



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 March 2022

Commentary

Top Month-to-date Contributors: Vertex Pharmaceuticals Inc; Booking Holdings Inc; Berkshire Hathaway Inc; Meta Platforms Inc; Alphabet Inc

Bottom Month-to-date Contributors: Synchrony Financial; AutoNation Inc; Koninklijke Philips NV; Discovery Inc; Philip Morris International Inc

In this space, we discuss one top contributor (Berkshire Hathaway) and one bottom contributor (Philip Morris International) from the recent month.

Conglomerate Berkshire Hathaway (BRK) continues to benefit from its stake in tech goliath Apple, a rewarding investment made in 2018 for \$36bn that has grown to more than \$150bn. Apple is now Berkshire's third-largest business after insurance and railroads. Despite a reputation for eschewing tech stocks he doesn't understand, Warren Buffett warmed up to Apple with the help of his investing partners Todd Comb and Ted Weschler. Apple's highly sticky ecosystem based around a proprietary operating system and a dominant competitive position in smartphones has driven substantial value over time, with much of that value returned to shareholders in the form of share buybacks and dividends. Aside from Apple, BRK's railroad business should be a prime beneficiary of today's higher commodities price environment. Additionally in late March, the company announced the acquisition of insurer Alleghany for \$11.6bn—BRK's biggest deal since 2016 although still a small share of its \$146bn in cash as of the end of 2021. We believe Alleghany was a good use of cash, purchased at just 1.26X book value.

By virtue of its globally known brands, Philip Morris (PM) is a best-in-class operator with a well-diversified business, particularly by geography. The company is facing headwinds from the Russia-Ukraine war. In late March, PM announced it would fully exit Russia—a large market for PM, accounting for about 6% of total net revenue. Based on the share price rising on the news after a 20% decline from the February highs, the market was likely already pricing PM's business in Russia at \$0. If there is regime change in Russia, PM will likely reenter, but for now it is out. There are two other negatives that have come out of the war. Despite being US-based, Philip Morris derives all of its sales from outside the US. Hence, a strengthening US dollar negatively impacts earnings due to translation effects. Additionally, Ukraine produces neon, which happens to be a raw material needed for semiconductors. PM is already feeling supply-chain pressures on chips for its next-generation heat-not-burn product IQOS. Foreign exchange movements and semiconductor shortages aren't structural impediments that should impact the long-term growth trajectory of IQOS—Philip Morris's main growth engine—as we expect consumers will continue migrating to less harmful tobacco delivery systems, but the Russia-Ukraine conflict was clearly unforeseen.

Investment Results (%)

As of 31 March 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	0.20	-0.73	-0.73	10.29	15.84	10.88	10.60	8.16
Advisor Class: APDLX	0.20	-0.67	-0.67	10.53	16.05	11.07	10.72	8.23
Russell 1000® Value Index	2.82	-0.74	-0.74	11.67	13.02	10.29	11.70	7.89
Russell 1000® Index	3.37	-5.13	-5.13	13.27	18.71	15.82	14.53	10.33

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.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$14.93	\$14.86
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 2021 ²	1.05/—	0.96/0.89 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)	5.5
EOG Resources Inc (Energy)	3.9
Booking Holdings Inc (Consumer Discretionary)	3.6
FedEx Corp (Industrials)	3.4
Meta Platforms Inc (Communication Services)	3.4
Berkshire Hathaway Inc (Financials)	3.0
Vertex Pharmaceuticals Inc (Health Care)	3.0
Schlumberger NV (Energy)	3.0
Comcast Corp (Communication Services)	2.9
Arch Capital Group Ltd (Financials)	2.8
TOTAL	34.6%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RIV ¹
Communication Services	19.4	7.1
Consumer Discretionary	12.4	5.0
Consumer Staples	6.8	7.4
Energy	7.0	7.1
Financials	16.9	20.8
Health Care	13.8	17.9
Industrials	14.5	11.0
Information Technology	9.1	9.3
Materials	0.0	4.1
Real Estate	0.0	4.9
Utilities	0.0	5.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.7% of the total portfolio. ¹Russell 1000® Value Index.

Average Annual Total Returns

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Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RIV ¹
260.0+	17.6	19.9
128.0–260.0	19.7	20.3
53.0–128.0	36.1	20.2
24.0–53.0	12.7	19.5
0.0–24.0	13.9	20.1
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. 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 Mar 2022: AutoNation Inc 1.9%; Discovery Inc 1.9%; Koninklijke Philips NV 2.5%; Philip Morris International Inc 2.7%; Synchrony Financial 2.1%. 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.

Book Value is the net asset value of a company, calculated by total assets minus intangible assets and liabilities.

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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