Artisan Value Income Fund

QUARTERLY Commentary

Investor Class: APFWX | Advisor Class: APDWX | Institutional Class: APHWX

As of 30 June 2023

Investment Process

We seek to invest in companies that are undervalued, in solid financial condition and have attractive business economics. We believe that companies with these characteristics are less likely to experience eroding values over the long term.

Attractive Valuation

We value a business using what we believe are reasonable expectations for the long-term earnings power and capitalization rates of that business. This results in a range of values for the company that we believe would be reasonable. We generally will purchase a security if the stock price falls below or toward the lower end of that range.

Sound Financial Condition

We prefer companies with an acceptable level of debt and positive cash flow. At a minimum, we seek to avoid companies that have so much debt that management may be unable to make decisions that would be in the best interest of the companies' shareholders.

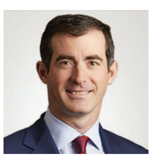
Attractive Business Economics

We favor cash-producing businesses that we believe are capable of earning acceptable returns on capital over the company's business cycle.

Team Overview

Everyone on the team functions as a generalist with respect to investment research and the entire team works together on considering potential investments.

Portfolio Management



Thomas A. Reynolds IV
Portfolio Manager

Daniel L. Kane, CFA
Portfolio Manager

Craig Inman, CFA
Portfolio Manager

Investment Results (%)

			Average Annual Total Returns				
As of 30 June 2023	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFWX	**2.58**	**4.03**	**6.59**	—	—	—	**-3.76**
Advisor Class: APDWX	**2.70**	**4.16**	**6.86**	—	—	—	**-3.64**
Institutional Class: APHWX	**2.71**	**4.17**	**6.85**	—	—	—	**-3.62**
S&P 500® Index	8.74	16.89	19.59	—	—	—	3.03
Dow Jones US Select Dividend Index	-2.54	-4.32	0.47	—	—	—	-2.40

Source: Artisan Partners/S&P/S&P DJI. Returns for periods less than one year are not annualized. Class inception: Investor (28 February 2022); Advisor (28 February 2022); Institutional (28 February 2022).

Expense Ratios (% Gross/Net)	APFWX	APDWX	APHWX
Semi-Annual Report 31 Mar 2023[1,2,3]	11.01/1.20	5.44/1.10	2.36/1.05
Prospectus 30 Sep 2022[2,3]	13.46/1.20	9.98/1.10	2.55/1.05

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

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.

Investing Environment

Since last October, US stocks have been climbing a proverbial wall of worry as fears of a looming recession have yet to materialize amid resilient growth and still tight labor and real estate markets. On the earnings front, year-over-year earnings growth for US equities was negative for a second consecutive quarter, but forward guidance was better than expected, and current bottom-up earnings estimates show year-over-year earnings growth turning positive in the second half of 2023. Not surprisingly, rising equity prices have coincided with falling market volatility. In June, the VIX volatility index dropped to its lowest levels since January 2020, just prior to the pandemic.

Sentiment has also benefited from inflation easing. Better inflation readings and the Federal Reserve's decision in June to pause interest rate hikes for the first time since March 2022, when it began its aggressive monetary tightening campaign, have boosted hopes of a soft economic landing. Despite the pause, Fed Chair Jay Powell signaled that additional hikes may be necessary if inflation proves sticky as core inflation is still running hot at about 5%. However, any additional tightening could add to existing pressures in the banking and brokerage sector, which despite relative calm is still contending with funding pressures and unrealized losses on fixed income securities due to rising interest rates. Current expectations are for at least two additional rate hikes by year end.

Returns in the S&P 500® Index were led by the technology, consumer discretionary and communication services sectors. The weakest sectors—energy and utilities—suffered modest declines. The remaining sectors finished with low- to mid-single-digit gains. Until June, market breadth had been quite narrow, with a handful of tech-oriented mega caps that have large index weights driving a disproportionate share of the gains. Certainly, excitement related to artificial intelligence has been a driver of the rally, but we also believe investors are gravitating to secular growth companies, viewing them as winners regardless of the economic environment. Additionally, last year's selloff and investor positioning coming into the year set these stocks up well for their subsequent rebounds. Although AI is a small pocket where we see revived animal spirits, we don't see this as redux of 2021 when meme stock mania took hold and speculation was rampant.

Performance Discussion

Our portfolio generated a positive return in Q1, with returns led by our dividend recovery and dividend growth holdings. As we would expect, in a strong up period, our dividend recovery and dividend growth holdings were greater sources of upside participation. Our capital structure and bond proxy investments, which are predominantly utilities and consumer staples names, detracted from our Q2 portfolio return as higher yielding segments were out of favor.

For investors less familiar with our differentiated approach to portfolio construction, we classify our holdings into five income categories. These categories are capital structure, core value, dividend recovery, dividend growth and bond proxy. Each category has distinct investment characteristics that contribute to our income and capital appreciation objectives to varying degrees. Capital structure investments comprise non-equity parts of the capital structure, such as preferred securities, corporate bonds and convertibles. Multi-asset class flexibility in the portfolio allows us to take advantage of mispriced opportunities across the capital structure. Since the capital structure bucket includes fixed income securities, these investments can help deliver greater income and dampen volatility.

