



Artisan Value Fund

MONTHLY
Commentary

Investor Class: ARTLX | Advisor Class: APDLX

As of 31 December 2024

Commentary

Top month-to-date contributors: Alphabet Inc; Diageo PLC; Meta Platforms Inc; Airbus SE; Diamondback Energy Inc

Bottom month-to-date contributors: The Cigna Group; Comcast Corp; Humana Inc; Philip Morris International Inc; Schlumberger NV

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

Tech giant and Google parent Alphabet unveiled its next-generation quantum computing chip Willow that promises significant breakthroughs in computational speeds and reduced error rates. Though we are still a few years from the commercial introduction of quantum technology, in the near term, Willow may accelerate Google's development of its proprietary machine learning and artificial intelligence models. Considering the company's history of monetizing new technologies, investors are keenly interested in Google's ability to create an economic moat around quantum technology, which has important applications across a wide range of fields, including drug development, battery technology and financial modeling. Alphabet, a long-time holding, has been one of our strongest contributors to returns in 2024, driven by continued strength across its search, YouTube and cloud businesses. In 2024, the company also instituted its first ever dividend and authorized a new \$70 billion stock buyback. Shares currently sell for 21X 2025 expected earnings, which remains undemanding, in our view, given the company's dominant industry positions, cash flow generation and ability to compound value over time.

Shares of Cigna and other managed care stocks weakened following the killing of a UnitedHealthcare executive that brought fresh attention to the high cost of health care in the US. Negative sentiment on these stocks further deepened when there was discussion in the US Congress to include new regulations for the pharmacy benefit management (PBM) industry in the government's temporary spending bill. Cigna's Express Scripts is one of the three largest PBMs. Ultimately, the final bill that passed did not include any provisions to reform PBM pricing. Without a doubt, the US health care system is far from ideal, but we do believe the insurers and PBMs provide needed services, add value and earn fair returns. Cigna consistently generates significant free cash flow, much of which is returned to shareholders via buybacks and dividends, and sells cheaply, for less than 10X next year's earnings.

Portfolio Details

	ARTLX	APDLX
Net Asset Value (NAV)	\$14.37	\$14.27
Inception	27 Mar 2006	1 Apr 2015
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2024 ^{1,2}	1.09/0.98	0.97/0.88
Prospectus 30 Sep 2023 ^{1,2}	1.10/1.07 ³	0.97/0.88

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2026. ²See prospectus for further details. ³There was no expense limit prior to July 1, 2023. Effective July 1, 2023, expense limit was 0.98%.

Top 10 Holdings (% of total portfolio)

Meta Platforms Inc (Communication Services)	3.9
PayPal Holdings Inc (Financials)	3.8
Alphabet Inc (Communication Services)	3.7
United Parcel Service Inc (Industrials)	3.4
Kerry Group PLC (Consumer Staples)	3.4
Heineken Holding NV (Consumer Staples)	3.3
Diageo PLC (Consumer Staples)	3.2
Philip Morris International Inc (Consumer Staples)	3.2
EOG Resources Inc (Energy)	3.0
Compass Group PLC (Consumer Discretionary)	2.8
TOTAL	33.7%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RIV ¹
Communication Services	14.7	4.4
Consumer Discretionary	6.4	6.2
Consumer Staples	16.0	7.9
Energy	7.1	6.7
Financials	30.1	23.1
Health Care	13.1	14.2
Industrials	8.7	14.7
Information Technology	3.9	9.3
Materials	0.0	4.2
Real Estate	0.0	4.7
Utilities	0.0	4.6
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.1% of the total portfolio. ¹Russell 1000[®] Value Index.

Investment Results (%)

As of 31 December 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTLX	-4.95	-0.86	12.11	12.11	8.28	11.57	10.05	8.33
Advisor Class: APDLX	-4.88	-0.83	12.31	12.31	8.44	11.76	10.22	8.42
Russell 1000 [®] Value Index	-6.84	-1.98	14.37	14.37	5.63	8.68	8.49	7.67
Russell 1000 [®] Index	-2.79	2.75	24.51	24.51	8.41	14.28	12.87	10.47

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
226.0+	18.8	20.3
134.0–226.0	18.3	18.6
62.0–134.0	36.0	20.8
26.0–62.0	15.0	19.6
0.0–26.0	12.0	20.6
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	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. 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 Dec 2024: Airbus SE 2.6%; Comcast Corp 2.6%; Diamondback Energy Inc 1.5%; Humana Inc 2.4%; Schlumberger NV 2.5%; The Cigna Group 2.2%. 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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