Artisan High Income Fund

MONTHLY
Commentary

Investor Class: ARTFX | Advisor Class: APDFX

As of 31 May 2022

Commentary

Credit markets came under pressure again in May following a volatile month of trading across all risk assets. Concerns over the economy's ability to withstand high inflation and tighter financial conditions led to widespread decompression throughout May, but a late-month sentiment shift sparked a rally that helped recover all the period's losses. While credit spreads briefly breached 500bps intramonth, the sharp snapback allowed valuations to retrace a decent portion of the widening that has occurred since early April. In all, the ICE BofA US High Yield Index was able to net a modest gain of 0.3% to push YTD losses to 7.8%.

Leveraged loans, which had been largely immune to the year's volatility, experienced their worst monthly loss since March 2020. The JPMorgan Leveraged Loan Index declined 2.3% during the month, after succumbing to the broader risk-off environment. The nearly limitless bid for leveraged loans reversed in May after 16 straight months of retail inflows came to an end. Despite weakness, loans continue to be among the most resilient and best performing fixed income segments, given limited sensitivity to rising interest rates.

Our portfolio trailed the ICE BofA US High Yield Index for the first month this year but still maintains a 300bps lead over the benchmark YTD. While the portfolio's short-duration and more credit-sensitive bias helped it withstand pressures from higher interest rates for much of the year, this positioning weighed on returns in May as higher rated and more rate-sensitive segments of the market outperformed with investors' broader economic growth concerns.

Credit spreads and all-in yields for the index finished the month at 436bps and 7.1%, respectively. While valuations are elevated relative to the cyclical lows of the past 18 months, current spread levels are well below average. Still, signs of risk aversion are emerging, particularly among lower rated risk. CCCs dramatically underperformed BBs as investors shifted their concerns from inflation toward recession risk. At the same time, the number of stressed and distressed candidates in the market materially increased. Overall, BBs gained 1.6%, while Bs (-0.6%) and CCCs (-3.2%) lagged.

Despite widespread volatility, the backdrop for corporate fundamentals continues to remain supportive. May saw just one bond default, keeping the par-weighted default rate pinned below 1%. While we acknowledge defaults rates are a backward-looking indicator, we do not see imminent signs of stress in the near term, particularly when considering the amount of balance sheet repair that has occurred over the last 18 months.

With an environment of widespread dislocation and dispersion, we see a wider set of valuations creating a better opportunity set for our credit-intensive investment approach. Given our track record of successfully navigating different credit cycles, we believe our portfolio is well-tailored for the current environment, where disciplined underwriting and deep credit work is essential.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	$9.30	$9.29
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	6.28%	6.52%
Expense Ratios		
Semi-Annual Report 31 Mar 2022[1]	0.94%	0.78%
Prospectus 30 Sep 2021[2]	0.96%	0.80%

[1]Unaudited, annualized for the six-month period. [2]See prospectus for further details.

Portfolio Statistics

Number of Holdings	209
Number of Issuers	129

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Acrisure LLC	3.8
Charter Communications Inc	3.4
NFP Corp	3.4
Carnival Corp	3.4
Altice France	3.2
NCL Corp Ltd	2.7
Virgin Media Secured Finance PLC	2.7
TKC Holdings Inc	2.6
Altice USA Inc	2.5
Callon Petroleum Co	2.5
TOTAL	**30.2%**

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	76.0
Bank Loans	17.6
Equities	0.4
Cash and Cash Equivalents	6.0
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 -0.97% of net assets.

Investment Results (%)

				Average Annual Total Returns				
As of 31 May 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	**-0.80**	**-3.25**	**-4.69**	**-2.55**	**5.72**	**5.24**	**—**	**5.90**
Advisor Class: APDFX	**-0.78**	**-3.22**	**-4.72**	**-2.40**	**5.85**	**5.39**	**—**	**6.06**
ICE BofA US High Yield Master II Index	0.25	-3.40	-7.76	-5.00	3.16	3.42	—	4.06
As of 31 March 2022								
Investor Class: ARTFX	**-0.09**	**-1.49**	**-1.49**	**2.29**	**7.17**	**6.35**	**—**	**6.46**
Advisor Class: APDFX	**-0.08**	**-1.56**	**-1.56**	**2.34**	**7.30**	**6.50**	**—**	**6.62**
ICE BofA US High Yield Master II Index	-0.93	-4.51	-4.51	-0.29	4.40	4.56	—	4.60

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	4.1
BB	19.4
B	47.7
CCC	26.1
Unrated	2.7
TOTAL	**100.0%**

Source: S&P/Moody's.

Maturity Distribution (%)

< 1 year	0.1
1 - <3 years	3.7
3 - <5 years	25.7
5 - <7 years	40.1
7 - <10 years	27.3
10+ years	3.1
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	21

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. The value of portfolio securities selected by the investment team may rise or fall in response to company, market, economic, political, regulatory or other news, at times greater than the market or benchmark index. 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.

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