet, these long-term growth trends include online advertising, cloud computing and video streaming. However, the stock was among our weakest performers in September as it pulled back along with other pandemic winners, given the backup in interest rates and rotation to reopening plays. It's still the portfolio's top contributor YTD. Conversely, other holdings like online travel agent Booking Holdings and hotel operator Marriott performed well in the pandemic reopening trade. Their subsequent weakness reflected that trade's slowing momentum as virus variants surged globally and rising uncertainty weighed on economic growth expectations. Most recently, their stock performances have improved as the delta variant waned. We remain confident in these businesses. Each are leaders in their respective industries with wide moats and superior business economics. Each is led by a battle-tested management team we believe is executing well on appropriately set strategy to deliver shareholder value. They are carefully and wisely financed, and they have undemanding valuations based on normalized earnings power.

EOG Resources, a US shale-focused E&P firm, was among our best performers in September on higher energy prices. The business enjoys a low-cost production position and a strong balance sheet which enabled the company to increase production capabilities during the downturn. As energy prices recover and the industry adjusts to the new supply and demand dynamics, investors have begun to appreciate the earnings power of the business. EOG's management focuses on return on investment capital and cash flow generation, which distinguishes it from most of the company's competitors. We believe EOG's high-quality management team and access to low-cost reserves are sustainable competitive advantages in a commodity industry.

### Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$16.28	\$16.21
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2021 <sup>1</sup>	1.04/—	0.96/0.88 <sup>2,3</sup>
Prospectus 30 Sep 2020 <sup>3</sup>	1.09/—	0.93/0.89 <sup>2</sup>

<sup>1</sup>Unaudited, annualized for the six-month period. <sup>2</sup>Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2022. <sup>3</sup>See prospectus for further details.

### Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	6.5
Morgan Stanley (Financials)	3.7
Comcast Corp (Communication Services)	3.7
Booking Holdings Inc (Consumer Discretionary)	3.6
The Goldman Sachs Group Inc (Financials)	3.4
FedEx Corp (Industrials)	3.1
Synchrony Financial (Financials)	3.1
Airbus SE (Industrials)	3.0
Compass Group PLC (Consumer Discretionary)	3.0
Philip Morris International Inc (Consumer Staples)	2.8
<b>TOTAL</b>	<b>35.8%</b>

Source: Artisan Partners/GICS.

### Sector Diversification (% of portfolio securities)

	Fund	RIV <sup>1</sup>
Communication Services	16.4	8.3
Consumer Discretionary	13.7	5.6
Consumer Staples	7.1	7.1
Energy	5.1	5.1
Financials	20.2	21.4
Health Care	13.8	17.3
Industrials	14.5	11.6
Information Technology	7.8	10.2
Materials	1.4	3.6
Real Estate	0.0	4.7
Utilities	0.0	4.9
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.4% of the total portfolio. <sup>1</sup>Russell 1000® Value Index.

### Investment Results (%)

As of 30 September 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	-4.40	-1.33	17.80	41.36	11.68	12.28	12.54	8.17
Advisor Class: APDLX	-4.37	-1.28	17.89	41.53	11.88	12.46	12.65	8.24
Russell 1000® Value Index	-3.48	-0.78	16.14	35.01	10.07	10.94	13.51	7.68
Russell 1000® Index	-4.59	0.21	15.19	30.96	16.43	17.11	16.76	10.39

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 <sup>1</sup>
210.0+	20.6	26.7
96.0–210.0	25.4	18.2
42.0–96.0	24.6	18.9
17.5–42.0	16.9	20.6
0.0–17.5	12.5	15.7
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/Russell. <sup>1</sup>Russell 1000® Value Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Thomas A. Reynolds IV	22
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 30 Sep 2021: EOG Resources Inc 2.8%; Marriott International Inc 2.5%. 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.

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