FPA Flexible Fixed Income Fund
Third Quarter 2024 Commentary

Not authorized for distribution unless preceded or accompanied by a current prospectus.

Trailing Performance (%)

As of September 30, 2024	Since Inception 12/31/18	5 Yr	3 Yr	1 Yr	YTD	QTD
FPA Flexible Fixed Income Fund (FPFIX)	3.90	3.81	4.12	10.71	6.34	3.86
Bloomberg US Universal Bond Index	2.10	0.70	-1.05	12.08	4.91	5.20
CPI + 200 bps	5.96	6.26	6.84	4.47	3.46	1.03

Past performance is no guarantee of future results and current performance may be higher or lower than the performance shown. This data represents past performance and investors should understand that investment returns and principal values fluctuate, so that when you redeem your investment it may be worth more or less than its original cost. Current month-end performance data, which may be higher or lower than the performance data quoted, may be obtained at fpa.com or by calling toll-free, 1-800-982-4372. As of its most recent prospectus, the Fund's total expense ratio is 0.63% for the Institutional Class and 0.68% for the Advisor Class and net expense ratio is 0.55% for the Institutional Class and 0.60% for the Advisor Class.

The FPA Flexible Fixed Income Fund ("Fund") performance is shown for the Institutional Class and is calculated on a total return basis which includes reinvestment of all distributions and is net of all fees and expenses. Periods greater than one year are annualized. Fund returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares, which would lower these figures. Comparison to any index is for illustrative purposes only. The Fund does not include outperformance of any index or benchmark in its investment objectives. An investor cannot invest directly in an index.

The Total Annual Fund Operating Expenses before reimbursement is 0.63% for the Institutional Class and 0.68% for the Advisor Class (as of most recent prospectus). First Pacific Advisors, LP (the "Adviser" or "FPA"), the Fund's investment adviser, has contractually agreed to reimburse the Fund for Total Annual Fund Operating Expenses (excluding interest, taxes, brokerage fees and commissions payable by the Fund in connection with the purchase or sale of portfolio securities, redemption liquidity service expenses, and extraordinary expenses, including litigation expenses not incurred in the Fund's ordinary course of business) in excess of 0.554% of the average net assets of the Fund attributable to the Institutional Class and 0.604% of the average net assets of the Fund attributable to the Advisor Class for the one-year period ending April 30, 2025. Beginning May 1, 2023, any expenses reimbursed to the Fund by FPA during any of the previous 36 months may be recouped by FPA, provided the Fund's Total Annual Fund Operating Expenses do not exceed 0.64% of the average net assets of the Fund attributable to the Institutional Class and 0.74% of the average net assets of the Fund attributable to the Advisor Class for any subsequent calendar year, regardless of whether there is a then-effective higher expense limit. This agreement may only be terminated earlier by the Fund's Board of Trustees (the "Board") or upon termination of the Advisory Agreement.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. The Prospectus details the Fund's objective and policies, charges, and other matters of interest to a prospective investor. Please read the Prospectus carefully before investing. The Prospectus may be obtained by visiting the website at fpa.com, by email at crm@fpa.com, toll-free by calling 1-800-982-4372 or by contacting the Fund in writing.

Please see important disclosures at the end of this commentary.

Dear Shareholder:

FPA Flexible Fixed Income Fund (the “Fund”) returned 3.86% in the third quarter of 2024 and 6.34% year-to-date through September 30, 2024.

Sector	As of 9/30/2024
Yield-to-worst[1]	4.82%
Effective Duration	3.14 years
Spread Duration	2.62 years
High Quality Exposure[2]	87.0%
Credit Exposure[3]	13.0%

Emphasizing its dual mandate of 2% inflation over the long term and maximum employment and citing further progress toward that inflation target and a cooler labor market, the Federal Reserve lowered the Fed Funds rate by 50 bps on September 18.[4] Treasury yields declined in advance of the rate cut then subsequently increased. Overall, yields on one- to -five-year Treasury bonds decreased by approximately 80-110 bps during the quarter while longer- maturity Treasury bond yields decreased by approximately 45-70 bps. Spreads did not change meaningfully during the quarter and remain historically low on an absolute basis and relative to history. We do not generally consider Credit (investments rated BBB or lower) to be attractively priced, but we continue to search for, and will seek to opportunistically invest in, Credit when we believe prices adequately compensate for the risk of permanent impairment of capital and near-term mark-to-market risk. On an absolute basis, we continue to see an attractive opportunity to buy longer-duration, High Quality bonds, which we believe will enhance the Fund’s long-term returns and the Fund’s short-term upside-versus-downside return profile. The Fund’s Credit exposure decreased to 13.0% on September 30, 2024 versus 17.0% on June 30, 2024. Cash and equivalents represented 9.6% of the portfolio on September 30, 2024 versus 7.4% on June 30, 2024.

[1] Yield-to-worst (“YTW”) is presented gross of fees and reflects the lowest potential yield that can be received on a debt investment without the issuer defaulting. YTW considers the impact of expected prepayments, calls and/or sinking funds, among other things. Average YTW is based on the weighted average YTW of the investments held in the Fund’s portfolio. YTW may not represent the yield an investor should expect to receive. As of September 30, 2024, the Fund’s subsidized/unsubsidized 30-day SEC standardized yield ("SEC Yield") was 4.22%/4.17% respectively. The SEC Yield calculation is an annualized measure of the Fund’s dividend and interest payments for the last 30 days, less the Fund expenses. Subsidized yield reflects fee waivers and/or expense reimbursements during the period. Without waivers and/or reimbursements, yields would be reduced. Unsubsidized yield does not adjust for any fee waivers and/or expense reimbursements in effect. The SEC Yield calculation shows investors what they would earn in yield over the course of a 12-month period if the fund continued earning the same rate for the rest of the year.

