Artisan High Income Fund

MONTHLY
Commentary

Investor Class: ARTFX | Advisor Class: APDFX

As of 31 October 2022

Commentary

High yield credit markets snapped a two-month losing streak to finish October with the strongest gains since July. The risk-on backdrop was driven by better-than-expected earnings and hints from Fed officials that the current pace of rate increases would moderate. High yield bonds (as measured by the ICE BofA US High Yield Index) gained 2.9%, fueled by a positive technical backdrop of little new issuance and a resurfacing retail bid. Credit markets saw more than $7 billion in net inflows at a time when the primary market faces an acute shortage of new supply. Returns across the capital structure were more muted in comparison—gains for leveraged loans were 0.9% (as measured by the Credit Suisse Leveraged Loan Index). Year to date, loan's small loss of 2.5% ranks among the best across both equity and fixed income asset classes.

Our portfolio modestly trailed the ICE BofA US High Yield Index during the month but maintains its lead over the benchmark YTD. Asset allocation decisions were primarily the reason for the portfolio's weaker relative results. Despite outperformance from the portfolio's high yield bond exposure, our leveraged loan allocation underperformed the broader high yield market with flat returns for the month.

High yield bond spreads and yields tightened the most since July, finishing at 476bps and 9.1%, respectively. While yields are elevated relative to historical averages, credit spreads still sit well inside of previous contraction periods and partially reflect high yield's stronger fundamental makeup. Across ratings, higher rated credit risk continues to diverge from lower rated, as concerns of a slowdown disproportionately impacted more levered structures. Overall, Bs performed best with gains of 3.4%, followed by BBs (2.7%) and CCCs (1.7%).

October saw no new defaults, leaving the par-weighted default rate largely unchanged at 1.2%—levels still well below long-term historical averages. While distress underneath the surface has begun to inch up, fundamentals continue to remain in a place of strength, with the health of corporate borrowers at one of the best starting points in years heading into this period of uncertainty.

While we expect volatility to remain a dominant feature of the market environment over the near term, these periods play into the strength of our approach. Our value-oriented, research-intensive philosophy allows us to lean into periods when dislocation and liquidity are most severe. Ultimately, our ability to capitalize on market inefficiencies through individual security selection will be a critical differentiator as we move forward.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	$8.63	$8.62
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	8.56%	8.75%
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	196
Number of Issuers	118

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Acrisure LLC	4.1
Charter Communications Inc	3.7
NFP Corp	3.5
Altice France	3.0
Carnival Corp	2.9
Virgin Media Secured Finance PLC	2.9
NCL Corp Ltd	2.8
Altice USA Inc	2.8
TKC Holdings Inc	2.4
The Ardonagh Group	2.3
TOTAL	**30.4%**

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.

Portfolio Composition (% of total portfolio)

Corporate Bonds	76.6
Bank Loans	14.8
Equities	0.4
Cash and Cash Equivalents	8.2
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 -0.77% of net assets.

Investment Results (%)

				Average Annual Total Returns				
As of 31 October 2022	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	**2.59**	**2.59**	**-9.14**	**-8.70**	**3.06**	**3.57**	—	**5.02**
Advisor Class: APDFX	**2.61**	**2.61**	**-9.13**	**-8.58**	**3.18**	**3.71**	—	**5.17**
ICE BofA US High Yield Master II Index	2.85	2.85	-12.19	-11.45	0.18	1.90	—	3.27
As of 30 September 2022								
Investor Class: ARTFX	**-3.76**	**-0.70**	**-11.43**	**-11.00**	**2.11**	**3.15**	—	**4.76**
Advisor Class: APDFX	**-3.88**	**-0.81**	**-11.44**	**-10.88**	**2.23**	**3.29**	—	**4.91**
ICE BofA US High Yield Master II Index	-4.02	-0.68	-14.62	-14.06	-0.67	1.41	—	2.96

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	2.7
BB	19.1
B	49.4
CCC	25.9
Unrated	2.9
TOTAL	**100.0%**

Source: S&P/Moody's.

Maturity Distribution (%)

< 1 year	0.0
1 - <3 years	6.1
3 - <5 years	23.3
5 - <7 years	48.0
7 - <10 years	20.5
10+ years	2.1
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	22

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.

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. 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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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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