Artisan Credit Opportunities Strategy

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Uncovering Value Through an Opportunistic Approach

The Artisan Credit Opportunities Strategy was designed to generate attractive risk-adjusted returns through a credit-intensive, value-oriented approach. Using a high-conviction, bottom-up fundamental research process, the Artisan Credit Opportunities Strategy has the flexibility to invest across the capital structure in companies facing dislocation, stress and other special situations. Unconstrained by credit ratings and liquidity, the portfolio's long and short approach allows it to rotate exposures to take advantage of opportunities across all phases of the credit cycle—exploiting dislocations during more normal environments and taking advantage of secular opportunities during economic downturns. This results in a portfolio driven more by idiosyncratic outcomes and less by overall market direction.

Investment Results

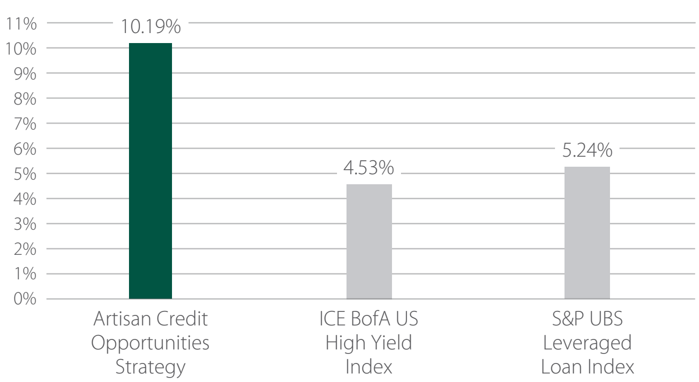
(% as of 31 Mar 2025)	QTD	YTD	Average Annual Total Returns 1 Yr	3 Yr	5 Yr	Inception
Credit Opportunities Composite—Gross	1.45	1.45	12.78	12.94	20.66	13.64
Credit Opportunities Composite—Net	0.91	0.91	9.49	9.61	16.60	10.19
ICE BofA US High Yield Index	0.94	0.94	7.60	4.83	7.21	4.53

Calendar Year Returns (%)

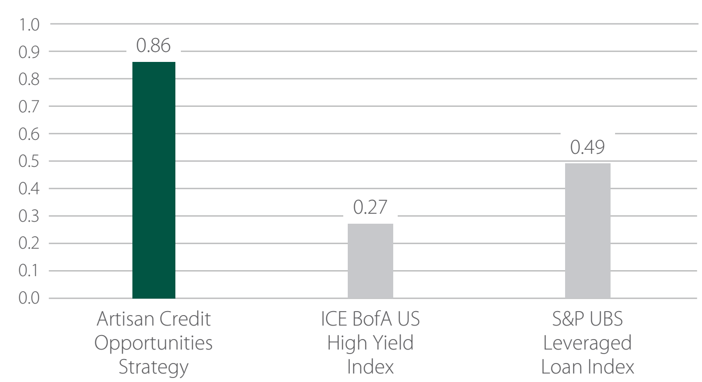
	2020	2021	2022	2023	2024
Credit Opportunities Composite—Net	18.58	14.17	-5.07	22.33	13.85

Source: Artisan Partners. Returns for periods less than one year are not annualized. Composite inception: 1 Jul 2017. **Past performance does not guarantee and is not a reliable indicator of future results.** Current performance may be lower or higher than the performance shown. Composite performance has been presented both gross and net of 1.50% investment management fee and 15% performance-based fee (subject to high-water mark).

Annualized Returns (Net, since inception)



Sharpe Ratio (Since inception)



Performance Statistics (Since inception)

	Cumulative Returns Since Inception	Annualized Returns Since Inception	Standard Deviation	Sharpe Ratio	Relative to ICE BofA US High Yield Index: Up Capture	Down Capture
Credit Opportunities Composite—Net	112.26%	10.19%	9.05%	0.86	128%	60%
ICE BofA US High Yield Index	40.99%	4.53%	7.95%	0.27	—	—

Source: Artisan Partners/ICE BofA/S&P. As of 31 Mar 2025. Composite inception: 1 Jul 2017. Risk-free proxy is 3-month US Treasury bill. **Past performance does not guarantee and is not a reliable indicator of future results.** Risk and return statistics from 1 Jul 2017 to 31 Mar 2025 based on Credit Opportunities net returns. Upside capture ratio measures a strategy's performance in up markets relative to an index. Downside capture ratio measures a strategy's performance in down markets relative to the index.

Investment Risks: Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in strategies denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. These risks, among others, are further described on the last page, which should be read in conjunction with this material.