We also have the flexibility to invest in stocks that have no yield or have lower yields. For instance, there are companies with a history of paying and growing dividends, but the dividend yields tend to be low to allow for growth potential as the focus of capital allocation is on reinvesting for growth. We refer to these stocks as dividend growth investments. Similarly, if a company suspends its dividend, which may be prudent, investors who have rigid yield requirements may be forced to sell. Instead, we analyze the opportunity holistically, focusing on total return potential and the company's ability to reinstitute a dividend payout in the future when business conditions improve. We refer to these as dividend recovery investments.

Bond proxies are investments in businesses that have strong fundamentals, are less economically sensitive and have steady dividend policies. Like capital structure investments, bond proxies can also provide greater income and mitigate volatility. Bond proxies also serve as a store of value for cash accumulation, allowing the portfolio to be more fully invested over time.

Any other investments are categorized as core value, which we expect should have the largest weighting over most time periods. Core value holdings are those we believe have strong upside potential and exhibit our three margin of safety criteria (attractive business economics, sound financial condition, attractive valuation), along with a dividend payout we feel is secure.

In Q2, Compass Group, a leading global food service provider, and Medtronic, a medical technology company, were standouts among our dividend recovery and dividend growth categories, respectively. Compass Group has experienced a faster-than-expected recovery post the pandemic, and the company's top line has surpassed pre-pandemic levels as travel, restaurant dining, sporting events and business activity have returned to normal. During the pandemic, the company halted its dividend due to plunging demand for catering services, but we saw this as an opportunity given the company's history of dividend program consistency and believed the business would ultimately recover. The company has since reinstated its dividend, currently yielding 1.5%.

Medtronic's businesses also suffered during the pandemic when medical procedure volumes fell due to patients' delaying treatment. But unlike Compass Group, Medtronic also dealt with professional staffing shortages, supply chain constraints and some raw materials shortages that continued into 2022. Foreign exchange was also a big headwind. One by one, these issues are improving, from supply chain dynamics to hospital staff shortages contributing to improving procedure trends. It's still early in its recovery, but the latest set of quarterly results was better than expected, with broad-based organic growth across segments. As we wait for continued recovery in the business, Medtronic continues to be a strong free cash flow generator, is attractively priced based on our estimates of normalized earnings and pays a dividend currently yielding 3.3%.

Our biggest detractor, a core value investment, was Tyson Foods, the biggest US beef and poultry producer. Shares pulled back on disappointing quarterly results and a weaker outlook due to continued margin pressures in its chicken and beef segments, which make up roughly two thirds of company sales. Broadly, costs remain up while volumes are dipping. That's not a good combination for earnings. A range of continuing inflationary pressures has been driving up freight, labor and livestock feed costs. Margins in the prepared foods business were the lone bright spot. For the beef business, sales have been hurt by the consumer trading down to lower priced products, while livestock prices have been high due to reduced supply in a tough cattle market. Many of these factors are cyclical, and the history of this business has shown that it would be a mistake for investors to believe good or bad times are permanent.

Cable One (CABO), a small cable company operating in rural US markets, was among our capital structure investments that trailed in Q2. We hold the common equity, as well as convertible bonds maturing in 2026 and 2028 that were trading at significant discounts to par when we purchased them. In addition to boosting the income received from the combined stock and bond positions, there is implied yield from the optionality from potential conversion to common stock. This conversion feature makes these securities more attractive than the 4% fixed notes outstanding. CABO and other cable stocks have been punished due to concerns about increasing competition from wireless providers. While wireless companies are entering new markets, cable continues to have a competitive advantage with respect to network speeds, reliability and capital intensity. We like the cable business in general due to its high recurring revenue, pricing power and healthy operating leverage, but there are additional elements in our investment case unique to CABO. Unlike the larger cable companies, CABO has employed a different playbook by deemphasizing video and phone—two thirds of cable providers' triple-play bundles—to focus on broadband to rural homes and businesses. Due to its rural footprint, CABO faces far less competition in this business than the average large MSA (Metropolitan Statistical Area) cable companies, like Comcast and Charter. Shares sell at a low-teens P/E multiple based on our estimates of normalized earnings. We believe this valuation tilts long-term outcomes in our favor.