[2] High Quality is defined as investments rated A or higher, Treasuries, and cash and equivalents.

[3] Credit is defined as investments rated BBB or lower, including non-rated investments.

[4] Federal Reserve Open Market Committee statement on September 18, 2024.

Past performance is no guarantee, nor is it indicative, of future results.

Portfolio Attribution[5]

Third Quarter 2024

The largest contributors to performance were agency mortgage pools due mostly to price appreciation driven by lower risk-free rates. In addition, the agency mortgage pools benefited from coupon payments and principal amortization applied to the pools' discount dollar price. The second- and third-largest contributors to performance were Treasuries and agency-guaranteed commercial mortgage-backed securities (CMBS), respectively, due primarily to price appreciation resulting from lower-risk-free rates.

Although certain individual bonds detracted from performance during the quarter, there were no meaningful detractors at the sector level.

Portfolio Activity[6]

The table below shows the portfolio's sector-level exposures at September 30, 2024 compared to June 30, 2024:

Sector	% Portfolio 9/30/2024	% Portfolio 6/30/2024
ABS	26.1	28.7
CLO	5.9	7.5
Corporate	5.6	8.2
Agency CMBS	11.7	10.8
Non-Agency CMBS	5.5	5.8
Agency RMBS	13.6	14.1
Non-Agency RMBS	5.0	5.8
Stripped Mortgage-backed	0.1	0.1
U.S. Treasury	17.0	11.5
Cash and equivalents	9.6	7.4
Total	**100.0**	**100.0**

Yield-to-worst (%)[1]	4.82	6.00
Effective Duration (years)	3.14	3.09
Spread Duration (years)	2.62	2.90
Average Life (years)	3.65	3.76

[5] This information is not a recommendation for a specific security or sector and these securities/sectors may not be in the Fund at the time you receive this report. The information provided does not reflect all positions purchased, sold or recommended by FPA during the quarter. Portfolio composition will change due to ongoing management of the Fund. The portfolio holdings as of the most recent quarter-end may be obtained at fpa.com.

[6] Portfolio composition will change due to ongoing management of the Fund. Please see the 'Important Disclosures' for important information and definitions of key terms.

Past performance is no guarantee, nor is it indicative, of future results.

We have been taking advantage of higher yields to buy longer-duration bonds, because we believe these bonds not only offer an attractive absolute long-term return but also improve the short-term return profile of the portfolio. The duration of these investments is guided by our duration test, which seeks to identify the longest-duration bonds that we expect will produce at least a breakeven return over a 12-month period, assuming a bond's yield will increase by 100 bps during that period. Consistent with this test, during the third quarter of 2024, we bought fixed-rate, High Quality bonds including, but not limited to, Treasuries, agency-guaranteed commercial mortgage-backed securities (CMBS), agency-guaranteed residential mortgage pools, asset-backed securities (ABS) backed by equipment, non-agency CMBS backed by single-family rental properties, utility cost recovery bonds, and non-agency residential mortgage-backed securities (RMBS). These investments had a weighted average life of 4.8 years and a weighted average duration of 4.3 years.

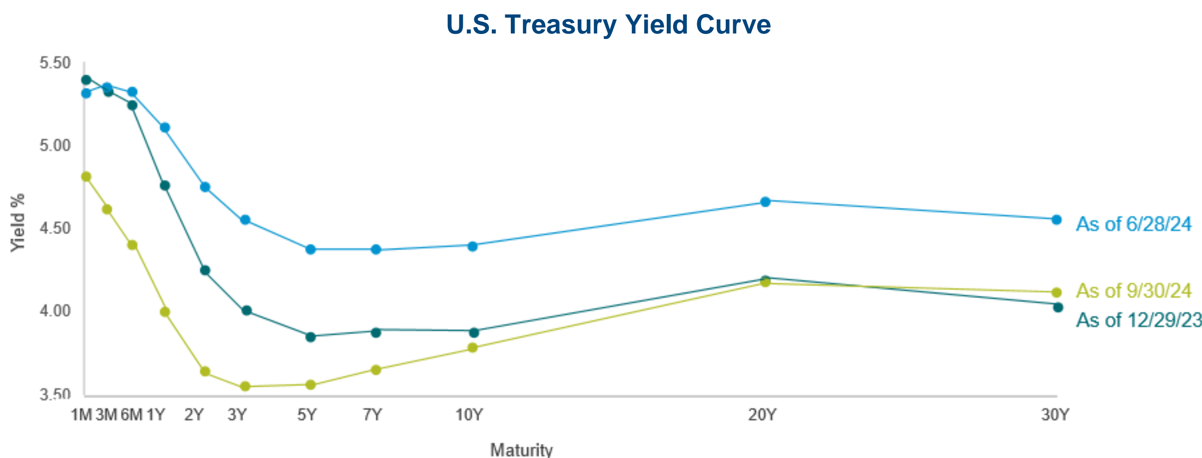
We also extended the duration of the Fund's Treasury holdings. We additionally sold High Quality ABS with a weighted average life and duration of 4.3 years and 3.7 years, respectively, and some BBB-rated corporate bonds and reinvested the proceeds into Treasuries with a weighted average life and duration of 4.8 years and 4.3 years, respectively, because the spread on those ABS and corporate bonds had decreased to a level where their prospective returns no longer justified the exposure.

