Artisan Floating Rate Fund

QUARTERLY
Commentary

Investor Class: ARTUX | Advisor Class: APDUX | Institutional Class: APHUX

As of 31 December 2025

Investment Process

We seek to invest in issuers with high-quality business models that have compelling risk-adjusted return characteristics. Our research process has four primary pillars:

Business Quality

We use a variety of sources to understand an issuer's business model resiliency. We analyze the general health of the industry in which an issuer operates, the issuer's competitive position, the dynamics of industry participants and the decision-making history of the issuer's management.

Financial Strength and Flexibility

We believe that analyzing the history and trend of free cash flow generation is critical to understanding an issuer's financial health. Our financial analysis also considers an issuer's capital structure, refinancing options, financial covenants, amortization schedules and overall financial transparency.

Downside Analysis

We believe that credit instruments by their nature have an asymmetric risk profile. The risk of loss is often greater than the potential for gain, particularly when looking at below investment grade issuers. We seek to manage this risk with what we believe to be conservative financial projections that account for industry position, competitive dynamics and positioning within the capital structure.

Value Identification

We use multiple metrics to determine the value of an investment opportunity. We look for credit improvement potential, relative value within an issuer's capital structure, catalysts for business improvement and potential value stemming from market or industry dislocations.

Team Overview

Our team brings together a group of experienced credit analysts who are dedicated to a single investment philosophy and process. All team members conduct deep fundamental credit research as generalists with sector tendencies to identify issuers with high quality business models that have compelling risk-adjusted return characteristics.

Portfolio Management

Bryan C. Krug, CFA
Portfolio Manager (Lead)

Seth B. Yeager, CFA
Portfolio Manager

Investment Results (%)

			Average Annual Total Returns				
As of 31 December 2025	QTD	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception
Investor Class: ARTUX	**0.98**	**6.30**	**6.30**	**9.07**	—	—	**5.98**
Advisor Class: APDUX	**1.01**	**6.30**	**6.30**	**9.15**	—	—	**6.06**
Institutional Class: APHUX	**1.02**	**6.46**	**6.46**	**9.21**	—	—	**6.11**
S&P UBS Leveraged Loan Index	1.19	5.94	5.94	9.30	—	—	6.64

Source: Artisan Partners/S&P. Returns for periods less than one year are not annualized. Class inception: Investor (1 December 2021); Advisor (1 December 2021); Institutional (1 December 2021).

Expense Ratios (% Gross/Net)*	ARTUX	APDUX	APHUX
Annual Report	1.55/1.20	1.36/1.10	1.24/1.05
Prospectus	1.80/1.07	1.47/0.97	1.29/0.92

*Unsubsidized/subsidized. Annual Report: 30 Sep 2025. Prospectus: 24 Nov 2025. For investor class, the expense limit prior to 1 Dec 2025 was 1.20%. Effective 1 Dec 2025, the expense limit was 1.05%. For advisor class, the expense limit prior to 1 Dec 2025 was 1.10%. Effective 1 Dec 2025, the expense limit was 0.95%. For institutional class, the expense limit prior to 1 Dec 2025 was 1.05%. Effective 1 Dec 2025, the expense limit was 0.90%. Net expenses reflect a contractual expense limitation agreement in effect through 31 Jan 2027. See prospectus for further details. Annual report figures: Excludes Acquired Fund Fees and Expenses as described in the prospectus.

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. Performance may reflect agreements to limit a Fund's expenses, which would reduce performance if not in effect. 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.

Performance Discussion

Our portfolio modestly underperformed the S&P UBS Leveraged Loan Index during the quarter. Across asset types, the primary contributor was security selection in bank loans, consistent with our philosophy and approach. By rating, the most notable contributor was positive selection effects in CCC-rated debt. From a sector perspective, the portfolio benefited from security selection in basic industry and media, while selection within automotive was the most notable detractor.

Investing Environment

Market participants digested a flood of headlines during the quarter, ranging from the US government shutdown, macroeconomic data releases, Federal Reserve commentary and renewed discussion of an "artificial intelligence (AI) bubble"—culminating in volatile equity markets. The S&P 500® Index gained 2.7% during the quarter, with the bulk of those gains occurring in the last two weeks of the year. On November 20, the CBOE VIX Index, sometimes referred to as the market's "fear gauge," reached its highest reading at market close since April's tariff-driven selloff. Volatility was most evident in stocks closely tied to AI and technology, where the overall technology sector of the S&P 500® Index experienced a peak-to-trough decline of roughly 10% from October 29 through November 20 before rallying modestly to end the year still below its peak.

