Artisan Floating Rate Fund

MONTHLY
Commentary

Investor Class: ARTUX | Advisor Class: APDUX

As of 30 November 2022

Commentary

The credit rally that began in October gained momentum in November, pushed higher by better-than-expected monthly inflation data and a series of dovish comments from Fed officials. Improving investor sentiment helped push risk assets higher and led to a reopening—but still historically light—primary calendar of $20 billion. As new issuance modestly rebounded, price concessions contracted relative to September's dormancy. All told, leveraged loans (as measured by the Credit Suisse Leveraged Loan Index) gained 1.1%, bringing YTD returns to -1.4%. For the year, leverage loan's small loss rang among the best across both equity and fixed income asset classes.

Our portfolio modestly underperformed the Credit Suisse Leveraged Loan Index during the month. Our preference for full-cycle businesses in software and services weighed on relative results as the risk-on rally disproportionately benefited more economically and commodity sensitive sectors.

Loan prices inched higher to $92.67, while loan yields (based on three-year takeout) declined to 10.6%. Even with the month's gain, the asset class continues to offer 100bps of yield premium to structurally subordinated high yield bonds. Underneath the surface, though, lower quality borrowers remain sidelined from the rally as the spread differential between CCCs and Bs reached 1,100bps during the month. With credit concerns weighing on more leveraged structures, lower rated risk materially underperformed higher rated. In all, Bs led with gains of 1.4%, followed by BBs (1.2%). Conversely, CCCs declined for the third straight month with losses of -0.2%. This preference for quality was also evident across seniority, with first liens providing an index-like gain of 1.2%, and second liens lagging with losses of 0.4%.

November saw one issuer default through a distressed exchange, keeping the loan default rate stable at 1.1%—a level well below long-term historical averages. While distress underneath the surface reflects building macro concerns, aggregate credit fundamentals continue to show resiliency, with the health of corporate borrowers at one of the best starting points in years heading into this period of uncertainty. Although we anticipate an eventual pullback in earnings, loan issuers continue to show profitability growth and are ending the year with credit metrics favorable to long-term averages. While defaults are expected to inevitably increase from the abnormal lows of 2021-2022, we believe we are being adequately compensated for credit risk at current valuations. Based on Street consensus, defaults are expected to rise to 3.5%, with activity concentrated among just a handful of issuers.

Looking to the year ahead, we expect many of the themes that drove markets in 2022 to continue into 2023. As investors jockey to price in risks from decelerating growth, volatility will likely remain a dominant feature of the market environment. We welcome volatility and will use dislocations to add risk in areas with supportive fundamentals. As always, we'll focus on attractive idiosyncratic and catalyst-driven opportunities, believing our high-conviction approach will be rewarded over the long term.

Portfolio Details

	ARTUX	APDUX
Net Asset Value (NAV)	$9.36	$9.36
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield (%)*	4.40/7.59	7.21/7.68
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2022[1,2]	7.19/1.20	1.61/1.10
Prospectus 15 Nov 2021[2,3,4]	1.35/1.21	1.19/1.11

*Unsubsidized/subsidized. [1]For the period from commencement of operations 1 Dec 2021 through 30 Sep 2022. [2]Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2024. [3]See prospectus for further details. [4]Includes estimated expenses for the current fiscal year.

Portfolio Statistics

	Fund
Number of Holdings	67
Number of Issuers	52

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

KUEHG Corp	5.0
Ultimate Software Group Inc	4.6
Gridiron Fiber Corp	4.3
Edelman Financial Engines Center LLC	3.7
Formula One	3.2
Renaissance Learning Inc	2.8
AssuredPartners Inc	2.8
Virgin Pulse Inc	2.7
Employbridge LLC	2.7
Ancestry.com Operations Inc	2.6
TOTAL	**34.4%**

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 30 November 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	**0.87**	**1.85**	**-2.10**	—	—	—	—	**-2.39**
Advisor Class: APDUX	**0.88**	**1.87**	**-2.00**	—	—	—	—	**-2.30**
Credit Suisse Leveraged Loan Index	1.11	1.97	-1.41	—	—	—	—	-0.81
As of 30 September 2022								
Investor Class: ARTUX	**-1.93**	**1.31**	**-3.88**	—	—	—	—	**-4.17**
Advisor Class: APDUX	**-1.91**	**1.34**	**-3.80**	—	—	—	—	**-4.09**
Credit Suisse Leveraged Loan Index	-2.17	1.19	-3.31	—	—	—	—	-2.73

Source: Artisan Partners/Credit Suisse. Returns for periods less than one year are not annualized.

Ratings Distribution (%)

BBB	3.0
BB	12.6
B	74.0
CCC	10.1
Unrated	0.3
TOTAL	**100.0%**

Source: S&P/Moody's.

Sector Diversification (% of portfolio securities)

Automotive	0.5
Banking	0.0
Basic Industry	1.0
Capital Goods	4.7
Consumer Goods	8.4
Energy	0.0
Financial Services	10.7
Health Care	4.5
Insurance	9.1
Leisure	9.9
Media	4.2
Real Estate	0.0
Retail	1.1
Services	16.5
Technology & Electronics	23.4
Telecommunications	4.8
Transportation	1.2
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	**96.4**
United States	96.4
EUROPE	**3.6**
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)	22
Seth B. Yeager, CFA	19

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. A portfolio's environmental, social and governance ("ESG") considerations may limit the investment opportunities available and, as a result, the portfolio may forgo certain investment opportunities and underperform portfolios that do not consider ESG factors. 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. Use of derivatives may create investment leverage and increase the likelihood of volatility and involve risks different from, or greater than, the risks associated with investing in more traditional investments, including 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. 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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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. The unsubsidized yield excludes the effect of fee waivers. 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. **Spread** is the difference in yield between two bonds of similar maturity but different credit quality. **Three-year takeout** refers to the point at which a current loan is refinanced or otherwise paid off.

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