The portfolio's Credit Exposure decreased because of the BBB corporate bond transactions referenced above, outright sales of bank debt and BBB-rated corporate bonds and maturities, repayments, and amortization of existing holdings.

Market Commentary

The Federal Reserve lowered the Fed Funds Rate by 50 bps on September 18, 2024. In the Fed's estimation, inflation continues toward the Fed's 2% target but remains above target. The Fed noted that although unemployment remains low, the labor market has cooled and the Fed emphasized that it has a dual mandate of managing inflation and seeking maximum employment. Whereas previously the Fed's primary focus was on inflation, the Fed has begun to factor the employment mandate into its policy decisions and, consequently, cut rates. Importantly, the Fed emphasized that future changes in monetary policy would be data-dependent.[7]

Against that backdrop, Treasury rates decreased during the quarter:



[7] Federal Reserve Open Market Committee statement on September 18, 2024.

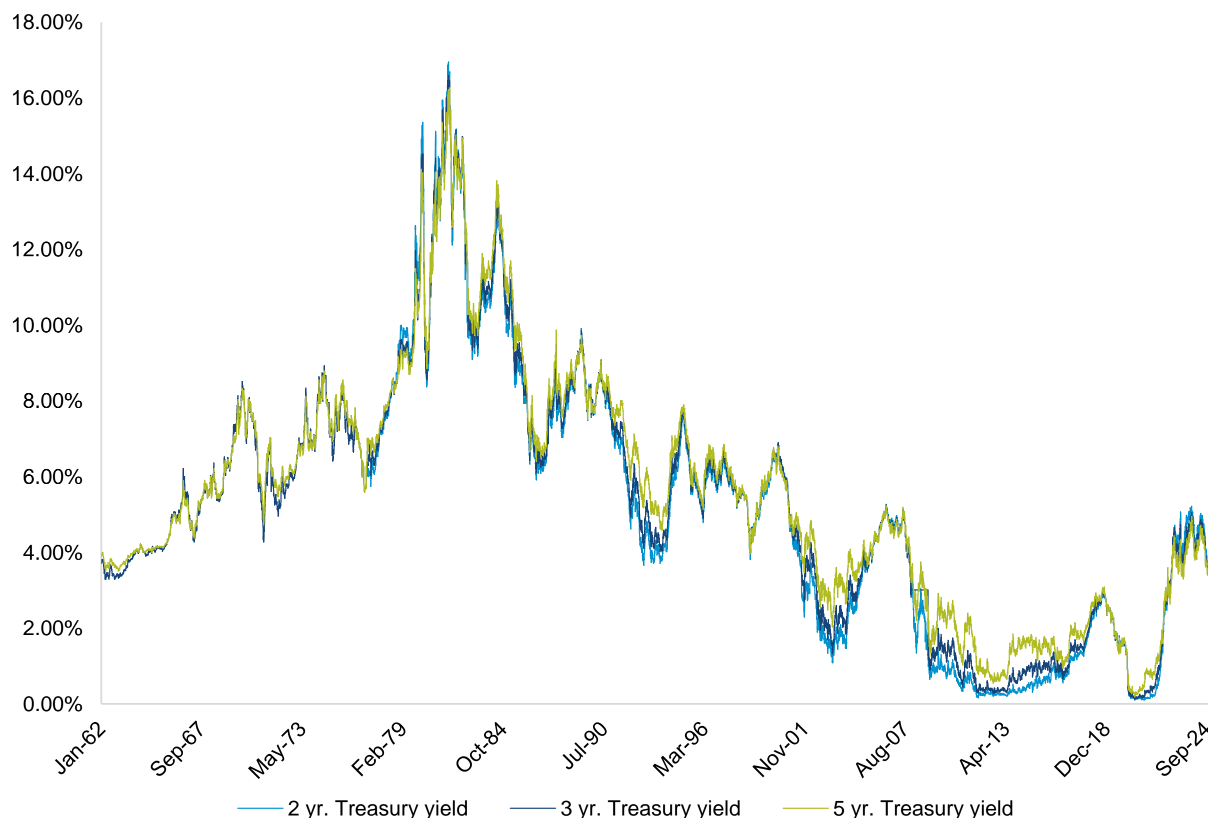
	Maturity							
	1Y	2Y	3Y	5Y	7Y	10Y	20Y	30Y
Change in yield (bps) during Q3 2024	-111	-111	-100	-82	-73	-62	-49	-44
Change in yield (bps) year-to-date	-76	-61	-46	-29	-23	-10	-2	9

Source: Bloomberg; As of 9/30/2024 Past performance is no guarantee, nor is it indicative, of future results. Please refer to the end of the commentary for Important Disclosures and definitions of key terms.

The future path of interest rates is uncertain because macroeconomic conditions constantly change. Adding to the usual macroeconomic uncertainty are looming U.S. elections, which present additional uncertainty with respect to spending, taxes, tariffs, trade, immigration, debt, deficits, and war, among other things.

