Monthly Fund Commentary

Muzinich & Co

Supra Institutional: MZLSX | June 2024

Fund

Muzinich Low Duration Bond Fund

Portfolio Commentary

Global credit[1] generated positive returns across the board in June. In the US, as reported economic data showed signs of a slowdown in inflation and in the economy more broadly, the US credit market[2] tilted more definitively towards pricing in two rate cuts in 2024. Belief in the nearer-term likelihood of a soft-landing grew, with positive returns across most asset classes, and longer duration[3] assets (i.e., equities and Treasurys) leading the way. In Europe, credit market[4] moves were largely driven by political headlines after French President Emmanuel Macron called for a snap election in response to the results of the European parliamentary elections. By the end of the month (with a French left-wing government looking less likely to materialize), European investment grade[5] (IG) credit benefitted from a move lower in rates which more than offset the larger spread[6] widening seen in Europe. European high yield[7] (HY) lagged for the month given its sensitivity to European headlines. Primary markets were relatively quiet during this period of volatility, providing technical support for the markets; however, we expect issuance to resume in July before the summer break. Emerging Market[8] (EM) debt generated strong positive returns this month with EM HY[9] slightly outperforming EM IG[10] due to its superior coupon[11]. At the close of the month, China finally announced that its highly anticipated Third Plenum meeting will be held between 15th and 18th July; the meeting has previously been used to announce transformative economic reforms.

Strategy and Outlook

In this environment, the fund generated positive returns and performed in line with its benchmark[12] on a gross basis. Performance this month was largely driven by the broad spread-widening driven by uncertainty surrounding the French elections. On a sector basis, the core weightings in banking, diversified financial services, homebuilders/real estate and automotive & auto parts continued to provide solid positive contributions to absolute returns over the month. From a duration perspective, our off-benchmark exposure to 3-5 years duration bonds bolstered retlative returns. The fund's strong credit selection of the BBB rated cohort continued to benefit performance, while exposure to select BB+ rated bonds detracted from relative returns this month.

With generally positive economic growth, stable to lower rate expectations, lower default rates and positive flows, the outlook for corporate credit remains sound in our view. Supply (which was somewhat lower in June than in recent months) continues to be easily absorbed, particularly with much of it going towards refinancing activity. Spreads remain near historical tights, but high yields[13] continue to captivate investors in the absence of major shocks. We believe spread movements in some pockets this past month may offer good opportunities. With disinflation taking hold, fixed income markets may be pivoting to duration leadership in certain markets. That said, we are mindful of rising geopolitical uncertainties (as the election-related events in Europe and the United States in recent weeks have shown), which could change current trends and/or increase risk premia.

All data from Bloomberg unless otherwise stated.

All references to market performance are sourced from Bloomberg as of June 30th, 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]J0A0 – The ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. 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. [3]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. [4]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. 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. [5]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]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. [7]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. [8]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. [9]ECHY – The ICE BofA High Yield US Emerging Markets Liquid Corporate Plus Constrained Index contains all securities in the ICE BofA US Emerging Markets Liquid Corporate Plus Index (EMCL) rated BB1 and lower. [10]EMIB – The ICE BofA High Grade Emerging Markets Corporate Plus index is a subset of the ICE BofA Emerging Markets Corporate Plus Index (EMCB) including all securities rated AAA through BBB3, inclusive. [11]A 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. [12]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. [13]Yield 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.

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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.

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