



# Artisan High Income Fund

## MONTHLY Commentary

Investor Class: ARTFX

Advisor Class: APDFX

As of 31 March 2025

### Commentary

Our portfolio outperformed the ICE BofA US High Yield Index during the month. Across asset types, the portfolio benefited from positive selection effects in corporate bonds as well as our allocation to bank loans, which outperformed the high yield index amid spread and rate volatility. By rating, security selection within CCC-rated debt was the most notable contributor as our CCC issuers materially outperformed the broader CCC-rated market. From a sector perspective, the portfolio benefited from security selection in media and technology & electronics while our allocation to retail was the most notable detractor.

A constant stream of headlines drove risk asset performance in March, as heightened uncertainty from seemingly daily shifts in tariff policy coupled with increased federal layoffs weighed on investor confidence. The S&P 500® Index fell 5.6% during the month—its largest monthly decline since December 2022—led by continued underperformance in growth stocks, bringing year-to-date total returns to -4.3%. Treasury market performance was mixed as investors digested potential impacts to both inflation and growth from the administration's policies; the short end of the Treasury curve rallied while yields on the long end rose, causing the yield curve (as measured by the difference between 2- and 10-year Treasury yields) to steepen.

Pleasingly, credit markets have exhibited resiliency in the face of recent market stress. Although March total returns were negative for the high yield market (as measured by the ICE BofA US High Yield Index) and the loan market (as measured by the S&P UBS Leveraged Loan Index), on a year-to-date basis the total return for both markets remained firmly positive. Within the high yield market, spreads widened by 68bps in March, led by CCCs which widened 168bps. Meanwhile, the average price for the loan market fell approximately 0.4 points as the loan index outperformed high yield bonds by approximately 0.8% during the month.

Despite recent market stress, credit fundamentals and technicals remain on solid footing. Default volumes remain low and skewed heavily toward distressed exchanges and liability management exercises (LMEs); for Q1, default volumes across bonds and loans registered their lowest volume since Q4 2022. From a technicals perspective, the primary market continued to print new deals in March in spite of increased volatility, with the high yield bond market in particular pricing its highest monthly volume since last October.

The start of the year has seen a considerable shift in market narrative. Exuberance surrounding a more pro-business administration and continued "American exceptionalism" has been replaced with increasing concerns regarding the sustainability of economic growth. As equity markets have taken the brunt of the pain year-to-date, credit markets have provided positive total returns and valuable diversification. While recent spread widening has created a more attractive entry point, our emphasis remains clear—we continue to allocate in a high-conviction manner focused on business quality with a view that over the long term, credit investors are rewarded for disciplined security selection.

### Portfolio Details

	ARTFX	APDFX
Net Asset Value (NAV)	\$9.06	\$9.05
Inception	19 Mar 2014	19 Mar 2014
30-Day SEC Yield	7.83%	8.01%
Expense Ratios		
Annual Report 30 Sep 2024	0.95%	0.79%
Prospectus 30 Sep 2024 <sup>1</sup>	0.96%	0.80%

<sup>1</sup>See prospectus for further details.

### Portfolio Statistics

Number of Holdings	235
Number of Issuers	123

Source: Artisan Partners.

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

The Ardonagh Group	4.5
VistaJet Ltd	4.3
Charter Communications Inc	4.2
Carnival Corp	4.0
NCL Corp Ltd	3.1
X Corp	3.0
TKC Holdings Inc	3.0
Virgin Media Secured Finance PLC	2.9
Medline Industries Inc	2.7
Acrisure LLC	2.7
<b>TOTAL</b>	<b>34.3%</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.

### Portfolio Composition (% of total portfolio)

Corporate Bonds	72.6
Bank Loans	21.5
Equities	0.5
Cash and Cash Equivalents	5.4
<b>TOTAL</b>	<b>100.0%</b>

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 2025	MTD	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTFX	-0.79	1.06	1.06	7.99	5.07	9.11	6.20	6.08
Advisor Class: APDFX	-0.78	1.10	1.10	8.17	5.23	9.28	6.36	6.24
ICE BofA US High Yield Index	-1.07	0.94	0.94	7.60	4.84	7.21	4.92	4.66

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	3.5
BB	27.5
B	43.1
CCC and Below	21.0
Unrated	4.9
<b>TOTAL</b>	<b>100.0%</b>

Source: Artisan Partners.

## Maturity Distribution (%)

< 1 year	0.5
1 - <3 years	16.3
3 - <5 years	44.2
5 - <7 years	30.3
7 - <10 years	7.4
10+ years	1.3

**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. 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. **Spread** is the difference in yield between two bonds of similar maturity but different credit quality. **Leveraged Loans** are extended to companies or individuals that already have considerable amounts of debt.

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