Artisan Value Income Fund

QUARTERLY
Commentary

Investor Class: APFWX | Advisor Class: APDWX | Institutional Class: APHWX

As of 31 March 2026

Portfolio Management

Thomas A. Reynolds IV
Portfolio Manager

Daniel L. Kane, CFA
Portfolio Manager

Craig Inman, CFA
Portfolio Manager

Investing Environment

US equity market performance was mixed in Q1 2026. Large-cap indices declined, while mid- and small-cap stocks posted modest gains, extending the gradual broadening in market participation that began in late 2025. Volatility increased meaningfully as the quarter progressed. Early in the quarter, investor attention focused on risks tied to artificial intelligence (AI) and private credit. Software and IT services companies came under pressure as concerns around AI-driven disruption, margin durability and intensifying competition moved to the forefront. At the same time, large platform companies signaled sustained, and in some cases accelerating, investment in AI infrastructure, raising questions about hyperscalers' economics and the near-term trajectory of free cash flow. Private credit's combination of rapid growth, elevated leverage and potential liquidity mismatches raised concern, particularly given the sector's exposure to software and technology-enabled borrowers. While spreads widened modestly, funding markets remained functional, and systemic stress did not emerge. Private credit was a source of episodic volatility rather than a primary driver of equity market direction, though it did weigh on large-cap growth.

The market backdrop shifted more abruptly in late February. The outbreak of conflict involving Iran—and the subsequent closure of the Strait of Hormuz—triggered a sharp rise in oil prices, with West Texas Intermediate crude moving from $67 to over $100. The disruption to a meaningful share of global energy supply drove a spike in volatility and renewed concerns about both inflation and growth. Energy equities responded accordingly and were the strongest performing sector in the quarter. This oil shock creates a more challenging macroeconomic environment. Rising inflation expectations alongside slowing growth increases the risk of stagflation. While the US economy is less energy-intensive than in prior cycles, the speed and magnitude of the move raise the risk of demand destruction. Daily market gyrations in March were largely driven by uncertainty around the duration of the conflict and its implications for input costs and global growth. Expectations for monetary policy also shifted, with markets moving away from anticipated rate cuts in 2026 toward a more cautious, higher-for-longer stance.

Style and factor performance followed these dynamics. Value outperformed growth across market capitalizations, supported by strength in energy and other cyclical sectors, as well as the headwind of higher interest rates on longer duration assets. Notably, traditional defensive factors such as quality did not provide their usual downside protection, as investors questioned the sustainability of elevated margins in a more competitive, AI-driven environment. Momentum remained an important driver of returns, although crowded positioning contributed to periods of sharper volatility.

Within the S&P 500® Index, performance was largely driven by macro forces and was notably dispersed at the sector level. Energy was the primary contributor, benefiting from higher commodity prices, while materials, utilities and consumer staples also added to returns. Technology, the largest sector at 33% of the index, finished lower due to weakness in software and services. More economically sensitive sectors, including consumer discretionary and financials, lagged amid concerns about demand and credit conditions, while health care and communication services also detracted.

Performance Discussion

The portfolio generated a positive return in Q1, aided by strength from our Bond Proxy and Core Value holdings. Our Bond Proxy holdings are a mix of utilities, real estate and consumer staples holdings, which proved defensive in a risk-off environment. Our Core Value holdings were led by our energy holdings EOG Resources, Permian Resources (PR), Diamondback Energy and SLB, which were also our top contributors overall. They performed about in line with the sector amid the Iran war-driven supply shock to energy markets, but we were overweight the sector, which helped portfolio performance.

