Artisan High Income Fund

MONTHLY Commentary

Investor Class: ARTFX | Advisor Class: APDFX

As of 30 September 2016

Commentary

High-yield bond yields and spreads declined to their lowest levels in 15 months as risk assets continued to benefit from accommodative central bank policy. Despite jawboning by Fed officials in recent weeks in an attempt to ready the market for a potential hike, the FOMC chose to leave its benchmark rate unchanged, while setting the stage for a potential December hike. Oil prices rose in the final week following OPEC's tentative agreement to cut production after its November 30 meeting. US high-yield bonds (BoA Merrill Lynch US High Yield Master II Index) gained 0.65% and leveraged loans (JP Morgan Leveraged Loan Index) rose 0.83%. Year to date, high-yield bond have outgained US stocks (S&P 500® Index), returning 15.32% vs. 7.84%, whereas the steadier loan index is up 7.45%.

Relative performance favored lower-rated credits for a seventh consecutive month. BB-, B- and CCC-rated high-yield bonds returned 0.31%, 0.70% and 1.77%. Year to date, CCC-rated bonds are up 28.81% compared to 14.53% for Bs and 12.45% for BBs. Although there has been a run-up in CCCs since February, notably dominated by the rebound in the energy sector, they had fallen precipitously in 2015, so spreads are still substantial at about 1200bps, which is more than 500bps above their mid-2014 trough. Conversely, at the higher-rated end of the non-investment grade spectrum, spreads for BBs are quite tight at approximately 340bps, which is a mere 100bps wider than they were at that same point in June 2014.

The commodity sectors—energy and metals/mining—continued their leadership this month. Other areas of strength included the technology, telecom and automotive sectors. On the downside, the media, health care and banking sectors had modest declines.

New-issue activity was heavy in September, driven by refinancing and repricing. In particular, $35.2bn of high-yield bonds and $57.3bn in loans priced this month. Increased new-issue activity in recent months has helped close the year-over-year gap that had existed—year to date, bond new issuance is down just 7% compared to 2015 ($233.0bn vs $250.9bn), and loan new issuance is running ahead of last year's pace ($291.7bn vs $266.2bn).

Default activity remained subdued in September with three companies defaulting, totaling $2.7bn. A steady improvement in the commodity environment has been a primary driver—85% of default activity year to date has come from the commodity sectors.

Since February 2016, there has been a substantial rally in the non-investment grade credit space, particularly in the beleaguered energy and metals/mining sectors. As a result, today there is no obvious area of significant value as almost everything is trading rich. However, we believe there are pockets of dislocation in the market in a variety of sectors, including energy and the lower-rated portion of the universe that continue to offer opportunity that is idiosyncratic and credit specific. We hold that this requires considerable caution and a focus on the underlying business quality of each respective business. In addition, with the potential for rising interest rates, we believe the ability to flex into loans and away from bonds will act as a helpful risk mitigant.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	$9.85	$9.85
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	5.63%	5.88%
Expense Ratios		
Semi-Annual Report 31 Mar 2016[1]	1.03%	0.85%
Prospectus 30 Sep 2015	1.09%	0.93%

[1]Unaudited, annualized for the six month period.

Portfolio Statistics

	Fund
Number of Holdings	115
Number of Issuers	73

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

USI Inc	5.9
Williams Cos Inc	4.7
VEREIT Inc	4.3
Callon Petroleum Co	3.7
Opal Acquisition Inc	3.3
Gardner Denver Inc	3.3
HUB Holdings LLC	2.9
York Risk Services Holding Corp	2.9
Endeavor Energy Resources LP	2.8
First Data Corp	2.8
TOTAL	**36.6%**

Source: Artisan Partners/Bloomberg. For the purpose of determining the Portfolio's holdings, securities of the same issuer are aggregated to determine the weight in the Portfolio.

Portfolio Composition (% of total portfolio)

Corporate Bonds	72.6
Bank Loans	21.6
Cash and Equivalents	5.8
TOTAL	**100.0%**

Source: Artisan Partners/Bloomberg. Negative cash weightings and portfolio composition greater than 100% may be due to unsettled transactions or investment in derivative instruments.

