



Artisan Mid Cap Value Fund

MONTHLY Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 30 November 2023

Commentary

Top month-to-date contributors: Expedia Group Inc; Analog Devices Inc; Lamar Advertising Co; Vontier Corp; U-Haul Holding Co

Bottom month-to-date contributors: NOV Inc; Arch Capital Group Ltd; CAE Inc; BorgWarner Inc; Cable One Inc

In this space, we discuss one top contributor (Expedia) and one bottom contributor (BorgWarner) from the recent month.

Shares of Expedia, a leading online travel agency, soared after the company reported better-than-expected financial results driven by booming travel demand and announced a new \$5 billion stock buyback program that equates to about 40% of the company's market cap over the next 2 to 3 years. Gross bookings were up high-single-digit percentages year over year, representing a sequential acceleration from Q2's 5% growth rate, while earnings growth came in better than expected due to continued margin expansion (+110bps y/y). In July, the company launched One Key, its new combined rewards program across its Expedia, Hotels.com and Vrbo brands, and the program has seen solid early adoption, with 82 million members already signed up. Expedia's business model is highly attractive. As one of only two globally scaled online travel agencies (the other is Booking Holdings, which is held in our large-cap portfolio), it has a wide economic moat. Based on our estimates of earnings power, shares continue to trade cheaply at just ~11X.

Shares of BorgWarner, a tier-one auto parts supplier, have been stuck in neutral. Despite a solid earnings report, investors were spooked by reduced 2023 sales guidance in its electric products "eProducts" business given existing concerns about a broader slowdown in EVs (electric vehicles). However, the new guidance for eProducts still represents 30%+ growth versus FY22, and the majority of BorgWarner's total sales remain in its legacy ICE (internal combustion engine) business, where it has a dominant position in the highly profitable and free cash flow generative turbocharger business. Navigating the ongoing transition from ICE vehicles to EVs is an ongoing balance between R&D spend to support new product development and maintaining profitability, but at the current depressed valuation (<8X 2024 estimated earnings), we believe the risk-reward for shareholders looks favorable.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$17.16	\$17.09
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2023	1.22%	1.07%
Prospectus 30 Sep 2022 ¹	1.20%	1.05%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

First Citizens BancShares Inc (Financials)	5.0
Analog Devices Inc (Information Technology)	3.8
Globe Life Inc (Financials)	3.3
Vontier Corp (Information Technology)	3.3
U-Haul Holding Co (Industrials)	3.2
Marriott International Inc (Consumer Discretionary)	3.1
Expedia Group Inc (Consumer Discretionary)	2.9
Lamar Advertising Co (Real Estate)	2.7
NOV Inc (Energy)	2.6
Centene Corp (Health Care)	2.5
TOTAL	32.4%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	11.8	3.3
Consumer Discretionary	12.7	9.0
Consumer Staples	6.5	3.8
Energy	2.7	5.6
Financials	22.9	17.7
Health Care	10.8	6.7
Industrials	11.7	19.0
Information Technology	10.8	9.3
Materials	0.0	7.7
Real Estate	7.6	10.3
Utilities	2.4	7.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.8% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 30 November 2023	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	8.88	3.87	10.35	3.19	8.69	7.13	5.80	9.34
Advisor Class: APDQX	8.99	3.95	10.54	3.39	8.88	7.30	5.94	9.40
Russell Midcap® Value Index	9.43	4.01	4.57	-0.75	7.29	7.10	7.74	9.17
Russell Midcap® Index	10.23	4.72	8.82	2.94	4.91	8.72	8.93	9.33

As of 30 September 2023

Investor Class: ARTQX	-3.34	-2.94	6.24	16.19	12.53	4.82	5.87	9.23
Advisor Class: APDQX	-3.29	-2.95	6.34	16.39	12.68	4.98	6.00	9.29
Russell Midcap® Value Index	-5.09	-4.46	0.54	11.05	10.98	5.18	7.92	9.05
Russell Midcap® Index	-5.02	-4.68	3.91	13.45	8.09	6.38	8.98	9.18

Source: Artisan Partners/Russell. Returns for periods less than one year are not annualized. Class inception: Investor (28 March 2001); 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	RMV ¹
31.6+	20.2	24.3
22.2–31.6	5.4	15.4
14.0–22.2	25.9	23.3
8.2–14.0	20.1	18.8
0–8.2	28.4	17.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell Midcap® Value 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. 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 Midcap® Value Index measures the performance of US mid-cap companies with lower price/book ratios and forecasted growth values. Russell Midcap® Index measures the performance of roughly 800 US mid-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 Nov 2023: Arch Capital Group Ltd 2.4%; BorgWarner Inc 1.1%; Cable One Inc 2.1%; CAE Inc 1.7%. 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.

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.

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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