

Fund

Muzinich Flexible US High Yield Income Fund

Portfolio Commentary

US corporate credit¹ gained after the highly anticipated presidential election. The softness that we saw in October reversed in November; spreads tightened, and rates moved lower. US high yield benefitted from risk-on sentiment with performance led by lower-rated paper. US Treasury yields fell more at the longer end than at the front end; a trend typically observed when markets perceive that near term central bank rate cuts are already fully priced in. While markets still expect the Federal Reserve to cut rates, expectations seem to have been significantly revised to a higher neutral policy rate factoring in the new administration's policy agenda. Ahead of the Federal Open Market Committee meeting in mid-December, investors will be closely watching payroll numbers and inflation data while trying to gauge future potential rate cuts.

Strategy and Outlook

In this environment, the fund generated positive returns and outperformed its benchmark⁶. Outperformance was primarily a function of strong credit selection of BB- rated credit this month. On a sector basis, strong credit selection and an overweight of cable/satellite TV bonds bolstered returns, as did strong credit selection of energy, homebuilders/real estate, and technology bonds. Conversely, exposure to select broadcasting bonds acted as a drag. From a duration perspective, strong credit selection across the 1-5 years duration range and our off-benchmark exposure to 5-7 years duration credit benefitted performance.

As the world watches and waits for what will happen in the US when president-elect Trump assumes office in January, it is worth noting that the administration will inherit a significantly different US economy than when it was last in power. Unemployment is low, and we believe sticky inflation poses a greater concern than deflation. In our view, economic growth is losing momentum, and global trade activity remains relatively weak. With debt levels significantly higher and savings rates lower, there seems little room for major tax cuts. Additionally, valuations in both equity and credit markets look stretched, but we expect continued strong demand for risk assets to support those valuations. It is possible that executing policy will prove far more challenging than discussing it, potentially exposing the world to greater tail risks.

All data from Bloomberg unless otherwise stated.

All references to market performance are sourced from Bloomberg as of November 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. ¹COAO - The ICE BofA US Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. JOAO - The ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. 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. ³JOAO - The ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. ⁴Yield refers to the earnings generated and realized on an investment over a particular period of time. ⁵JVC4 - 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%. 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.

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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