



# Artisan Value Fund

MONTHLY  
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 October 2022

## Commentary

Top month-to-date contributors: Schlumberger NV; EOG Resources Inc; Arch Capital Group Ltd; Airbus SE; Synchrony Financial

Bottom month-to-date contributors: Meta Platforms Inc; Koninklijke Philips NV; CME Group Inc; Heineken Holding NV; Alphabet Inc

In this space, we discuss one top contributor (Schlumberger) and one bottom contributor (Meta Platforms) from the recent month.

Schlumberger (SLB) is the world's largest oil services company. Shares of SLB rallied along with the broader energy complex, as structural global supply issues have supported rising commodity prices following years of underinvestment in new production. SLB is performing well in a competitive marketplace. The new management team is conservative, forward thinking and executing a good strategic plan to make the company less dependent upon commodity prices and capex. Management has driven the company's refocused efforts to increase free cash flow and expand profit margins, a task made easier with the cooperating price of oil. We also like that the business model is becoming nimbler and more adaptive to market forces, as evidenced by its recent focus on contributing to the production of cleaner energy. No single customer is more than 10% of revenue, with global exposure very diversified across basins, customers and capital spending exposure. Additionally, in contrast to much of the energy sector, SLB has consistently generated positive free cash flow. Despite solid YTD gains, the stock remains attractively priced based on our estimates of normalized EPS.

The latest quarterly release by Meta Platforms (formerly known as Facebook) was widely dubbed a "faceplant." In addition to its challenges from increased TikTok competition and Apple's privacy changes, the company's pivot toward the Metaverse virtual reality project has been met with skepticism, particularly given its ramp-up in spending that has caused free cash flow to plunge. While we don't minimize these issues, the stock price has fallen over 70% year to date, resulting in a highly favorable reward to risk profile. Meta now trades at a meaningful discount to the S&P 500® Index, both on price to earnings and enterprise value to EBIT—but we don't believe Meta's issues are necessarily worse than those of the rest of the market. Thus, we've been actively adding to our position. Meta is still a highly successful enterprise generating \$111 billion of revenue annually on a run-rate basis and has more than \$40 billion in cash on its balance sheet to help it navigate its future course.

## Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$13.44	\$13.38
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2022 <sup>1</sup>	1.07/—	0.96/0.88 <sup>2,3</sup>
Prospectus 30 Sep 2021 <sup>3</sup>	1.05/—	0.96/0.89 <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 2023. <sup>3</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	4.4
EOG Resources Inc (Energy)	4.4
Arch Capital Group Ltd (Financials)	4.0
Schlumberger NV (Energy)	3.7
Booking Holdings Inc (Consumer Discretionary)	3.3
Northrop Grumman Corp (Industrials)	3.3
Compass Group PLC (Consumer Discretionary)	3.2
Merck & Co Inc (Health Care)	3.2
Cigna Corp (Health Care)	3.2
Philip Morris International Inc (Consumer Staples)	3.1
<b>TOTAL</b>	<b>35.8%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of portfolio securities)

	Fund	RIV <sup>1</sup>
Communication Services	17.1	7.3
Consumer Discretionary	10.8	6.1
Consumer Staples	7.7	7.2
Energy	8.1	8.8
Financials	20.2	20.3
Health Care	11.8	17.0
Industrials	14.9	10.3
Information Technology	9.3	8.6
Materials	0.0	4.1
Real Estate	0.0	4.5
Utilities	0.0	5.6
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 0.2% of the total portfolio. <sup>1</sup>Russell 1000® Value Index.

## Investment Results (%)

As of 31 October 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	11.81	11.81	-10.64	-9.90	8.81	7.15	9.47	7.18
Advisor Class: APDLX	11.78	11.78	-10.56	-9.78	8.98	7.32	9.59	7.25
Russell 1000® Value Index	10.25	10.25	-9.32	-7.00	7.31	7.21	10.30	7.01
Russell 1000® Index	8.02	8.02	-18.54	-16.38	9.99	10.19	12.66	8.94

As of 30 September 2022

Investor Class: ARTLX	-9.56	-7.04	-20.08	-16.50	5.81	4.92	8.06	6.49
Advisor Class: APDLX	-9.59	-7.07	-19.99	-16.35	5.98	5.09	8.18	6.57
Russell 1000® Value Index	-8.77	-5.62	-17.75	-11.36	4.36	5.29	9.17	6.42
Russell 1000® Index	-9.25	-4.61	-24.59	-17.22	7.95	9.00	11.60	8.48

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>
260.0+	11.9	19.0
128.0–260.0	22.1	20.1
53.0–128.0	36.6	20.9
24.0–53.0	16.8	17.7
0.0–24.0	12.6	22.3
<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	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. 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 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. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. 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 Oct 2022: Airbus SE 2.7%; CME Group Inc 1.8%; Heineken Holding NV 1.9%; Koninklijke Philips NV 1.0%; Meta Platforms Inc 2.1%; Synchrony Financial 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.

**Earnings per Share (EPS)** is the portion of a company’s profit allocated to each outstanding share of common stock. **Price-to-Earnings (P/E)** is a valuation ratio of a company’s current share price compared to its per-share earnings. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Earnings Before Interest & Tax (EBIT)** is an indicator of a company’s profitability, calculated as revenue minus expenses, excluding tax and interest.

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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