

Artisan Floating Rate Fund

MONTHLY Commentary

Investor Class: ARTUX

Advisor Class: APDUX

As of 31 October 2023

Commentary

Our portfolio performed in line with the Credit Suisse Leveraged Loan Index during the month. Security selection strength in loans was offset by our modest allocation to high yield fixed rate secured bonds, which trailed loans during a period of rising Treasury rates. Across sectors, gains were driven by security selection in technology as well as our underweight to, and selection within, the health care segment of the loan market.

Leveraged loans, as measured by the Credit Suisse Leveraged Loan Index, continued their outperformance versus high yield bonds in October. The index was flat during the month (+3bps), outperforming high yield bonds (as measured by the ICE BofA High Yield index) by over 1.2%. Discount margins widened during the month with rising geopolitical tensions in the Middle East and continued weakness in equity markets weighing on returns; the index experienced its first negative principal return since May. The bulk of loan outperformance over bonds was driven by the lack of interest rate duration for loans, as the 5-year Treasury rose roughly 25bps in October. New issuance continued to be strong, pricing over \$31 billion during the month, though the majority (\$23 billion) of issuance was refinancing related.

Discount margins widened modestly across rating categories, with lower quality (CCCs) widening more than higher quality (BBs), a reversal of the spread tightening trend and lower quality rally we have seen year to date. At an index discount margin level of 578bps, loan spreads are relatively elevated at the 68th percentile over the last 20 years. Combining outsized spreads with an average index price of \$94, which remains significantly below par, and an index yield of 10.5%, we believe there remains a compelling total return opportunity for investors in the leveraged loan market despite strong performance year to date.

Default activity picked up modestly across bonds and loans with nine defaults or distressed exchanges occurring during the month, resulting in the par-weighted default rate for bonds and loans climbing to 2.6% and 3.1% respectively. While this is an increase from the start of 2023, it remains in line with long-term averages across both markets. The month saw additional loan defaults in the health care sector (over \$1 billion of par value), an area of the market we continue to underweight in the strategy as we see a lack of compelling relative value and challenged business models at current leverage levels across the sector.

While volatility picked up in October, leveraged finance markets remain resilient overall with generally strong buying demand at lower pricing levels by market participants. We remain focused on underwriting quality businesses with strong credit fundamentals. With increased volatility comes increased opportunity, as our high-conviction and flexible approach allows us to use growing dispersion to lean into attractively priced credits.

Portfolio Details

	ARTUX	APDUX
Net Asset Value (NAV)	\$9.61	\$9.61
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield (%)*	7.94/8.83	8.61/9.00
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2023 ^{1,2,3,4}	3.43/1.20	1.63/1.10
Prospectus 30 Sep 2022 ^{2,4}	7.22/1.23	1.64/1.13

*Unsubsidized/subsidized. ¹Unaudited, annualized for the six-month period. ²Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2024. ³Excludes Acquired Fund Fees and Expenses as described in the prospectus. ⁴See prospectus for further details.

Portfolio Statistics

	Fund
Number of Holdings	75
Number of Issuers	55

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Ultimate Software Group Inc	4.9
Delta Topco Inc	4.8
STS Operating Inc	4.7
Nexus Buyer LLC	3.8
Surgery Center Holdings Inc	3.5
Medline Industries Inc	3.1
Virgin Pulse Inc	3.1
Fogo De Chao Inc	2.7
Amynta Agency Borrower Inc	2.7
TKC Holdings Inc	2.7
TOTAL	36.0%

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 October 2023	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	0.02	0.02	10.86	11.91	—	—	—	4.24
Advisor Class: APDUX	0.03	0.03	10.95	12.03	—	—	—	4.35
Credit Suisse Leveraged Loan Index	0.03	0.03	9.94	11.56	—	—	—	4.82
As of 30 September 2023								
Investor Class: ARTUX	1.44	4.23	10.84	12.97	—	—	—	4.44
Advisor Class: APDUX	1.56	4.26	10.92	13.09	—	—	—	4.54
Credit Suisse Leveraged Loan Index	0.88	3.37	9.91	12.47	—	—	—	5.03

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.

Ratings Distribution (%)

BBB	3.3
BB	6.2
B	80.7
CCC	9.6
Unrated	0.2
TOTAL	100.0%

Source: Artisan Partners.

Sector Diversification (% of portfolio securities)

Automotive	0.0
Banking	0.0
Basic Industry	0.8
Capital Goods	10.3
Consumer Goods	4.6
Energy	0.0
Financial Services	9.4
Health Care	10.3
Insurance	13.1
Leisure	5.3
Media	3.6
Real Estate	0.7
Retail	4.9
Services	12.6
Technology & Electronics	24.1
Telecommunications	0.3
Transportation	0.0
Utility	0.0
Other	0.0
TOTAL	100.0%

Source: Artisan Partners/ICE BofA. Cash and cash equivalents represented 11.5% of the total portfolio.

Region/Country Allocation (% of portfolio securities)

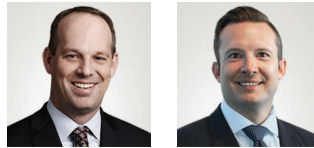
REGION	
AMERICAS	100.0
United States	100.0
EUROPE	—
TOTAL	100.0%

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)	23
Seth B. Yeager, CFA	20

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.

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. **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. **Par** represents the level a security trades at when its yield equals its coupon.

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