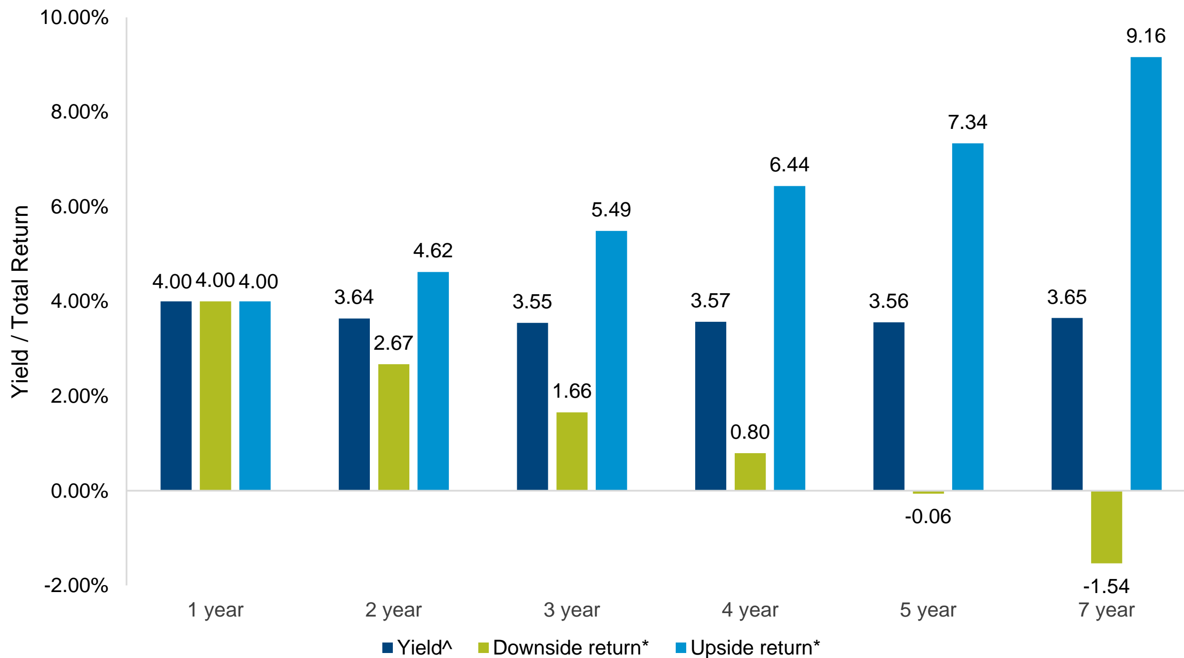
We don't pretend to know how these uncertainties will resolve and what the implications will be for risk-free rates. Rather than spend time on the unknowable, we prefer to focus on the knowable, particularly valuation.

Even with the decrease in risk-free rates during the quarter, Treasury yields are still higher than they were 15 years ago:



Source: Bloomberg. Data from 1/5/1962-9/30/2024. Past performance is no guarantee, nor is it indicative, of future results. ***Please refer to the end of the commentary for Important Disclosures and definitions of key terms.***

Higher yields over the past few years have created what we believe is an attractive opportunity to buy longer-duration bonds. We believe our investors will be better off in the long-term earning today's yields for multiple years. In recognition of the uncertainty in the market, we must recognize and account for the possibility that interest rates could rise and cause temporary mark-to-market losses on bonds. To mitigate such mark-to-market risk, we select the duration of our investments using our 100 bps duration test described above. The chart below illustrates this test.



