Artisan High Income Fund

MONTHLY Commentary

Investor Class: ARTFX | Advisor Class: APDFX

As of 28 February 2025

Commentary

Our portfolio underperformed the ICE BofA US High Yield Index during the month. Positive selection effects in corporate bonds were offset by the portfolio's allocation to bank loans, which lagged bonds in a month where Treasury yields generally declined across the curve. From a sector perspective, the most notable contributor was security selection in insurance and retail, while the largest detractor was security selection within consumer goods and transportation.

February marked an increase in equity market uncertainty as the CBOE VIX Index—the so-called "fear gauge"—rose above 20 for the first time this year. Tariff threats, geopolitical unrest and weaker "soft" economic data (such as consumer sentiment surveys) all contributed to a reset of risk appetite in stocks, with the S&P 500® Index declining 1.3%. In a sign of increasing "risk off" posture, the 10-Year Treasury yield fell over 30bps during February and was down almost 60bps from its recent peak on January 14. Through month-end, market participants were expecting nearly three cuts to the federal funds rate by the end of the 2025 even after a consumer price index (CPI) report earlier in the month suggested inflation remained elevated above the Federal Reserve's 2% target.

Despite rising equity market volatility, the high yield bond market held firm with declining Treasury yields helping to offset modest spread widening. The ICE BofA US High Yield Index gained 0.7% for the month even as spreads widened by 19bps, though it's worth noting that spreads remained tighter at the end of February than at the start of the year. Meanwhile, the S&P UBS Leveraged Loan Index gained 0.2% for the month, continuing its impressive streak of 21 consecutive months of positive returns. For the month of February, both the high yield bond and leveraged loan market outperformed the S&P 500® Index and provided positive returns fueled by coupon income, a useful reminder of the value that the asset class offers to investors in a broader multi-asset context.

In contrast to rising anxieties in the equity market, we believe it's worth highlighting that credit fundamentals remain strong. February marked a decline in default/liability management exercise (LME) activity from January, registering a new low in volume since December 2022. Only 4% of the high yield bond and 5% of the leveraged loan market are trading at distressed levels (above 1,000bps OAS for bonds and below $80 price for loans). Finally, within the high yield bond market upgrades outnumbered downgrades for the 12th month over the last 13, though we'd note that two large fallen angels (Nissan Motor Co and Celanese Holdings) entered the universe in February.

We believe that credit markets continue to offer attractive absolute yields and total return potential, the value of which is only heightened in a more uncertain environment for equities. Against a backdrop of benign defaults and solid fundamentals, the ability to potentially generate high-single-digit returns with generally less volatility than stocks remains compelling. However, we believe credit discipline remains of utmost importance in an environment of tighter spreads and accommodative capital markets. We continue to emphasize business quality as we maintain a high-conviction approach to the asset class.

Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	$9.18	$9.17
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	8.02%	8.18%
Expense Ratios		
Annual Report 30 Sep 2024	0.95%	0.79%
Prospectus 30 Sep 2024[1]	0.96%	0.80%

[1]See prospectus for further details.

Portfolio Statistics

Number of Holdings	238
Number of Issuers	123

Source: Artisan Partners.

Top 10 Holdings (% of total portfolio)

The Ardonagh Group	4.5
Charter Communications Inc	4.2
Carnival Corp	4.0
VistaJet Ltd	3.3
NCL Corp Ltd	3.2
TKC Holdings Inc	3.0
Virgin Media Secured Finance PLC	2.9
Medline Industries Inc	2.8
X Corp	2.7
Acrisure LLC	2.6
TOTAL	**33.0%**

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.

Portfolio Composition (% of total portfolio)

Corporate Bonds	73.1
Bank Loans	20.2
Equities	0.2
Cash and Cash Equivalents	6.5
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 28 February 2025	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	**0.51**	**1.87**	**1.87**	**9.66**	**5.32**	**6.20**	**6.29**	**6.21**
Advisor Class: APDFX	**0.52**	**1.89**	**1.89**	**9.70**	**5.48**	**6.36**	**6.46**	**6.37**
ICE BofA US High Yield Index	0.65	2.04	2.04	10.06	4.89	4.79	4.97	4.80
As of 31 December 2024								
Investor Class: ARTFX	**-0.09**	**0.83**	**8.37**	**8.37**	**4.18**	**5.70**	**6.41**	**6.12**
Advisor Class: APDFX	**-0.18**	**0.87**	**8.43**	**8.43**	**4.30**	**5.85**	**6.58**	**6.28**
ICE BofA US High Yield Index	-0.43	0.16	8.20	8.20	2.91	4.04	5.08	4.68

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	3.7
BB	26.9
B	43.1
CCC and Below	22.0
Unrated	4.3
TOTAL	**100.0%**

Source: Artisan Partners.

Maturity Distribution (%)

< 1 year	0.7
1 - <3 years	14.4
3 - <5 years	43.5
5 - <7 years	32.3
7 - <10 years	7.6
10+ years	1.4
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	24

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. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. CBOE Volatility Index (VIX) is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time, mid-quote prices of S&P 500® Index call and put options. S&P UBS Leveraged Loan Index is an unmanaged market value-weighted index designed to mirror the investable universe of the US dollar-denominated leveraged loan market. Loan facilities must be rated "BB" or lower by S&P, Moody's or Fitch; 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. 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 determined by Artisan Partners based on ratings from S&P and/or Moody's, which typically range from AAA (highest) to D (lowest). For securities rated by both S&P and Moody's, the higher of the two ratings was used, and those not rated by either agency have been categorized as Unrated/Not Rated. Ratings are applicable to the underlying portfolio securities, but not the portfolio itself, and are subject to change. **Maturity Distribution** represents the weighted average of the maturity dates of the securities held in the portfolio. **Options-Adjusted Spread (OAS)** measures the portfolio's yield spread for fixed income securities relative to a benchmark, typically a treasury yield curve, adjusted to account for embedded options. **Spread** is the difference in yield between two bonds of similar maturity but different credit quality. **Consumer Price Index** measures the average change in prices over time that consumers pay for a basket of goods and services. **Fallen Angel** is a bond that was once rated investment grade (BBB- or above) by major rating agencies that is subsequently downgraded to below investment grade (BB+ or below). **Leveraged Loans** are extended to companies or individuals that already have considerable amounts of debt.

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