Monthly Fund Commentary

Muzinich & Co

Supra Institutional: MZCSX Institutional: MZCIX Class A: MZCRX July 2020

Fund

Muzinich Credit Opportunities Fund

Portfolio Commentary

Global fixed income returns[1] were positive for the month, as June's themes carried over. The US high yield markets[2] led the way because of their yields and strong technical support which encouraged price appreciation. The US investment grade markets[3] trailed closely behind, followed by government bonds. Against a backdrop of record new COVID-19 infections in the US, US high yield[2] posted its best month since October 2011 as CCC rated credits experienced the most spread[4] compression in any month ever. Market sentiment in July was largely driven by ongoing technical support offered to risk assets by central banks – the Federal Reserve (Fed) in the US and the European Central Bank (ECB) in Europe. This month we saw continued low defaults on the high yield[5] side of the market, mostly confined to sectors directly impacted by COVID-19 (i.e. leisure, transportation, retail) and energy. We also continue to see strong appetite for credit as bond prices remain supported by central banks and investors still believe corporate credit offers value relative to the low absolute level of sovereign yields. Emerging Markets (EM)[6] benefitted from the unprecedented increase in USD liquidity (driven by the Fed) and a weaker Dollar. EM markets continued to benefit from the coordinated efforts by various central banks to help reverse some COVID-19 lockdown-related losses.

Strategy and Outlook

In this environment, the fund generated positive returns and outperformed the global credit market[1] on both a net and gross basis. We have maintained low cash levels this month as markets have remained largely supportive and continued to recover from March's draw-down. The fund also has a new small position in global loans, since we have found relative value in the asset class; specifically bank loans. Fund performance benefitted from strong credit selection in US credit and EM. On a sector basis, positive contributions this month were led by more cyclical sectors (healthcare, telecommunications, and energy), while no sector detracted from performance. By ratings, BBB- and BBB rated bonds were the most significant contributors to absolute returns. We invested cash and proceeds from some US investment grade[7] sales this month mostly into global high yield bonds and loans.

In our view, the worst economic numbers seem to be behind us, as recent data suggest the global economy is stabilizing and slowly improving. This is not the V-shaped recovery investors had hoped for, and companies will need liquidity to survive the coming months. Fortunately, the capital markets are open. We believe solid companies can raise money and COVID-19-impacted companies can also raise money, albeit at higher rates through secured debt (collateralized). Global central banks have given a life line to companies by supporting the credit markets. We believe the recent agreement on the European Recovery and Resilience Fund will be beneficial for peripheral credit as well as sovereigns and corporates coming into next year. This is reflected in the distressed ratio (companies trading at 1000 bps[8] over) which has come down materially, as a result of the Fed's intervention, as have default expectations. Many companies have extended their maturities and built their cash positions. While yields are low, we see, what we believe to be a once-a-decade opportunity to buy bonds that are either: secured (typically a feature of the loan market) or fallen angels (investment grade bonds downgraded to high yield). We believe select fallen angels are particularly attractive as they are larger and typically have many options to raise liquidity if needed. We will closely be watching in the coming months the upcoming US Presidential election, political events such as the potential outcome of EU and UK negotiations and renewed trade tensions between the US and China.

All references to market performance are sourced from Bloomberg as of July 31, 2020. [1]GI00 – The ICE BofA ML 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 ML US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt, currently in a coupon paying period that is publicly issued in the US domestic market. [3]C0A0 - The ICE BofA ML US Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. [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]High-yield bonds are bonds that pay higher interest rates because they have lower credit ratings than investment-grade bonds. [6]EMCL - The ICE BofA ML 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. [7]Investment grade is a rating that signifies a municipal or corporate bond presents a relatively low risk of default. [8]Basis Points (bps) are a unit of measure used in finance to describe the percentage change in the value of financial instruments or the rate change in an index or other benchmark.

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.

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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. This document and the views included herein are for informational purposes only and do not constitute an offer or solicitation of an offer, or any advice or recommendation, to purchase any securities or other financial instruments, and may not be construed as such. Opinions expressed are subject to change, are not intended to be a forecast of future events, a guarantee of future results, nor investment advice. This document contains forward looking statements. Such statements are based on the beliefs and assumptions of our team and on the information currently available to our team at the time of such statements. Although we believe the expectations reflected in these statements to be reasonable, we can give no assurance that these expectations will prove to be correct. Certain information contained herein is based on data obtained from third parties and, although believed to be reliable, has not been independently verified by anyone at or affiliated with Muzinich & Co., Inc.; its accuracy or completeness cannot be guaranteed. Diversification does not guarantee a profit or protect from loss in a declining market. Fund holdings and allocations are subject to change and should not be considered a recommendation to buy or sell any security. Investment processes and aims described herein are subject to change and there is no guarantee they will be met.

Issuers of bonds, loans and other fixed income investments ("Investments") held in the portfolio may default on their obligations or have their credit rating downgraded, possibly resulting in a temporary or permanent decrease in the value of those Investments. Investments in the portfolio may be below investment grade, meaning that they may produce a higher level of income but also carry greater risk of default than higher-rated Investments.

GI00 – The ICE BofA ML 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. Qualifying securities must be rated by either Moody's, S&P or Fitch, have at least one year remaining term to final maturity, at least 18 months to maturity at point of issuance and a fixed coupon schedule.