Artisan Floating Rate Fund

MONTHLY
Commentary

Investor Class: ARTUX | Advisor Class: APDUX

As of 28 February 2022

Commentary

January's risk-off tone continued into February as investors took inventory of the economic and humanitarian toll of Russia's full-scale invasion of Ukraine. While heightened geopolitical risk led to markdowns across most risk assets, the response across credit markets was relatively orderly in comparison. Leveraged loans (as measured by the JPMorgan Leveraged Loan Index) succumbed to the risk-off environment, despite another month of near record retail inflows. The asset class declined 0.5% for its weakest month of performance since March 2020. Still, leveraged loans remain one of the best performing asset classes with flat returns YTD (-0.13%). Importantly, the month's weakness improved valuations for the asset class, creating a more balanced risk return profile going forward. Strong demand and outperformance for the leveraged loans pushed nearly half of the market through par in late January—that number is less than 2% today with the month's selloff.

Looking across the credit quality spectrum, returns were largely uniform for the month, though higher quality segments held up better amid risk aversion. In all, Bs and BBs (-0.5%) provided index-like returns while CCCs (-0.8%) underperformed. Second-lien loans also held up well, outperforming first liens, with losses of 11bps.

The default backdrop remained benign with no loan defaults during the period. As a result, the 12-month par-weighted default rate moved to 0.6%. Notably, despite the pickup in volatility, the number of distressed candidates in the markets is largely unchanged from levels at the start of the year.

We can say with confidence the era of ultra-low dispersion that has characterized the credit environment over the last year is likely over. Idiosyncratic credit risk has largely been masked by a pull-to-par, risk-on environment. But with an uncertain geopolitical environment and policymaker's hawkish outlook, we expected to see a wider set of valuations across the market as we moved forward. We think this will lead to a more robust opportunity set and a better environment for credit selection as the differences in returns between prospective winners and losers become more pronounced.

Portfolio Details

	ARTUX	APDUX
Net Asset Value (NAV)	$9.86	$9.86
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield[1]	2.56%	2.64%
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2021	—/—	—/—
Prospectus 15 Nov 2021[2,3,4]	1.35/1.21	1.19/1.11

[1]Due to first month ramping up of the portfolio and the longer settlement period for loans (on average 2-3 weeks), expenses were greater than income for the first month of trading. [2]Includes estimated expenses for the current fiscal year. [3]Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2023. [4]See prospectus for further details.

Portfolio Statistics

	Fund
Number of Holdings	91
Number of Issuers	79

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Gridiron Fiber Corp	4.6
KUEHG Corp	4.4
AssuredPartners Inc	3.8
Ankura Consulting Group LLC	3.3
TKC Holdings Inc	3.0
athenahealth Inc	3.0
SRS Distribution Inc	2.8
Scientific Games Holdings LP	2.6
MJH Healthcare Holdings LLC	2.6
Nexus Buyer LLC	2.6
TOTAL	**32.7%**

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 (%)

				Average Annual Total Returns				
As of 28 February 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	**-0.69**	**-0.78**	**-0.78**	—	—	—	—	**-1.07**
Advisor Class: APDUX	**-0.78**	**-0.76**	**-0.76**	—	—	—	—	**-1.05**
Credit Suisse Leveraged Loan Index	-0.50	-0.14	-0.14	—	—	—	—	0.46
As of 31 December 2021								
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	2.2
BB	11.0
B	78.1
CCC	8.3
Unrated	0.4
TOTAL	**100.0%**

Source: S&P/Moody's.

Sector Diversification (% of portfolio securities)

Automotive	0.7
Banking	0.0
Basic Industry	2.4
Capital Goods	8.3
Consumer Goods	5.4
Energy	0.0
Financial Services	11.2
Health Care	5.9
Insurance	12.0
Leisure	9.3
Media	6.0
Real Estate	0.0
Retail	3.7
Services	15.7
Technology & Electronics	14.2
Telecommunications	4.8
Transportation	0.6
Utility	0.0
Other	0.0
TOTAL	**100.0%**

Source: Artisan Partners/ICE BofA. Cash and cash equivalents represented 3.5% of the total portfolio.

Region/Country Allocation (% of portfolio securities)

REGION	
AMERICAS	**98.8**
United States	98.8
EUROPE	**1.2**
TOTAL	**100.0%**

Source: Artisan Partners. Breakdown based on issuer country of domicile, excluding cash.

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.

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.

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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. **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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