



# Artisan Value Fund

## MONTHLY Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 October 2023

### Commentary

Top month-to-date contributors: Arch Capital Group Ltd; Netflix Inc; The Cigna Group; Dollar General Corp; CME Group Inc

Bottom month-to-date contributors: FedEx Corp; Baxter International Inc; Morgan Stanley; Booking Holdings Inc; Medtronic PLC

In this space, we discuss one top contributor (Arch Capital) and one bottom contributor (Medtronic) from the recent month.

Global reinsurer Arch Capital has been among our top contributors over the past year. Gains have been driven by strong growth as reinsurance markets have been in an upswing in terms of pricing and premium growth, while rising interest rates are boosting net interest income. Additionally, margins have benefited from lower acquisition costs, better expense management and reduced catastrophe losses. In its mortgage insurance business, high interest rates are a headwind to top-line growth but a tailwind for margins. As investors over the years, we know Arch well. It's an industry leader capably managed by a long-tenured team that has achieved an enviable underwriting record while at the same time seeking opportunistic growth. It has shown discipline in pulling back from writing business when pricing is soft, patiently waiting for turns in the cycle to put its strong capital position to work.

Medtronic is a medical technology company providing device-based therapies and services in the areas of cardiovascular, neuroscience, medical surgical and diabetes. A recovery in procedure volumes and supply chain improvements are driving better growth, but shares of Medtronic and other medical devices companies sold off on the market's belief that new injectable weight loss drugs will obviate the need for pacemakers, stents, surgeries, diabetes pumps, etc. Markets shoot first and ask questions later. The near-term impacts of this new class of drugs look minor—the company noted a small dip in bariatric surgery. It's a longer term risk to monitor, but we wouldn't underestimate the willingness of people to live unhealthy lifestyles, especially when drugs and interventions can offset the damage. It's still early in its recovery, but the latest set of quarterly results was better than expected. As we wait for continued progress, Medtronic continues to be a strong free cash flow generator and is attractively priced based on our estimates of normalized earnings.

### Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$12.92	\$12.86
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2023 <sup>1</sup>	1.09/—	0.98/0.88 <sup>2,3</sup>
Prospectus 30 Sep 2022 <sup>3</sup>	1.06/—	0.96/0.88 <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 2024. <sup>3</sup>See prospectus for further details.

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

Meta Platforms Inc (Communication Services)	4.6
Alphabet Inc (Communication Services)	4.4
Arch Capital Group Ltd (Financials)	4.1
FedEx Corp (Industrials)	3.5
Comcast Corp (Communication Services)	3.4
Schlumberger NV (Energy)	3.4
EOG Resources Inc (Energy)	3.3
The Cigna Group (Health Care)	3.0
Visa Inc (Financials)	2.9
Heineken Holding NV (Consumer Staples)	2.9
<b>TOTAL</b>	<b>35.5%</b>

Source: Artisan Partners/GICS.

### Sector Diversification (% of portfolio securities)

	Fund	RIV <sup>1</sup>
Communication Services	20.4	4.8
Consumer Discretionary	9.5	4.8
Consumer Staples	9.6	8.6
Energy	6.9	9.0
Financials	26.0	20.8
Health Care	11.2	15.1
Industrials	12.7	13.3
Information Technology	3.7	9.0
Materials	0.0	4.9
Real Estate	0.0	4.6
Utilities	0.0	5.1
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.2% of the total portfolio. <sup>1</sup>Russell 1000® Value Index.

### Investment Results (%)

As of 31 October 2023	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	-2.20	-2.20	10.71	12.92	15.03	9.70	8.37	7.49
Advisor Class: APDLX	-2.13	-2.13	10.86	13.21	15.24	9.89	8.52	7.58
Russell 1000® Value Index	-3.53	-3.53	-1.80	0.13	10.21	6.60	7.60	6.61
Russell 1000® Index	-2.42	-2.42	10.28	9.48	9.53	10.71	10.88	8.97
Average Annual Total Returns								
As of 30 September 2023								
Investor Class: ARTLX	-3.65	-2.22	13.20	29.09	15.07	8.47	8.94	7.67
Advisor Class: APDLX	-3.67	-2.23	13.28	29.30	15.25	8.66	9.09	7.75
Russell 1000® Value Index	-3.86	-3.16	1.79	14.44	11.05	6.23	8.45	6.86
Russell 1000® Index	-4.70	-3.15	13.01	21.19	9.53	9.63	11.63	9.17

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>
277.0+	14.3	13.9
123.0–277.0	17.2	19.3
53.0–123.0	40.1	23.3
23.0–53.0	18.8	19.4
0.0–23.0	9.6	23.9
<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	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. 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 31 Oct 2023: Baxter International Inc 2.1%; Booking Holdings Inc 2.4%; CME Group Inc 2.8%; Dollar General Corp 1.8%; Medtronic PLC 2.2%; Morgan Stanley 2.0%; Netflix Inc 2.7%. 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.

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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. **Normalized Earnings** are earnings that are adjusted for the cyclical ups and downs over a business cycle.

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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