Artisan High Income Fund

MONTHLY
Commentary

Investor Class: ARTFX | Advisor Class: APDFX

As of 30 June 2024

Commentary

Our portfolio underperformed the ICE BofA US High Yield Index in June. The largest detractor was the portfolio's allocation to leveraged loans, which underperformed bonds during the month as rates fell modestly across the curve. By rating category, we benefited from positive security selection effects in BB-rated credit, though this was offset by negative selection effects in B- and CCC-rated credit. From a sector perspective, allocations to insurance and retail contributed positively, while security selection within technology was the largest detractor.

A bevy of economic data in the month continued to support the broader narrative that the US economy remains resilient, though relatively benign readings in employment and inflation contributed to a rally in Treasury rates across the curve. The US unemployment rate ticked up slightly to 4%—a level not seen since January 2022—suggesting slight cooling in the labor market while investors viewed recent inflation readings positively (for the consumer price index and core personal consumption expenditures price index). Against this backdrop, high yield bonds (as measured by the ICE BofA US High Yield Index) gained nearly 1% during the month while leveraged loans (as measured by the Credit Suisse Leveraged Loan Index) gained roughly 30bps. Treasury rate volatility continued in the month as market participants digested data releases and Federal Reserve comments, with the 10-Year Treasury yield falling nearly 30bps in the first two weeks of June before rising to end the month 10bps below May—aiding total returns for fixed rate bonds in the process.

Spread changes were bifurcated across both asset classes and credit qualities. At the broad index level, spreads for high yield bonds were effectively flat over the month while discount margins in leveraged loans widened 12bps, leading to the largest monthly outperformance of bonds over loans this year. However, it's worth noting that through June, loans have still outperformed bonds by nearly 2% year-to-date. Within high yield, spreads tightened 4bps in BBs and widened nearly 20bps in CCCs; the current spread differential of nearly 770bps between BB and CCC is the widest since May 2023. Interestingly, there exists a significant dynamic of "haves" and "have-nots" within CCCs; data from JP Morgan suggests that roughly 40% of the CCC index trades inside of 500bps, while nearly one-third trades at spreads over 1,000bps (the traditional definition of "distressed" according to ICE BofA Index inclusion rules). This dynamic reiterates the need for highly selective active management in the rating category—while the CCC index ended June with attractive spread of approximately 950bps, only a small portion of the index trades around this level.

Primary issuance continues to be strong, particularly in leveraged loans, which recorded their second-most active month on record (following record-setting new issuance in May). Roughly $18 billion of bonds and $150 billion of loans priced during the month, though over 80% of bond and 90% of loan issuance in June was refinancing or repricing driven. Net new credit creation remains limited, technically supported by robust demand with mutual fund flows across high yield bonds and leveraged loans remaining positive year-to-date. Defaults were muted in June with the lowest par value of defaults or distressed exchanges in nearly a year. However, there is a growing divergence between "hard" defaults (missed payments and bankruptcies) and "soft" defaults (liability management exercises (LMEs) and distressed exchanges)—with the latter beginning to outnumber the former. The rise of LMEs can create opportunities for investors willing to dig deep into credits to find the optimal point in a given capital structure to maximize value.

As the first half of 2024 comes to a close, allocators continue to be faced with a myriad of uncertainties surrounding the economy, monetary policy and geopolitics. Leveraged credit has once again proven its value within a diversified portfolio, providing investors with positive total returns year-to-date driven less by equity market sentiment and more by credit fundamentals. In this environment, our emphasis remains the same as it has since inception—constructing well-researched, high-conviction portfolios with an unwavering focus on business quality.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	$8.92	$8.92
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	7.97%	8.17%
Expense Ratios		
Semi-Annual Report 31 Mar 2024[1]	0.94%	0.78%
Prospectus 30 Sep 2023[2]	0.96%	0.80%

[1]Unaudited, annualized for the six-month period. [2]See prospectus for further details.

Portfolio Statistics

Number of Holdings	244
Number of Issuers	128

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

The Ardonagh Group	4.4
Charter Communications Inc	4.2
Carnival Corp	3.7
NCL Corp Ltd	3.6
Virgin Media Secured Finance PLC	3.0
VistaJet Ltd	3.0
Medline Industries Inc	2.9
TKC Holdings Inc	2.8
Acrisure LLC	2.7
Altice France	2.0
TOTAL	**32.3%**

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	74.0
Bank Loans	16.4
Equities	0.1
Cash and Cash Equivalents	9.5
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 0.00% of net assets.

Investment Results (%)

				Average Annual Total Returns				
As of 30 June 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	**0.49**	**1.05**	**2.49**	**10.91**	**2.70**	**5.49**	**5.77**	**5.86**
Advisor Class: APDFX	**0.62**	**1.21**	**2.57**	**11.22**	**2.90**	**5.66**	**5.94**	**6.02**
ICE BofA US High Yield Index	0.97	1.09	2.62	10.45	1.65	3.73	4.21	4.38

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	3.5
BB	31.3
B	42.9
CCC and Below	21.4
Unrated	0.9
TOTAL	**100.0%**

Source: Artisan Partners.

Maturity Distribution (%)

< 1 year	1.5
1 - <3 years	10.3
3 - <5 years	37.8
5 - <7 years	37.4
7 - <10 years	11.4
10+ years	1.6
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.

ARTISAN PARTNERS
ARTISANPARTNERS.COM | 800.344.1770

Team Leadership

Portfolio Manager	Years of Investment Experience
Bryan C. Krug, CFA	23

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.

ICE BofA US High Yield Index measures the performance of below investment grade US dollar-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. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. ICE BofA US Broad Market Index tracks the performance of US dollar-denominated investment grade debt publicly issued in the US domestic market, including US Treasury, quasi-government, corporate, securitized and collateralized securities. With the exception of local currency sovereign debt, qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). 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.

Source ICE Data Indices, LLC is used with permission. ICE® is a registered trademark of ICE Data Indices, LLC or its affiliates and BofA® is a registered trademark of Bank of America Corporation licensed by Bank of America Corporation and its affiliates ("BofA"), and may not be used without BofA's prior written approval. The index data referenced herein is the property of ICE Data Indices, LLC, its affiliates ("ICE Data") and/or its third party suppliers and, along with the ICE BofA trademarks, has been licensed for use by Artisan Partners Limited Partnership. ICE Data and its Third Party Suppliers accept no liability in connection with the use of such index data or marks. See www.artisanpartners.com/ice-data.html for a full copy of the Disclaimer.

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. **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.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.