Artisan High Income Fund

MONTHLY Commentary

Investor Class: ARTFX | Advisor Class: APDFX

As of 30 June 2021

Commentary

Credit markets continued their slow grind higher, locking in the ninth straight month of gains in June. Treasury yields moved decisively lower during the month, as investors reacted to a more hawkish FOMC meeting by marking down longer term inflation expectations. High yield bonds (as measured by the ICE BofA US High Yield Index) benefited from the move lower in rates, advancing 1.4%, to push YTD gains to 3.7%. Receding inflation expectations and heavy primary market activity translated into underperformance for floating rate assets relative to fixed rate peers. The JPMorgan Leveraged Loan Index returned 0.4% for YTD gains of 3.5%. Despite the underperformance, loans remain one of the few asset classes that provide a yield premium relative to high yield bonds.

Our portfolio trailed the ICE BofA US High Yield Index in June. The large return discrepancy between leveraged loans and high yield bonds meant our strategic allocation to loans weighed on relative results. Benefiting performance was the portfolio's out-of-benchmark exposure to investment grade corporates. The impact of lower interest rates and strong backdrop for credit risk translated into outperformance for our higher rated, more rate-sensitive holdings. For the year, the portfolio remains well ahead of the index, helped by strong credit selection and the relative underweight to BB-rated credit risk.

High yield credit spreads moved to new post-crisis lows during the month, tightening 30bps to 318bps. CCC-rated risk saw the greatest level of spread movement, tightening 58bps to 593bps. The continued bid for yield and lower default expectations provided momentum to the convergence of valuations between higher and lower rated risk. As it stands, the high yield market is exhibiting the lowest level of pricing dispersion since 2007, characterized by the proportion of bonds trading within 100bps from the index level. Across ratings, credit-sensitive and rate-sensitive segments performed best. Distressed credit led the way with gains of 3.1%, followed by CCCs (1.9%), BBs (1.5%) and Bs (0.9%).

Default remains benign with just two defaults totaling $3.2 billion in bonds and loans. The relatively benign conditions throughout the year and the removal of substantial COVID-related volume in early 2020 have pushed the par-weighted default rate to 1.9%—well below the 3.5% long-term average. With widespread access to liquidity and little distress in the market, we anticipate default rates will continue declining throughout the rest of the year and into 2022.

While credit valuations have returned to pre-pandemic levels, we believe there are still plenty of credit-specific opportunities across the corporate capital structure. As always, we'll remain focused on attractive idiosyncratic and catalyst-driven opportunities, believing this high-conviction approach will be rewarded over our long-term time horizon.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	$10.32	$10.31
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	3.77%	3.93%
Expense Ratios		
Semi-Annual Report 31 Mar 2021[1,2]	0.96%	0.79%
Prospectus 30 Sep 2020[3]	0.97%	0.83%

[1]Unaudited, annualized for the six-month period. [2]Excludes Acquired Fund Fees and Expenses as described in the prospectus. [3]See prospectus for further details.

Portfolio Statistics

Number of Holdings	205
Number of Issuers	125

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

General Electric Co	4.9
Carnival Corp	3.7
NFP Corp	3.1
Nordstrom Inc	2.8
Realogy Group LLC	2.5
VistaJet Ltd	2.4
AssuredPartners Inc	2.4
TKC Holdings Inc	2.3
Acrisure LLC	2.3
Charter Communications Inc	2.2
TOTAL	**28.6%**

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	61.8
Bank Loans	36.1
Equities	0.2
Cash and Cash Equivalents	1.9
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 -5.35% of net assets.

Investment Results (%)

				Average Annual Total Returns				
As of 30 June 2021	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	**0.91**	**2.49**	**4.73**	**19.13**	**8.32**	**8.48**	—	**7.18**
Advisor Class: APDFX	**0.93**	**2.43**	**4.72**	**19.33**	**8.45**	**8.64**	—	**7.34**
ICE BofA US High Yield Master II Index	1.37	2.77	3.70	15.62	7.15	7.30	—	5.52

Source: Artisan Partners/ICE BofA. 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.

Ratings Distribution (%)

BBB	14.3
BB	9.5
B	50.2
CCC	23.9
Unrated	2.1
TOTAL	**100.0%**

Source: S&P/Moody's.

Maturity Distribution (%)

< 1 year	0.0
1 - <3 years	7.9
3 - <5 years	26.1
5 - <7 years	38.9
7 - <10 years	18.2
10+ years	8.9
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	20

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.

ICE BofA 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. 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.

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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. **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.

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