Monthly Fund Commentary

Muzinich & Co

Supra Institutional: MZLSX

February 2024

Fund

Muzinich Low Duration Bond Fund

Portfolio Commentary

Global credit[1] delivered mixed returns in February with spread[2] tightening offset by interest rate pressure across the US, Europe, and Emerging Markets (EM). In the US, high yield[3] (HY) continued to deliver positive performance supported by persistent demand, low supply, and attractive yields[4]. Given rate pressure and a rising Treasury yield, investment grade[5] (IG) risk assets and Treasurys posted negative returns. In Europe, returns followed a similar trend as spreads moved tighter and rates trended higher with the market[6] continuing to push back expectations around rate cuts from the European Central Bank (ECB), supported by hawkish comments from various ECB members. Market attention remains focused on macro-economic data—particularly inflation data at month-end and the timing of upcoming rate cuts. Interest in corporate credit remains robust with yields well above longer term averages, and both good carry and reasonable value on offer. Emerging Market[7] (EM) debt outperformed US and European credit this month. Within Asia, policy support in China is building as fiscal initiatives have been accompanied by a large ongoing injection of liquidity. In Latin America, there are ample signals of growth for the region ahead.

Strategy and Outlook

In this environment, the fund generated positive returns and outperformed its benchmark[8]. On a sector basis, the fund continued to benefit from an overweight and strong credit selection of banking bonds, as well as strong credit selection of homebuilders/real estate bonds. The fund's relative overweight and strong credit selection of the BBB rated cohort also bolstered returns. From a duration perspective, our overweight in 0-1 year duration[9] credit contributed most meaningfully to returns. In February, we increased our HY[10] allocation with a strong bias to BB rated credit.

Looking ahead to March, we will have the Federal Reserve (Fed) and the ECB meetings towards the beginning and end of the month, respectively. The Fed has clearly stated that their concern about bringing inflation down to their target still trumps their worries about staying restrictive for too long and slowing economic growth. We are hearing that the primary market in the US should slow after several large M&A (mergers & acquisitions) transactions were funded in February, whereas activity in the European primary markets is likely to pick up. We continue to see strong demand for credit from various corners of the market—investors coming out of cash and money-market funds as the fear of rate hikes fades, pension funds whose funding positions have improved and are consequently rotating from equities into credit, and insurance companies looking to lock in attractive yields. We therefore anticipate spreads to be supported at current levels driven by continued inflows, with ongoing tightening in higher-yielding parts of the market.

All data from Bloomberg unless otherwise stated.

All references to market performance are sourced from Bloomberg as of February 29th, 2024. [1]GI00 – The ICE BofA Global Corporate & High Yield Index tracks the performance of investment grade and below investment grade corporate debt publicly issued in the major domestic and eurobond markets. [2]Spread 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. [3]J0A0 – The ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. [4]Yield refers to the earnings generated and realized on an investment over a particular period of time. [5]C0A0 - The ICE BofA US Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. [6]HE00 - The ICE BofA Euro High Yield Index tracks the performance of EUR dominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets. ER00 – The ICE BofA Euro Corporate Index tracks the performance of EUR denominated investment grade corporate debt publicly issued in the eurobond or Euro member domestic markets. [6]EMCL - The ICE BofA US Emerging Markets Liquid Corporate Plus Index tracks the performance of the U.S. dollar denominated emerging markets non-sovereign debt publicly issued in the major domestic and eurobond markets. [8]B1A0 – The ICE BofA 1-3 Yr US Corporate and Government Index is a subset of ICE BofA US Corporate & Government Index (B0A0) including all securities with a remaining term to final maturity less than 3 years. [9]Duration 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. [10]High-yield bonds are bonds that pay higher interest rates because they have lower credit ratings than investment-grade bonds.

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.

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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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