Against this backdrop, credit markets posted positive gains for the quarter, resulting in another year of attractive total returns for the asset class while providing critical downside protection and diversification benefits to portfolios. The bank loan market (as measured by the S&P UBS Leveraged Loan Index) gained 1.2% for the quarter and 5.9% for the year, with performance driven by coupon income. The average price of the index ended the quarter at 95.9, with an average discount margin of 455bps at the index level. Investors in the loan market continue to benefit from a compelling track record of consistency for the asset class, with the loan index registering its 31st year of positive returns in 34 years total, or 91% of all calendar years.

Falling Treasury yields helped boost fixed-rate bond performance during the year, contributing to outperformance of high yield bonds (as measured by the ICE BofA US High Yield Index) over loans. In 2025, the 2-Year Treasury and 10-Year Treasury yield declined 77bps and 40bps, respectively, with the Federal Open Market Committee (FOMC) voting to cut rates three times. With inflation still above the Fed's longer term goal, the path forward for monetary policy remains unclear as the Fed grapples with both sides of its dual mandate of price stability and maximum employment. At year-end, the fed funds futures market was pricing in roughly two cuts to rates by the end of 2026, but these expectations can shift quickly and create the potential for increased rate volatility in fixed-rate assets going forward.

By credit quality, all rating segments produced positive returns for the year across bonds and loans, though it's worth noting that higher rated credit (such as BB) generally outperformed. Within the loan market, a small number of idiosyncratic situations detracted from index performance in lower rated categories, highlighting the importance of issuer and security selection. During the year, we held no exposure to any of the 10 worst performing issuers across both the high yield and bank loan markets—a testament to our alpha-by-avoidance.

Even after a year of declining base rates and tighter spreads, credit markets continue to offer the potential for attractive returns. At the end of the year, the bank loan market yielded 7.9%, inclusive of the market's expectations of lower base rates. Income continues to be the primary driver of returns in the loan market, providing valuable diversification benefits to investors who are wrestling with both elevated stock valuations and equity markets that are becoming more concentrated. It's worth noting that much of the financing used for the buildout of AI to date has occurred in the investment grade bond and private credit markets, rather than the syndicated high yield bond or loan market. If weakness begins to form in that sector, investors in the below investment grade market could benefit from being less exposed to the downside risks while also creating the opportunity for active managers to buy compelling dislocated paper.

Despite a small number of notable headline issues in credit markets during 2025, default volumes remain benign in both bonds and loans. Excluding distressed exchanges/liability management exercises (LMEs), the trailing 12-month par weighted default rate was less than 1.0% in high yield bonds and less than 1.5% in loans at year-end, well below long-term averages. In addition, 2025 saw a notable reduction in the number of LMEs relative to 2024, with LME volume declining by roughly 40% on a year-over-year basis. In particular, this reduction benefited the loan market, which has seen a higher incidence of LME activity versus bonds. The trailing 12-month par weighted default rate including distressed exchanges fell from roughly 4.5% at the end of 2024 to 2.9% at the end of 2025, the lowest reading since March 2023.

Portfolio Positioning

The loan market continues to offer what we believe are compelling opportunities for active managers to take advantage of mispricings. Over the past two decades, loans have evolved from a nascent asset class into a $1.6 trillion market that is an integral financing solution for companies across the globe. Along the way, market shifts—such as the rise of collateralized loan obligations (CLOs), as well as a modest increase in leverage profile of the universe—have created an environment in which loans, in aggregate, currently offer some of the highest total return potential across fixed income. At the same time, these shifts have increased the volume of idiosyncratic opportunities for disciplined allocators of capital.

At year-end, we held 85 issuers total with the top 10 issuers representing more than 34% of our total portfolio. As our investors know, we continue to believe that high-conviction investing is the optimal way to invest in credit markets across the cycle. Our selectivity has allowed us to create a differentiated portfolio of assets that we believe offers greater return potential than the benchmark through both price appreciation and carry; at the end of the quarter, the overall yield of our loan portfolio remains higher than the index. We continue to emphasize business quality as evidenced by our sector allocations, where insurance (in particular, insurance brokers) remains a key part of our overall portfolio. Within our largest sector exposure, retail, we continue to eschew secularly challenged businesses in favor of specialty retail companies where we believe we are lending at attractive levels that compensate us for embedded credit risk.

