Artisan Select Equity Fund

QUARTERLY
Commentary

Investor Class: ARTNX | Advisor Class: APDNX | Institutional Class: APHNX

As of 31 March 2026

Investment Process

We seek to invest in high-quality, undervalued companies with strong balance sheets and shareholder-oriented management teams.

Undervaluation

Determining the intrinsic value of a business is the heart of our research process. Intrinsic value represents the amount that a buyer would pay to own a company's future cash flows. We seek to invest at a significant discount to our estimate of the intrinsic value of a business.

Business Quality

We seek to invest in companies with histories of generating strong free cash flow, improving returns on capital and strong competitive positions in their industries.

Financial Strength

We believe that investing in companies with strong balance sheets helps to reduce the potential for capital risk and provides company management the ability to build value when attractive opportunities are available.

Shareholder-Oriented Management

Our research process attempts to identify management teams with a history of building value for shareholders.

Portfolio Management

Daniel J. O'Keefe

Portfolio Manager (Lead)
Managing Director

Michael J. McKinnon, CFA

Portfolio Manager
Managing Director

Investment Results (%)

As of 31 March 2026	QTD	YTD	Average Annual Total Returns: 1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTNX—Inception: 28 Feb 2020	**-2.66**	**-2.66**	**18.34**	**17.95**	**9.84**	—	**13.02**
Advisor Class: APDNX—Inception: 28 Feb 2020	**-2.66**	**-2.66**	**18.44**	**18.06**	**9.95**	—	**13.13**
Institutional Class: APHNX—Inception: 28 Feb 2020	**-2.62**	**-2.62**	**18.63**	**18.17**	**10.01**	—	**13.20**
S&P 500® Index	-4.33	-4.33	17.80	18.32	12.06	—	15.64

Source: Artisan Partners/S&P. 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. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect.

Expense Ratios (%)*

	ARTNX	APDNX	APHNX
Annual Report	2.26/1.25	2.71/1.15	1.08/—
Prospectus	2.27/1.26	2.72/1.16	1.09/—

*Unsubsidized/subsidized. Annual Report: 30 Sep 2025. Prospectus: 30 Sep 2025. Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2027. See prospectus for further details. Annual Report Figures: Excludes Acquired Fund Fees and Expenses as described in the prospectus.

"The future ain't what it used to be."—Yogi Berra

This was one of the more eventful quarters in recent memory.

Artificial intelligence (AI) continues to give us plenty to think and write about. We have done so in recent quarterly letters, focusing mostly on the enormous levels of investment dedicated to AI and whether those investments will bear fruit outside of those companies that directly benefit from the dollars spent (i.e., NVIDIA that makes the chips, Samsung Electronics that provides the memory and Lam Research that makes the equipment to manufacture the chips). And this quarter, we saw evidence in the results of both Alphabet and Meta that their historic levels of capital spending are generating returns. We saw revenue acceleration across a number of their businesses, which we believe is a function of these investments. This is clearly a positive sign for us as shareholders of both companies.

But this quarter, we saw some evidence of AI's darker side, what might be lost rather than what might be gained. In February, Square, a publicly listed payment services provider, announced that it was reducing its employee base by 40%. Because of AI productivity gains, it just doesn't need as many employees. This announcement generated a lot of headlines and a lot of fear about what AI means for white-collar employment and society in general. But there was some other data that caught our eye, which was not reported on. We refer to Exhibit 1, which shows revenue and full-time equivalent (FTE) employee numbers at four large tech firms in 2022 and 2025.

Exhibit 1: Revenues and Full-time Employee Counts of Major Tech Companies

Full-Time Employees (FTE):	**2022**	**2025**	**2025 vs. 2022**
Alphabet	190,234	190,820	586
Meta	86,482	78,865	(7,617)
Amazon	1,541,000	1,576,000	35,000
Microsoft	221,000	228,000	7,000
Revenue ($bns):	**2022**	**2025**	**2025 vs. 2022**
Alphabet	283	403	120
Meta	117	201	84
Amazon	514	717	203
Microsoft[1]	198	282	83

Source: Company 10k filings. As of calendar year end. [1]As of June fiscal year end.

Over this three-year period, Alphabet added $120 billion of annual revenue. This is incredible in itself. The average S&P 500® Index company generates about $37 billion a year in revenue. Alphabet added three times that amount in just three years. But that's not the punch line. It did so while adding a net of only 586 FTEs. We should pause right here and let that sink in. It took Alphabet 20 years to go from zero revenue at its founding in 1998 to $136.8 billion of revenue in 2018, and it ended that year with 99,000 FTEs. But revenues grew almost as much over the past three years while needing 99.5% fewer marginal employees to do so. We certainly believe that no other company in history has added so much revenue with so few additional employees. Or said another way, has there ever been such an example of human productivity?

