



Artisan Value Fund

MONTHLY Commentary

Investor Class: ARTLX | Advisor Class: APDLX As of 30 September 2023

Commentary

Top month-to-date contributors: Arch Capital Group Ltd; The Cigna Group; FedEx Corp; Meta Platforms Inc; Northrop Grumman Corp

Bottom month-to-date contributors: Dollar General Corp; Netflix Inc; Warner Bros Discovery Inc; Airbus SE; US Bancorp

In this space, we discuss one top contributor (FedEx) and one bottom contributor (Dollar General) from the recent month.

After bottoming in September 2022 at less than 8X our estimate of normalized earnings, shares of FedEx, a global shipping and logistics firm, have rallied strongly over the past year. Given the substantial pessimism priced into shares at the time, it hasn't taken much for shares to rise soundly. Although the demand environment remains challenging globally, particularly in the Express segment, the company is delivering solid earnings growth driven by cost savings initiatives. FedEx's DRIVE program, which seeks to deliver \$4 billion in permanent cost reductions by creating an integrated air-ground network similar to that of rival UPS, is showing progress, and workforce reductions have also been enacted. While operating results can be choppy, FedEx's longer term business economics are highly favorable given the global shipping industry's consolidated structure and massive barriers to entry that afford operators with pricing power to counter cost inflation and earn respectable returns on capital over the business cycle.

Dollar General (DG), a discount retail chain in the US, was our biggest detractor in Q3. The company reported weak results, missed expectations and reduced full-year guidance. DG clearly benefited from COVID stimulus checks, reflected in the bump it experienced in revenues and margins. However, the effects have worn off. The lower end consumer is being hurt by inflation, stiffer economic conditions, lower tax refunds and reduced SNAP benefits. Margins are also under pressure due to labor costs, shrink and markdowns. Some of the issues are likely self inflicted. After years of focusing on store growth to drive the top line, store standards have suffered. Addressing store standards is needed to turn around flagging traffic, comps and customer satisfaction. On the positive side, discount retail due to its trade-down feature tends to be a defensive business during economic slowdowns. DG has a strong market position and faces less competition than other discounters due to its largely rural footprint. The business's value proposition is everyday low prices, a convenient format and proximity. The company has leverage due to capital expenditures, but interest coverage of 10X is strong. From a valuation perspective, the froth from the pandemic is gone. Shares now trade at a low-teens price-to-earnings multiple—the lowest levels since it went public in 2009 and much cheaper than the low- to mid-twenties from 2020 to 2022. So, we aren't paying for margin upside or store growth. Those would be bonuses. If the company can continue to grow revenues, generate cash flow and buy back stock, we still see a path to success.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$13.21	\$13.14
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2023 ¹	1.09/—	0.98/0.88 ^{2,3}
Prospectus 30 Sep 2022 ³	1.06/—	0.96/0.88 ²

¹Unaudited, annualized for the six-month period. ²Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2024. ³See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Alphabet Inc (Communication Services)	4.5
Meta Platforms Inc (Communication Services)	4.5
FedEx Corp (Industrials)	3.8
Arch Capital Group Ltd (Financials)	3.7
Comcast Corp (Communication Services)	3.6
Schlumberger NV (Energy)	3.5
EOG Resources Inc (Energy)	3.3
Marriott International Inc (Consumer Discretionary)	2.8
Heineken Holding NV (Consumer Staples)	2.8
Visa Inc (Financials)	2.8
TOTAL	35.3%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RIV ¹
Communication Services	20.3	5.0
Consumer Discretionary	9.8	5.0
Consumer Staples	9.3	8.3
Energy	6.9	9.1
Financials	25.7	20.6
Health Care	11.2	15.3
Industrials	12.9	13.2
Information Technology	3.8	9.1
Materials	0.0	4.8
Real Estate	0.0	4.7
Utilities	0.0	4.9
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 3.1% of the total portfolio. ¹Russell 1000® Value Index.

Investment Results (%)

As of 30 September 2023	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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 ¹
277.0+	14.2	15.4
123.0–277.0	19.4	18.9
53.0–123.0	38.1	22.9
23.0–53.0	18.3	19.6
0.0–23.0	10.0	23.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/Russell. ¹Russell 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 30 Sep 2023: Airbus SE 2.8%; Dollar General Corp 1.5%; Netflix Inc 2.4%; Northrop Grumman Corp 1.5%; The Cigna Group 2.7%; US Bancorp 2.7%; Warner Bros Discovery Inc 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.

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. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings.

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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