

Fund

Muzinich Flexible US High Yield Income Fund

Portfolio Commentary

US credit markets¹ delivered positive returns in March spurred by a supportive macro backdrop—including reduced Treasury volatility—and favorable credit fundamentals. Riskier rated credits within high yield² and investment grade³ corporates outperformed their broad categories, but overall, US high yield⁴ and US investment grade⁵ returns were similar. The Federal Reserve meeting this month struck a dovish tone, with implications that a first rate cut in June looks tenable and an estimated three rate cuts for the year.

Strategy and Outlook

In this environment, the fund generated positive returns and outperformed its benchmark⁶. Outperformance was primarily a function of strong credit selection of 3-5 years duration⁷ bonds. On a sector basis, strong credit selection of retail and energy bonds bolstered returns, while a relative overweight of telecommunications bonds acted as a drag. This month, fund performance benefitted from a strong credit selection of BB- rated bonds.

This month we had relatively dovish commentary from both the Federal Reserve and the European Central Bank following moderated inflation data in February. There is an expectation, however, that rate cuts by both central banks are unlikely to start until June. While the Federal Reserve remains on hold and post-meeting commentary has been relatively benign, the central bank seems committed to staying data dependent and the data generally remains strong. For credit investors year to date, spreads⁸ and coupons⁹ have cushioned the negative total return impact of rising government yields¹⁰, leading to positive excess returns across global credit across the board. While spreads have compressed, yields remain high. Prices remain discounted on average, providing some cushion for potential additional interest rate volatility. Globally, trailing 12-month defaults across high yield markets remain below the long-term average. Looking ahead, we anticipate continued primary market activity as companies address upcoming maturities and investors deploy cash balances.

All data from Bloomberg unless otherwise stated.

All references to market performance are sourced from Bloomberg as of March 31st, 2024. One cannot invest directly in an Index. Index returns do not reflect any fees, expenses, or sales charges. See next page for Important Information and index descriptions.

¹JOAO – The ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. COAO – The ICE BofA US Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. ²High-yield bonds are bonds that pay higher interest rates because they have lower credit ratings than investment-grade bonds. ³An Investment grade credit rating signals that a corporate or municipal bond presents a relatively low risk of default. ⁴JOAO – The ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. ⁵COAO – The ICE BofA US Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. ⁶JVC4 – The ICE BofA 1-5 Year BB-B US Cash Pay High Yield Constrained Index contains all securities in the ICE BofA US Cash Pay High Yield Index that are rated BB1 through B3, based on an average of Moody's, S&P and Fitch, with a maturity less than five years, but caps issuer exposure at 2%. ⁷Duration is a measure of the sensitivity of the price -- the value of principal -- of a fixed-income investment to a change in interest rates, expressed as a number of years. ⁸Spread is the difference between yields on differing debt instruments of varying maturities, credit ratings, issuer, or risk level, calculated by deducting the yield of one instrument from the other. ⁹A coupon or coupon payment is the annual interest rate paid on a bond, expressed as a percentage of the face value and paid from issue date until maturity. ¹⁰Yield refers to the earnings generated and realized on an investment over a particular period of time.

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. Read it carefully before investing.

The Muzinich Mutual Funds are distributed by Quasar Distributors, LLC.

Past performance does not guarantee future results. Index performance is not indicative of Fund performance. To obtain Fund performance call 1-855-Muzinich (689-4642). One cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. The volatility of indices may be materially different from the volatility performance of a fund.

The fund itself has not been rated by an independent rating agency. Credit quality ratings exclude cash and derivatives, if held, 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. Diversification does not guarantee a profit or protect from loss.

Fund holdings and allocations are subject to change and should not be considered a recommendation to buy or sell any security.

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