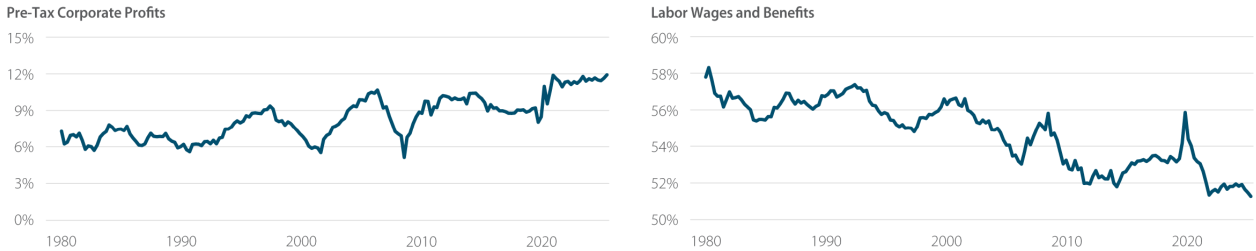
Meta's revenue and employee count tell a similar story. In Meta's case, the employee count actually declined over the period, despite adding $84 billion in revenue. Amazon and Microsoft also demonstrated incredible revenue generation with modest FTE growth.

One can argue that tech companies simply overhired during COVID-19. Perhaps the past three years reflect a period of normalizing productivity: Employees went from being underutilized to more fully utilized. We believe this is the case at Square, which was overstaffed regardless of AI. We think it is also true at Meta to a large degree. Meta has too many employees in general, and specifically in its Metaverse initiative, which has turned into one of the largest financial dead ends we have ever seen—the Metaverse is losing about $15 billion a year without even the fumes of commercial viability. So, the over hiring argument has some truth to it. But these four large tech companies added almost half a trillion dollars in revenue over three years. Half a trillion! In any other time period, that kind of revenue creation would have required an enormous amount of human labor to achieve. Think about how many employees it would take to sell $500 billion of just about anything.

It's quite clear to us that AI is helping drive a shift from labor to capital. We don't believe it is a coincidence that Alphabet and Meta are growing without adding employees at the same time they spent a combined $160 billion in capex in 2025. Alphabet, Meta, Amazon and Microsoft collectively invested $416 billion last year and are projected to invest another $645 billion in 2026. Here are some comparisons to put that single-year number into context. The cost of building the US interstate highway system was between $650 billion and $700 billion in today's dollars. And those dollars were spent over decades. The Louisiana Purchase, which nearly doubled the land area of the US, cost about $425 million in today's dollars.

This shift from labor to capital has been going on for a while, as the following chart demonstrates. But if the results of these four companies at the forefront of AI investment are any indication, this trend seems likely to continue, or even accelerate.

Exhibit 2: Corporate Profits and Labor Compensation as Share of US Gross Domestic Income



Source: U.S. Commerce Department. As of 31 Dec 2025.

If AI can disrupt the labor and capital relationship to the degree we are seeing at Alphabet and Meta, what other disruptions lie in its path? We saw a wave of AI disruption fear hit software companies this quarter. And that fear does not seem unfounded. We believe that low employee-intensity revenue growth at Alphabet and Meta must be at least partially a function of AI performing the work that would have otherwise been done by human software engineers.

Software share prices dropped left and right. Tax-prep software? You won't need Intuit's software anymore. AI can replace it. Intuit shares dropped to a three-year low, down almost 50% from its 2025 peak. Workday, Salesforce, ServiceNow and Adobe all fell 30% to 40% this quarter as the "software is dead" narrative spread. Mind you, none of these businesses are seeing an impact from AI disruption, yet. But the market is a discounting machine, and the future it now sees is less certain and less attractive than in the past. The fear spread to many other industries. Some say corporations won't need insurance brokers as AI will analyze, price and procure insurance coverage. Others say individuals won't need brokerage accounts as AI will replace trading and investment advice. The list of industries sold down on AI disruption fears seemed to expand by the day.

It is worth noting that, until recently, investors seemed concerned that the massive capital spending on AI, particularly at the large tech companies, was unlikely to generate sufficient returns on capital to justify the investment. It cannot be simultaneously true that AI's returns will be poor AND AI will swallow entire industries. Which version of the future is more likely? Do the recent results at Alphabet and Meta provide an answer?

Predictions, of course, are difficult to make, as Yogi Berra reminds us.

This is especially true for war. Our predictions about what will happen in the Middle East are as good or as bad as anyone else's. One of the great absurdities of investing is that, while the value of any business is a function of future earnings, recognizing the impossibility of predicting the future is a requisite for investing success.

