

# 3-Year Anniversary

## Artisan High Income Fund

### Risk Matters in High Yield

While navigating the non-investment grade credit space can be challenging, maintaining a keen focus on risk management can help investors identify investment opportunities that offer compelling risk-adjusted return characteristics.

As career investors in the non-investment grade credit space, we recognize the risk of loss is often greater than the potential for gain—as such, we place a strong focus in our research on what can go wrong. We aim to mitigate risks by emphasizing business quality, including the resilience of an issuer’s business model, the business’s nuances, defensibility, stability and predictability, as well as its capital intensity.

We also believe building a portfolio with an attractive risk-adjusted return profile is key to long-term success in the asset class. Therefore we tier investments in our portfolio into three categories.

- **Core**—Core investments are those that we view as having stable-to-improving credit profiles and lower loan-to-value ratios. These investments represent a stable foundation of income in the portfolio, and typically are of higher credit quality and feature less volatility.
- **Spread Tightening**—Spread tightening investments are those in which our team has an out-of-consensus view about a company’s credit improvement potential. They typically have significant upside potential, which the broader market is mispricing.
- **Opportunistic**—Opportunistic investments are driven by market or company-specific pricing dislocations that have created a unique investment opportunity.

We believe our focus on business quality and discipline in managing risk within the portfolio has helped us generate attractive value-added results over the lifetime of the portfolio.

### Investment Results (%)

As of 31 December 2017	YTD <sup>1</sup>	1 Yr	3 Yr	Annualized Inception
<b>Investor Class: ARTFX</b>	<b>8.89</b>	<b>8.89</b>	<b>7.99</b>	<b>6.83</b>
<b>Advisor Class: APDFX</b>	<b>8.96</b>	<b>8.96</b>	<b>8.15</b>	<b>6.97</b>
<b>Institutional Class: APHFX</b>	<b>8.92</b>	<b>8.92</b>	<b>7.98</b>	<b>6.82</b>
ICE BofAML US High Yield Master II Index	7.48	7.48	6.39	4.97

### Expense Ratios

	ARTFX	APDFX	APHFX
Prospectus 30 Sep 2016	<b>1.03%</b>	<b>0.84%</b>	<b>0.79%</b>

See prospectus for more information. Institutional class expense ratio includes estimated expenses for the current fiscal year.

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, Artisan High Income Fund may hold loans and other security types. At times, this causes material differences in relative performance.

Source: Artisan Partners/ICE BofA Merrill Lynch. <sup>1</sup>Returns for periods less than one year are not annualized. Institutional Class (APHFX) performance is that of the Investor Class from 19 March 2014 through the inception of the Institutional Class on 3 October 2016, and actual Institutional Class performance thereafter. Performance has not been adjusted to reflect the expenses of the Institutional Class for the period prior to the Class’s inception, and Institutional Class performance results would differ if such expenses were reflected.



*“We will not sacrifice quality for yield.”*

—Bryan Krug, CFA  
Portfolio Manager  
Artisan Partners Credit Team

### Morningstar Overall Rating™



As of 31 December 2017

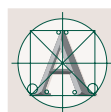
Investor Class Shares rated 5 stars for the 3-Yr and overall periods among 609 funds in the High Yield Bond Category for the periods ended 12/31/17 based on risk-adjusted return.

### Lipper 3-Year Ranking

2<sup>nd</sup>  
7/578

Percentile Rank  
High Yield Funds Category

Investor Class Shares were ranked 8<sup>th</sup> or 48 out of 667 funds for 1-Yr and 1<sup>st</sup> or 5 out of 534 funds since inception; within the High Yield Bond Funds category for the periods ended 12/31/17 based on total return.



