



Artisan Value Income Fund

MONTHLY
Commentary

Investor Class: APFWX | Advisor Class: APDWX As of 31 December 2023

Commentary

Top month-to-date contributors: Public Storage; WaFd Inc; US Bancorp; The PNC Financial Services Group Inc; Fifth Third Bancorp

Bottom month-to-date contributors: NetApp Inc; Altria Group Inc; EOG Resources Inc; CME Group Inc; Vail Resorts Inc

In this space, we discuss one top contributor (Public Storage) and one bottom contributor (EOG Resources) from the recent month.

Public Storage (PSA) is a real estate investment trust that acquires, develops, owns and operates self-storage facilities. PSA as a bond proxy has experienced strong gains driven by the historic bond market rally as the 10-year US Treasury yield fell more than 100bps since October. We view storage as a superior asset class within REITs for a variety of reasons. First, investors systematically underestimate storage's low capex burden that contributes to greater free cash flow conversion through the market cycle. Further, storage assets are highly desirable as regulations in many markets constrain the ability to add new supply. Finally, storage leases are month to month, which gives the business strong pricing power in inflationary periods. PSA has grown net operating income by 50% over the past 3 years, primarily due to pricing, although there has been some margin improvement due to strong occupancy and M&A/development (square footage growth). Though debt has risen due to M&A, leverage is still low compared to the REIT industry. Given its solid balance sheet, tremendous pricing power and the unique features of the business that make it a high cash flow business, we remain investors.

Shares of EOG Resources, a US shale-focused E&P company, were slightly down in December. With energy prices falling, energy was the only sector that didn't participate in the broader equity market rally. EOG is our sole energy sector holding. We have stringent criteria for business quality, which is particularly important in commodities sectors as these businesses do not control the underlying commodity prices, which can be volatile. EOG is one of the highest quality operators in the E&P space. EOG has a low-cost production position with a strong reserve base, giving it an advantage versus peers. Further, EOG's management has long focused on return on invested capital and cash flow generation, distinguishing it from many of the company's competitors, which prioritize growth over profitability. Its commitment to return excess capital to shareholders via regular and special dividends is also highly appealing, particularly in a period of rising interest rates. The company has proven its ability to create economic value for shareholders, even over the past decade that included the toughest energy commodity environment of the last 30+ years. The company's strong balance sheet enabled it to increase production capabilities during the prior downturn.

Portfolio Details

	APFWX	APDWX
Net Asset Value (NAV)	\$9.62	\$9.63
Inception	28 Feb 2022	28 Feb 2022
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2023 ^{1,2}	9.07/1.20	4.35/1.10
Prospectus 30 Sep 2022 ^{1,2}	13.46/1.20	9.98/1.10

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2025. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Cable One Inc (Communication Services)	3.8
Lamar Advertising Co (Real Estate)	3.5
Comcast Corp (Communication Services)	3.3
Philip Morris International Inc (Consumer Staples)	3.0
M&T Bank Corp (Financials)	2.9
WaFd Inc (Financials)	2.7
EOG Resources Inc (Energy)	2.7
Heineken Holding NV (Consumer Staples)	2.7
Altria Group Inc (Consumer Staples)	2.7
Medtronic PLC (Health Care)	2.6
TOTAL	30.0%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	S&P 500 ¹
Communication Services	9.1	8.6
Consumer Discretionary	3.4	10.9
Consumer Staples	15.1	6.2
Energy	2.8	3.9
Financials	26.2	13.0
Health Care	8.0	12.6
Industrials	11.1	8.8
Information Technology	6.7	28.9
Materials	0.0	2.4
Real Estate	9.0	2.5
Utilities	8.6	2.3
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/S&P. Cash and cash equivalents represented 2.2% of the total portfolio. ¹S&P 500[®] Index.

Investment Results (%)

As of 31 December 2023	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFWX	5.63	10.45	10.86	10.86	—	—	—	0.68
Advisor Class: APDWX	5.65	10.59	11.04	11.04	—	—	—	0.79
S&P 500 [®] Index	4.54	11.69	26.29	26.29	—	—	—	6.58
Dow Jones US Select Dividend Index	5.80	10.17	1.53	1.53	—	—	—	1.47

Source: Artisan Partners/S&P/S&P DJI. Returns for periods less than one year are not annualized.

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	S&P 500 ¹
200.0+	9.3	50.6
140.0–200.0	9.7	8.1
90.0–140.0	6.2	12.1
60.0–90.0	15.2	6.6
30.0–60.0	7.7	13.1
15.0–30.0	19.2	7.2
5.0–15.0	13.3	2.3
0.0–5.0	12.6	0.0
Not Applicable	6.8	—
TOTAL	100.0%	100.0%

Source: Artisan Partners/S&P. ¹S&P 500[®] Index.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Thomas A. Reynolds IV	25
Daniel L. Kane, CFA	25
Craig Inman, CFA	24

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. There is no guarantee that the companies in which the portfolio invests will declare dividends in the future or that dividends, if declared, will remain at current levels or increase over time. 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.

S&P 500[®] Index measures the performance of 500 US companies focused on the large-cap sector of the market. The Dow Jones US Select Dividend Index measures the performance of the US's leading stocks by dividend yield. 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 2023: CME Group Inc 2.4%; Fifth Third Bancorp 1.6%; NetApp Inc 1.6%; Public Storage 2.2%; The PNC Financial Services Group Inc 2.0%; US Bancorp 2.2%; Vail Resorts Inc 1.5%. 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.

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.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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