



Artisan High Income Fund

MONTHLY
Commentary

Investor Class: ARTFX | Advisor Class: APDFX As of 31 May 2017

Commentary

In May, non-investment grade credit markets benefited from light new issuance, a market-friendly French election outcome and solid corporate earnings—Q1 earnings growth was the highest in over five years. Overall, high yield bonds were up 0.9% and leverage loans up 0.4% (as measured by the BAML High Yield Master II and JP Morgan Leveraged Loan Indices). Our portfolio modestly trailed the BAML Index, but remains in line QTD and slightly ahead YTD.

CCC-rated bonds outperformed and lead YTD with total returns of 7.1% versus 4.2% for BBs and 4.7% for Bs. By sector, health care, utility and banking were the top returners. Energy was the laggard with nearly flat returns.

High yield bond yields slipped 11bps to finish the month at 5.5%, a multi-year low, while spreads tightened by 7bps to 388bps—only 35bps above the June 2014 cycle lows. Loan yields similarly dropped 12bps to 5.9% and spreads compressed modestly to 424bps.

Though default activity picked up in May, just 16 companies have defaulted on \$13.6 billion in debt YTD, relative to 35 defaults totaling \$41.7 billion in the first five months of 2016. With the par-weighted US high yield default rate at its lowest level since March 2014, the default landscape looking forward appears benign.

Portfolio positioning was largely unchanged month over month. Our weightings increased in the financial services sector as we identified new opportunities that met our criteria for business quality, financial strength, downside analysis and valuation. Conversely, our exposure to the insurance sector fell as USI, a leading US insurance broker, was recently acquired by private equity firm KKR.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	\$10.12	\$10.12
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	4.78%	5.00%
Expense Ratios		
Semi-Annual Report 31 Mar 2017 ¹	1.01%	0.81%
Prospectus 30 Sep 2016 ²	1.03%	0.84%

¹Unaudited, annualized for the six month period. ²See prospectus for more information.

Portfolio Statistics

	Fund
Number of Holdings	122
Number of Issuers	78

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

VEREIT Inc	6.0
Charter Communications Inc	5.0
Endeavor Energy Resources LP	3.7
HUB Holdings LLC	3.3
York Risk Services Holding Corp	3.2
First Data Corp	2.8
Altice SA	2.8
NFP Corp	2.6
Williams Cos Inc	2.5
HD Supply Holdings Inc	2.3
TOTAL	34.2%

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	73.4
Bank Loans	22.1
Equities	0.7
Cash and Equivalents	3.8
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 (%)

As of 31 May 2017	Average Annual Total Returns							
	MTD ¹	QTD ¹	YTD ¹	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	0.56	1.96	5.10	13.58	6.83	—	—	6.94
Advisor Class: APDFX	0.68	1.99	5.19	13.81	7.01	—	—	7.11
BofA Merrill Lynch US High Yield Master II Index	0.89	2.04	4.80	13.85	4.73	—	—	5.07
As of 31 March 2017								
Investor Class: ARTFX	0.17	3.08	3.08	16.65	6.69	—	—	6.65
Advisor Class: APDFX	0.29	3.13	3.13	17.00	6.86	—	—	6.82
BofA Merrill Lynch US High Yield Master II Index	-0.21	2.71	2.71	16.88	4.62	—	—	4.66

Source: Artisan Partners/BofA Merrill Lynch. ¹Returns 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. Unlike the Index, the High Income Fund may hold loans and other security types. At times, this causes material differences in relative performance.

Credit Quality (%)

BBB	9.4
BB	26.5
B	35.3
CCC	27.0
CC	0.3
Unrated	1.5
TOTAL	100.0%

Source: S&P/Moody's.

Maturity Distribution (%)

< 1 Year	0.8
1 - <3 years	5.3
3 - <5 years	21.5
5 - <7 years	40.0
7 - <10 years	30.9
10+ years	1.5
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 securities carry interest rate risk and credit risk for both the issuer and counterparty and investors may lose principal value. In general, when interest rates rise, fixed income values fall. High income securities (junk bonds) are speculative, experience greater price volatility and have a higher degree of credit and liquidity risk than bonds with a higher credit rating. The portfolio typically invests a significant portion of its assets in lower-rated high income securities (e.g., CCC). Loans carry risks including insolvency of the borrower, lending bank or other intermediary. Loans may be secured, unsecured, or not fully collateralized, trade infrequently, experience delayed settlement, and be subject to resale restrictions. Private placement and restricted securities may not be easily sold due to resale restrictions and are more difficult to value. The use of derivatives in a portfolio may create investment leverage and increase the likelihood of volatility and risk of loss in excess of the amount invested. 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 markets.

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. 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 May 2017: USI Inc 0.6%. 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.

This material is provided for informational purposes without regard to your particular investment needs. This material 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.

Source Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML"), used with permission. BofAML permits use of the BofAML indices and related data on an "as is" basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the BofAML indices or any data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing, 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.

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.

© 2017 Artisan Partners. All rights reserved.

6/7/2017 A17586L_vR