Areas of Opportunity

Since the start of 2022, the Federal Reserve's aggressive tightening campaign has materially transformed the landscape for leveraged credit. Although headline valuations may still paint a picture of relative calm for leveraged credit risk, prices across various market segments reflect an uncertain path for risk assets. This is particularly notable in lower rated, smaller issue, and underfollowed capital structures that are often misunderstood by both rating agencies and the broader market.

Against this backdrop, the team's ability to capitalize on market inefficiencies through individual security selection and a flexible approach will be key in taking advantage of episodic volatility. In assessing the current environment, the portfolio strategically focuses on lower rated and less-liquid segments of the credit markets while aiming to identify short candidates with catalyst events that can cause a significant readjustment of the perceived credit worthiness of the issuer.

The portfolio seeks to exploit security-level mismatches through deep credit research to invest in resilient credits trading at significant discounts.

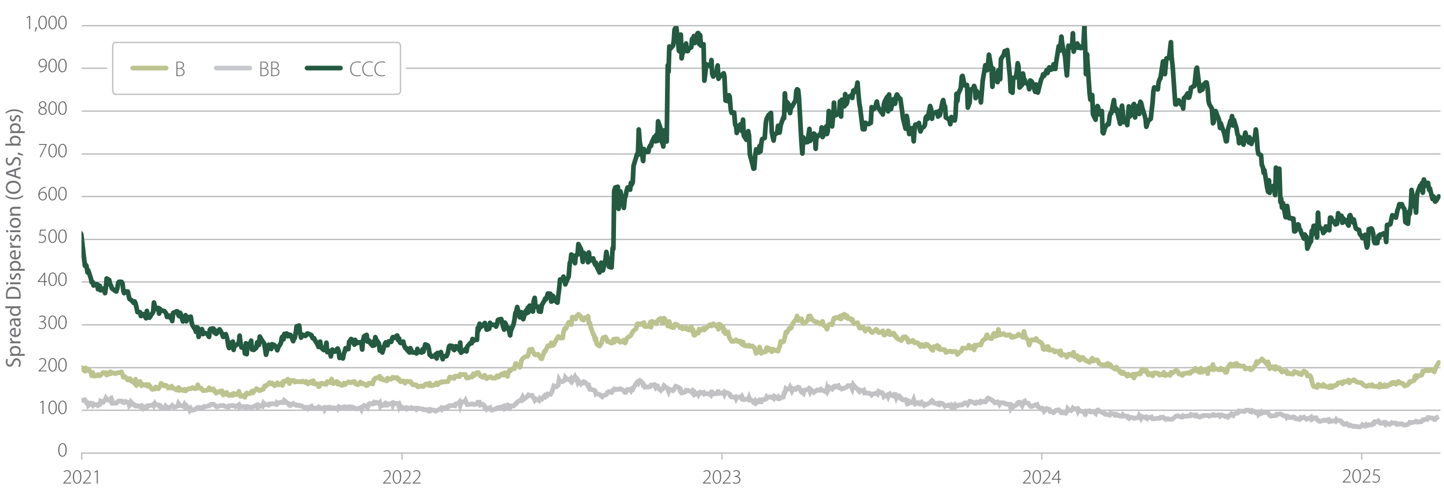
Performing Credit

In recent years there have been notable changes in spreads on offer in performing credit markets. By the end of 2021, strong market performance contributed to a collapse in dispersion across all credit qualities, limiting opportunities for active manager outperformance. In 2022 as economic growth concerns took hold, spreads widened across credit markets, particularly in lower rated (CCC) companies. Commensurate with this spread widening, dispersion meaningfully increased in this lower rated cohort. This created a unique environment where skilled credit selection in lower rated capital structures can drive significant outperformance.

In general, CCC-rated risk is vulnerable to a slowing economic environment, however the portfolio focuses on an idiosyncratic subset of lower rated yet fundamentally strong credits. In our view, these borrowers are generally misunderstood by the market and are, at times, overwhelmed by near-term sentiment. However, they are often supported by predictable cash flows, strong enterprise coverage and low capital expenditure needs. The portfolio seeks to exploit these security-level mismatches through deep credit research to invest in resilient credits trading at significant discounts.

