

## Fund

Muzinich Low Duration  
Bond Fund

## Portfolio Commentary

Global corporate credit continued its positive run with another strong month in April. Risk-on sentiment dominated, as evidenced by strong equity, high yield and loan returns. Investment grade corporates also generated positive performance while governments declined. Risk-on sentiment was bolstered by solid economic data in the US, Europe and China (Gross Domestic Product, unemployment), good earnings, progress on US/China trade negotiations, and accommodative central bank policy. Early in the month, the European Central Bank announced its ongoing willingness to support the Eurozone economy, highlighting the potential for further stimulus measures if needed later in the year. Emerging Market corporate issuance was strong from Asia and also from the Middle East, which was boosted by a debut US\$12 billion international issue which was significantly oversubscribed.

## Strategy and Outlook

In this environment, the fund produced a positive return. In what was another strong month for corporate credit, the fund benefitted from positive contributions across all regions, with notable returns from the European Periphery. On a sector basis, diversified financial services and banking (the fund's largest sectors) contributed most significantly to returns. These sectors have benefitted from signs of improvement in the macro backdrop, positive corporate earnings announcements, and a perceived lowering of contagion risk within the broader sector after Italy's sovereign credit rating was reaffirmed by S&P<sup>1</sup>. We maintain our long-term outlook on the banking sector, which we believe has attractive fundamentals. From a ratings perspective, the fund benefitted most significantly from allocations to the BBB segment (where the fund has the greatest exposure).

Developed market inflation remains low despite unprecedented global central bank stimulus and, in the US, a strong jobs picture and solid economic growth. One explanation for low US inflation is that while the US economy is at full employment, this has not been accompanied by a rise in wages. Some argue that globalization and technology have put a damper on inflation and that we may never see inflation again. Several factors, however, could lead to an increase in inflation: increasing budget deficits (US and select European countries), rising commodity prices, continued loose monetary policy, and an increase in the US minimum wage (higher wages without an increase in productivity). What does it mean for fixed income? A little inflation is good because it could signify a solid economy and that companies have pricing power. If inflation is too high, however, this can be problematic - particularly for rates. Central banks would be forced to raise interest rates, a headwind for fixed income investors.

*All references to market performance are sourced from Bloomberg. <sup>1</sup>S&P 500 - The Standard & Poor's 500 Index (S&P 500) is an index of 500 stocks seen as a leading indicator of U.S. equities and a reflection of the performance of the large cap universe, made up of companies selected by economists.*

Mutual fund investing involves risk. Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the Fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for emerging markets. Derivatives involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. These risks are fully disclosed in the prospectus. Floating rate loans may not be fully collateralized and therefore may decline significantly in value. The fund will bear its share of the fees and expenses of investments in underlying funds or ETFs. Shareholders will pay higher expenses than would be the case if making direct investments in underlying funds or ETFs. Because the fund invests in ETFs, it is subject to additional risks that do not apply to conventional mutual funds, including the risks that the market price of an ETF's shares may trade at a discount to its net asset value ("NAV"), an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a fund's ability to sell its shares. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested. Please note that while the fund's prospectus states that the fund may use leverage, and that it may make short sales of securities, which involves the risk that losses may exceed the original amount invested, the Fund's portfolio managers do not anticipate engaging in either practice. The Fund invests in high yield debt instruments which tend to be less liquid than higher quality debt instruments.

*The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The Summary Prospectus and Statutory Prospectus contains this and other important information about the investment company, and it may be obtained by calling 1-855-Muzinich, or visiting [www.MuzinichUSfunds.com](http://www.MuzinichUSfunds.com). Read it carefully before investing.*

The fund itself has not been rated by an independent rating agency. Credit quality ratings exclude cash and derivatives and are based on the underlying securities of the fund. Credit quality ratings may differ materially from the ratings outlined in accordance with the fund's Prospectus for official fund guideline calculations. Credit quality ratings reflect the first publicly-available rating from surveying, in order, Moody's, Standard & Poor's, and Fitch, converted to the equivalent Moody's major rating category. If none of these agencies rate an asset "Non-Rated" is assigned. Non-Rated securities do not necessarily indicate low quality.

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Diversification does not guarantee a profit or protect from loss in a declining market

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