Artisan Floating Rate Fund

MONTHLY
Commentary

Investor Class: ARTUX | Advisor Class: APDUX

As of 31 January 2023

Commentary

Credit markets started the year on solid footing, helped by better-than-expected macro data and improving capital market access for corporate issuers. Several positive macro surprises, including strong labor growth and moderating inflation data, led to a shift in sentiment that propelled risk assets and provided support for lower rated capital structures. As a result, leveraged loans (as measured by the Credit Suisse Leveraged Loan Index) gained 2.6% in January—the best monthly performance since May 2020. The month's risk-on rally helped reignite collateralized loan obligation formation and slow retail outflows.

Our portfolio modestly trailed the Credit Suisse Leveraged Loan Index during the month. The portfolio's preference for less cyclical credit risk in technology, services and insurance was a slight headwind to relative performance as more credit-sensitive sectors led the market higher.

Leveraged loan spreads and yields both rallied in January, finishing at 581bps (three-year life) and 9.8%, respectively. Loan prices reached their highest levels since August, finishing at $93.55. The broader up-in-quality theme that defined 2022 reversed in January as single-B loans outperformed higher and lower quality counterparts. CCCs continued their streak of underperformance, lagging for the fifth straight month. In all, Bs led with gains of 3.0%, followed by BBs (2.0%) and CCCs (1.6%). Across seniority, second liens participated in the rally (2.4%) but still trailed first lien loans (2.6%).

January saw a modest uptick in default activity with two defaults, pushing the loan issuer default rate higher to 1.2%. While defaults remain elevated to the cyclical lows of the post-pandemic era, current default rates remain well below long-term averages—a trend we expect to continue throughout 2023. Strong fundamentals, adequate liquidity and the lack of problematic, cyclical sectors—like energy in past cycles—are all variables that should keep defaults broadly in line with long-term averages.

As we look to 2023, we expect volatility to remain as the investing landscape shifts from one of high inflation and higher interest rates to one of decelerating global growth and growing recessionary risks. While we acknowledge credit markets remain vulnerable to shifts in sentiment, we believe strong credit fundamentals should provide an underappreciated level of support to the market that will keep spreads contained and drawdowns limited. We will continue to use growing dispersion as an opportunity to strategically invest in credits with attractive risk-reward profiles and believe our ability to capitalize on market inefficiencies through individual security selection will be a critical differentiator in the year ahead.

Portfolio Details

	ARTUX	APDUX
Net Asset Value (NAV)	$9.45	$9.45
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield (%)*	5.62/7.80	7.22/7.90
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2022[1,2,3,4]	7.19/1.20	1.61/1.10
Prospectus 30 Sep 2022[2,4]	7.22/1.23	1.64/1.13

*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]Excludes Acquired Fund Fees and Expenses as described in the prospectus. [4]See prospectus for further details.

Portfolio Statistics

	Fund
Number of Holdings	67
Number of Issuers	55

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Ultimate Software Group Inc	5.1
KUEHG Corp	5.0
Gridiron Fiber Corp	4.3
Medline Industries Inc	3.7
Formula One	3.2
Renaissance Learning Inc	2.8
AssuredPartners Inc	2.8
Ancestry.com Operations Inc	2.7
Virgin Pulse Inc	2.7
Employbridge LLC	2.6
TOTAL	**34.9%**

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 31 January 2023	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	**2.17**	**2.17**	**2.17**	**0.19**	—	—	—	**-0.17**
Advisor Class: APDUX	**2.18**	**2.18**	**2.18**	**0.20**	—	—	—	**-0.07**
Credit Suisse Leveraged Loan Index	2.57	2.57	2.57	1.12	—	—	—	1.79
As of 31 December 2022								
Investor Class: ARTUX	**0.08**	**1.93**	**-2.02**	**-2.02**	—	—	—	**-2.14**
Advisor Class: APDUX	**0.09**	**1.96**	**-1.92**	**-1.92**	—	—	—	**-2.04**
Credit Suisse Leveraged Loan Index	0.36	2.33	-1.06	-1.06	—	—	—	-0.43

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. 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.

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Ratings Distribution (%)

BBB	3.9
BB	13.9
B	73.4
CCC	8.5
Unrated	0.3
TOTAL	**100.0%**

Source: S&P/Moody's.

Sector Diversification (% of portfolio securities)

Automotive	0.5
Banking	0.0
Basic Industry	0.8
Capital Goods	9.2
Consumer Goods	8.4
Energy	0.0
Financial Services	8.7
Health Care	5.5
Insurance	10.1
Leisure	9.3
Media	4.0
Real Estate	0.0
Retail	0.3
Services	16.0
Technology & Electronics	22.3
Telecommunications	4.8
Transportation	0.0
Utility	0.0
Other	0.0
TOTAL	**100.0%**

Source: Artisan Partners/ICE BofA. Cash and cash equivalents represented 6.6% of the total portfolio.

Region/Country Allocation (% of portfolio securities)

REGION	
AMERICAS	**96.6**
United States	96.6
EUROPE	**3.4**
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 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 and less developed markets, including frontier 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.

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.

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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. 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. **Discount margin (DM)** is the average expected return of a floating-rate security that's earned in addition to the index underlying, or reference rate of, the security.

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