Measuring Market Opportunity—Dispersion Among Lower Rated Credit Creates More Opportunities for Credit Selection

High Yield Bond Spread Dispersion: 75th–25th Percentile Option-Adjusted Spreads (bps)



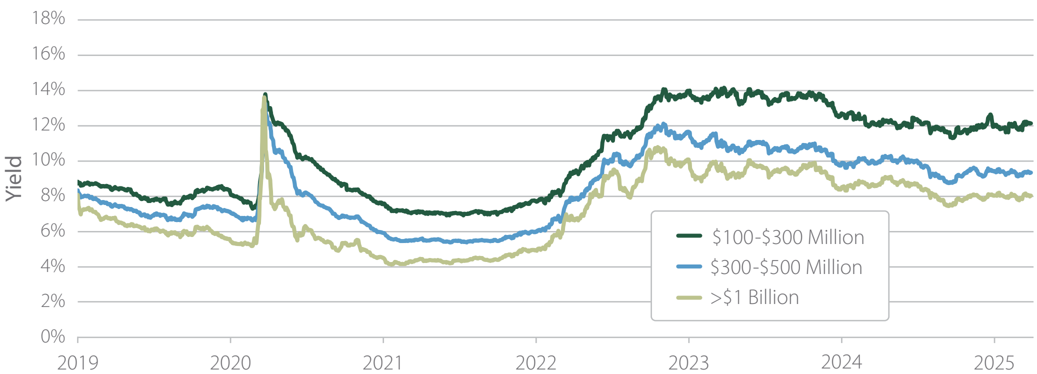
Source: Artisan Partners/ICE BofA. As of 31 Mar 2025. Based on option-adjusted spreads (OAS) for constituents in the ICE BofA US High Yield Index.

Less Liquid Opportunities

Due in part to the rise of private credit over the past decade, the market share of smaller issues has significantly declined in syndicated markets. In times of increased risk aversion, investors may also be quicker to sell these underfollowed investments to re-focus the portfolio on those investments that are perceived to be "higher quality". The loss of investor sponsorship for these smaller, less liquid investments has translated into an illiquidity premium that can be harvested through rigorous, fundamental due diligence that identifies quality businesses overlooked in the market. The portfolio's nimble approach and prudent capacity management allows it to invest significantly in these opportunities, which can offer enhanced yield and total return.

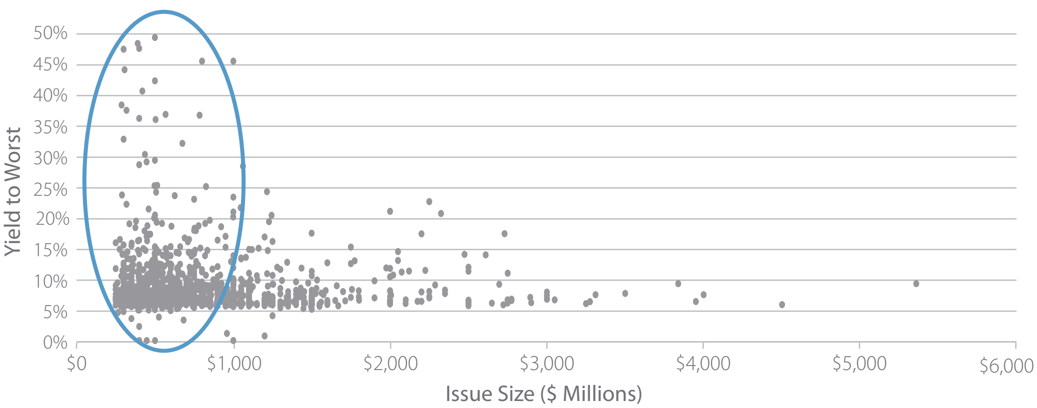
Capturing Illiquidity Premium in Leveraged Credit

JP Morgan Levereged Loan Index: Yields by Deal Size



Potential for Enhanced Return Exists Among Smaller Issues

ICE BofA US High Yield Index Constituents



Source: JPMorgan/ICE BofA. As of 31 Mar 2025. Deal size is based on the JP Morgan Leveraged Loan Index. Constituents in the ICE BofA US High Yield Index with yield to worst in excess of 50% have been removed from the data. **Past performance is not a reliable indicator of future results.**

Opportunistic Dislocations

Credit liquidity can be notoriously ephemeral, as unforeseen catalysts can cause secondary market liquidity to suddenly evaporate. With structural market changes and the secular decline in dealer inventories since the Global Financial Crisis, a shift in investor sentiment can set off a vicious cycle of falling prices and worsening liquidity that can exacerbate market declines and cause credit prices to often overshoot their fair values to the downside. The portfolio looks to take advantage of such events by capitalizing on credit-specific disconnects between current pricing and intrinsic value. While these opportunities may be fleeting in nature, the strategy's approach is structurally set-up to allocate to idiosyncratic and fundamentally sound opportunities that arise from market illiquidity.