EOG, PR and Diamondback are US shale-focused exploration and production companies. SLB is the world's largest oilfield services company. We have stringent criteria for business quality, which is particularly important in commodity sectors, where companies do not control underlying prices and volatility can be significant. EOG is one of the highest quality operators in the E&P space. It has a low-cost production position and a strong reserve base, giving it an advantage over peers. In addition, EOG's management has long focused on return on invested capital and cash flow generation, distinguishing it from many competitors that prioritize growth over profitability. PR is focused solely on the Delaware Basin of West Texas and southwestern New Mexico—the most prolific oil-producing region in the US. The founders and co-CEOs, who also have large ownership interests in the business, have sought to build a business that can produce substantial free cash flow, return capital to shareholders and generate attractive equity returns across varied commodity price environments. To achieve these goals, PR has pursued best-in-class operations and responsible capital stewardship by thoughtfully acquiring assets it believes are undervalued and divesting acreage it believes would be better in someone else's hands, while meaningfully returning capital to shareholders in the form of dividends. Diamondback also has a strong cost profile that is primarily the result of a contiguous, high-quality acreage position in the Permian Basin of the southwestern US. The company's culture supplements the acreage position with drilling discipline and conservative business plans. Further, management is committed to a strong balance sheet and shareholder distributions. Lastly, SLB has a history of successfully navigating market volatility and delivering on its free cash flow and profit margin growth objectives from a combination of activity growth and pricing gains.

Outside of the energy sector, Lam Research was our largest contributor. Lam Research, a global leader in wafer fabrication equipment (WFE) used in semiconductor manufacturing, continues to see strong demand for its chipmaking tools, supported by the ongoing, large-scale buildout of data centers running AI applications. In its most recent quarter, the company not only met the Street's elevated expectations but also raised its 2026 guidance, as it now expects WFE sales to grow a better-than-anticipated 23% year over year. Growth is being driven by strength in leading-edge foundry and logic markets, DRAM memory and Lam's continued ability to gain share. We initiated our position in Lam in April 2025 near the depths of the post–Liberation Day market selloff. As value investors, we view periods of fear and uncertainty as fertile ground for creating attractive long-term investment opportunities. Few areas of the market faced greater pressure at the start of the year than semiconductor and semiconductor equipment stocks. At the time of our initial purchase, Lam shares were trading at approximately 17X cyclically depressed earnings, which we viewed as an attractive valuation given the compounding nature of the business, consistent free cash flow generation and net cash balance sheet. Since April, the stock has risen more than 300%. Consistent with our valuation discipline, we sold our position in Q1, as the shares now trade at more than 30X FY27 forecasted earnings.

Our biggest detractors were Accenture, PayPal Holdings, Corebridge Financial and Wells Fargo. Accenture, a leading global IT services provider, has come under pressure amid AI disruption concerns, as well as from weak earnings reports from peers that were seen as read-throughs. While AI is likely to drive change, fears that it will disrupt companies with wide moats like Accenture seem overdone. Accenture provides consulting and business process outsourcing services that help corporate clients stay at the forefront of technological change. Growth has slowed, unsettling investors, but this appears largely attributable to broader macroeconomic softness rather than due to AI, the effects of which we believe will take years to fully unfold. Accenture strongly meets our three margin of safety criteria: It has consistently generated robust free cash flow, has maintained a solid balance sheet and trades at an attractive valuation of 14X next year's forecast earnings—the cheapest level since 2012.

In early February, PayPal, an e-commerce payments company, sold off following weak earnings and due to heightened uncertainty after a sudden CEO change. The company reported results below expectations and lowered earnings and transaction margins guidance. Performance was particularly weak in its high-margin branded checkout business, where growth slowed amid macro headwinds and execution issues. Share losses also accelerated in key markets due to intensifying competition from Apple Pay and Stripe, reinforcing concerns about structural pressure on PayPal's core franchise. While the earnings miss had been largely anticipated, the abrupt CEO dismissal was unexpected and increases uncertainty around the turnaround's strategy and timing. With the increased probability that the leadership transition may delay improvement, we exited our remaining position.

