Monthly Fund Commentary

Muzinich & Co

Supra Institutional: MZHSX June 2024

Fund

Muzinich Flexible US High Yield Income Fund

Portfolio Commentary

In the US, risk assets[1] delivered positive returns across the board in June. Economic data began to show signs of a slowdown in inflation and in the economy more broadly. In particular, CPI (Consumer Price Index) and PPI (Producer Price Index) growth waned dramatically month-over-month, the jobs data was softer than expected, consumer spending and confidence weakened, and high mortgage rates pressured home sales. Consequently, the yield curve[2] shifted lower, and the market tilted more definitively towards pricing in two rate cuts in 2024. As belief in the nearer-term likelihood of a soft-landing grew, returns were positive across most asset classes, with longer duration[3] assets (i.e., equities and Treasurys) leading the way. Within corporate fixed income, modest spread[4] widening caused returns to lag Treasuries. Leveraged loans and CCC rated credit were the least positive performers due to heavy repricing activity and idiosyncratic credit concerns, respectively.

Strategy and Outlook

In this environment, the fund generated positive returns but underperformed its benchmark[5]. Underperformance was primarily a function of exposure to select BB- rated bonds. On a sector basis, strong credit selection of consumer products, technology, and containers bonds bolstered returns, while exposure to select healthcare bonds detracted. By duration, the portfolio benefitted most meaningfully from an underweight and strong credit selection of the 1-3 years duration segment. From a relative rating perspective, our off-benchmark exposure to select CCC rated bonds and strong credit selection of B- rated bonds bolstered performance.

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 higher yields[6] 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. 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. [1]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. [2]Yield curves plot the interest rates of bonds of equal credit and different maturities. [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]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. [5]JVC4 – 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%. [6]Yield refers to the earnings generated and realized on an investment over a particular period of time.

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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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