Monthly Fund Commentary

Muzinich & Co

Supra Institutional: MZHSX

July 2020

Fund

Muzinich US High Yield Corporate Bond Fund

Portfolio Commentary

Against a backdrop of record new COVID-19 infections in the US, US high yield[1] posted its best month since October 2011 as CCC rated credits experienced the most spread[2] compression in any month ever. US investment grade[3] also generated strong performance, albeit lower than high yield. US high yield experienced record new issuance this month while US investment grade issuance was also positive but lower than in past months. Inflows for both US high yield and US investment grade were strong as investors still believe corporate credit offers value relative to the low absolute level of sovereign yields. The Federal Reserve continued its supportive measures as the economy was still crippled by COVID-19. Companies began reporting earnings, citing very challenging circumstances, although several companies provided cautious guidance that Q2 was the bottom with an improving outlook from Q3 forward.

Strategy and Outlook

In this environment, the fund generated positive performance. On an absolute sector basis, positive contributions were led by energy, healthcare, and telecommunications bonds, while no sector detracted from returns. By duration[4], the fund benefitted from strong credit selection within the mid duration (3-5 years) cohort. On a ratings basis, the fund's B+ and BB rated bonds contributed to positive perfomrance. We have increased BB exposure through fallen angels that we beleive offer better value. We have been seeking not to invest in COVID-19-impacted companies unless the bonds are secured, or are short dated bonds with a liquidity window, or they offer above market yield. If a cyclical credit has already experienced significant spread compression, then we have sold those names and rotated into more defensive credits or into other cyclicals with more yield.

In our view, the worst economic numbers seem to be behind us as recent data suggest the US economy is stabilizing and slowly improving off low levels. Unemployment, however, remains elevated and weekly jobless claim numbers that had been declining have now plateaued. 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). The Federal Reserve has given a life line to companies by supporting the credit markets. This is reflected in the distressed ratio (companies trading at 1000 bps[5] over) which has come down materially, as have default expectations. Companies have extended their maturities and built their cash positions. While yields are low, we see 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 that select fallen angels are particularly attractive as they are larger and typically have many options to raise liquidity if needed.

All references to market performance are sourced from Bloomberg as of July 31, 2020 . 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 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. [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]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]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. Duration is expressed as a number of years. [5]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.

New York Office I 450 Park Avenue, New York, NY 10022, USA I P. 1-855-Muzinich (689-4642)

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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.

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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 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.

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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. 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.

JUC4 - The ICE BofA ML BB B US Cash Pay High Yield Constrained Index contains all securities in the ICE BofA ML US Cash Pay High Yield Index (J0A0) rated BB1 through B3, based on an average of Moody's, S&P and Fitch, but caps issuer exposure at 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. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of $250 million.