Corebridge, a life insurance and retirement solutions company, came under pressure due primarily to rising investor concerns around private credit exposure and uncertainty following the announced merger with Equitable. The merger added further pressure by removing near-term buybacks until the shareholder vote. There are also concerns about deal structure and integration, even as long-term synergies are viewed positively. We chose to sell our position in order to reduce private credit exposure and fund other financials purchases where valuations and fundaments are more appealing.

Shares of Wells Fargo, the fourth-largest US bank by assets, pulled back after strong gains in 2025 and in sympathy with the broader financials sector amid heightened private credit and macro concerns. Wells Fargo's latest results were solid but somewhat mixed. The company delivered quarterly earnings slightly ahead of expectations on a core basis (driven by lower expenses and its tax rate). Net interest income grew modestly, and balance sheet expansion resumed, reflecting the removal of prior regulatory constraints, while expenses declined sequentially, supporting improved efficiency and profitability. Credit quality remained healthy, though provisions increased modestly. However, revenue came in softer than expected, and 2026 guidance, particularly for net interest income and lower buybacks, disappointed the Street. Strategically, a key development in Q1 was the full removal of regulatory consent orders, allowing Wells to continue shifting from remediation to growth, redeploy costs, and focus on improving returns and operating leverage.

Portfolio Activity

We initiated 11 new positions in Q1, an above-average pace of activity. In comparison, we made 13 new purchases in all of 2025. Increased market volatility and greater dispersion in US equities created more opportunities to invest in companies that meet our three margin of safety criteria: attractive business economics, sound financial condition and compelling valuation. We also used the increased volatility to upgrade overall portfolio quality. Among our largest new positions were Universal Music Group (UMG), Veralto and Brown & Brown. We categorize UMG and Veralto in our Dividend Growth bucket and Brown & Brown in Core Value.

UMG is the leading global music company, with a portfolio of iconic labels and a dominant market share. Its competitive advantage is rooted in its extensive catalog and ability to develop top artists. While talent development is inherently uncertain, retained ownership of recording and publishing rights generates long-duration, recurring royalty streams. This dynamic is increasingly attractive as catalog consumption continues to rise—now representing over 70% of listening—strengthening UMG's bargaining power with digital service providers, like Spotify and Apple Music, and reinforcing its moat. The business exhibits strong financial characteristics, including solid returns on invested capital relative to peers and attractive free cash flow conversion, despite some unevenness from artist advances and catalog investment. Balance sheet risk is low, in our view, with low leverage and ample interest coverage, providing flexibility for continued M&A and organic investment. Looking ahead, the investment case is supported by a favorable industry structure, where pricing power is reemerging through new “Streaming 2.0” contracts that embed rising price floors, allowing UMG to participate in subscription price increases. Combined with steady global streaming growth and the non-cyclical nature of music consumption, we believe this supports a durable mid- to high-single-digit revenue growth profile. At 18X earnings, its valuation appears reasonable for a royalty-like business with long-duration cash flows and potential for margin expansion, offering an attractive risk-adjusted return profile.

Veralto is a provider of water quality and product quality solutions that was spun out of Danaher in 2023. The shares have traded off from prior levels and now reflect more modest expectations, creating an opportunity to invest in a historically high-quality compounder at a more reasonable valuation. The company’s conservative guidance for full-year EPS disappointed the market. From a business economics perspective, Veralto benefits from attractive end markets and durable competitive advantages. Its Water Quality and Product Quality & Innovation segments operate in niches characterized by high regulatory requirements, mission-critical applications and significant switching costs. These factors, combined with a “razor/razor-blade” model, drive a high level of recurring, consumable-driven revenue and strong pricing power. The business is also highly cash generative, with minimal capital requirements, allowing most earnings to convert to free cash flow. Importantly, Veralto retains many of the operational attributes that made Danaher successful. Its Veralto Enterprise System, adapted from the Danaher Business System, supports continuous improvement, margin expansion and disciplined capital allocation. Over time, management has the opportunity to reinvest this cash flow into organic growth initiatives and bolt-on acquisitions in a still-fragmented landscape. From a financial condition standpoint, the company has a clean balance sheet and modest leverage, supported by stable end markets and predictable cash flows. This provides flexibility to pursue growth while maintaining resilience across cycles. At our initial purchase price, the shares traded below historical valuation ranges and at a discount to peers, despite what we believe to be superior business quality and growth prospects. Consistent with our philosophy, we are investing in a cash-producing business with strong underlying economics and financial flexibility at what we believe is an undemanding valuation, offering an attractive long-term risk/reward, in our view.

