Artisan Floating Rate Fund

MONTHLY Commentary

Investor Class: ARTUX | Advisor Class: APDUX

As of 30 November 2024

Commentary

Our portfolio underperformed the Credit Suisse Leveraged Loan Index during the month. From a sector perspective, positive contributions from insurance and services were offset by our exposure in leisure. By rating, the portfolio benefited from security selection in B-rated debt while our exposure in non-rated securities detracted.

Risk markets reacted positively to a swift and decisive US election result with both equities and credit rallying in November. As market participants digested a potential "red sweep," interest rates initially rose across the curve but shifted course moderately in mid-November. Overall, rates were relatively flat in the front end month-over-month while falling modestly in the long end, creating a bull-flattening effect that benefited longer duration assets. It's worth noting that there is general market consensus that currently proposed Republican policies may contribute to higher deficits and potentially reignite inflation, though the extent to which proposed policy is enacted remains to be seen.

Against this backdrop, the bank loan market continued to perform well, driven by attractive income returns as well as price gains. The Credit Suisse Leveraged Loan Index gained 0.8% in November—its 18th consecutive month of positive returns—while the average price on the index rose from 96.1 to 96.4. Spreads remained relatively firm with discount margins ending the month at 480bps, above the long-term median. Relative to the high yield bond market pricing near all-time tights, we believe loans continue to offer potential excess returns even when accounting for expectations of declining secured overnight financing rates (SOFR). As a result of continued economic strength and a change in administration, the market is now pricing in roughly 80bps of cuts through the end of 2025 versus 121bps heading into the election. Given the higher likelihood of the potential for base rates to remain elevated, we believe the go-forward all-in return potential for the loan market is attractive. While remaining somewhat cautious, we continue to find compelling investment opportunities with the potential to drive longer term, above-market returns.

Broad-based loan market credit fundamentals remain sound. The amount of loans trading below 80 cents on the dollar—the market's typical definition of distress—has been roughly cut in half from its 2023 peak, reaching 5.3% at the end of November. Default rates have increased modestly year-to-date but only when including distressed exchanges/liability management exercises (LME), which have comprised the bulk of restructuring activity this year. Excluding distressed exchanges, the default rate for the loan market is only 1.5%. The increased prevalence of LMEs has contributed to weak recovery rates relative to history, underscoring the importance of an active approach to the asset class.

As fundamental credit investors, avoidance of permanent capital impairment is critical to our success. We believe that lending to quality businesses uncovered by superior issuer selection is the best way to generate attractive risk-adjusted returns over the long term. In today's environment of freely flowing capital markets and tighter spreads, we continue to invest in a high-conviction manner—it is important as ever to "know what you own" and remain steadfast in comprehensive credit underwriting.

Portfolio Details

	ARTUX	APDUX
Net Asset Value (NAV)	$9.57	$9.56
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield (%)*	7.97/8.47	8.36/8.65
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2024[1,2,3]	1.78/1.20	1.45/1.10
Prospectus 30 Sep 2023[2,3]	2.76/1.22	1.59/1.12

*Unsubsidized/subsidized. [1]Excludes Acquired Fund Fees and Expenses as described in the prospectus. [2]Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2026. [3]See prospectus for further details.

Portfolio Statistics

Number of Holdings	92
Number of Issuers	72

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Delta Topco Inc	6.6
Nexus Buyer LLC	4.6
TKC Holdings Inc	4.2
Edelman Financial Engines Center LLC	3.6
Applied Systems Inc	2.6
Fogo De Chao Inc	2.4
Acrisure LLC	2.3
Ultimate Software Group Inc	2.3
BroadStreet Partners Inc	2.2
Traeger Grills	2.1
TOTAL	**32.9%**

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 30 November 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	**0.51**	**1.05**	**6.59**	**8.10**	—	—	—	**5.75**
Advisor Class: APDUX	**0.52**	**1.07**	**6.58**	**8.21**	—	—	—	**5.83**
Credit Suisse Leveraged Loan Index	0.84	1.69	8.41	10.16	—	—	—	6.86
As of 30 September 2024								
Investor Class: ARTUX	**0.99**	**2.20**	**5.48**	**8.09**	—	—	—	**5.71**
Advisor Class: APDUX	**0.89**	**2.23**	**5.46**	**8.09**	—	—	—	**5.78**
Credit Suisse Leveraged Loan Index	0.73	2.08	6.61	9.65	—	—	—	6.64

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	0.5
BB	6.5
B	70.5
CCC and Below	14.9
Unrated	7.6
TOTAL	**100.0%**

Source: Artisan Partners.

Sector Diversification (% of portfolio securities)

Automotive	0.0
Banking	0.0
Basic Industry	0.7
Capital Goods	1.5
Consumer Goods	6.8
Energy	0.0
Financial Services	12.0
Health Care	2.4
Insurance	19.6
Leisure	5.4
Media	2.9
Real Estate	3.4
Retail	10.5
Services	11.2
Technology & Electronics	17.0
Telecommunications	5.2
Transportation	1.5
Utility	0.0
Other	0.0
TOTAL	**100.0%**

Source: Artisan Partners/ICE BofA. Cash and cash equivalents represented 6.8% 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	
AMERICAS	**96.3**
United States	94.0
Canada	1.5
Cayman Islands	0.8
EUROPE	**2.2**
PACIFIC BASIN	**1.5**
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.

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Team Leadership (Pictured left to right)


Portfolio Managers	Years of Investment Experience
Bryan C. Krug, CFA (Lead)	24
Seth B. Yeager, CFA	21

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. ICE BofA US High Yield Index measures the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US market. 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. 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. **Duration** estimates the sensitivity of underlying fixed income securities to changes in interest rates—the longer the duration, the greater the sensitivity to changes in interest rates. **Average Price** is the aggregate market value of the fixed income securities 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. **Spread** is the difference in yield between two bonds of similar maturity but different credit quality. **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.

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