



Artisan Value Fund

MONTHLY
Commentary

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

Commentary

Top month-to-date contributors: Netflix Inc; Compass Group PLC; Synchrony Financial; NXP Semiconductors NV; Marriott International Inc

Bottom month-to-date contributors: Fresenius Medical Care AG & Co KGaA; Comcast Corp; Koninklijke Philips NV; Arch Capital Group Ltd; Raytheon Technologies Corp

In this space, we discuss one top contributor (Compass Group) and one bottom contributor (Koninklijke Philips) from the recent month.

Global food service provider Compass Group, a top-10 holding, has experienced a faster-than-expected recovery post the pandemic, and the company's top line is essentially back to pre-pandemic levels as travel, restaurant dining and business activity have continued to normalize. In the first half of the year, there was sequential growth in all segments, led by Healthcare, Defense and Education, with Business and Sports lagging and falling short of their watermarks but continuing to show improvement. Strong pricing and net new business have been key top-line drivers. While labor and food inflation has run hot, inflationary pressures are mitigated by Compass Group's scale, pricing and contract structure. The mix of cost-plus and P&L type contracts enables the company to pass on price increases to its customers. In the current environment, markets are keenly focused on companies like Compass Group that can preserve margins in the face of huge cost pressures.

Shares of Philips, a health care technology company, were down slightly during the month. For the past year, the stock has been under pressure due to the recall of its first-generation CPAP machine and the potential for legal recourse and market share losses arising in its sleep division. Nonetheless, the sleep division is a small part of the overall business—which we do not believe is going to zero. The company has a large installed base of medical diagnostic equipment (e.g., MRI/PET/CT/ultrasound scanners) that offers a high recurring stream of software-like maintenance revenues. This is a sticky business as medical providers are reluctant to switch over to competitors. Aside from the sleep division, the company is performing well, with a strong order book and backlog, and has a solid balance sheet to help it weather the current storm. We appreciate that until there is greater clarity on the full impact of the recall and how long it may take to resolve, the stock will remain under pressure, but we believe today's asking price offers the potential for highly attractive multi-year returns.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$13.68	\$13.62
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2022 ¹	1.07/—	0.96/0.88 ^{2,3}
Prospectus 30 Sep 2021 ³	1.05/—	0.96/0.89 ²

¹Unaudited, annualized for the six-month period. ²Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2023. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	5.1
FedEx Corp (Industrials)	3.8
Compass Group PLC (Consumer Discretionary)	3.4
EOG Resources Inc (Energy)	3.4
Booking Holdings Inc (Consumer Discretionary)	3.2
Philip Morris International Inc (Consumer Staples)	3.1
Northrop Grumman Corp (Industrials)	2.9
Arch Capital Group Ltd (Financials)	2.9
Visa Inc (Information Technology)	2.9
Comcast Corp (Communication Services)	2.8
TOTAL	33.5%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RIV ¹
Communication Services	18.4	8.3
Consumer Discretionary	11.5	6.0
Consumer Staples	5.7	7.0
Energy	6.0	7.5
Financials	18.2	19.6
Health Care	13.0	16.6
Industrials	15.6	10.2
Information Technology	11.5	9.4
Materials	0.0	4.2
Real Estate	0.0	5.2
Utilities	0.0	5.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.3% of the total portfolio. ¹Russell 1000[®] Value Index.

Investment Results (%)

As of 31 July 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	5.80	5.80	-9.04	-7.85	10.47	8.16	10.01	7.41
Advisor Class: APDLX	5.75	5.75	-8.96	-7.72	10.64	8.32	10.13	7.48
Russell 1000 [®] Value Index	6.63	6.63	-7.08	-1.43	8.88	8.26	11.10	7.29
Russell 1000 [®] Index	9.31	9.31	-13.58	-6.87	12.91	12.55	13.69	9.48

As of 30 June 2022

Investor Class: ARTLX	-10.89	-13.40	-14.03	-11.38	8.95	7.46	9.52	7.08
Advisor Class: APDLX	-10.80	-13.32	-13.90	-11.14	9.14	7.64	9.65	7.15
Russell 1000 [®] Value Index	-8.74	-12.21	-12.86	-6.82	6.87	7.17	10.50	6.90
Russell 1000 [®] Index	-8.38	-16.67	-20.94	-13.04	10.17	11.00	12.82	8.94

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+	17.8	19.8
128.0–260.0	16.8	18.7
53.0–128.0	36.7	20.6
24.0–53.0	15.2	18.6
0.0–24.0	13.5	22.3
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	23
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. 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 Jul 2022: Fresenius Medical Care AG & Co KGaA 1.0%; Koninklijke Philips NV 1.7%; Marriott International Inc 2.6%; Netflix Inc 1.9%; NXP Semiconductors NV 2.1%; Raytheon Technologies Corp 2.0%; Synchrony Financial 2.2%. 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.

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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