Before the war started, oil prices hovered near $70 per barrel, and commentators worried about oversupply. Now, it's around $95, from a recent peak of $118, and the concern is clearly about undersupply. So much for predictions. About 20% of the world's oil and liquefied natural gas goes through the Strait of Hormuz, which has been mostly closed since the war started. Oil isn't getting to market. Oil infrastructure has been shut down. We believe it will take six months to a year for oil supplies to normalize if the war ends today. The longer the war goes on, the longer that normalization will take. Interest rates, which a few months ago seemed likely to fall, have spiked. When and if they will decline is impossible to predict. To what degree the economy wobbles from this energy shock is unknowable. The economy is an enormous, complex mechanism. The war might be a few grains of sand in the gears, or it could be a wrench. The longer it goes on, the more likely it becomes the wrench scenario.

Portfolio Discussion

Our top-performing stocks this quarter were Samsung Electronics, Shell and Lam Research.

Samsung's share price rose 35%. Business is booming. Dynamic random-access memory (DRAM) prices are up 80%–90% so far this year. The industry has allocated significant portions of manufacturing capacity away from traditional DRAM toward high-bandwidth memory (HBM) that is needed to power AI. Reallocation has created a shortage of DRAM and rising prices. In addition, Samsung has only recently been certified by NVIDIA to sell its HBM products, a market that Samsung ceded to competitors SK Hynix and Micron, which have had it all to themselves. Samsung is therefore benefiting not only on the DRAM side but also from selling into the large, rapidly growing and highly profitable HBM market. As the world's largest capacity manufacturer, Samsung should benefit enormously from taking its fair share of the HBM market. In Q1, Samsung earned approximately 55 trillion won ($36.5 billion) of operating profit compared to its prior quarterly peak of 17.5 trillion won achieved in 2018. In 2018, Samsung's best full year ever, it earned nearly 60 trillion won of operating profit. In the past five years, Samsung cumulatively earned around 177 trillion won of operating profit. It is on pace to earn more than that in a single year.

The issue facing Samsung, and we as shareholders, is how long this boom will last. The memory industry has always been cyclical. The industry has previously responded to high prices with large capacity additions that subsequently end the upswing. We see signs that the industry is trying to prevent a repeat of this boom-bust cycle. The industry is rolling out longer term supply agreements with buyers in an attempt to better plan its capacity additions. This could have a meaningful impact on the amplitude of the cycle. In addition, we believe the driver of memory demand in this cycle is more durable than it has been in the past. AI strikes us as a long-term, structural change in the economy that will take years to play out. It seems more persistent than prior demand drivers, such as the PC and smartphone cycles, which have historically been shorter in duration. So far, we do not see any signs that the industry is adding worrisome amounts of capacity that could bring about a large downturn. But we are watching this very closely.

Shell's share price rose 28% in Q1 due to the spike in energy prices. Since we acquired Shell in 2025, the stock has contributed 193bps to our portfolio's return. We must note that despite a strong balance sheet and excellent capital allocation, the company continues to trade at a meaningful and unjustified (in our opinion) discount to US-listed integrated oil companies.

Lam Research's share price increased 25% during the quarter. Over the past year, the shares have more than tripled. Lam is one of the leading manufacturers of the equipment used to produce semiconductors. The massive investment into AI infrastructure is driving demand for semiconductors, which in turn drives demand for Lam's products. Over the past year, AI enthusiasm has doubled Lam's PE multiple, and earnings have soared. This is a wonderful company, and the outlook is undoubtedly very strong. But with the shares now trading over 45X earnings, a lot of future growth is now priced in. We have trimmed our position.

Our worst contributors were IQVIA, American Express and Heidelberg.

IQVIA's share price declined 24% during the quarter. The shares declined due to fears of AI disruption. After careful study, we believe this risk is overstated. IQVIA's business can be thought of as two roughly equal parts: outsourced clinical trials and a data business that helps pharmaceutical companies develop go-to-market plans. The risk of AI disrupting the clinical trials business seems low. Clinical trials are highly regulated and grounded in the physical world. They involve dealing with patients and regulators, leaving no room for hallucination or mistakes. It seems very unlikely that AI will meaningfully penetrate this part of the market. Some have speculated that the efficiencies AI will bring to the clinical trial market might incentivize pharma clients to conduct more trials in-house or demand a share of the savings from providers such as IQVIA. There might be some sharing of efficiencies, but the big takeaway for us is that AI efficiencies should lead to more ideas going into clinical trials and more compounds becoming new drugs. This is a positive for IQVIA.

