Artisan High Income Fund

MONTHLY Commentary

Investor Class: ARTFX | Advisor Class: APDFX

As of 31 March 2024

Commentary

Our portfolio underperformed the ICE BofA US High Yield Index in March. Security selection in corporate bonds was the largest detractor for the month, primarily within the telecommunication sector. From a ratings perspective, our selection within BBs contributed to outperformance while our exposure in B and CCC detracted from relative returns.

Credit markets performed well in March as a solid earnings season buoyed credit spreads while remarks by the Federal Reserve continued to support the notion of rate cuts later this year. High yield bonds (as measured by the ICE BofA US High Yield Index) posted gains of 1.2% for the month bringing year-to-date total returns to 1.5%, while leveraged loans (as represented by the Credit Suisse Leveraged Loan Index) returned 0.8% in March contributing to a 2.5% return year to date. Notably, while spreads have tightened across both segments of leveraged credit so far this year, yields remain higher than December as markets have dramatically reduced expectations for interest rate cuts amid a strong economic backdrop.

By credit quality, BBs (+1.3%) and CCCs (+1.3%) outperformed Bs (+1.0%). High yield bond spreads continued to grind tighter across all credit qualities, with BBs ending the month at their lowest spread since January 2020. Though CCC spreads have tightened materially over the past year, we continue to see ample dispersion among this cohort, offering up opportunities for disciplined “credit pickers” focusing on business fundamentals rather than rating agency views.

Default activity was benign in March though base effects resulted in the default rate rising slightly in the month. Through March, the par-weighted default rate for bonds and loans, excluding distressed exchanges, was 1.67% and 1.86%, respectively. Overall, default rates remain below the most recent peak of defaults in 2020. The primary market continued to fire on all cylinders in March, with over $28 billion in bonds and $117 billion in loans priced during the month. For bonds, the months of January, February and March all priced the largest issuance seen since 2021, while loans posted their most active quarter from a new issuance perspective since 2017. Borrowers remain focused on addressing near-term maturities, taking advantage of the resilient economy and a decline in Treasury rates and credit spreads since October; the vast majority of issuance continues to be geared toward refinancings/repricing rather than net new issuance.

Yields remain at attractive levels across bonds and loans, while broad corporate fundamentals are on sound footing. We continue to believe credit markets offer a compelling diversifier to portfolios, particularly as equity market performance appears to be dominated by an increasingly smaller number of companies. Our emphasis on bottom-up selection remains our top priority as we seek to identify quality businesses that are resilient across market environments.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	$8.99	$8.98
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	7.92%	8.00%
Expense Ratios		
Annual Report 30 Sep 2023	0.94%	0.79%
Prospectus 30 Sep 2023[1]	0.96%	0.80%

[1]See prospectus for further details.

Portfolio Statistics

Number of Holdings	232
Number of Issuers	120

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

Charter Communications Inc	4.0
The Ardonagh Group	3.8
Carnival Corp	3.8
NCL Corp Ltd	3.5
NFP Corp	3.2
Virgin Media Secured Finance PLC	3.1
Medline Industries Inc	2.7
TKC Holdings Inc	2.7
Acrisure LLC	2.5
VistaJet Ltd	2.1
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	74.4
Bank Loans	16.8
Equities	0.2
Cash and Cash Equivalents	8.6
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 (%)

As of 31 March 2024	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
				Average Annual Total Returns				
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	3.2
BB	28.0
B	43.8
CCC	24.4
D	0.2
Unrated	0.4
TOTAL	**100.0%**

Source: Artisan Partners.

Maturity Distribution (%)

< 1 year	0.5
1 - <3 years	10.0
3 - <5 years	38.4
5 - <7 years	40.1
7 - <10 years	9.4
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-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. 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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