



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX As of 31 December 2022

Commentary

Top month-to-date contributors: Arch Capital Group Inc; Schlumberger Ltd; Philip Morris International Inc; Airbus SE; Compass Group PLC

Bottom month-to-date contributors: Alphabet Inc; Blackstone Inc; EOG Resources Inc; Synchrony Financial; The Goldman Sachs Group Inc

In this space, we discuss one top contributor (Arch Capital Group) and one bottom contributor (Synchrony Financial) from the recent month.

Arch Capital, a global reinsurer, was among our top contributors in December and in Q4. In October, shares shot higher on news the stock was being added to the S&P 500® Index; however, there are fundamental factors also at play. Though catastrophe losses have been larger than expected, due partly to Hurricane Ian, the reinsurance markets are in an upswing in terms of pricing and premium growth, while rising interest rates are boosting net interest income. As a long-time holding, Arch is a company we know well. It's an industry leader capably managed by a long-tenured team that has achieved an enviable underwriting record while at the same time seeking opportunistic growth. It has shown discipline in pulling back from writing business when pricing is soft, patiently waiting for turns in the cycle to put its strong capital position to work.

Synchrony Financial (SYF) is the largest provider of private-label credit cards in the US. The stock was down 12% in December but was still up 17% in Q4. The sharp moves reflect volatility in the broader equity market, particularly among more cyclically sensitive stocks given the specter of a looming recession owing to the Federal Reserve's aggressive campaign to rein in generational-high inflation. While we are aware of the business's economic sensitivity, our investment case is grounded in our margin of safety criteria—attractive business economics, solid financial condition and attractive valuation. SYF works to drive above-average retail sales by designing marketing and loyalty programs for its retail partners. We also believe SYF's importance to retailers should continue to grow as heightened competition forces retailers to know more about their customers and be able to track customers' purchases across channels. Importantly, SYF does not fully take credit losses through its P&L, and the market may not fully appreciate the loss-sharing agreements with retailers that help limit SYF's losses in adverse credit environments. Synchrony has a solid balance sheet and has shown strong credit underwriting discipline, and its stock sells cheaply at 6X-7X versus its average price multiple of ~9X earnings.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$11.67	\$11.60
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2022	1.06/—	0.96/0.88 ¹
Prospectus 30 Sep 2021 ²	1.05/—	0.96/0.89 ¹

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2024. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	4.0
EOG Resources Inc (Energy)	3.8
Schlumberger Ltd (Energy)	3.7
Booking Holdings Inc (Consumer Discretionary)	3.5
Compass Group PLC (Consumer Discretionary)	3.4
Arch Capital Group Ltd (Financials)	3.3
Meta Platforms Inc (Communication Services)	3.3
Comcast Corp (Communication Services)	3.3
Philip Morris International Inc (Consumer Staples)	3.3
Visa Inc (Information Technology)	2.9
TOTAL	34.5%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RIV ¹
Communication Services	18.9	7.3
Consumer Discretionary	11.0	6.0
Consumer Staples	8.2	7.4
Energy	7.6	8.4
Financials	18.8	20.1
Health Care	11.2	17.4
Industrials	14.7	10.5
Information Technology	9.5	8.3
Materials	0.0	4.3
Real Estate	0.0	4.5
Utilities	0.0	5.8
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.9% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 31 December 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	-3.95	14.04	-8.86	-8.86	7.46	6.59	9.46	7.23
Advisor Class: APDLX	-3.97	14.14	-8.67	-8.67	7.68	6.78	9.60	7.31
Russell 1000® Value Index	-4.03	12.42	-7.54	-7.54	5.96	6.67	10.29	7.07
Russell 1000® Index	-5.81	7.24	-19.13	-19.13	7.35	9.13	12.37	8.80

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
277.0+	15.2	19.9
123.0–277.0	21.0	19.3
53.0–123.0	35.3	20.9
23.0–53.0	19.2	18.6
0.0–23.0	9.3	21.3
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	24
Daniel L. Kane, CFA	24
Craig Inman, CFA	23

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 31 Dec 2022: Airbus SE 2.8%; Blackstone Inc 1.5%; Synchrony Financial 2.2%; The Goldman Sachs Group Inc 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.

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.

The Global Industry Classification Standard (GICS[®]) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor’s Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers (“GICS Parties”) makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

This material is provided for informational purposes without regard to your particular investment needs and shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

Frank Russell Company (“Russell”) is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell[®] is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and/or Russell ratings or underlying data and no party may rely on any Russell Indexes and/or Russell ratings and/or underlying data contained in this communication. No further distribution of Russell Data is permitted without Russell’s express written consent. Russell does not promote, sponsor or endorse the content of this communication.

Sector exposure percentages reflect sector designations as currently classified by GICS.

Margin of Safety, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **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.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

© 2023 Artisan Partners. All rights reserved.