# Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 30 April 2023

## Commentary

Top month-to-date contributors: Meta Platforms Inc; Baxter International Inc; Arch Capital Group Ltd; Medtronic PLC; Comcast Corp

Bottom month-to-date contributors: NXP Semiconductors NV; Warner Bros Discovery Inc; Netflix Inc; US Bancorp; CME Group Inc

In this space, we discuss one top contributor (Baxter International) and one bottom contributor (US Bancorp) from the recent month.

Baxter International (BAX), a global medical technology company, was a recent new addition to the portfolio in Q1. BAX provides essential products in renal care, medication delivery, advanced surgery, clinical nutrition, pharma and acute therapies. When we purchased it, the stock traded near its cheapest valuation in a decade due to pessimism regarding raw material costs, supply chain issues, semiconductor availability and foreign exchange headwinds. However, none of these are permanent conditions. Additionally, BAX is in the process of selling several non-core operations, which should raise cash and simplify the business longer term. Despite its current growth challenges, the company remains a consistent producer of free cash flow. BAX also meets our criteria for sound financial condition due to its high interest coverage and well-termed out debt on the balance sheet. In April, shares benefited from reports of interest from industry players and private equity in acquiring BAX's biopharma solutions business.

US Bancorp (USB) is a top 10 US bank. When bank stocks sold off in mid-March due to fears of contagion following Silicon Valley Bank's failure, we took advantage of the market dislocation by purchasing USB. It's a bank we have known for years. It is well-managed and has a solid balance sheet. As one of the largest banks, it's less impacted by the turmoil affecting smaller institutions as depositors seek the safest places to store their money. However, the dynamic of low-cost deposits flowing out of the system and into higher yielding money markets and bond markets, increased price competition for remaining deposits and the significantly inverted yield curve are major headwinds for bank earnings prospects generally. Nevertheless, we believe the range of probabilities and long-term outcomes are tilted in our favor at current valuations. USB and other bank stocks are finally cheap again, though patience will likely be required as it could take time for fears regarding the crisis to pass.

## Portfolio Details

| | ARTLX | APDLX |
|---|---|---|
| Net Asset Value (NAV) | $13.10 | $13.02 |
| 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 2022[2] | 1.06/— | 0.96/0.88[1] |

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

## Top 10 Holdings (% of total portfolio)

| | |
|---|---|
| Meta Platforms Inc (Communication Services) | 4.6 |
| Alphabet Inc (Communication Services) | 4.2 |
| Arch Capital Group Ltd (Financials) | 3.4 |
| Comcast Corp (Communication Services) | 3.4 |
| Compass Group PLC (Consumer Discretionary) | 3.3 |
| FedEx Corp (Industrials) | 3.3 |
| EOG Resources Inc (Energy) | 3.1 |
| Schlumberger NV (Energy) | 2.9 |
| Airbus SE (Industrials) | 2.9 |
| Medtronic PLC (Health Care) | 2.8 |
| **TOTAL** | **33.9%** |

Source: Artisan Partners/GICS.

## Sector Diversification (% of portfolio securities)

| | Fund | R1V[1] |
|---|---|---|
| Communication Services | 20.6 | 8.8 |
| Consumer Discretionary | 9.5 | 5.9 |
| Consumer Staples | 7.8 | 7.8 |
| Energy | 6.2 | 8.1 |
| Financials | 26.0 | 20.3 |
| Health Care | 12.6 | 16.5 |
| Industrials | 13.7 | 10.8 |
| Information Technology | 3.6 | 7.4 |
| Materials | 0.0 | 4.4 |
| Real Estate | 0.0 | 4.5 |
| Utilities | 0.0 | 5.6 |
| **TOTAL** | **100.0%** | **100.0%** |

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 4.4% of the total portfolio. [1]Russell 1000® Value Index.

## Investment Results (%)

| | | | | Average Annual Total Returns | | | | |
|---|---|---|---|---|---|---|---|---|
| As of 30 April 2023 | MTD | QTD | YTD | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Inception |
| **Investor Class: ARTLX** | **4.05** | **4.05** | **12.25** | **10.54** | **20.38** | **9.92** | **9.50** | **7.81** |
| **Advisor Class: APDLX** | **3.99** | **3.99** | **12.24** | **10.65** | **20.55** | **10.09** | **9.63** | **7.89** |
| Russell 1000® Value Index | 1.51 | 1.51 | 2.53 | 1.21 | 14.38 | 7.75 | 9.13 | 7.08 |
| Russell 1000® Index | 1.24 | 1.24 | 8.79 | 1.82 | 14.22 | 11.07 | 11.95 | 9.16 |
| As of 31 March 2023 | | | | | | | | |
| **Investor Class: ARTLX** | **0.72** | **7.88** | **7.88** | **-0.95** | **23.27** | **9.26** | **9.13** | **7.60** |
| **Advisor Class: APDLX** | **0.72** | **7.93** | **7.93** | **-0.76** | **23.54** | **9.45** | **9.27** | **7.68** |
| Russell 1000® Value Index | -0.46 | 1.01 | 1.01 | -5.91 | 17.93 | 7.50 | 9.13 | 7.02 |
| Russell 1000® Index | 3.16 | 7.46 | 7.46 | -8.39 | 18.55 | 10.87 | 12.01 | 9.13 |

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 | R1V[1] |
|---|---|---|
| 277.0+ | 18.4 | 19.9 |
| 123.0–277.0 | 16.7 | 21.3 |
| 53.0–123.0 | 34.9 | 17.9 |
| 23.0–53.0 | 24.4 | 20.7 |
| 0.0–23.0 | 5.6 | 20.2 |
| **TOTAL** | **100.0%** | **100.0%** |

Source: Artisan Partners/Russell. [1]Russell 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 30 Apr 2023: Baxter International Inc 2.6%; CME Group Inc 1.9%; Netflix Inc 2.0%; NXP Semiconductors NV 1.3%; US Bancorp 2.7%; Warner Bros Discovery Inc 1.4%. 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.

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

**Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Interest coverage** measures a company's ability to make interest payments on its debt by calculating earnings before interest and taxes divided by total interest expense.

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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