On the surface, the data business does seem more vulnerable. AI technology is very good at data collection and analytics. However, it's important to understand that the underlying data is not publicly available. IQVIA collects this data from more than 100,000 private sources, which makes it nearly impossible to replicate. This data is then anonymized to protect patient privacy. In addition, there are regulatory issues around the collection and handling of patient information that we believe will slow any attempts to deploy AI tools. As long as the data remains proprietary and regulated, we believe that this business is also highly unlikely to face disruption. Separate from the AI concerns, the business is actually performing reasonably well. Revenues are growing mid-single digits, and underlying profits are growing a bit faster. Bookings and backlog are improving, which suggests a decent outlook over the medium term. We took advantage of the decline in the share price to add to our position.

American Express' share price declined 18%. The company reported excellent quarterly results with revenue and EPS growing 9% and 16%, respectively. We suspect the share price weakness is a function of valuation getting a bit elevated after a strong run, fears of a possible recession due to the war, which would cause credit costs to spike and earnings to fall meaningfully, and vague fears that AI will somehow replace credit cards. We are comfortable with our position in this fantastic, growing franchise.

Heidelberg's share price declined 21% in US dollar terms. We believe there are two reasons for the decline. First, the EU appears to be examining its Emissions Trading Scheme (ETS). This is the mechanism by which companies will need to buy carbon credits on the open market to offset their own CO_2 emissions. This system is a net positive for CO_2-efficient cement manufacturers such as Heidelberg. The company has invested significant capital to reduce the CO_2 intensity of its cement production over the past decade. This means it is expected to have lower CO_2 costs per ton than many of Europe's small, inefficient and underinvested cement manufacturers. Cement prices will rise in the market to reflect the CO_2 costs of the marginal producer. But Heidelberg, due to its lower CO_2 intensity per ton, should see a margin benefit, as the increase in euro price per ton exceeds its CO_2 cost increase per ton.

If ETS is eliminated or significantly altered, Heidelberg could be negatively affected. Said another way, the future benefits not currently reflected in current earnings might not be as significant as previously assumed. We think meaningful changes to the ETS for cement companies are unlikely. If changes are made, they will likely be in the form of carve-outs for other industries that operate in global markets. European chemical companies would be meaningfully damaged by the higher costs of ETS. They make chemicals in Europe and will bear higher CO_2 taxes, but they must compete with global players that are not subject to them. They won't be able to compete, or they will just move their operations out of Europe. Cement is a local business. Heidelberg is not competing with international players. Anyone who imports cement into the EU would have to pay the carbon taxes, same as the local players. Second, it is possible that the current free CO_2 allowances will phase out more slowly. But this would be an issue in 2030 and beyond, and it simply means that prices might not rise as much in our years as some had previously assumed. Heidelberg is generating very good results today, and we expect it to continue doing so, even if free allowances expire more slowly.

The second issue is more immediate. The war in Iran has raised energy prices meaningfully in Europe. However, energy prices are only 9% of Heidelberg's revenue and 11% of its cost base. The most recent energy shock at the beginning of the Ukraine war demonstrated that Heidelberg and the rest of the industry simply passed along these higher costs to customers. We added to our Heidelberg position on weakness.

We exited our investments in Everest Group and PayPal during the quarter. Both were mistakes, and we decided to move on.

Markets are at or near all-time highs as we write today. Earnings continue to be generally quite good, and valuations reflect this fact. The chaos in energy markets has not, with some exceptions, caused much damage. We hope the market's discounting mechanism on this point is correct.

Sincerely,

Daniel J. O'Keefe
Managing Director, Lead Portfolio Manager

Michael J. McKinnon, CFA
Managing Director, Portfolio Manager

Top 10 Holdings (% of total portfolio)

Shell PLC	6.2
Citigroup Inc	5.3
The Charles Schwab Corp	5.2
The Bank of New York Mellon Corp	5.1
Alphabet Inc	5.0
Samsung Electronics Co Ltd	4.9
American Express Co	4.9
IQVIA Holdings Inc	4.7
The Progressive Corp	4.6
Elevance Health Inc	4.6
Total	**50.5%**

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. Non-diversified portfolios may invest larger portions of assets in securities of a smaller number of issuers and performance of a single issuer may have a greater impact to the portfolio's returns. 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 or growth 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 index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment.

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Contribution to Return (CTR) represents the contribution of an investment to the total portfolio return. CTR is calculated by multiplying a security's portfolio weight by its in-portfolio return daily for the period and has been derived from a holdings-based methodology, which uses daily positions and pricing rather than intraday transactions. **Attribution** quantifies the relationship between a portfolio's relative returns and the active management decisions differentiating the portfolio from the benchmark. **CTR and Attribution** are not exact, nor representative of actual investor returns due to several variables (e.g., fees, expenses, transactions) and therefore should be considered an approximation and examined in conjunction with the performance of the portfolio during the period. If applicable, securities of the same issuer are aggregated and may be delta-adjusted to determine the weight in the portfolio, and aggregation of corporate affiliates is subject to the determination of Artisan Partners. Further information on the methodology used is available upon request.

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