



# Artisan Value Income Fund

## MONTHLY Commentary

Investor Class: APFWX

Advisor Class: APDWX

As of 30 November 2023

### Commentary

Top month-to-date contributors: Lamar Advertising Co; NetApp Inc; US Bancorp; Medtronic PLC; Bank of America Corp

Bottom month-to-date contributors: EOG Resources Inc; Merck & Co Inc; Wells Fargo & Co; The Boeing Co; Cable One Inc

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

NetApp is an enterprise data storage and solutions company with a specialization in all-flash (i.e., solid-state) storage. Shares soared on strong gross margin improvement (+1,080bps y/y) driven by a mix shift to higher margin flash products, lower component costs and price discipline. The positive news on margins, which management believes are sustainable and not due to a one-time effect, helped offset continued sluggish sales growth. Hybrid cloud sales (90% of sales) declined 7% year over year, while the faster growth public cloud business (10% of sales) grew 15% year over year, led by cloud storage services. Though growth hasn't accelerated as investors may have hoped, NetApp's cloud storage solutions business is still a good business. Cloud storage is sticky (customers rarely switch), is integrated in all three public clouds and generates strong returns on equity and free cash flow. The company has a strong balance sheet, a healthy stock buyback program and a record of technological innovation. Investors have been steadily rewarded—its total shareholder yield of ~7.3% consists of a 2.2% dividend yield and about 5.1% from stock buybacks over the past four quarters.

EOG Resources, a US shale-focused E&P company, was down about 3% in November. 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)	\$9.17	\$9.18
Inception	28 Feb 2022	28 Feb 2022
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2023 <sup>1,2</sup>	9.07/1.20	4.35/1.10
Prospectus 30 Sep 2022 <sup>1,2</sup>	13.46/1.20	9.98/1.10

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

### Top 10 Holdings (% of total portfolio)

Cable One Inc (Communication Services)	3.7
Lamar Advertising Co (Real Estate)	3.5
Comcast Corp (Communication Services)	3.4
Philip Morris International Inc (Consumer Staples)	3.1
Altria Group Inc (Consumer Staples)	2.9
M&T Bank Corp (Financials)	2.7
EOG Resources Inc (Energy)	2.7
Medtronic PLC (Health Care)	2.6
Heineken Holding NV (Consumer Staples)	2.6
CME Group Inc (Financials)	2.6
<b>TOTAL</b>	<b>30.0%</b>

Source: Artisan Partners/GICS.

### Sector Diversification (% of portfolio securities)

	Fund	S&P 500 <sup>1</sup>
Communication Services	9.0	8.6
Consumer Discretionary	3.7	10.7
Consumer Staples	13.7	6.3
Energy	2.8	4.1
Financials	25.5	12.9
Health Care	8.0	12.7
Industrials	12.7	8.3
Information Technology	7.2	29.1
Materials	0.0	2.4
Real Estate	8.5	2.4
Utilities	9.0	2.4
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/S&P. Cash and cash equivalents represented 2.5% of the total portfolio. <sup>1</sup>S&P 500® Index.

### Investment Results (%)

	Average Annual Total Returns							
As of 30 November 2023	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFWX	7.50	4.56	4.96	1.19	—	—	—	-2.39
Advisor Class: APDWX	7.49	4.68	5.10	1.31	—	—	—	-2.28
S&P 500® Index	9.13	6.84	20.80	13.84	—	—	—	4.23
Dow Jones US Select Dividend Index	7.01	4.13	-4.03	-6.96	—	—	—	-1.67
As of 30 September 2023								
Investor Class: APFWX	-3.41	-3.51	0.38	10.67	—	—	—	-5.33
Advisor Class: APDWX	-3.50	-3.60	0.41	10.68	—	—	—	-5.29
S&P 500® Index	-4.77	-3.27	13.07	21.62	—	—	—	0.41
Dow Jones US Select Dividend Index	-3.86	-3.69	-7.84	4.84	—	—	—	-4.32

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 <sup>1</sup>
200.0+	10.2	49.9
140.0–200.0	6.7	8.2
90.0–140.0	9.4	11.6
60.0–90.0	10.4	7.1
30.0–60.0	11.9	13.1
15.0–30.0	18.6	7.2
5.0–15.0	13.6	2.7
0.0–5.0	12.1	0.0
Not Applicable	7.1	—
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/S&P. <sup>1</sup>S&P 500<sup>®</sup> Index.

## Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Thomas A. Reynolds IV	24
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<sup>®</sup> 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 30 Nov 2023: Bank of America Corp 2.0%; Merck & Co Inc 1.6%; NetApp Inc 1.8%; US Bancorp 2.1%; The Boeing Co 2.3%; Wells Fargo & Co 1.3%. 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.

**Return on Invested Capital (ROIC)** is a measure of how well a company generates cash flow relative to capital invested in the business. **Dividend Yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its share price. **Free Cash Flow** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Shareholder yield** reflects the cash returned to shareholders in the form of cash dividends and net stock repurchases over the previous 12 months.

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