Brown & Brown is a leading US insurance broker focused on the middle market. The shares have come under pressure alongside the broader broker group, as investors recalibrated expectations following a period of elevated growth driven by a hard insurance market. As pricing and growth have begun to normalize, valuations have compressed, creating what we believe is a more attractive entry point. From a business economics perspective, insurance brokerage is a compelling model. Brokers act as intermediaries without taking underwriting risk, resulting in high margins, low capital intensity and strong free cash flow conversion, supported by high customer retention. Brown & Brown has built a scaled platform serving small- and mid-sized businesses, a segment that tends to exhibit resilient demand, and has compounded value over time through consistent organic growth and acquisitions in a fragmented industry. While near-term growth is moderating and competition has increased, we view concerns around AI-driven disruption as overstated. Brokers provide critical advisory and claims support functions that remain difficult to replicate, and technology should enhance productivity over time rather than displace the model. From a financial standpoint, the company is generating strong, recurring cash flows, with a solid balance sheet that supports continued reinvestment and M&A. With the shares now trading closer to the lower end of their historical valuation range, we believe the risk/reward is favorable.

In addition to sales of Lam Research, PayPal and Corebridge Financial, we also exited our position in beverages company Diageo. We sold Diageo, in part, because the alcoholic beverage category remains extremely challenged and the company’s balance sheet has weakened as operating results have stalled in recent years.

Perspective

While corporate earnings expectations have remained relatively resilient, markets have become increasingly sensitive to geopolitical developments, inflation dynamics and policy uncertainty. At the same time, the evolution of the AI investment cycle has introduced both opportunities and challenges, as investors balance long-term growth potential against near-term economic and financial considerations. The result has been a more volatile market characterized by greater dispersion and a gradual broadening of leadership, though the durability of these trends will likely depend on the path of geopolitical developments, energy prices and monetary policy in the quarters ahead.

Periods like this are unsettling for many reasons beyond market prices. But from an investment perspective, extending one’s time horizon reframes the opportunity: Downturns often allow investors to buy equities at more attractive prices. The value of equities lies in the duration and growth of earnings—forces that typically extend well beyond the lifespan of geopolitical disruptions. While the near-term environment is more volatile, we believe it is also creating a more favorable backdrop for active management. Greater dispersion across sectors and business models is increasing the opportunity to differentiate between structural winners and those facing more persistent challenges. We remain focused on identifying companies that can compound value through cycles, particularly where market dislocations create attractive entry points.

Investment Results (%)

As of 31 March 2026	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: APFWX—Inception: 28 Feb 2022	**1.75**	**1.75**	**9.14**	**10.31**	—	—	**5.47**
Advisor Class: APDWX—Inception: 28 Feb 2022	**1.74**	**1.74**	**9.22**	**10.43**	—	—	**5.57**
Institutional Class: APHWX—Inception: 28 Feb 2022	**1.76**	**1.76**	**9.37**	**10.50**	—	—	**5.63**
S&P 500® Index	-4.33	-4.33	17.80	18.32	—	—	11.94
Dow Jones US Select Dividend Index	8.17	8.17	17.47	13.52	—	—	9.58

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. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect.

Expense Ratios (%)*

	APFWX	APDWX	APHWX
Annual Report	7.64/1.20	3.71/1.10	2.13/1.05
Prospectus	7.64/1.20	3.71/1.10	2.13/1.05

*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.