Investment Results (%)

				Average Annual Total Returns				
As of 30 September 2016	MTD[1]	QTD[1]	YTD[1]	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	**0.60**	**4.88**	**12.33**	**11.40**	—	—	—	**5.92**
Advisor Class: APDFX	**0.62**	**4.94**	**12.48**	**11.61**	—	—	—	**6.07**
BofA Merrill Lynch US High Yield Master II Index	0.65	5.49	15.32	12.82	—	—	—	3.73

Source: Artisan Partners/BofA Merrill Lynch. [1]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. The performance information shown does not reflect the deduction of a 2% redemption fee on shares held by an investor for 90 days or less and, if reflected, the fee would reduce the performance quoted. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect. Unlike the Index, the High Income Fund may hold loans and other security types. At times, this causes material differences in relative performance.

Artisan High Income Fund

Investor Class: ARTFX | Advisor Class: APDFX

Credit Quality (%)

BBB	10.6
BB	11.9
B	40.3
CCC	33.1
Unrated	4.1
TOTAL	**100.0%**

Source: S&P/Moody's.

Maturity Distribution (%)

< 1 Year	0.0
1 - <3 years	4.6
3 - <5 years	25.1
5 - <7 years	44.1
7 - <10 years	25.6
10+ years	0.6
TOTAL	**100.0%**

Source: Artisan Partners/Bloomberg. Percentages shown are of total fixed income securities in the portfolio.

Portfolio Construction

The team generally determines the amount of assets invested in each issuer based on conviction, valuation and availability of supply. Based on the team's analysis it divides the portfolio into three parts. Core investments are generally positions with stable to improving credit profiles and lower loan to value ratios. Spread investments are those where the team has an out-of-consensus view about a company's credit improvement potential. Opportunistic investments are driven by market dislocations that have created a unique investment opportunity. Allocations to each group will vary over time based on market conditions.

Team Leadership

Portfolio Manager	Years of Investment Experience
Bryan C. Krug, CFA	16

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.

Fixed income investments entail credit and interest rate risk. In general, when interest rates rise, fixed income portfolio values fall and investors may lose principal value. High income securities (junk bonds) are fixed income instruments rated below investment grade. High income securities are speculative, have a higher degree of default risk than higher-rated bonds and may increase the Portfolio's volatility. The Portfolio typically invests a significant portion of its assets in lower-rated high income securities (e.g., CCC). Loans carry risks including the insolvency of the borrower, lending bank or other intermediary. Loans may be secured, unsecured, or not fully collateralized, and may infrequently trade, experience delayed settlement, and be subject to restrictions on resale. Private placement and restricted securities are subject to strict restrictions on resale and may not be able to be easily sold and are more difficult to value. International investments involve special risks, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs. The use of derivatives may create investment leverage and increase the likelihood of volatility and risk of loss in excess of the amount invested.

BofA Merrill Lynch US High Yield Master II Index measures the performance of below investment grade $US-denominated corporate bonds publicly issued in the US market. J.P. Morgan Leveraged Loan Index is designed to mirror the investable universe of the USD-denominated institutional leveraged loan market. S&P 500® Index measures the performance of 500 US large-cap companies. 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. 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.

All information in this report includes all classes of shares, except performance and expense ratio information and as otherwise indicated, and is as of the date shown in the upper right hand corner unless otherwise indicated. Artisan Partners may exclude outliers when calculating portfolio statistics. If certain information is unavailable for a particular security Artisan Partners may use data from a related security to calculate portfolio characteristics. Portfolio statistics include accrued interest unless otherwise stated and may vary from the official books and records of the Fund. Totals may not sum due to rounding.

Source BofA Merrill Lynch, used with permission. BofA Merrill Lynch is licensing the BofA Merrill Lynch indices "as is," makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the BofA Merrill Lynch indices or any data included in, related to, or derived there from, assumes no liability in connection with their use, and does not sponsor, endorse, or recommend Artisan Partners, or any of its products or services.

30-Day SEC Yield is based on a formula specified by the SEC that calculates a fund's hypothetical annualized income, as a percentage of its assets. This hypothetical yield will differ from the fund's actual experience and as a result, income distributions from the fund may be higher or lower. **Credit Quality** ratings are from S&P and/or Moody's. Ratings typically range from AAA (highest) to D (lowest) and are subject to change. The ratings apply to underlying holdings of the Portfolio and not the Portfolio itself. If securities are rated by both agencies, the higher rating was used. Securities not rated by S&P or Moody's are categorized as Unrated/Not Rated. **Maturity Distribution** represents the weighted average of the maturity dates of the securities held in the Portfolio. **Spread** is the difference in yield between two bonds of similar maturity but different credit quality.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.