Monthly Fund Commentary

Supra Institutional: MZHSX

May 2024

Fund

Muzinich Flexible US High Yield Income Fund

Portfolio Commentary

In the US, risk assets[1] rallied in May as volatility declined in both the Treasury and equity markets. Fixed income posted positive returns as rates moved lower and longer duration[2] assets outperformed; investment grade[3] outperformed high yield[4] this month given the duration bias of the higher quality asset class, while high yield outperformed syndicated loans since the latter are floating rate[5] and therefore exposed to very little interest rate duration. The US government curve outperformed its European government peers, as a string of sticky inflationary data forced investors to pare back the speed of policy normalization from the European Central Bank and the Bank of England.

Strategy and Outlook

In this environment, the fund generated positive returns and outperformed its benchmark[6]. Strong credit selection continued to be the driving force behind this month's outperformance across nearly all factors. On a sector basis, strong credit selection of cable/satellite TV, automotive & auto parts, and chemicals bonds bolstered returns, while a relative underweight of healthcare bonds detracted. By duration, the portfolio benefitted most meaningfully from strong credit selection and an underweight of 1-3 years duration bonds. From a relative rating perspective, our strong credit selection of B+ and B rated credit led outperformance this month.

Primary markets remained broadly active for both investment grade[7] and high yield[8] this month. Within high yield, 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[9] 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. 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 US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. 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. [2]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. [3]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. [4]J0A0 – The ICE BofA US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt. [5]A floating interest rate is an interest rate that moves up and down with the market or index. [6]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%. [7]An investment grade credit rating signals that a corporate or municipal bond presents a relatively low risk of default. [8]High-yield bonds are bonds that pay higher interest rates because they have lower credit ratings than investment-grade bonds. [9]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.

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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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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