

Fund

Muzinich Low Duration Bond Fund

Portfolio Commentary

Global credit¹ generated mostly positive returns as constructive sentiment and tightening spreads² across both high yield³ (HY) and investment grade⁴ (IG) supported a risk on environment in May. US risk assets⁵ rallied, as volatility declined in both the Treasury and equity markets. Fixed income assets posted positive returns as rates moved lower and longer duration⁶ assets outperformed. European credit markets⁷ generated mostly positive returns. While spreads outperformed, they were offset by higher interest rates in Europe, leading to underperformance compared to the US. In May, the trend was driven by generally softer-than-expected US economic data and stronger European data including stickier-than-expected inflation reports at the close of the month. EM⁸ (Emerging Market) debt generated positive returns with corporates outperforming their sovereign counterparts given the weakness in the sovereign HY universe, particularly in Ecuador and Argentina. Within EM corporate credit, HY⁹ outperformed IG¹⁰ on the back of robust performance from Asia, led by China which benefitted from the country's latest policy initiatives, strong coupon¹¹, and spread tightening.

Strategy and Outlook

In this environment, the fund generated positive returns and outperformed its benchmark¹². In what was a month largely driven by rates and the macro environment, the fund's shorter duration positioning proved beneficial for returns. In a similar vein, the fund's HY allocation also provided an additional boost to performance. On a sector basis, the fund continued to benefit from an overweight and strong credit selection of banking bonds. Strong credit selection of technology and healthcare bonds further bolstered outperformance. Conversely, exposure to select building materials bonds acted as a drag on relative returns. From a duration perspective, our off-benchmark exposure to 3-5 years duration bonds notably led to positive outperformance. The fund's relative overweight of BBB rated bonds this month continued to benefit performance, while exposure to select A- rated bonds detracted from relative returns.

Primary markets remained broadly active for both IG and HY this month. Within HY, most of the new issuance was the refinancing of existing debt; there is no technical pressure on the market despite the robust calendar. We have a sense that issuers who may have previously held off on issuing debt are now taking the opportunity to seize the moment with spreads close to year-to-date low levels. We have also seen a resurgence of longer-dated issuance (particularly in Europe); perhaps another indication that issuers do not expect rates to settle significantly lower than current levels.

All data from Bloomberg unless otherwise stated.

All references to market performance are sourced from Bloomberg as of May 31st, 2024. ¹GI00 – 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. ²Spread 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. ³High-yield bonds are bonds that pay higher interest rates because they have lower credit ratings than investment-grade bonds. ⁴An investment grade credit rating signals that a corporate or municipal bond presents a relatively low risk of default. ⁵JOAO – The ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. COAO – The ICE BofA US Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. ⁶Duration 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. ⁷ER00 – 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. ⁸EMCL – 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. ⁹ECHY – 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. ¹⁰EMIB – 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. ¹¹A 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. ¹²B1A0 – The ICE BofA 1-3 Yr US Corporate and Government Index is a subset of ICE BofA US Corporate & Government Index (BOAO) including all securities with a remaining term to final maturity less than 3 years.

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.

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. 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.