Top 10 Holdings (% of total portfolio)

Lamar Advertising Co	2.9
Philip Morris International Inc	2.9
EOG Resources Inc	2.8
PPL Corp	2.5
OGE Energy Corp	2.3
Heineken Holding NV	2.1
WaFd Inc	2.1
Permian Resources Corp	2.1
Wells Fargo & Co	2.1
Evergy Inc	2.0
Total	**23.8%**

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' 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.

This material represents the views of the investment team and does not necessarily represent those of Artisan Partners. The views and opinions expressed are based on current market conditions, which will fluctuate, and those views are subject to change without notice. While the information contained herein is believed to be reliable, there is no guarantee to the accuracy or completeness of any statement in the discussion. Any forecasts contained herein are for illustrative purposes only and are not to be relied upon as advice or interpreted as a recommendation.

Portfolio security yields are subject to market conditions and are not guaranteed.

For the purpose of determining holdings, securities of the same issuer are aggregated to determine the weight in the portfolio. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. Further portfolio holdings information is available upon request. Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expenses. Totals may not sum due to rounding.

The Global Industry Classification Standard (GICS®) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's Financial Services, LLC (S&P). Neither MSCI, S&P, their affiliates, nor any of their third party providers ("GICS Parties") makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including warranties of accuracy, completeness, merchantability and fitness for a particular purpose. The GICS Parties shall not have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of such damages.

The S&P 500® and Dow Jones US Select Dividend ("Indices") are products of S&P Dow Jones Indices LLC ("S&P DJI") and/or its affiliates and has been licensed for use. Copyright © 2026 S&P Dow Jones Indices LLC, a division of S&P Global, Inc. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. S&P® is a registered trademark of S&P Global and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). None of S&P DJI, Dow Jones, their affiliates or third party licensors makes any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and none shall have any liability for any errors, omissions, or interruptions of any index or the data included therein.

Portfolio statistics are obtained from various data sources and intended to provide a general view of the portfolio, or Index, at a point in time. Artisan Partners excludes outliers when calculating portfolio characteristics and may use data from a related security to calculate statistics if information is unavailable for a particular security.

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.

Portfolio holdings are classified into five income categories: Core Value, Dividend Recovery, Dividend Growth, Bond Proxy and Capital Structure. Core Value holdings are investments consistent with the team's value investing approach that also have an income component. Dividend Recovery holdings are investments where the current yield does not reflect the future payout. Dividend Growth holdings are investments where the dividend payout is expected to grow over a multiyear period. Bond Proxy holdings are investments in businesses which are less economically sensitive and have steady dividend polices. Capital Structure holdings are instruments that comprise non-equity parts of the capital structure (e.g., preferred securities, convertibles and bonds).

This material is provided for informational purposes without regard to your particular investment needs and shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

Margin of Safety, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss—all investments contain risk and may lose value. **Duration** estimates the sensitivity of underlying fixed income securities to changes in interest rates; the longer the duration, the greater the sensitivity to changes in interest rates. **Interest Coverage** measures a company's ability to make interest payments on its debt by calculating earnings before interest and taxes divided by total interest expense. **Net cash** is a figure that is reported on a company's financial statements. It is calculated by subtracting a company's total liabilities from its total cash. **Net Interest Income** is the difference between a financial institution's revenues and expenses associated with lending and deposit taking activities. **Organic Growth** is the revenue and earnings growth a company achieves as a result of its own operations and resources rather than those attributable to mergers and acquisitions. **Spread** is the difference in yield between two bonds of similar maturity but different credit quality. **Return on Invested Capital (ROIC)** is a measure of how well a company generates cash flow relative to capital invested in the business. **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 (FCF)** is a measure of financial performance calculated as operating cash flow minus capital expenditures. **Earnings per Share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA.