



Artisan Mid Cap Value Fund

MONTHLY Commentary

Investor Class: ARTQX | Advisor Class: APDQX

As of 31 March 2024

Commentary

Top month-to-date contributors: NOV Inc; nVent Electric PLC; The Kroger Co; Corebridge Financial Inc; Lamar Advertising Co

Bottom month-to-date contributors: Globe Life Inc; Cable One Inc; IAC Inc; Electronic Arts Inc; News Corp

In this space, we discuss one top contributor (Kroger) and one bottom contributor (Cable One) from the recent month.

Kroger shares rose after the company announced relatively uneventful quarterly earnings. The strong favorable reaction to the food retailer's steady business results suggests investors were overly worried about disinflation hurting top-line results and thereby hampering margins and profitability. Kroger continues to pile up cash and deleverage its balance sheet ahead of a potential merger with Albertsons that remains in limbo due to antitrust concerns. To secure approval of the merger, Kroger will likely be required to divest hundreds of stores. However, the Federal Trade Commission's case against the combination excludes a large share of the competition from other retail formats, including warehouse clubs, supercenters, discount grocers, convenience stores and home delivery. Given Kroger's long history of smart and successful acquisitions that have helped it grow to nearly 2,800 stores in 35 states, we have confidence in management's decision making. The company continues to invest in digital, new products, higher wages and more sustainable pensions. We believe Kroger remains in a strong competitive position with an undemanding valuation.

Shares of Cable One, a small cable company operating in rural US markets, have remained weak due to concerns about competition from wireless providers and depressed subscriber growth, driven in part by fewer residential moves in a frozen US housing market. Broadband subscriber additions picked up in the latest quarter, but increased promotions and discounting reduced average revenue per subscriber, and an end to the ACP (Affordable Connectivity Program) accepting new enrollees creates an additional headwind to growing subscribers. While wireless companies are entering new markets, 5G is not currently competitive with cable's download speeds, and based on the physics of wireless data delivery, 5G is unlikely to be competitive with cable for many years, if ever. Cable continues to have a competitive advantage with respect to network speeds, reliability and capital intensity. Despite recent growth challenges, free cash flow conversion remains solid, and the valuation is highly attractive, having a free cash flow yield of ~12% and selling below 8X our estimate of normalized earnings. We like the cable business in general due to its high recurring revenue, pricing power and healthy operating leverage.

Investment Results (%)

As of 31 March 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTQX	4.06	5.61	5.61	18.96	5.93	9.74	6.66	9.79
Advisor Class: APDQX	4.03	5.65	5.65	19.07	6.07	9.90	6.79	9.84
Russell Midcap® Value Index	5.18	8.23	8.23	20.40	6.80	9.94	8.57	9.77
Russell Midcap® Index	4.34	8.60	8.60	22.35	6.07	11.10	9.95	9.93

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.

Portfolio Details

	ARTQX	APDQX
Net Asset Value (NAV)	\$16.39	\$16.28
Inception	28 Mar 2001	1 Apr 2015
Expense Ratios		
Annual Report 30 Sep 2023	1.22%	1.07%
Prospectus 30 Sep 2023 ¹	1.22%	1.08%

¹See prospectus for further details.

Top 10 Holdings (% of total portfolio)

First Citizens BancShares Inc (Financials)	4.0
Vontier Corp (Information Technology)	3.9
Analog Devices Inc (Information Technology)	3.7
U-Haul Holding Co (Industrials)	3.5
Lamar Advertising Co (Real Estate)	2.8
Globe Life Inc (Financials)	2.8
nVent Electric PLC (Industrials)	2.7
Expedia Group Inc (Consumer Discretionary)	2.6
News Corp (Communication Services)	2.6
Arch Capital Group Ltd (Financials)	2.5
TOTAL	31.0%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	RMCV ¹
Communication Services	11.2	2.8
Consumer Discretionary	13.2	9.4
Consumer Staples	7.4	3.7
Energy	2.5	5.5
Financials	20.7	18.2
Health Care	11.8	6.5
Industrials	11.5	20.4
Information Technology	10.9	9.2
Materials	0.0	7.6
Real Estate	7.0	9.8
Utilities	3.9	7.0
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/Russell. Cash and cash equivalents represented 2.7% of the total portfolio. ¹Russell Midcap® Value Index.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	RMCV ¹
36.7+	17.3	23.7
23.5–36.7	14.0	20.7
15.7–23.5	20.0	20.2
9.7–15.7	20.9	17.5
0–9.7	27.8	17.9
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	25
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 31 Mar 2024: Cable One Inc 1.9%; Corebridge Financial Inc 2.0%; Electronic Arts Inc 1.7%; IAC Inc 1.7%; NOV Inc 2.4%; The Kroger Co 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 Yield** is an overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share. The ratio is calculated by taking the free cash flow per share divided by the share price. **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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