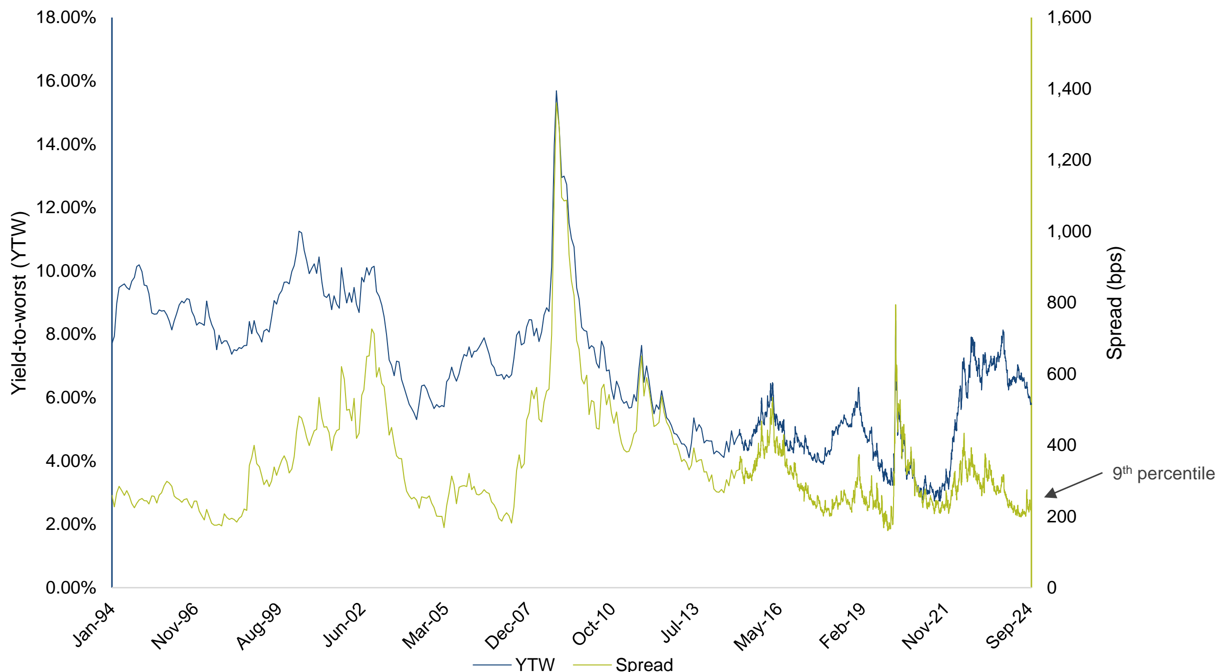
Source: Bloomberg. ^ ***Yield-to-maturity*** *is the annualized total return anticipated on a bond if the bond is held until it matures and assumes all payments are made as scheduled and are reinvested at the same rate. The expected return assumes no change in interest rates over the next 12 months. * Upside return estimates the 12-month total return assuming yields decline by 100 bps over 12 months. Downside return estimates the 12-month total return assuming yields increase by 100 bps over 12 months. Return estimates assume gradual change in yield over 12 months.* ***The hypothetical stress test data provided herein is for illustrative and informational purposes only and is intended to demonstrate the mathematical impact of a change in Treasury yields on hypothetical Treasury returns****. No representation is being made that any account, product or strategy will or is likely to achieve profits, losses, or results similar to those shown. Hypothetical results do not reflect trading in actual accounts, and does not reflect the impact that all economic, market or other factors may have on the management of the account. Hypothetical results have certain inherent limitations. There are frequently sharp differences between simulated results and the actual results subsequently achieved by any particular account, product or strategy.* ***Past performance is no guarantee, nor is it indicative, of future results. Please refer to the back of the commentary for important disclosures.***

The dark blue bars above show Treasury yields of various maturities at September 30, 2024. The green bars indicate the results of our 100 bps duration test and represent the short-term downside return potential for these bonds. For example, the 5-year Treasury purchased at a 3.56% yield would be expected to return -0.06% over twelve months if its yield increased by 100 bps from 3.56% to 4.56% during that time. We generally seek the longest-maturity bonds that will generate at least a breakeven return under this test. Using Treasuries as an example of how we adjust the duration of our investments as rates change, when rates were higher earlier in the third quarter, the 5-year Treasury produced a greater than breakeven return and was a candidate for our portfolio at the time. Toward the end of the quarter, when rates were lower, the 5-year Treasury no longer passed our duration test so we bought slightly shorter 4.8 year maturity Treasuries that still yielded enough to produce a better-than-breakeven return under our test.

In the short-term, not only do these longer duration investments offer some ability to preserve capital in a rising rate environment, but they also offer upside optionality in the event that rates decrease. The light blue bars on the chart above show the short-term upside return potential, namely the potential total return over twelve months if rates decrease by 100 bps. The 4.8-year Treasury bonds held in the portfolio offer a potential return of 6.99% over twelve months if rates decrease by 100 bps. In summary, adding longer-duration bonds to the portfolio enhances the Fund's short-term return potential.

We have spent almost three years increasing the Fund's duration so that we might participate in the short-term upside offered by the broader bond market while still mitigating short-term drawdowns induced by rising interest rates. Indeed, over the last twelve months, the Aggregate Bond Index returned 11.57% and the Bloomberg U.S. Universal Index returned 12.08% as Treasury yields decreased by approximately 100-145 bps across one- to seven-year maturities. In comparison, the Fund returned 10.71% during that time, capturing 93% of the Aggregate Bond Index's return and 89% of the Bloomberg U.S. Universal Index's return. However, and very importantly, over this period, the Fund's 0.90% maximum drawdown was a fraction of the Aggregate Bond Index's 3.19% and the Bloomberg Universal Index's 2.73% maximum drawdown.