During 2025, we actively deployed capital across credit markets with a focus on purchasing differentiated assets at compelling valuations. Unsurprisingly, the vast majority of those opportunities were found in the loan market, with almost 95% of our buying activity occurring in loans during the year. As we examine our trading activity in 2025, there were two distinct periods of market volatility that we took advantage of: so-called "Liberation Day" and tariff-related weakness in the spring, as well as the fall period with market choppiness driven by AI bubble fears, the US government shutdown and a small number of headline credit issues. During each period, we deployed capital into assets with average prices below par and attractive spreads. Since our founding, we have strongly believed that the below investment grade market is inefficient, with dislocations that can be exploited; our trading activity in 2025 is a testament to our opportunistic approach.

Perspective

In 2025, credit investors were reminded once again why an allocation to loans can be an important part of a well-diversified portfolio. The loan market provided attractive returns—driven by income—while the asset class showed notable resiliency during several bouts of equity market volatility during the year. At current yield levels, the bank loan market continues to offer the potential for what we believe are compelling go-forward returns, with opportunities for active managers like ourselves to add alpha through security selection.

Heading into the new year, our activity in 2025 leaves us confident that our portfolio is well positioned in today's environment. We continue to maintain an uncompromising emphasis on business quality, constructing a differentiated portfolio of attractive assets from the bottom-up while maintaining discipline and focus.

Top 10 Holdings (% of total portfolio)

TKC Holdings Inc	4.5
X Corp	4.5
Delta Topco Inc	4.3
Nexus Buyer LLC	4.1
Traeger Grills	3.4
GSM Holdings Inc	3.2
Edelman Financial Engines Center LLC	3.0
Ancestry.com Operations Inc	2.8
19th Holdings Golf LLC	2.4
Acrisure LLC	2.2
TOTAL	**34.3%**

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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. Diversification does not ensure a profit or protect against a loss.

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. S&P 500® Index measures the performance of 500 US companies focused on the large-cap sector of the market. ICE BofA US High Yield Index measures the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US market. The index(es) are unmanaged; include net reinvested dividends; do not reflect fees or expenses; and are not available for direct investment. The CBOE VIX Index is a financial benchmark designed to be an up-to-the-minute market estimate of the expected volatility of the S&P 500® Index, and is calculated by using the midpoint of real-time S&P 500® Index (SPX) option bid/ask quotes.

The portfolio managers' views are subject to change, and Artisan disclaims any obligation to advise investors of such changes.

For the purpose of determining holdings, securities of the same issuer are aggregated to determine the weight in the portfolio. Portfolio holdings are subject to change without notice and are not intended as recommendations of individual securities. Further portfolio holdings information is available upon request. Unless otherwise indicated, all information in this report includes all classes of shares, except performance and expenses. Portfolio statistics include accrued interest unless otherwise stated and may vary from the official books and records of the Fund.

Contribution to Return (CTR) represents the contribution of an investment to the total portfolio return. CTR is calculated by multiplying a security's portfolio weight by its in-portfolio return daily for the period and has been derived from a transaction-based methodology, which includes the impact of transactions. **Attribution** quantifies the relationship between a portfolio's relative returns and the active management decisions differentiating the portfolio from the benchmark. **CTR and Attribution** are not exact, nor representative of actual investor returns due to several variables (e.g., fees, expenses, transactions) and therefore should be considered an approximation and examined in conjunction with the performance of the portfolio during the period. If applicable, securities of the same issuer are aggregated and may be delta-adjusted to determine the weight in the portfolio, and aggregation of corporate affiliates is subject to the determination of Artisan Partners. Further information on the methodology used is available upon request.

This material is provided for informational purposes without regard to your particular investment needs and shall not be construed as investment or tax advice on which you may rely for your investment decisions. Investors should consult their financial and tax adviser before making investments in order to determine the appropriateness of any investment product discussed herein.

Non-Investment Grade refers to fixed income securities with lower credit quality. **Par** represents the level a security trades at when its yield equals its coupon. **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. **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. **Credit spread** is the difference between the quoted rates of return on two different investments, usually of different credit qualities but similar maturities. **Current Yield** is the annual income (interest or dividends) divided by the current price of a security. **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. **Yield to Worst (YTW)** is the portfolio's weighted-average lowest potential yield that can be received on a bond without the issuer actually defaulting.

Artisan Partners Funds offered through Artisan Partners Distributors LLC (APDLLC), member FINRA. APDLLC is a wholly owned broker/dealer subsidiary of Artisan Partners Holdings LP. Artisan Partners Limited Partnership, an investment advisory firm and adviser to Artisan Partners Funds, is wholly owned by Artisan Partners Holdings LP.

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