



Artisan Value Income Fund

MONTHLY
Commentary

Investor Class: APFWX

Advisor Class: APDWX

As of 31 March 2024

Commentary

Top month-to-date contributors: Lamar Advertising Co; EOG Resources Inc; NetApp Inc; nVent Electric PLC; Corebridge Financial Inc

Bottom month-to-date contributors: Vail Resorts Inc; Universal Health Realty Income Trust; Cable One Inc; CME Group Inc; Diageo PLC

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

NetApp is an enterprise data storage and solutions company with a specialization in all-flash (i.e., solid-state) storage. The company achieved record sales growth in its higher margin flash products (+21% y/y), which boosted margins and helped offset inflation in NAND prices. Notably, the mix shift to flash is driving structurally higher gross margins. Strong growth in product sales was accompanied, however, by flat growth in cloud services. Though cloud services growth hasn't accelerated as investors may have hoped, NetApp's cloud storage solutions business is still a good business. Cloud storage is sticky (customers rarely switch), is integrated in all three public clouds and generates strong returns on equity and free cash flow. The company has a strong balance sheet, a healthy stock buyback program and a record of technological innovation. Besides strong price appreciation, income-focused investors have been rewarded with a total shareholder yield of ~6.7% consisting of a 2.9% dividend yield and 3.8% from stock buybacks over the past four quarters.

Shares of Vail Resorts, a premium skiing, lodging and resort company, were down about 2% in March, though up 5% year to date. Mother nature didn't cooperate this past winter as there was below-average snowfall and highly variable temperatures. That contributed to reduced visitation, which had second-order effects on retail, rental and lodging activity. On the positive side, advanced pass sales (up 11%) drove low-single-digit growth in lift revenues, while labor costs were well controlled. The balance sheet remains stable, and the board raised the dividend by 8%, resulting in a dividend yield of 3.6% as of quarter-end. 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 visibility and predictability. This provides stability and the ability to spend on capex during the off season to improve the guest experience, as well as pursue additional footprint expansion.

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: APFWX	4.76	4.87	4.87	14.64	—	—	—	2.92
Advisor Class: APDWX	4.76	4.87	4.87	14.82	—	—	—	3.02
S&P 500® Index	3.22	10.56	10.56	29.88	—	—	—	10.99
Dow Jones US Select Dividend Index	6.62	6.10	6.10	9.73	—	—	—	4.22

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.

Portfolio Details

	APFWX	APDWX
Net Asset Value (NAV)	\$10.02	\$10.03
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)	3.7
Cable One Inc (Communication Services)	3.4
Comcast Corp (Communication Services)	3.1
EOG Resources Inc (Energy)	2.8
Philip Morris International Inc (Consumer Staples)	2.7
Altria Group Inc (Consumer Staples)	2.7
M&T Bank Corp (Financials)	2.6
WaFd Inc (Financials)	2.5
Medtronic PLC (Health Care)	2.5
Heineken Holding NV (Consumer Staples)	2.4
TOTAL	28.3%

Source: Artisan Partners/GICS.

Sector Diversification (% of portfolio securities)

	Fund	S&P 500 ¹
Communication Services	8.7	9.0
Consumer Discretionary	3.5	10.3
Consumer Staples	15.3	6.0
Energy	2.9	3.9
Financials	24.8	13.2
Health Care	8.0	12.4
Industrials	10.9	8.8
Information Technology	6.5	29.6
Materials	0.0	2.4
Real Estate	8.8	2.3
Utilities	10.6	2.2
TOTAL	100.0%	100.0%

Source: Artisan Partners/GICS/S&P. Cash and cash equivalents represented 4.1% of the total portfolio. ¹S&P 500® Index.

Market Cap Distribution (% of portfolio securities)

\$ in billions	Fund	S&P 500 ¹
200.0+	8.9	52.6
140.0–200.0	10.7	9.0
90.0–140.0	7.1	10.7
60.0–90.0	13.3	7.3
30.0–60.0	7.7	11.9
15.0–30.0	22.1	6.6
5.0–15.0	14.7	1.9
0.0–5.0	10.8	0.0
Not Applicable	4.8	—
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 31 Mar 2024: CME Group Inc 2.0%; Corebridge Financial Inc 1.8%; Diageo PLC 1.8%; NetApp Inc 1.8%; nVent Electric PLC 2.1%; Universal Health Realty Income Trust 1.3%; Vail Resorts Inc 1.5%. 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.

Free Cash Flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Dividend Yield** is a financial ratio that shows how much a company pays out in dividends each year relative to its share price. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity.

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