Artisan High Income Fund

MONTHLY Commentary

Investor Class: ARTFX | Advisor Class: APDFX

As of 31 May 2024

Commentary

Our portfolio outperformed the ICE BofA US High Yield Index in May. Security selection within corporate bonds was the primary contributor to performance during the month, slightly offset by our allocation to leveraged loans, which lagged bonds in a period of declining rates. Across rating categories, we benefited from positive security selection effects across BB-, B- and CCC-rated credit. From a sector perspective, positive contributions from security selection in media and telecommunications were offset by negative selection effects in retail.

The economic backdrop continues to be supportive of risk broadly, a trend that continued in May with the S&P 500® Index rising approximately 5% and both high yield bonds (as measured by the ICE BofA US High Yield Index) and leveraged loans (as measured by the Credit Suisse Leveraged Loan Index) notching positive returns for the month. Markets continue to be fixated on the timing of Federal Reserve rate cuts, with data releases and Fed commentary contributing to a volatile month for Treasury yields; the 10-Year Treasury yield declined from 4.68% at the start of the month to a low of 4.34% in mid-May before nearly reversing its entire decline, settling at 4.50% at month-end.

At the index level, spreads remained effectively flat for high yield bonds, widening just 2bps to 320bps at month-end. Discount margins for loans tightened by 13bps, contributing to their best performing month year-to-date (though still lagging behind bonds in the month given the decline in Treasury yields). Through May, leveraged loans have outperformed high yield bonds by over 2.5% year-to-date, continuing to provide support for the potential benefits of loans and their ability to generate attractive total returns shielded from interest rate volatility.

Across credit qualities in the index, all the major categories (BB, B and CCC) provided positive returns, though spread widening was concentrated in the CCC-rated segment of the index. After reaching a low of 839bps in March, spreads on the CCC component of the index have widened roughly 100bps while BBs remain roughly 16bps tighter than the start of the year. Although valuations have improved in CCCs year-to-date, we remain very selective and defensively positioned in this market segment with the bulk of our CCC exposure invested in insurance brokers. This sector continues to offer attractive yields from companies that exhibit a high degree of "business quality"—high recurring revenue (that is often non-discretionary), tremendous cash flow generation ability and low capital intensity.

The strength of the primary market continues to be the "story of the year," with high yield bonds in May registering their largest gross supply in nearly three years while leveraged loans set a monthly record for the highest gross issuance ever recorded. The vast majority of this issuance continues to be refinancing related, with net issuance year-to-date of only $27 billion in bonds and $60 billion in loans (compared to gross issuance of $147 billion and $549 billion in bonds and loans, respectively). Accommodative capital markets have enabled companies to address near-term refinancing needs, helping to extend the maturity wall; just 5% of the US high yield and loan market now matures by the end of 2025, according to BofA market statistics.

Leveraged credit markets continue to perform well, commensurate with a resilient economy and accommodative capital markets. In today's environment, security selection is paramount, as the strong primary market has allowed most companies—good and bad—the ability to continue to fund their operations. We remain focused, allocating capital prudently while identifying opportunities to selectively add risk where we believe there is value.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	$8.93	$8.92
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	7.79%	8.00%
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	129

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Charter Communications Inc	4.2
The Ardonagh Group	3.9
Carnival Corp	3.7
NCL Corp Ltd	3.6
Virgin Media Secured Finance PLC	3.1
VistaJet Ltd	2.9
TKC Holdings Inc	2.9
Medline Industries Inc	2.7
Acrisure LLC	2.4
Altice France	2.0
TOTAL	**31.4%**

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	74.3
Bank Loans	16.1
Equities	0.2
Cash and Cash Equivalents	9.4
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 31 May 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	**1.18**	**0.56**	**1.99**	**13.01**	**2.85**	**5.70**	**5.80**	**5.85**
Advisor Class: APDFX	**1.20**	**0.60**	**1.95**	**13.20**	**3.01**	**5.84**	**5.96**	**6.01**
ICE BofA US High Yield Index	1.13	0.12	1.63	11.17	1.78	4.03	4.20	4.31
As of 31 March 2024								
Investor Class: ARTFX	**0.74**	**1.42**	**1.42**	**11.80**	**3.18**	**5.74**	**5.90**	**5.90**
Advisor Class: APDFX	**0.63**	**1.34**	**1.34**	**11.98**	**3.31**	**5.88**	**6.06**	**6.05**
ICE BofA US High Yield Index	1.19	1.51	1.51	11.04	2.21	4.03	4.36	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	3.4
BB	31.0
B	42.6
CCC	22.2
CC	0.1
D	0.2
Unrated	0.5
TOTAL	**100.0%**

Source: Artisan Partners.

Maturity Distribution (%)

< 1 year	1.4
1 - <3 years	11.0
3 - <5 years	37.3
5 - <7 years	37.7
7 - <10 years	11.0
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.

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.

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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.

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