Stressed and Special Situations

When credit availability becomes scarce, credit stress and credit-specific dislocations increase. We saw this dynamic play out most recently in 2022 and 2023, as inflationary pressures materially impacted corporate margins and profitability leaving many companies in need of near-term capital. Bank lending conditions deteriorated significantly, creating compelling opportunities to extend liquidity to borrowers that had been shut out of primary markets. The portfolio looks to take advantage of situational stress and distress through rescue financing situations as well as buying deeply discounted senior instruments backed by strong collateral and creditor-friendly documentation. The combination limits downside risk through structural seniority while providing the potential for equity-like returns in the event of recovery.

Investment Examples

Less Liquid Investment

Second-lien loan in a national distributor of hydraulic motor parts. The privately owned company is characterized by low leverage, strong free cash flow characteristics and a supportive private equity sponsor. Small, loan-only capital structure provides mid-teens yields—an attractive risk-adjusted return for a business supported by strong credit fundamentals.

Opportunistic

Packaging provider with significant exposure to e-commerce end markets. Part of a hung financing debt deal that was syndicated at one of the steepest discounts since the GFC. Despite trading materially wider than packaging peers, the bonds should benefit from stronger-than-expected growth and deleveraging, resulting in strong price appreciation.

Stressed/Distressed

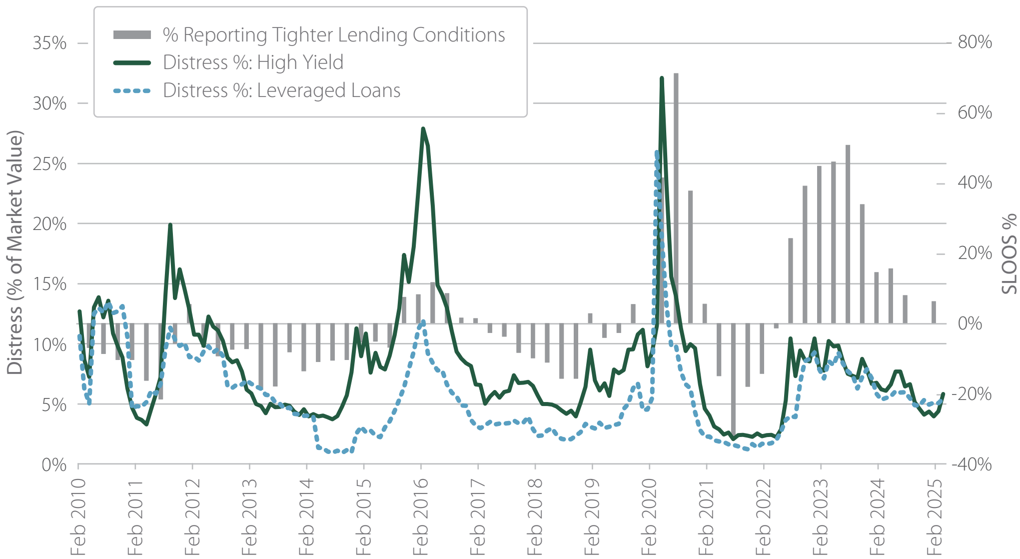
Senior and unsecured bonds of North America's largest ladder manufacturer. The company's capital structure fell to stressed levels after higher labor and input costs led to deteriorating cash flows and operating earnings. The company has made significant progress in right-sizing its cost structure and is well-positioned for a near-term turnaround.

Short Opportunities

Short the bonds of a cargo airliner. The company benefited from a COVID-induced increase in utilization of its services that proved temporary as passenger airline travel recovered. We expected a combination of weaker operating performance and high capex requirements that would constrain liquidity and increase the risk of default.

Distressed Rates Tend to Increase as Lending Conditions Tighten

High Yield and Leveraged Loan Distress Rate (%) vs. Senior Loan Officer Opinion Survey (SLOOS)



Source: JPMorgan. As of 31 Mar 2025. Based on constituents in the JPMorgan High Yield Bond and Leveraged Loan Indices. High yield distress defined on % of constituents with spreads in excess of 1,000bps. Leveraged loan distress defined by % of constituents trading below $80. Senior Loan Officer Survey data as of 31 Dec 2024.