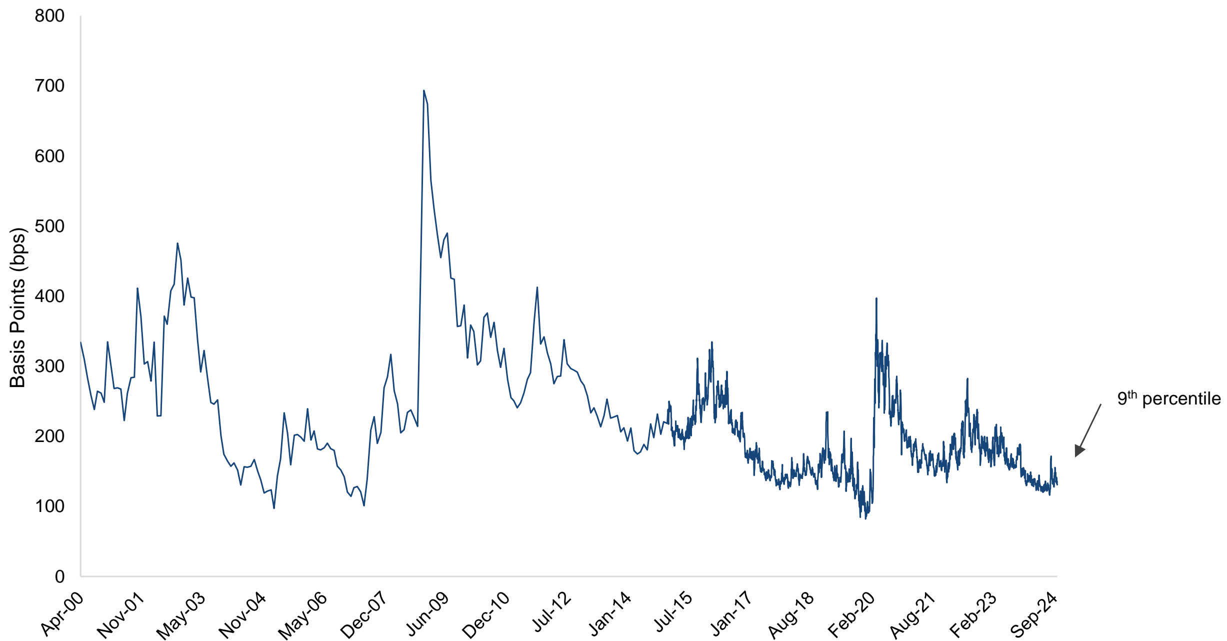
Recently, our investments in longer-duration bonds have been oriented toward High Quality bonds, because spreads are narrow. High yield spreads were at the 7th percentile[8] (a lower percentile means that spreads are relatively narrow or expensive). We believe a more consistent measure of prices in the high yield market is the BB component of the Bloomberg U.S. Corporate High Yield index, excluding Energy, because it removes some of the distortions caused by changes in the composition of the overall high yield index over time. The spread on that index was at the 9th percentile:



Source: Bloomberg. As of September 30, 2024. YTW is Yield-to-Worst. Spread reflects the quoted spread of a bond that is relative to the security off which it is priced, typically an on the-run Treasury. Past performance is no guarantee, nor is it indicative, of future results. ***Please refer to the end of the commentary for Important Disclosures and Index definitions.***

[8] Based on Bloomberg U.S. Corporate High Yield Index data from 11/25/98 to 9/30/24.

Furthermore, the extra spread offered by high yield bonds compared to investment grade bonds has also compressed. For example, the spread on high yield bonds less the spread on investment grade bonds is at the 7th percentile[9] and the spread on the aforementioned BB-rated high yield index, excluding Energy, less the spread on investment grade corporate bonds, has decreased to the 9th percentile:



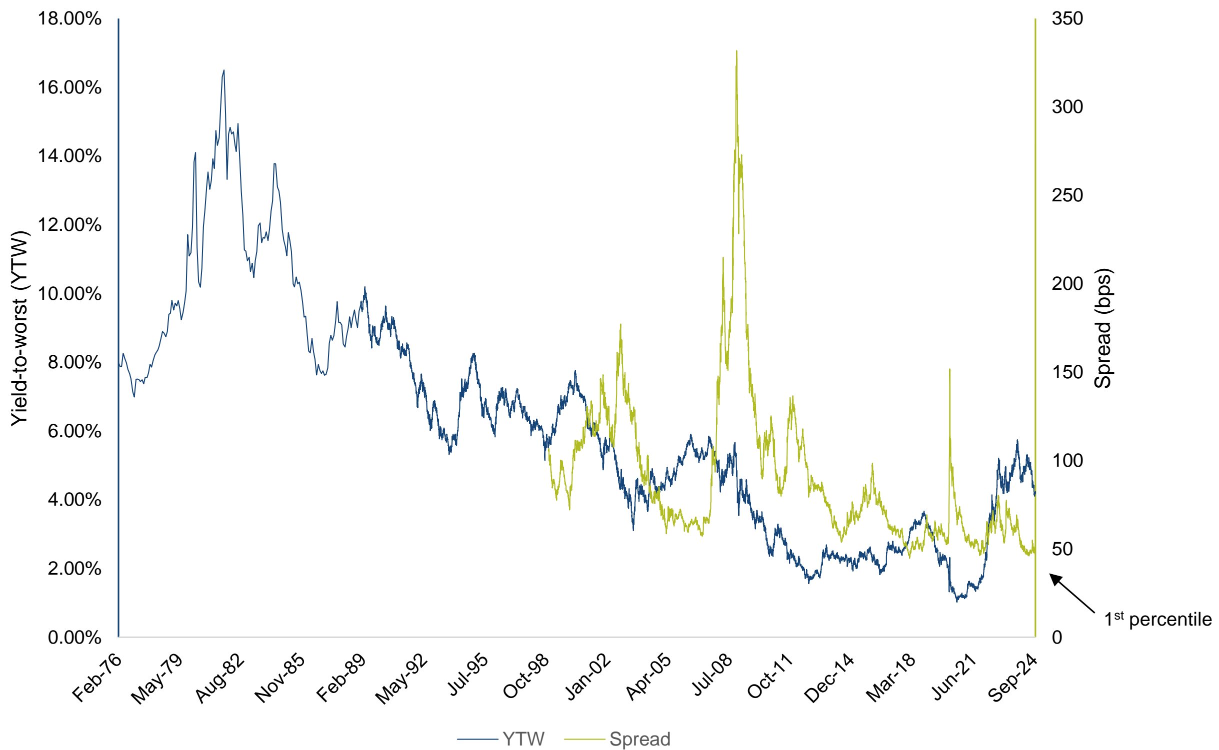
Source: Bloomberg. As of September 30, 2024. Past performance is no guarantee, nor is it indicative, of future results. ***Please refer to the end of the commentary for Important Disclosures and Index definitions.***

Given current prices in the high yield market, we generally find that, compared to investment grade bonds, the narrow spreads in the high yield market do not offer enough incremental compensation for the extra credit risk involved in high yield debt. We continue to research investment opportunities in the high yield market and the market for lower-rated debt, generally, but these days we typically find High Quality bonds more appealing.