## Differentiators of Our Approach

Our team's dedication to deep fundamental credit research serves as a foundation to our investment approach, which is differentiated by the following characteristics:

- **Business Quality**  
An adherence to business quality as a primary driver of value, without compromising for yield
- **Capital Structure**  
Flexibility to invest across the capital structure with varying exposure to high yield bonds and bank loans as dictated by relative value
- **Identifying Value**  
A preference to act as a cash-flow lender at par and asset-backed lender in times of market, sector or company-specific stress
- **Ratings Agnostic**  
A philosophy that is ratings-aware but agnostic, resulting in atypical and idiosyncratic sector exposure
- **Risk Management**  
A differentiated risk-adjusted approach to portfolio construction tiered in three distinct risk profiles
- **High Conviction**  
A focused portfolio creates the opportunity for high-conviction ideas to meaningfully impact the portfolio

## Artisan High Income Fund

Managed by  
Artisan Partners Credit Team

Portfolio Manager  
Bryan Krug, CFA

Total Net Assets (Millions)  
\$2,517 (as of 31 December 2017)

Share Class—Inception  
Investor (ARTFX)—19 March 2014  
Advisor (APDFX)—19 March 2014  
Institutional (APHFX)—3 October 2016

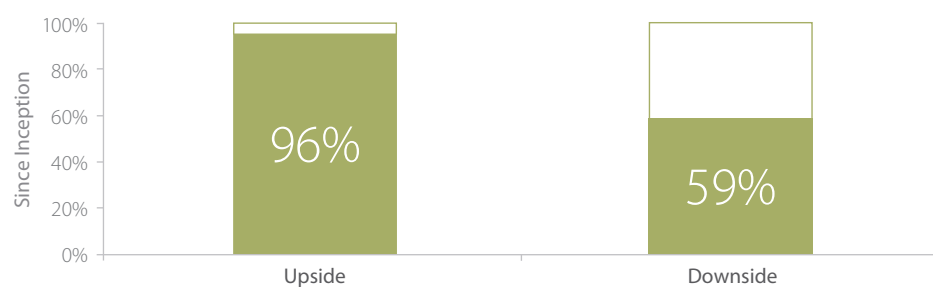
## Statistics

As of 31 December 2017	1 Yr	Peer Group % Rank	3 Yr	Peer Group % Rank	Annualized Inception	Peer Group % Rank
<b>Alpha</b>	2.0	11 <sup>th</sup> out of 699	2.8	1 <sup>st</sup> out of 611	2.8	1 <sup>st</sup> out of 568
<b>Sharpe Ratio</b>	3.5	8 <sup>th</sup> out of 699	1.6	4 <sup>th</sup> out of 611	1.4	2 <sup>nd</sup> out of 568
<b>Information Ratio</b>	1.5	7 <sup>th</sup> out of 699	0.8	2 <sup>nd</sup> out of 611	1.0	1 <sup>st</sup> out of 568

Source: Morningstar. Peer Group: Morningstar High Yield Bond. Benchmark: ICE BofAML US High Yield Master II Index.

## Upside/Downside Capture Ratios

As of 31 December 2017



Past performance is not indicative of future results. Source: Morningstar. Benchmark: ICE BofAML US High Yield Master II Index. Statistics and capture ratios are based on monthly returns for the Investor Class (ARTFX) beginning with April 2014, the first full month following inception.

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For more information: Visit [www.artisanpartners.com](http://www.artisanpartners.com) | Call 800.344.1770

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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.

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 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 BofAML 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.

Source ICE Data Indices, LLC, used with permission. ICE Data Indices, LLC permits use of the ICE BofAML indices and related data on an "as is" basis, makes no warranties regarding same, does not guarantee the suitability, quality, accuracy, timeliness, and/or completeness of the ICE BofAML indices or any data included in, related to, or derived therefrom, assumes no liability in connection with the use of the foregoing, and does not sponsor, endorse, or recommend Artisan Partners or any of its products or services.

**Margin of Safety**, a concept developed by Benjamin Graham, is the difference between the market price and the estimated intrinsic value of a business. A large margin of safety may help guard against permanent capital loss and improve the probability of capital appreciation. Margin of safety does not prevent market loss all investments contain risk and may lose value. **Alpha** measures the performance of an investment portfolio against a market index. **Sharpe Ratio** is a measure of risk-adjusted return—it is the average return earned in excess of the risk-free rate per unit of volatility or total risk. **Information Ratio** measures a portfolio manager's ability to consistently generate excess returns relative to a benchmark. **Upside Capture Ratio** is used to evaluate how well a portfolio manager performs relative to an index during periods when that index has risen. **Downside Capture Ratio** is used to evaluate how well or poorly a portfolio manager performs relative to an index during periods when that index has dropped.

The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Ratings are for the Fund's Investor Shares; other classes may vary.

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The number of funds in the category may include several share classes of the same mutual fund which may have a material impact on the fund's ranking within the category.

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