Quarterly Fund Commentary

Muzinich & Co

Supra Institutional: MZLSX | Q3 2026

Fund

Muzinich Low Duration Bond Fund

Portfolio Commentary

Global credit[1] navigated a volatile third quarter as renewed tensions in the Middle East, rising energy prices, and increasingly hawkish central banks pushed rates higher. Toward the start of the quarter, government bond yields[2] rose as investors priced in the reflationary impact of higher energy costs, with yield curves[3] steepening across major markets. The Federal Reserve (Fed) held rates steady, with Chair Kevin Warsh offering little new guidance. The European Central Bank (ECB) also kept rates on hold but signaled that a hike at its next meeting remained likely. Sentiment improved mid-quarter as strong corporate earnings and a light new issue calendar supported spread[4] tightening across the credit spectrum, with high yield[5] the strongest performer. However, Fed communication suggested the hiking cycle may not yet be complete. The final month offered little room to hide. Renewed escalation in the Middle East, resurgent energy prices, and strong economic data on both sides of the Atlantic coincided with rate hikes from the Fed and the ECB, and markets came to view central banks as embarking on a full hiking cycle. US Treasury yields rose to multi-year highs, and credit spreads, resilient for much of the month, widened across the board into quarter-end. In Europe, rates were further pressured by fiscal concerns and political uncertainty in France, while UK gilt yields rose on concerns over increased borrowing under the new prime minister. Emerging markets[6] (EM) debt gained mid-quarter but declined in the final month, with corporate bonds outperforming government bonds and Asia as the strongest-performing region, supported by negative net supply.

Strategy and Outlook

In this environment, the Fund generated a negative return but outperformed its indicative reference index[7] for the reporting period. Over the quarter, the Fund's 0–1 year duration[8] holdings delivered a positive return given their minimal rate sensitivity, while the 3–5 year duration bucket was hit hardest by rising yields. AAA-rated collateralized loan obligations[9] (CLOs) were the standout performers, and the Fund's single-A-rated selections held up better than BBB-rated credit. On a sector basis, utility bonds helped bolster performance, while exposure to select telecommunications bonds—driven by a UK cable and mobile operator—acted as a drag. Nevertheless, from a currency perspective, the Fund's increased allocation to GBP credit overall was among the most resilient contributors.

In terms of positioning, the Fund remained broadly balanced between USD and EUR/GBP credit, although toward quarter-end we reduced some EUR exposure given a lack of risk premium and rising political uncertainty in the region. Cash raised during periods of volatility was deployed into GBP credit, which we believe offers a yield premium after currency hedging. We increased our real estate holdings following rate-driven underperformance, while technology allocations were broadly held steady as heavy issuance was concentrated in longer maturities. Portfolio duration extended slightly as falling bond prices delayed expected calls, partly offset by sales of longer-dated holdings to help protect the Fund from rising interest rates. The Fund's high yield allocation remained stable, with a continued bias toward BB-rated credit. At the end of the reporting period, we sold some outperforming credits trading at tighter spreads to create room to start selectively adding higher-yielding EUR names in October.

We are heading into the next quarter with event risk still elevated, as the Middle East conflict remains unresolved and higher energy prices (notably diesel) continue to reinforce a 'higher for longer' inflation narrative across major economies. We expect rate volatility to persist: further hikes from the Fed and the ECB appear largely priced in, but governments in the US and across Europe may find it challenging to rein in spending enough to put their budgets on a firmer footing. We remain constructive on corporate fundamentals globally, and we believe the US third-quarter earnings season should help refocus markets on underlying credit quality. While spreads widened into the end of September, we view this repricing—alongside elevated yields—as one that may create more attractive entry points than those available after August's rally. We continue to find healthy yields offering potential income and downside defense, and we remain active in seeking out opportunities as they arise.

All references to market performance are sourced from Bloomberg as of September 30th, 2026. [1]GI00 – 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. [2]Yield refers to the earnings generated and realized on an investment over a particular period of time. [3]Yield curves plot the interest rates of bonds of equal credit and different maturities. [4]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. [5]High-yield bonds are bonds that pay higher interest rates because they have lower credit ratings than investment grade bonds. [6]EMCL - 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. [7]B1A0 – The ICE BofA 1-3 Yr US Corporate and Government Index is a subset of ICE BofA US Corporate & Government Index (B0A0) including all securities with a remaining term to final maturity less than 3 years. [8]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. [9]A collateralized loan obligation (CLO) is a financial instrument that repackages corporate loans into securities sold to investors, offering exposed opportunities for diversified returns.

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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 has the ability to use leverage, and that it is able to 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 contain 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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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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