



# Artisan Value Income Fund

MONTHLY  
Commentary

Investor Class: APFWX

Advisor Class: APDWX

As of 31 January 2024

## Commentary

Top month-to-date contributors: Corebridge Financial Inc; Comcast Corp; Merck & Co Inc; Medtronic PLC; WaFd Inc

Bottom month-to-date contributors: United Parcel Service Inc; Samsung Electronics Co Ltd; Public Storage; EOG Resources Inc; Koninklijke Philips NV

In this space, we discuss one top contributor (Corebridge Financial) and one bottom contributor (United Parcel Service) from the recent month.

Corebridge, a provider of life insurance and retirement solutions, was previously a unit of AIG and a September 2022 IPO. AIG still owns ~51% of the company following its recent secondary sale in November 2023, equaling 9.1% of shares outstanding. Since adding Corebridge to the portfolio in Q1 2023, it's been among our top performers as the "higher for longer" interest rate environment has driven an increase in spread income. Our investment thesis has been that Corebridge would not only benefit from the current interest rate environment following ZIRP (zero interest rate policy), but as a standalone entity that is not part of a large inefficient and capital-constrained parent, would have plenty of room to improve its competitive position and wring out efficiencies to improve ROE. Even after recent stock price gains, Corebridge yields 3.8% on its dividend, with a double-digit free cash flow yield. In addition to Corebridge's regular dividend, the company paid two special dividends in 2023 totaling \$1.78, which is 7.6% on today's price. Besides dividends, we expect free cash flow will be used to ensure holding company liquidity, retire diluted shares and support modest growth expectations.

United Parcel Service (UPS) is a global package delivery and supply chain business. We added UPS to the portfolio in November when shares were under pressure due to concerns about its new labor contract diverting volumes and driving up costs, as well as the continued normalization of volumes following COVID-related gains. The stock moved higher after we purchased it but gave up those gains in January when the company reported weaker-than-expected shipping volumes and a decline in revenue in the prior quarter. Despite the long-term growth tailwinds from the secular shift toward e-commerce, the shipping business is still cyclical, so disappointments will happen. However, we welcomed the market's short-term focus as it provided us an opportunity to purchase UPS at an undemanding valuation of less than 11X our view of normalized earnings. UPS is a good transport operation that easily earns its cost of capital, generates cash, has an economic moat, has a strong financial profile and pays a dividend yielding 4.6%. With the new 5-year labor agreement completed, we believe UPS can focus on regaining lost volume and improving its cost structure.

## Portfolio Details

	APFWX	APDWX
Net Asset Value (NAV)	\$9.59	\$9.60
Inception	28 Feb 2022	28 Feb 2022
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2023 <sup>1,2</sup>	9.07/1.20	4.35/1.10
Prospectus 30 Sep 2023 <sup>1,2</sup>	9.08/1.21	4.36/1.11

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

## Top 10 Holdings (% of total portfolio)

Cable One Inc (Communication Services)	4.1
Comcast Corp (Communication Services)	3.6
Lamar Advertising Co (Real Estate)	3.5
WaFd Inc (Financials)	2.9
Philip Morris International Inc (Consumer Staples)	2.9
Medtronic PLC (Health Care)	2.8
M&T Bank Corp (Financials)	2.7
Heineken Holding NV (Consumer Staples)	2.7
EOG Resources Inc (Energy)	2.7
Altria Group Inc (Consumer Staples)	2.7
<b>TOTAL</b>	<b>30.4%</b>

Source: Artisan Partners/GICS.

## Sector Diversification (% of portfolio securities)

	Fund	S&P 500 <sup>1</sup>
Communication Services	10.0	8.9
Consumer Discretionary	3.7	10.3
Consumer Staples	15.6	6.1
Energy	2.8	3.8
Financials	25.3	13.1
Health Care	8.5	12.8
Industrials	9.6	8.6
Information Technology	6.6	29.5
Materials	0.0	2.3
Real Estate	8.8	2.4
Utilities	9.1	2.2
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/GICS/S&P. Cash and cash equivalents represented 4.7% of the total portfolio. <sup>1</sup>S&P 500<sup>®</sup> Index.

## Investment Results (%)

As of 31 January 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFWX	-0.31	-0.31	-0.31	3.66	—	—	—	0.48
Advisor Class: APDWX	-0.31	-0.31	-0.31	3.83	—	—	—	0.59
S&P 500 <sup>®</sup> Index	1.68	1.68	1.68	20.82	—	—	—	7.20
Dow Jones US Select Dividend Index	-1.75	-1.75	-1.75	-4.21	—	—	—	0.48
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 <sup>®</sup> 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 <sup>1</sup>
200.0+	9.3	51.0
140.0–200.0	10.0	9.2
90.0–140.0	6.4	11.3
60.0–90.0	14.8	6.8
30.0–60.0	8.0	12.0
15.0–30.0	21.2	7.2
5.0–15.0	11.6	2.6
0.0–5.0	13.5	0.0
Not Applicable	5.3	—
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Artisan Partners/S&P. <sup>1</sup>S&P 500<sup>®</sup> 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<sup>®</sup> 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 Jan 2024: Corebridge Financial Inc 1.8%; Koninklijke Philips NV 1.3%; Merck & Co Inc 1.8%; Public Storage 2.1%; Samsung Electronics Co Ltd 1.8%; United Parcel Service Inc 1.8%. 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** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Return on Equity (ROE)** is a profitability ratio that measures the amount of net income returned as a percentage of shareholders' equity. **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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