With regard to the investment grade bond market, spreads there have compressed significantly. The following chart shows that the spread on the investment grade Aggregate Bond Index is at the 1st percentile.

[9] Based on Bloomberg U.S. Corporate High Yield Index and Bloomberg Intermediate Corporate Investment Grade Index data from 4/28/00 to 9/30/24.

Bloomberg U.S. Aggregate Bond Index



Source: Bloomberg. As of September 30, 2024. YTW is Yield-to-Worst. Spread reflects the quoted spread of a bond that is relative to the security off which it is priced, typically an on the-run treasury. Past performance is no guarantee, nor is it indicative, of future results. ***Please refer to the end of the commentary for Important Disclosures and Index definitions.***

As described above, there is considerable uncertainty about the direction of the economy and, thus, the market. Consistent with the investment approach described herein, all things being equal, when spreads are wider we are generally comfortable owning different types of risk because we believe that wider spread compensates us for that risk. Yields are still sufficiently high to give us comfort in owning some duration risk, as described above, but currently low spreads do not provide much comfort for credit risk – which is why we are adding duration in bonds that we believe carry less credit risk and are less prone to wider spreads in a risk-off environment, hence our recent investments in Treasuries, agency-guaranteed debt, and a variety of AAA-rated bonds.

Like other asset classes, bonds reside on a spectrum of risk. On one end, there are bonds that possess considerable risk – whether it's significant credit risk creating the possibility of not recouping the investment, or duration risk, or both. On the other end are very short-duration and very high-credit quality bonds. We choose where we want to be on this spectrum based on current market prices. When yields and/or spreads are higher and potential returns are greater, we are more willing to move toward the higher-risk end of the spectrum. Then, in our view, the risk is not as great because higher yields and/or higher spreads can compensate for potential adverse outcomes. Conversely, when yields are lower and potential returns are meager, we gravitate toward the lower risk end of the spectrum. We believe this absolute value-based approach to fixed income investing is a much different approach from what many other bond managers employ – betting on the direction of the market by trying to predict movements in interest rates and/or spreads. In our opinion, trying to predict the market is speculative and has a mixed record of success. In comparison, we believe our value-based approach has served our investors very well over the years.

Thank you for your confidence and continued support.

Abhijeet Patwardhan
Portfolio Manager
October 2024

Important Disclosures

This Commentary is for informational and discussion purposes only and does not constitute, and should not be construed as, an offer or solicitation for the purchase or sale of any securities, products or services discussed, and neither does it provide investment advice. Any such offer or solicitation shall only be made pursuant to the Fund's Prospectus, which supersedes the information contained herein in its entirety.

The views expressed herein and any forward-looking statements are as of the date of the publication and are those of the portfolio management team. Future events or results may vary significantly from those expressed and are subject to change at any time in response to changing circumstances and industry developments. This information and data has been prepared from sources believed reliable, but the accuracy and completeness of the information cannot be guaranteed and is not a complete summary or statement of all available data. You should not construe the contents of this document as legal, tax, accounting, investment or other advice or recommendations.

Abhijeet Patwardhan has been portfolio manager for the Fund since inception. Thomas Atteberry co-managed the Fund since inception through June 2022. Effective July 1, 2022, Mr. Atteberry transitioned to a Senior Advisory role. There were no material changes to the investment process due to this transition. Effective September 30, 2023, Mr. Atteberry no longer acts as a Senior Advisor to the investment team, but he remains as Senior Advisor to FPA.

Portfolio composition will change due to ongoing management of the Fund. References to individual securities or sectors are for informational purposes only and should not be construed as recommendations by the Fund, the portfolio manager, the Adviser, or the distributor. It should not be assumed that future investments will be profitable or will equal the performance of the security or sector examples discussed. The portfolio holdings as of the most recent quarter-end may be obtained at fpa.com.

The statements made herein may be forward-looking and/or based on current expectations, projections, and/or information currently available. Actual results may differ from those anticipated. The portfolio manager and/or FPA cannot assure future results and disclaims any obligation to update or alter any statistical data and/or references thereto, as well as any forward-looking statements, whether as a result of new information, future events, or otherwise. Such statements may or may not be accurate over the long-term.

Investments carry risks and investors may lose principal value. Capital markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The Fund may purchase foreign securities, including depository receipts, which are subject to interest rate, currency exchange rate, economic and political risks; these risks may be elevated when investing in emerging markets. Foreign investments, especially those of companies in emerging markets, can be riskier, less liquid, harder to value, and more volatile than investments in the United States. The securities of smaller, less well-known companies can be more volatile than those of larger companies.

