Artisan Floating Rate Fund

MONTHLY Commentary

Investor Class: ARTUX | Advisor Class: APDUX

As of 29 February 2024

Commentary

Our portfolio performed in line with the Credit Suisse Leveraged Loan Index during the month. Similar to January, outperformance generated from our leveraged loan allocation was offset by our exposure to corporate bonds, which lagged loans during a period of rising interest rates. From an industry perspective, security selection within services was additive while our holdings in consumer goods detracted from relative returns.

Following continued strength in the job market and an upside surprise on core inflation data, February saw a significant increase in interest rates across the Treasury curve as the 2-Year Treasury and 10-Year Treasury rose 41bps and 33bps, respectively. This change in market sentiment has materially impacted expectations on future Fed rate cuts; at the beginning of 2024, consensus expectations were six cuts of 25bps each, pushing the Federal Funds rate below 4% by year end. However, at the end of February, the market is now pricing between three and four cuts through 2024, with some investors expecting even fewer. Though this market dynamic has resulted in a rise in interest rates year to date, the leveraged loan market continues to be insulated from this volatility from a price perspective, even benefiting from these moves as market yields have increased.

At the index level, loan discount margins tightened 10bps, aided by continued economic strength. The average price of the index, inclusive of defaults, increased to $95.74. Lower rated credits continue to outperform the broader index, with CCC loans returning 1.9% during the month and over 4% year to date. Despite tightening spreads, index yields remain attractive with the yield to three-year takeout ending the month at 9.34%, well above the post-global financial crisis average.

Default activity picked up in February, though default rates fell as elevated volumes in early 2023 rolled off the trailing default rate calculation. As a result, par-weighted default rates fell to 1.66% and 1.77% for bonds and loans, respectively, excluding distressed exchanges. The strength of the economy and a reopening of capital markets have contributed to a continued decline in the amount of the loan market priced at "distressed" levels, with the lowest dollar amount of loans priced below $80 since September 2022. The resilient economy has continued to inspire companies to borrow and opportunistically extend maturities, as new issuance was robust in February across both bonds and loans. While a decline from January's monthly record high, gross new issuance in loans totaled $64 billion with $14 billion of net new issuance (ex repricing/refinancing). Of particular note was the over $7.5 billion in leveraged buyout (LBO) financing occurring in February, the highest amount since June 2022 and an indicator of a continued recovery of the primary market after the 2022–2023 shock in interest rates.

Interest rates have been volatile year to date as market participants evolve their views on the direction of Federal Reserve policy. Nevertheless, the leveraged loan market has performed well, particularly when compared to other areas of fixed income; the floating rate structure of loans helps to insulate investors from rate volatility while our portfolio has continued to pay attractive coupons. The resilience of leveraged loans and their potential diversification benefit continue to make them, in our view, a valuable constituent to a thoughtfully constructed portfolio. Overall, we remain steadfastly focused on bottom-up name selection and continue to manage a high-conviction portfolio emphasizing business quality.

Portfolio Details

	ARTUX	APDUX
Net Asset Value (NAV)	$9.67	$9.67
Inception	1 Dec 2021	1 Dec 2021
30-Day SEC Yield (%)*	8.11/8.65	8.35/8.74
Expense Ratios (% Gross/Net)		
Annual Report 30 Sep 2023[1,2,3]	2.74/1.20	1.57/1.10
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 2025. [3]See prospectus for further details.

Portfolio Statistics

Number of Holdings	85
Number of Issuers	65

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Delta Topco Inc	4.9
Nexus Buyer LLC	4.5
STS Operating Inc	3.7
Edelman Financial Engines Center LLC	3.5
Ultimate Software Group Inc	3.4
Applied Systems Inc	2.5
Fogo De Chao Inc	2.2
Surgery Center Holdings Inc	2.2
TKC Holdings Inc	2.1
Amynta Agency Borrower Inc	2.0
TOTAL	**31.0%**

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 29 February 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	**0.69**	**1.42**	**1.42**	**11.62**	—	—	—	**5.39**
Advisor Class: APDUX	**0.80**	**1.43**	**1.43**	**11.74**	—	—	—	**5.50**
Credit Suisse Leveraged Loan Index	0.89	1.68	1.68	11.37	—	—	—	6.18
As of 31 December 2023								
Investor Class: ARTUX	**1.42**	**2.47**	**13.57**	**13.57**	—	—	—	**5.11**
Advisor Class: APDUX	**1.53**	**2.50**	**13.69**	**13.69**	—	—	—	**5.22**
Credit Suisse Leveraged Loan Index	1.61	2.85	13.04	13.04	—	—	—	5.83

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	2.7
BB	8.2
B	77.1
CCC	9.0
D	1.0
Unrated	2.0
TOTAL	**100.0%**

Source: Artisan Partners.

Sector Diversification (% of portfolio securities)

Automotive	0.0
Banking	0.0
Basic Industry	0.7
Capital Goods	9.8
Consumer Goods	6.3
Energy	0.0
Financial Services	11.7
Health Care	6.4
Insurance	17.9
Leisure	4.1
Media	2.9
Real Estate	0.6
Retail	7.5
Services	11.0
Technology & Electronics	20.5
Telecommunications	0.6
Transportation	0.0
Utility	0.0
Other	0.0
TOTAL	**100.0%**

Source: Artisan Partners/ICE BofA. Cash and cash equivalents represented 14.0% 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	**98.9**
United States	97.3
Canada	1.6
EUROPE	**1.1**
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.

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.

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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. **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. **Three-year takeout** refers to the point at which a current loan is refinanced or otherwise paid off. **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. **Average Price** is the aggregate market value of the fixed income securities in the portfolio. **Leveraged Buyout (LBO)** is the acquisition of another company using a significant amount of borrowed money to meet the cost of acquisition. **Par** represents the level a security trades at when its yield equals its coupon.

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