Portfolio Activity

In Q2, we initiated new positions in Universal Health Realty Income Trust (UHT), a real estate investment trust (REIT) specializing in health care facilities that falls into the bond proxy category, and two bank preferred stocks, one issued by M&T Bank and the other by Wells Fargo, that are capital structure investments. UHT is not followed by Wall Street; it has no analyst coverage. However, the company has a long history of success having paid and raised its dividend for over 30 years. It was created as an income trust when United Health Solutions did a sale leaseback of its real estate. UHT has operated with a conservative framework that has generated excellent returns over time for shareholders. UHT was once a loved REIT—selling for over $100 per share as recently as 2020—but we were able to purchase shares for under $50 corresponding to a 6% yield and a capitalization rate near 8%. REITS have come under pressure due to rising interest rates. Further for UHT, there are fears about the health care real estate space. In addition to its attractive valuation, UHT also meets our criteria for financial condition and business economics. A core philosophy of UHT is to keep leverage under control, which it is as interest coverage is above 4X. With regard to its business economics, real estate can be cyclical, but about 40% of UHT's leases are triple net leases, which produce a more reliable income stream and also have higher average annual price increases. So, we believe UHT is better and safer than the average REIT, and we were also able to purchase it cheaply.

Bank preferred stocks sit between the equity and debt in the capital structure. They are important for regulatory capital purposes, ratio requirements and loss-absorbing capacity. In the event of a bank failure, the equity and preferred will lose 100% of their value. For M&T Bank and Wells Fargo, this is a remote risk. Yet after Silicon Valley Bank went under, these preferred securities sold off markedly, and we were able to purchase them at attractive mid- to high-single-digit yields. So, in addition to generating income, we feel we are receiving equity-like returns in these securities, while helping to reduce portfolio beta.

We funded these new purchases in part from sales of Raytheon Technologies, an aerospace and defense company; Northern Trust, a provider of asset servicing and investment management; and Goldman Sachs, a global financial services firm. We exited all three holdings in favor of better opportunities.

Perspective

Like many investors, we are struck by the relative resilience of equity markets. If we told you the S&P 500® Index's earnings per share was expected to decline for a third consecutive quarter, the yield curve was the most inverted in over 40 years and the federal funds rate increased 500bps in the short span of just 15 months, would you expect stocks to be meaningfully higher from a year ago? Our observation is not to imply that stocks should be higher or lower than their current levels. Stocks were pricing in a recession in late 2022. Today, they are not. When markets were lower, there was more fear. As pessimism has been replaced by optimism, there is paradoxically more risk now than there was when fear predominated.

In the large-cap value corner of the market, valuations are quite reasonable. The Russell 1000® Value Index trades for 15.2X FY1 estimated earnings. This compares to its average of 15.3X and median of 14.9X based on our data going back to 1997. The Russell 1000® Growth Index trades at 29.0X FY1 estimates. The average and median valuation spreads between these indices have been 7.7 and 6.0 percentage points over the past 25 years. Today, it's 13.8 percentage points. Furthermore, dividend stocks have been among the weakest performers year to date. So, we feel good about our opportunity set today and the long-term forward return potential that exists among value stocks. We cannot predict the next economic downturn, but we can control our process and where we focus our efforts. We have historically weathered a mix of market conditions by focusing on the fundamentals of our investment process, and we expect this to continue in the future.

For more information: Visit www.artisanpartners.com | Call 800.344.1770

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. The equity, fixed income and derivative security types referenced each contain inherent risks, including the risk of loss like all investments, and capital appreciation and income is not guaranteed. 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. Value securities may underperform other asset types during a given period. 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.

S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. Russell 1000® Growth Index measures the performance of US large-cap companies with higher price/book ratios and forecasted growth values. Russell 1000® Value Index measures the performance of US large-cap companies with lower price/book ratios and forecasted growth values. The VIX Index estimates the expected volatility of the S&P 500® Index, calculated by using the midpoint of real-time S&P 500® Index option bid/ask quotes, and is commonly used to proxy market risk and/or uncertainty. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

This summary represents the views of the portfolio managers as of 30 Jun 2023. Those views may change, and the Fund disclaims any obligation to advise investors of such changes. For the purpose of determining the Fund's holdings, securities of the same issuer are aggregated to determine the weight in the Fund. The holdings mentioned above comprise the following percentages of the Fund's total net assets as of 30 Jun 2023: Compass Group PLC 2.3%, Medtronic PLC 2.8%, Tyson Foods Inc 2.0%, Cable One Inc 2.8%, Comcast Corp 3.6%, Universal Health Realty Income Trust 1.3%, M&T Bank Corp 2.6%, Wells Fargo & Co 0.7%. Securities named in the Commentary, but not listed here are not held in the Fund as of the date of this report. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. All information in this report, unless otherwise indicated, includes all classes of shares (except performance and expense ratio information) and is as of the date shown in the upper right hand corner. This material does not constitute investment advice. Portfolio security yields are subject to market conditions and are not guaranteed.

Attribution is used to evaluate the investment management decisions which affected the portfolio's performance when compared to a benchmark index. Attribution is not exact, but should be considered an approximation of the relative contribution of each of the factors considered.

This material is provided for informational purposes without regard to your particular investment needs and shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

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. **Margin of Safety**, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **Yield curve** measures the difference in yields across maturities of US Treasury bonds. **Spread** is the difference in yield between two bonds of similar maturity but different credit quality. **Discount to par** refers to a bond price selling below a par value of $1,000 due to changes in interest rates. **Dividend Yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its share price. **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.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

A R T I S A N P A R T N E R S