



# Artisan Value Income Fund

MONTHLY  
Commentary

Investor Class: APFWX | Advisor Class: APDWX As of 31 December 2024

## Commentary

Top month-to-date contributors: Diageo PLC; The Boeing Co; Vail Resorts Inc; MGM China Holdings Ltd; Airbus SE

Bottom month-to-date contributors: Comcast Corp; Polaris Inc; Omnicom Group Inc; Lamar Advertising Co; Philip Morris International Inc

In this space, we discuss one top contributor (Vail Resorts) and one bottom contributor (Omnicom Group) from the recent month.

For Vail Resorts, a premium skiing, lodging and resort company, good snow accumulation early in the season and better-than-expected pass sales that trended higher since the company's late-September update lifted shares. After two years of tough weather, featuring below-average snowfall and highly variable temperatures that contributed to reduced visitation, the hope is early snow results this winter are a harbinger of a better ski season. Vail is one of a couple dominant players in an industry that benefits from high barriers to entry due to the fixed supply of suitable mountains. Of course, this is a highly seasonal business, dependent on appetite for ski vacations and the right weather conditions, but the company has made strides to improve the business model by increasing the percentage of its business from the advance commitment pass product, which transforms the business from one of uncertainty and weather dependency to one of greater visibility and predictability. This provides stability and the ability to spend on capex during the offseason to improve the guest experience as well as pursue additional footprint expansion. While some years are better than others, the company has been consistently free cash flow positive and prudently allocates capital, with excess capital returned to shareholders, primarily via dividends.

Shares of Omnicom, a leading global advertising and marketing services agency, were down after it announced a \$13.25 billion all-stock deal to acquire rival Interpublic Group. The combination of the world's third- and fourth-largest ad agencies would make Omnicom the largest ad agency in the world and position it to better compete with the big tech firms and the increasing use of artificial intelligence; however, the market's immediate reaction indicates concerns about potential synergies and retention of clients and talent in the near term. We believe the deal makes sense strategically and financially, and the stock is now selling quite cheaply for under 12X earnings after the recent pullback. We like Omnicom's business. While cyclical due to its ties to ad spend, advertising is a royalty on competition as clients around the world seek Omnicom's expertise in creating, managing and tracking advertising campaigns. The business generates strong free cash flow, which has funded capital return in the form of share repurchases and dividends (3.3% current dividend yield), and is mostly a cost-plus business, which lessens the risk of margin pressure. Omnicom also has a flexible cost model allowing it to cut overhead during economic downturns to protect operating profit. While we cannot predict the economic cycle, Omnicom is a business that has delivered high returns on equity over a full business cycle.

## Portfolio Details

	APFWX	APDWX
Net Asset Value (NAV)	\$10.30	\$10.31
Inception	28 Feb 2022	28 Feb 2022
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2024 <sup>1,2</sup>	8.59/1.20	4.18/1.10
Prospectus 30 Sep 2023 <sup>1,2</sup>	9.08/1.21	4.36/1.11

<sup>1</sup>Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2026. <sup>2</sup>See prospectus for further details.

## Top 10 Holdings (% of total portfolio)

Lamar Advertising Co (Real Estate)	3.7
Philip Morris International Inc (Consumer Staples)	3.4
Cable One Inc (Communication Services)	3.3
EOG Resources Inc (Energy)	2.6
Comcast Corp (Communication Services)	2.6
PPL Corp (Utilities)	2.4
Heineken Holding NV (Consumer Staples)	2.3
OGE Energy Corp (Utilities)	2.2
Otis Worldwide Corp (Industrials)	2.1
Altria Group Inc (Consumer Staples)	2.1
<b>TOTAL</b>	<b>26.7%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of portfolio securities)

	Fund	S&P 500 <sup>1</sup>
Communication Services	9.2	9.4
Consumer Discretionary	8.9	11.3
Consumer Staples	16.5	5.5
Energy	5.7	3.2
Financials	20.3	13.6
Health Care	7.0	10.1
Industrials	9.1	8.2
Information Technology	3.0	32.5
Materials	0.0	1.9
Real Estate	9.5	2.1
Utilities	10.9	2.3
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/S&P. Cash and cash equivalents represented 2.1% of the total portfolio. <sup>1</sup>S&P 500<sup>®</sup> Index.

## Investment Results (%)

As of 31 December 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFWX	-6.08	-3.90	9.68	9.68	—	—	—	3.76
Advisor Class: APDWX	-6.14	-3.87	9.76	9.76	—	—	—	3.86
S&P 500 <sup>®</sup> Index	-2.38	2.41	25.02	25.02	—	—	—	12.74
Dow Jones US Select Dividend Index	-7.52	-1.85	16.62	16.62	—	—	—	6.57

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.

## Average Annual Total Returns

## Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	S&P 500 <sup>1</sup>
200.0+	10.5	56.6
140.0–200.0	9.0	9.1
90.0–140.0	6.1	8.3
60.0–90.0	11.0	8.7
30.0–60.0	10.4	10.0
15.0–30.0	21.5	5.8
5.0–15.0	18.4	1.6
0.0–5.0	10.6	0.0
Not Applicable	2.5	—
<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	26
Daniel L. Kane, CFA	26
Craig Inman, CFA	25

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 31 Dec 2024: Airbus SE 1.0%; Diageo PLC 2.1%; MGM China Holdings Ltd 1.5%; Omnicom Group Inc 1.6%; Polaris Inc 1.9%; The Boeing Co 1.0%; Vail Resorts Inc 1.8%. 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.

**Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings. **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.

Portfolio holdings are classified into five income categories: Core Value, Dividend Recovery, Dividend Growth, Bond Proxy and Capital Structure. Core Value holdings are investments consistent with the team's value investing approach that also have an income component. Dividend Recovery holdings are investments where the current yield does not reflect the future payout. Dividend Growth holdings are investments where the dividend payout is expected to grow over a multiyear period. Bond Proxy holdings are investments in businesses which are less economically sensitive and have steady dividend policies. Capital Structure holdings are instruments that comprise non-equity parts of the capital structure (e.g., preferred securities, convertibles and bonds).

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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