Artisan High Income Fund

MONTHLY
Commentary

Investor Class: ARTFX | Advisor Class: APDFX

As of 31 October 2017

Commentary

Driven by solid corporate fundamentals, improving economic data and historically low volatility across risk assets, non-investment grade markets clocked in another month of gains. High yield bonds posted returns of 0.4% but were bested by leveraged loan returns of 0.7% (measured by the JP Morgan Leveraged Loan Index), marking the first month of outperformance against bonds since March. Loans were supported by strong demand as investors shifted their attention to the prospect of rising interest rate risks. Overall, our portfolio outperformed in October, adding to YTD outperformance. Portfolio performance during the month was largely idiosyncratic, but strength among our insurance brokerage and pharmaceutical holdings was noteworthy.

High yield spreads continued their quiet grind lower, taking out the post-crisis tights of 353bps before widening into month-end to finish at 361bps. Loan spreads (to three-year takeout) remain similarly tight, decreasing 14bps to 418bps. Bond yields increased 4bps to 5.5% while loan yields decreased 7bps to 6.1%.

There was noticeable divergence across industries and ratings, indicating more cautious sentiment in an increasingly rich market. Performance across ratings buckets was mixed—B-rated bonds led with returns of 0.6%, followed by BBs at 0.6% and CCCs at 0.1%. Across industries, utilities sharply outperformed the broader market with returns of 2.3%, while consumer (-0.6%), health care (-0.6%), retail (-0.5%) and media (-0.3%) all finished the month in negative territory.

Default activity remains subdued with two defaults in October totaling $3.4bn ($2.1bn in bonds and $1.2bn in loans). The par-weighted US high yield default rate saw a slight uptick to 1.2%, but remains well below long-term averages as well as the 3.6% rate at the start of the year. All told, the current credit cycle remains historically long, but there are few signs of an impending turn.

In an environment characterized by a high level of complacency and limited compensation for additional risk-taking, we remain disciplined and committed to our process. As always, we'll continue to focus on idiosyncratic and catalyst-driven opportunities while being particularly choosey about the risks we take, believing this high-conviction process will be rewarded over our long-term investment horizon.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	$10.21	$10.21
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	4.84%	4.98%
Expense Ratios		
Semi-Annual Report 31 Mar 2017[1]	1.01%	0.81%
Prospectus 30 Sep 2016[2]	1.03%	0.84%

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

Portfolio Statistics

	Fund
Number of Holdings	121
Number of Issuers	74

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

VEREIT Inc	5.9
Charter Communications Inc	5.3
HUB Holdings LLC	4.8
Seven Generations Energy Ltd	3.7
Endeavor Energy Resources LP	3.3
York Risk Services Holding Corp	3.0
Altice SA	2.8
Carrizo Oil & Gas Inc	2.5
Ardonagh Midco 3 PLC	2.3
Ancestry.com Operations Inc	2.1
TOTAL	**35.7%**

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	73.7
Bank Loans	22.0
Equities	0.2
Cash and Cash Equivalents	4.1
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. Treasury futures represented net notional exposure of -0.79% of net assets.

Investment Results (%)

				Average Annual Total Returns				
As of 31 October 2017	MTD[1]	QTD[1]	YTD[1]	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	**0.56**	**0.56**	**8.57**	**9.87**	**7.24**	—	—	**7.07**
Advisor Class: APDFX	**0.57**	**0.57**	**8.73**	**10.17**	**7.43**	—	—	**7.24**
BofA Merrill Lynch US High Yield Master II Index	0.39	0.39	7.46	9.14	5.60	—	—	5.20
As of 30 September 2017								
Investor Class: ARTFX	**1.15**	**2.34**	**7.97**	**10.07**	**7.65**	—	—	**7.07**
Advisor Class: APDFX	**1.16**	**2.37**	**8.11**	**10.27**	**7.83**	—	—	**7.24**
BofA Merrill Lynch US High Yield Master II Index	0.90	2.04	7.05	9.06	5.87	—	—	5.21

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. Unlike the Index, the High Income Fund may hold loans and other security types. At times, this causes material differences in relative performance.

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Ratings Distribution (%)

BBB	7.2
BB	18.4
B	45.0
CCC	29.2
Unrated	0.2
TOTAL	**100.0%**

Source: S&P/Moody's.

Maturity Distribution (%)

< 1 Year	0.0
1 - <3 years	8.3
3 - <5 years	26.6
5 - <7 years	33.3
7 - <10 years	29.1
10+ years	2.7
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	17

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 (BAML) 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. 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.

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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.

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