



Artisan Mid Cap Value Fund

MONTHLY Commentary

Investor Class: ARTQX

Advisor Class: APDQX

As of 30 September 2023

Commentary

Top month-to-date contributors: Centene Corp; Corebridge Financial Inc; H&R Block Inc; Arch Capital Group Ltd; First Citizens BancShares Inc

Bottom month-to-date contributors: Warner Bros Discovery Inc; Dollar General Corp; Jones Lang LaSalle Inc; DENTSPLY SIRONA Inc; IAC Inc

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

Shares of Centene, the largest Medicaid managed care organization in the US, clawed back prior month declines, finishing Q3 slightly higher. While the latest quarterly results were largely in line, Medicare utilization was higher due to stronger outpatient surgery claims, and the commercial business's health benefits ratio, which measures medical expenses relative to premiums, was weaker than expected, raising concerns about margins. Positives were strong membership growth in the commercial and Medicaid businesses. Managed Medicaid is an important and growing industry serving low-income and disadvantaged populations, and Centene remains well positioned within it. Activist investors have helped shake up the management to steer a new strategic course involving asset disposals, cost cuts and a reorientation of priorities. We believe these efforts are positive for the company's continued self-improvement story focused on margin improvement to augment organic revenue growth.

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

	ARTQX	APDQX
Net Asset Value (NAV)	\$16.52	\$16.44
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Semi-Annual Report 31 Mar 2023 ¹	1.22%	1.07%
Prospectus 30 Sep 2022 ²	1.20%	1.05%

¹Unaudited, annualized for the six-month period. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

First Citizens BancShares Inc (Financials)	4.7
Analog Devices Inc (Information Technology)	3.8
Arch Capital Group Ltd (Financials)	3.4
U-Haul Holding Co (Industrials)	3.1
Vontier Corp (Information Technology)	3.1
Marriott International Inc (Consumer Discretionary)	3.0
Globe Life Inc (Financials)	3.0
NOV Inc (Energy)	2.9
DENTSPLY SIRONA Inc (Health Care)	2.5
Centene Corp (Health Care)	2.4
TOTAL	32.0%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	11.2	3.2
Consumer Discretionary	14.3	9.2
Consumer Staples	6.5	4.0
Energy	3.0	5.8
Financials	23.6	16.9
Health Care	10.4	7.1
Industrials	12.9	18.9
Information Technology	10.8	9.6
Materials	0.0	7.8
Real Estate	5.1	10.1
Utilities	2.3	7.4
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 1.7% of the total portfolio. ¹Russell Midcap® Value Index.

Investment Results (%)

As of 30 September 2023	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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	RMCV ¹
31.6+	19.1	21.9
22.2–31.6	6.2	15.4
14.0–22.2	25.0	23.8
8.2–14.0	22.9	20.2
0–8.2	26.7	18.7
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 Sep 2023: Corebridge Financial Inc 2.1%; Dollar General Corp 1.1%; H&R Block Inc 1.6%; IAC Inc 1.9%; Jones Lang LaSalle Inc 1.1%; Warner Bros Discovery Inc 1.6%. 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. **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.

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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