Portfolio Construction

Style
Opportunistic Credit Strategy

Typical Exposure
Gross: 100–175%
Net: 80–130%

Number of Issuers
Typically 40–60

Position Concentration
Typically 60% of gross exposure in top 10 issuers

Issuer Size
Enterprise value >$250mn

Instruments
High Yield Bonds
Leveraged Loans
Distressed Debt
Equities
Single-Issuer CDS

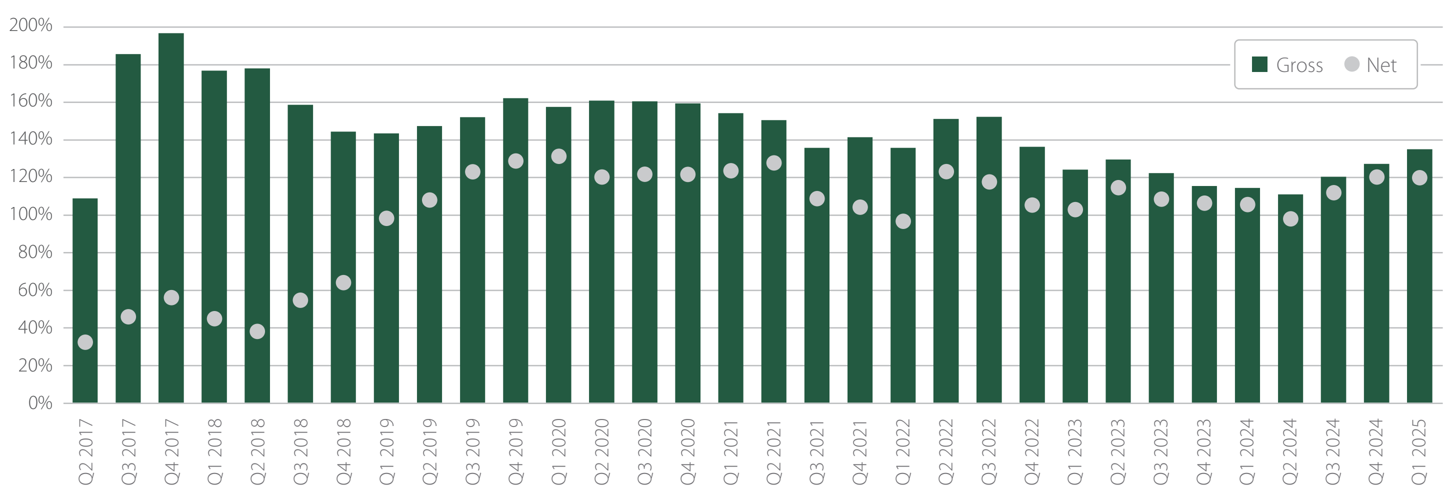
Based on a model portfolio. Individual accounts may vary.

Catalyst-Driven Shorts

A record level of buyout activity and leveraging transactions after the pandemic has left many companies with unsustainable capital structures. While interest costs for these companies were manageable in an environment with low short-term rates and tighter spreads, the recent dramatic rise in borrowing costs has the potential to significantly erode cash flow just from debt service alone.

The portfolio's short positions tend to focus on issuers facing a combination of secularly challenged business models, unsustainable leverage and elevated valuations, aiming to exploit the revaluation that occurs when a company moves from performing to stressed and stressed to distressed. These ideas are typically expressed through cash bonds and credit default swaps. Importantly, we focus on short candidates with specific near-term catalysts that can cause the market to reassess the company's default risk, such as balance sheet management exercises or refinancing events. This flexibility to express negative views affords the portfolio additional degrees of freedom and the ability to capitalize on a broader opportunity set.

Historical Gross and Net Exposure



Source: Artisan Partners/Bloomberg. As of 31 Mar 2025. Portfolio inception: 20 Jun 2017. Statistics include accrued interest unless otherwise stated and will change over time. Exposure weights exclude cash and cash equivalents, currency forwards and futures.

For more information: Visit www.artisanpartners.com

This section contains information important to a complete understanding of the material presented. Please review it carefully.

Investment Risks: 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. Investments will rise and fall with market fluctuations and investor capital is at risk. Investors investing in strategies denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. These risks, among others, are further described in Artisan Partners Form ADV, which is available upon request. This is a marketing communication.

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Performance: Net-of-fees composite returns were calculated using the highest model investment advisory fees applicable to portfolios within the composite and include reinvestment of dividends, interest, and other proceeds from transactions. All performance results are net of commissions and transaction costs, and have been presented gross and net of investment advisory fees. Dividend income is recorded net of foreign withholding taxes on ex-dividend date or as soon after the ex-dividend date as the information becomes available to Artisan Partners. Interest income is recorded on the accrual basis.

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