



Artisan Floating Rate Fund

MONTHLY
Commentary

Investor Class: ARTUX | Advisor Class: APDUX

As of 31 December 2021

Commentary

Leveraged credit markets rallied in December amid a backdrop of strong demand, limited new supply and subsiding omicron variant concerns. Leveraged loans lagged high yield bonds in December but still provided a solid month of returns. The JPMorgan Leveraged Loan Index increased 0.7% to finish 2021 up 5.5%—among the year’s best performing fixed income segments. For the year, building inflationary pressures and investors’ eye toward rising interest rates meant the loan market benefited from a seemingly endless bid for floating-rate products. A record \$180 billion in CLOs were priced in 2021 while retail loan funds experienced a whole year of nearly uninterrupted inflows. We expect these dynamics to continue well into 2022, as expectations for policy normalization and limited defaults should drive further upside for the asset class.

Loan spreads and yields tightened in December to 414bps and 5.3%, respectively. By rating, loans across the credit spectrum experienced similar strength in December, though the market was led by more credit-sensitive risk—split B/CCCs (0.9%), Bs (0.7%) and BBs (0.6%). For the year, investors’ bid for yield meant the most credit-sensitive segments outperformed—split B/CCCs and the shrinking segment of distressed loans advanced more than 12%.

December saw just one borrower default on \$210 million in loans. As a result, the trailing 12-month par-weighted loan default rate fell below 0.7%. The quiet month wrapped up a year void of credit stress and one which saw the lowest number of defaults since 2007. While today’s current lack of distress doesn’t necessarily portend tomorrow’s default levels, we would expect this favorable credit backdrop to continue well into 2022.

As we move forward, we expect valuation constraints and an environment of changing regimes—on both the monetary and volatility fronts—will lead to incrementally more differentiation across industries and capital structures, favoring an active approach. Ultimately, fundamentals drive returns, and our ability to independently assess credit risk can create meaningful opportunities for alpha when opinions of market direction diverge.

Portfolio Details

	ARTUX	APDUX
Net Asset Value (NAV)	\$9.97	\$9.97
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield	-0.86%	-0.65%
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2021	—/—	—/—
Prospectus 15 Nov 2021 ^{1,2,3}	1.35/1.21	1.19/1.11

¹Includes estimated expenses for the current fiscal year. ²Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2023. ³See prospectus for further details.

Portfolio Statistics

	Fund
Number of Holdings	81
Number of Issuers	71

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Madison Safety & Flow LLC	3.6
Ultimate Software Group Inc	3.0
DiversiTech Holdings Inc	2.9
National Intergovernmental Purchasing Alliance Co	2.6
Nexus Buyer LLC	2.5
RealPage Inc	2.3
TransDigm Inc	2.2
HUB Holdings LLC	2.2
Medline Industries Inc	2.2
Alliant Holdings LP	2.2
TOTAL	25.7%

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.

Investment Results (%)

As of 31 December 2021	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	-0.30	-0.30	-0.30	—	—	—	—	-0.30
Advisor Class: APDUX	-0.30	-0.30	-0.30	—	—	—	—	-0.30
Credit Suisse Leveraged Loan Index	0.60	0.60	0.60	—	—	—	—	0.60

Source: Artisan Partners/Credit Suisse. 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. The Fund’s returns may vary greatly over shorter periods due to the limited operating period since inception. 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.

Ratings Distribution (%)

BBB	3.9
BB	9.2
B	73.2
CCC	12.3
Unrated	1.4
TOTAL	100.0%

Source: S&P/Moody's.

Sector Diversification (% of portfolio securities)

Automotive	1.9
Banking	2.0
Basic Industry	7.7
Capital Goods	7.0
Consumer Goods	2.7
Energy	0.0
Financial Services	7.3
Health Care	7.4
Insurance	12.2
Leisure	5.2
Media	3.3
Real Estate	0.0
Retail	3.5
Services	16.2
Technology & Electronics	20.6
Telecommunications	1.4
Transportation	1.6
Utility	0.0
Other	0.0
TOTAL	100.0%

Source: Artisan Partners/ICE BofA. Cash and cash equivalents represented 10.0% of the total portfolio.

Portfolio Construction

A high-conviction portfolio comprised primarily of floating rate debt instruments that are attractively valued. At least 80% will be invested in floating rate leveraged loans, which could include, among other types of loans, senior secured loans, unsecured loans, second lien loans, bridge loans and junior loans. The portfolio has a bias toward US issuers but has the ability to invest globally. It also has flexibility to invest across the quality spectrum, in various industries and issuance sizes.

Region/Country Allocation (% of portfolio securities)

REGION	Fund
AMERICAS	96.9
United States	96.9
EUROPE	3.1
TOTAL	100.0%

Source: Artisan Partners/MSCI. ¹Credit Suisse Leveraged Loan Index. Countries held in the index, but not held in the portfolio, are not listed.

Team Leadership (Pictured left to right)



Portfolio Managers	Years of Investment Experience
Bryan C. Krug, CFA (Lead)	21
Seth B. Yeager, CFA	18

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. 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.

Credit Suisse (CS) Leveraged Loan Index is an unmanaged market value-weighted index designed to mirror the investable universe of the US dollar-denominated leveraged loan market. New issues are added to the index on their effective date if they qualify according to the following criteria: loan facilities must be rated "BB" or lower; only fully funded term loan facilities are included; and issuers must be domiciled in developed countries. 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. Portfolio statistics calculations exclude outlier data and certain securities which lack applicable attributes, such as private securities. Artisan Partners may substitute information from a related security if unavailable for a particular security. 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 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.

Sector exposure percentages reflect sector designations as currently classified by ICE BofA.

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. **Spread** is the difference in yield between two bonds of similar maturity but different credit quality. **Alpha** is a quantitative measure of the volatility of the portfolio relative to a designated index. A positive alpha of 1.0 means the fund has outperformed its designated index by 1%. Correspondingly, a similar negative alpha would indicate an underperformance of 1%. **Par-weighted Default Rate** represents the total dollar volume of defaulted securities compared to the total face amount of securities outstanding that could have defaulted. **Collateralized Loan Obligation (CLO)** is a security backed by a pool of debt.

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