



Artisan Floating Rate Fund

MONTHLY Commentary

Investor Class: ARTUX | Advisor Class: APDUX

As of 31 January 2022

Commentary

Volatility returned in January as uncertainty related to the Fed's future policy path led to drawdowns across most risk assets. Compared to equities, the risk-off tone was relatively muted in credit markets, as investors preferred to look through the noise to focus on the continued strength of issuer fundamentals. Leveraged loan returns were little changed during the month—0.4% as measured by the Credit Suisse Leveraged Loan Index—but the relative outperformance was noteworthy in comparison to corporate fixed income classes with duration risk. High yield and investment grade indices declined 2.8% and 3.1%, respectively, representing one of the worst opening months for both markets in their history. With five-year Treasury yields back to pre-COVID levels, investors drove record retail flows into floating-rate products—a trend that is likely to persist as interest rates move higher.

Loan valuations were little changed during the month with spreads tightening 6bps to 431bps. Loan prices ticked higher with strong performance, pushing the portion of the market trading near par to multi-year highs. Across the quality spectrum, B-rated risk led the market higher with gains of 0.4%, followed by BBs (0.3%) and CCCs (0.1%). Among industries, cyclicals outperformed, led by gains from metals and aerospace while media and telecom were notable laggards.

Default activity remained quiet with no defaults and a loan default rate near record lows at 0.7%. Despite the volatility across risk markets, the number of distressed candidates in the markets is largely unchanged from a month ago. Moving forward, we expect improving credit fundamentals and conducive capital markets should keep defaults well below averages for the near future.

As we look ahead, we expect valuation constraints and an environment of changing regimes—on both the monetary and volatility fronts—will lead to incrementally more price dispersion across industries and capital structures. We welcome the reemergence of volatility and look forward to being a liquidity provider during these periods of uncertainty.

Portfolio Details

	ARTUX	APDUX
Net Asset Value (NAV)	\$9.95	\$9.96
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield ¹	1.60%	1.72%
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2021	—/—	—/—
Prospectus 15 Nov 2021 ^{2,3,4}	1.35/1.21	1.19/1.11

¹Due 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. ²Includes estimated expenses for the current fiscal year. ³Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2023. ⁴See prospectus for further details.

Portfolio Statistics

	Fund
Number of Holdings	90
Number of Issuers	75

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

AssuredPartners Inc	4.7
Gridiron Fiber Corp	4.5
SRS Distribution Inc	3.5
MJH Healthcare Holdings LLC	3.2
KUEHG Corp	3.2
SIRVA Worldwide Inc	3.1
Nexus Buyer LLC	3.0
Bengal Debt Merger Sub LLC	2.9
TransDigm Inc	2.9
USI Inc	2.6
TOTAL	33.6%

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.

Investment Results (%)

As of 31 January 2022	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	-0.09	-0.09	-0.09	—	—	—	—	-0.39
Advisor Class: APDUX	0.02	0.02	0.02	—	—	—	—	-0.28
Credit Suisse Leveraged Loan Index	0.36	0.36	0.36	—	—	—	—	0.96

As of 31 December 2021	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	3.4
BB	11.9
B	76.8
CCC	7.9
TOTAL	100.0%

Source: S&P/Moody's.

Sector Diversification (% of portfolio securities)

Automotive	1.0
Banking	1.0
Basic Industry	4.4
Capital Goods	7.6
Consumer Goods	4.6
Energy	0.0
Financial Services	7.5
Health Care	6.6
Insurance	15.8
Leisure	6.0
Media	7.9
Real Estate	0.0
Retail	4.4
Services	13.6
Technology & Electronics	13.7
Telecommunications	5.1
Transportation	0.8
Utility	0.0
Other	0.0
TOTAL	100.0%

Source: Artisan Partners/ICE BofA. Cash and cash equivalents represented 10.8% of the total portfolio.

Region/Country Allocation (% of portfolio securities)

REGION	
AMERICAS	98.4
United States	98.4
EUROPE	1.6
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.

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.

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