



# Artisan Floating Rate Fund

## MONTHLY Commentary

Investor Class: ARTUX | Advisor Class: APDUX As of 30 September 2024

### Commentary

Our portfolio outperformed the Credit Suisse Leveraged Loan Index during the month. Both our loan and secured bond exposure outperformed the index, contributing positively to returns. From a sector perspective, our exposure to retail was the largest contributor while security selection within leisure detracted from relative performance.

All eyes were on the Federal Reserve during September, as market participants debated whether the Federal Open Market Committee would vote to reduce rates by 25bps or 50bps. The Fed ultimately delivered a “jumbo” cut of 50bps to the surprise of some market participants who expected a 25bps initial move. The Fed’s statement clearly acknowledges its dual mandate of maximum employment and stable inflation; with declining inflation showing progress toward its goal, the Fed noted “the balance of risks” led it to prefer a 50bps cut over 25bps. All told, while rates fell across the curve month over month, the 10-Year Treasury yield rose 14bps post-Fed meeting, and the Treasury curve steepened as investors digested the potential longer term impacts of the Fed’s first policy rate reduction since 2020.

Amid the Fed watching, leveraged loans (as measured by the Credit Suisse Leveraged Loan Index) continued their streak of monthly positive returns, posting a gain of 0.7% and increasing year-to-date total returns to 6.6%. Index returns were led by lower rated credit as the market believes the Fed’s decision to reduce rates may offer significant benefit to companies with higher leverage levels and interest burdens. With total returns firmly positive year-to-date, the loan market is tracking toward its 30th positive calendar year in 33 years since inception of the loan index—a remarkable level of consistency and a reminder of the attractive benefits that loans can offer investors as part of a diversified portfolio.

The primary market was highly active in September following its typical summer slowdown. The loan market priced its largest net issuance since 2022, as leveraged buyout volume has begun to rise. Despite highly accommodative capital markets in 2024, on the margin we are beginning to see some signs of “indigestion” in the loan market as gross supply remains elevated and net issuance increases. For example, over the past two months there have been two loan deals priced at a significant original issue discount, a rare occurrence in the loan market during a benign economic environment. This dynamic creates an opportunity for scrutinizing credit selectors to potentially generate above-market returns through price convexity and the purchase of assets below par. We remain highly selective, passing on the majority of new issuance but leaning in where we see compelling risk-adjusted returns.

With the Fed’s strong signal that a new easing cycle has begun, we remind our investors of the importance of active management in credit markets. The ability to generate attractive returns in credit will be increasingly reliant on skilled credit selection and the identification of mispriced issuers. An emphasis on business quality and credit discipline continues to drive our investment process, as we seek to selectively add exposure to issuers offering above-market coupons or trading at attractive discounts.

Portfolio Details	ARTUX	APDUX
Net Asset Value (NAV)	\$9.58	\$9.57
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield (%)*	8.63/9.14	9.09/9.44
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	86
Number of Issuers	67

Source: Artisan Partners.

### Top 10 Holdings (% of total portfolio)

Delta Topco Inc	6.4
Nexus Buyer LLC	4.3
Edelman Financial Engines Center LLC	3.5
TKC Holdings Inc	3.3
Ultimate Software Group Inc	3.2
Applied Systems Inc	2.5
Fogo De Chao Inc	2.3
Surgery Center Holdings Inc	2.2
BroadStreet Partners Inc	2.1
Traeger Grills	2.1
<b>TOTAL</b>	<b>31.9%</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 September 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
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	9.3
B	68.2
CCC and Below	14.8
Unrated	7.2
<b>TOTAL</b>	<b>100.0%</b>

Source: Artisan Partners.

## Sector Diversification (% of portfolio securities)

Automotive	0.0
Banking	0.0
Basic Industry	2.4
Capital Goods	1.5
Consumer Goods	5.5
Energy	0.0
Financial Services	10.0
Health Care	4.5
Insurance	21.8
Leisure	4.8
Media	2.5
Real Estate	3.4
Retail	8.8
Services	10.3
Technology & Electronics	19.8
Telecommunications	4.7
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 8.9% 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)

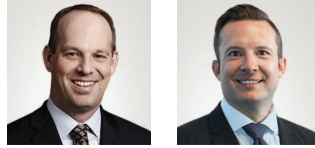
REGION	
<b>AMERICAS</b>	<b>96.3</b>
United States	94.8
Canada	1.5
<b>EUROPE</b>	<b>2.2</b>
<b>PACIFIC BASIN</b>	<b>1.5</b>
<b>TOTAL</b>	<b>100.0%</b>

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)	24
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. **Leveraged Buyout (LBO)** is the acquisition of another company using a significant amount of borrowed money to meet the cost of acquisition.

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