Monthly Fund Commentary

Muzinich & Co

Supra Institutional: MZHSX

December 2024

Fund

Muzinich Flexible US High Yield Income Fund

Portfolio Commentary

In the US, corporate credit[1] ended 2024 on a softer note as investors and the Federal Reserve (Fed) reduced 2025 rate cut expectations on persistent inflation. Although both the Fed and the European Central Bank (ECB) cut policy rates in December, the Fed's Chairman Jerome Powell raised concerns around inflation forecasts and potential signs of returning inflation. This Fed messaging weighed on US sentiment through December as the US 10-year Treasury yield[2] rose back close to year-to-date highs and credit spreads[3] widened after touching 10-year lows mid-month. Primary and secondary markets were seasonally quiet as we entered the holiday period with the market lacking direction through most of the second half of the month.

Strategy and Outlook

In this environment, the fund declined and underperformed its benchmark[4]. Underperformance was primarily a function of exposure to select 5-7 years duration[5] bonds. This was partially offset by our overweight allocation to the shortest duration bucket (0-1 year duration). On a sector basis, strong credit selection of technology and homebuilders/real estate bonds bolstered returns, while exposure to select energy bonds acted as a drag. By rating, strong credit selection of B+ and CCC+ rated bonds most meaningfully benefitted returns.

Looking ahead, we expect continued strong technicals and fundamentals that could support relatively tight spread levels. We believe new issuance (gross and net) is likely to pick up, creating both potential opportunities and some volatility. In our view, the default outlook should remain quite modest, with a low maturity wall through 2025. The US high yield market could broadly benefit from the new administration's focus on domestic growth and deregulation, but certain sectors and credits may be disproportionately impacted by new policies. As such, we plan to retain the flexibility to take advantage of market and/or credit pullbacks as they occur.

All data from Bloomberg unless otherwise stated.

All references to market performance are sourced from Bloomberg as of December 31st, 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]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. J0A0 – The ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. [2]Yield refers to the earnings generated and realized on an investment over a particular period of time. [3]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. [4]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%. [5]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.

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. Please note that while the Fund has the ability to make short sales of securities, which involves the risk that losses may exceed the original amount invested, and is able to use leverage, 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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