



# Artisan Floating Rate Fund

MONTHLY  
Commentary

Investor Class: ARTUX | Advisor Class: APDUX

As of 30 June 2024

## Commentary

Our portfolio underperformed the Credit Suisse Leveraged Loan Index during the month. The largest detractor across asset types was security selection within the bank loan segment, though this was slightly offset by our allocation to secured bonds, which outperformed loans as interest rates generally fell across the curve. From a sector perspective, selection within financials and services contributed positively to relative returns, while the largest detractor was our allocation to, and selection within, the technology sector.

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, leveraged loans (as measured by the Credit Suisse Leveraged Loan Index) gained roughly 30bps, bringing their year-to-date performance to 4.4%. 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.

During the month, discount margins widened roughly 12bps at the index level, leading to a slight decline in the average price of the index from 96.1 to 95.7. Across credit quality categories, there continues to be significant dispersion of performance, particularly in recent months; the “split B” rated category of the loan benchmark lost 80bps in June while the “CCC/Split CCC” category gained nearly 50bps. On a year-to-date basis, the divergence between the two categories is material, with CCC gaining nearly 9% while the split B category has returned only 2%—highlighting the importance of credit selection and portfolio construction.

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 and 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 loans have once again proven their 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

	ARTUX	APDUX
Net Asset Value (NAV)	\$9.57	\$9.56
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield (%)*	7.86/8.34	8.22/8.45
Expense Ratios (% Gross/Net)		
Semi-Annual Report 31 Mar 2024 <sup>1,2,3,4</sup>	1.74/1.20	1.38/1.10
Prospectus 30 Sep 2023 <sup>3,4</sup>	2.76/1.22	1.59/1.12

\*Unsubsidized/subsidized. <sup>1</sup>Unaudited, annualized for the six-month period. <sup>2</sup>Excludes Acquired Fund Fees and Expenses as described in the prospectus. <sup>3</sup>Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2025. <sup>4</sup>See prospectus for further details.

## Portfolio Statistics

Number of Holdings	95
Number of Issuers	73

Source: Artisan Partners.

## Top 10 Holdings (% of total portfolio)

Delta Topco Inc	5.4
Nexus Buyer LLC	4.7
Edelman Financial Engines Center LLC	3.2
TKC Holdings Inc	3.0
Ultimate Software Group Inc	2.9
Applied Systems Inc	2.3
The Ardonagh Group	2.1
Fogo De Chao Inc	2.0
Surgery Center Holdings Inc	2.0
BroadStreet Partners Inc	2.0
<b>TOTAL</b>	<b>29.6%</b>

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 (%)

As of 30 June 2024	Average Annual Total Returns							
	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	0.16	1.04	3.21	10.23	—	—	—	5.39
Advisor Class: APDUX	0.07	0.96	3.16	10.23	—	—	—	5.46
Credit Suisse Leveraged Loan Index	0.27	1.86	4.44	11.04	—	—	—	6.46

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	1.3
BB	10.1
B	71.6
CCC and Below	11.4
Unrated	5.6
<b>TOTAL</b>	<b>100.0%</b>

Source: Artisan Partners.

## Sector Diversification (% of portfolio securities)

Automotive	0.0
Banking	0.0
Basic Industry	2.2
Capital Goods	4.8
Consumer Goods	5.3
Energy	0.0
Financial Services	10.6
Health Care	5.1
Insurance	21.2
Leisure	6.3
Media	3.9
Real Estate	1.9
Retail	8.5
Services	8.9
Technology & Electronics	17.9
Telecommunications	3.4
Transportation	0.0
Utility	0.0
Other	0.0
<b>TOTAL</b>	<b>100.0%</b>

Source: Artisan Partners/ICE BofA. Cash and cash equivalents represented 8.1% of the total portfolio. Sector categorizations for portfolio securities are based on ICE BofA classifications and are subject to reclassification at the investment team's discretion.

## Region/Country Allocation (% of portfolio securities)

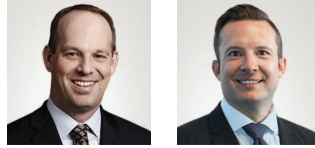
REGION	
<b>AMERICAS</b>	<b>95.7</b>
United States	94.3
Canada	1.4
<b>EUROPE</b>	<b>2.9</b>
<b>PACIFIC BASIN</b>	<b>1.4</b>
<b>TOTAL</b>	<b>100.0%</b>

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.

**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. **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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