



Artisan Value Income Fund

MONTHLY
Commentary

Investor Class: APFWX | Advisor Class: APDWX

As of 29 February 2024

Commentary

Top month-to-date contributors: nVent Electric PLC; Lamar Advertising Co; Otis Worldwide Corp; Samsung Electronics Co Ltd; CME Group Inc

Bottom month-to-date contributors: Cable One Inc; Comcast Corp; WaFd Inc; Heineken Holding NV; Medtronic PLC

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

nVent Electric provides electrical connections and protection solutions. These are mission-critical elements in commercial electrical and mechanical systems and civil infrastructure. nVent has shown consistent and steady growth since the pandemic, having reported 12 consecutive quarters of year-over-year sales growth supported by the secular tailwinds of electrification, sustainability and digitalization. Growth has come from a combination of volumes and pricing, with the company successfully offsetting inflation with pricing. Due to the low cost of its products relative to a project and high failure costs for customers, nVent has good pricing power and sustainable margins. In the recent quarter, the company's data centers business (~14% of sales) was a standout, growing 20% year over year, as the acceleration in artificial intelligence infrastructure investments has created increased demand for the company's liquid cooling solutions. Though nVent is no longer selling as cheaply as when it first drew our interest, the stock still sells at a lower P/E multiple than the S&P 500® Index despite better earnings growth.

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 ~11% and selling below 8X earnings. We like the cable business in general due to its high recurring revenue, pricing power and healthy operating leverage.

Portfolio Details

	APFWX	APDWX
Net Asset Value (NAV)	\$9.63	\$9.64
Inception	28 Feb 2022	28 Feb 2022
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2023 ^{1,2}	9.07/1.20	4.35/1.10
Prospectus 30 Sep 2023 ^{1,2}	9.08/1.21	4.36/1.11

¹Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2025. ²See prospectus for further details.

Top 10 Holdings (% of total portfolio)

Lamar Advertising Co (Real Estate)	3.6
Cable One Inc (Communication Services)	3.4
Comcast Corp (Communication Services)	3.3
Philip Morris International Inc (Consumer Staples)	2.8
M&T Bank Corp (Financials)	2.7
EOG Resources Inc (Energy)	2.7
WaFd Inc (Financials)	2.6
Medtronic PLC (Health Care)	2.6
Baxter International Inc (Health Care)	2.5
Heineken Holding NV (Consumer Staples)	2.5
TOTAL	28.7%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	S&P 500 ¹
Communication Services	8.8	8.9
Consumer Discretionary	3.7	10.6
Consumer Staples	15.2	6.0
Energy	2.8	3.7
Financials	24.9	13.0
Health Care	8.5	12.5
Industrials	9.7	8.7
Information Technology	6.7	29.8
Materials	0.0	2.3
Real Estate	8.8	2.3
Utilities	10.8	2.1
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/S&P. Cash and cash equivalents represented 3.9% of the total portfolio. ¹S&P 500® Index.

Investment Results (%)

As of 29 February 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFWX	0.42	0.10	0.10	7.02	—	—	—	0.67
Advisor Class: APDWX	0.42	0.10	0.10	7.19	—	—	—	0.78
S&P 500® Index	5.34	7.11	7.11	30.45	—	—	—	9.74
Dow Jones US Select Dividend Index	1.28	-0.49	-0.49	0.63	—	—	—	1.11
As of 31 December 2023								
Investor Class: APFWX	5.63	10.45	10.86	10.86	—	—	—	0.68
Advisor Class: APDWX	5.65	10.59	11.04	11.04	—	—	—	0.79
S&P 500® Index	4.54	11.69	26.29	26.29	—	—	—	6.58
Dow Jones US Select Dividend Index	5.80	10.17	1.53	1.53	—	—	—	1.47

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.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	S&P 500 ¹
200.0+	9.6	53.1
140.0–200.0	5.0	7.4
90.0–140.0	10.9	11.8
60.0–90.0	12.9	6.9
30.0–60.0	9.7	11.7
15.0–30.0	21.1	6.7
5.0–15.0	14.9	2.3
0.0–5.0	10.9	0.0
Not Applicable	5.1	—
TOTAL	100.0%	100.0%

Source: Artisan Partners/S&P. ¹S&P 500[®] 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. 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[®] 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 29 Feb 2024: CME Group Inc 2.4%; nVent Electric PLC 2.2%; Otis Worldwide Corp 2.4%; Samsung Electronics Co Ltd 1.9%. 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.

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Sector exposure percentages reflect sector designations as currently classified by GICS.

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. **Price-to-Earnings (P/E)** is a valuation ratio of a company's current share price compared to its per-share earnings.

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