The return of principal in a bond fund is not guaranteed. Bond funds have the same issuer, interest rate, inflation and credit risks that are associated with underlying bonds owned by the Fund. Lower rated bonds, convertible securities and other types of debt obligations involve greater risks than higher rated bonds.

Interest rate risk is the risk that when interest rates go up, the value of fixed income instruments, such as bonds, typically go down and investors may lose principal value. Credit risk is the risk of loss of principal due to the issuer's failure to repay a loan. Generally, the lower the quality rating of a fixed income instrument, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. If an issuer defaults the fixed income instrument may lose some or all of its value.

Mortgage securities and collateralized mortgage obligations (CMOs) are subject to prepayment risk and the risk of default on the underlying mortgages or other assets; such derivatives may increase volatility. Convertible securities are generally not investment grade and are subject to greater credit risk than higher-rated investments. High yield securities can be volatile and subject to much higher instances of default.

Collateralized debt obligations ("CDOs"), which include collateralized loan obligations ("CLOs"), collateralized bond obligations ("CBOs"), and other similarly structured securities, carry additional risks in addition to interest rate risk and default risk. This includes, but is not limited to: (i) distributions from the underlying collateral may not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; and (iii) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results. Investments in CDOs are also more difficult to value than other investments.

Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio management team considers the true business value or because the portfolio management team has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other styles of investing during given periods.

The ratings agencies that provide ratings are the Nationally Recognized Statistical Ratings Organizations (NRSROs) DBRS, Inc., Fitch Ratings, Inc., Kroll Bond Rating Agency, Inc., Moody's Investors Service, Inc., and S&P Global Ratings. Credit ratings range from AAA (highest) to D (lowest). Bonds rated BBB or above are considered investment grade. Credit ratings of BB and below are lower-rated securities (junk bonds). High-yielding, non-investment grade bonds (junk bonds) involve higher risks than investment grade bonds. Bonds with credit ratings of CCC or below have higher default risk.

Please **refer to the Fund's Prospectus** for a complete overview of the primary risks associated with the Fund.

The Fund is not authorized for distribution unless preceded or accompanied by a current prospectus. The prospectus can be accessed at: https://fpa.com/request-funds-literature.

Important Disclosures for Hypothetical Stress-Tested Results

The hypothetical and estimated data provided herein is for illustrative and informational purposes only. No representation is being made that FPFIX will or is likely to achieve profits, losses, or results similar to those shown. Hypothetical and estimated results do not reflect trading in actual accounts, and do not reflect the impact that economic, market or other factors may have on the management of the account.

The hypothetical and estimated results as set forth in this commentary do not represent actual results; actual results may significantly differ from the theoretical data being presented. Hypothetical/estimated results have certain inherent limitations. Hypothetical models theoretically may be changed from time to time to obtain more favorable results. There may be sharp differences between simulated or estimated results and the actual results subsequently achieved by any particular account, product or strategy. In addition, simulated/estimated results cannot account for the impact of certain market risks such as a lack of liquidity or default risk. There are numerous other factors related to the markets in general or the implementation of any specific strategy which cannot be fully accounted for in the preparation of simulated or estimated results, all of which can adversely affect actual results.

An investor's individual portfolio results may vary from any hypothetical or estimated results because of the timing of trades, deposits and withdrawals, the impact of management fees and taxes, market fluctuations, trading costs, cash flows, custodian fees, among other factors. Hypothetical results are not meant to be construed as a prediction of the future return of the Fund. **Past performance is no guarantee, nor is it indicative, of future results.**

Index / Category Definitions

Comparison to any index is for illustrative purposes only and should not be relied upon as a fully accurate measure of comparison. The Fund will be less diversified than the indices noted herein and may hold non-index securities or securities that are not comparable to those contained in an index. Indices will hold positions that are not within the Fund's investment strategy. Indices are unmanaged, do not reflect any commissions, fees or expenses which would be incurred by an investor purchasing the underlying securities. The Fund does not include outperformance of any index or benchmark in its investment objectives. Investors cannot invest directly in an index.

Bloomberg U.S. Aggregate Bond Index provides a measure of the performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1 year remaining in maturity. In addition, the securities must be denominated in U.S. dollars and must be fixed rate, nonconvertible, and taxable.

Bloomberg U.S. Aggregate 1-3 Year Bond Index provides a measure of the performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have a remaining maturity of 1 to 3 years. In addition, the securities must be denominated in U.S. dollars and must be fixed rate, nonconvertible, and taxable.

Bloomberg U.S. High Yield Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Bloomberg U.S. High Yield BB ex Energy Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable BB-rated corporate bonds excluding energy sector. Bloomberg U.S. High Yield B ex Energy Index measures the market of USD-denominated, non-investment grade, fixed-rate, taxable B-rated corporate bonds excluding energy sector.

Bloomberg U.S. High Yield Index ex. Energy measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds excluding Energy sector.

Bloomberg U.S. Investment Grade Corporate Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility, and financial issuers.

Bloomberg U.S. Universal Bond Index represents the union of the following Bloomberg Barclay's indices: U.S. Aggregate Index, the U.S. Corporate High-Yield Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, and the non-ERISA portion of the CMBS Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index. The only constituent of the index that includes floating-rate debt is the Emerging Markets Index.

Consumer Price Index (CPI) is an unmanaged index representing the rate of the inflation of the U.S. consumer prices as determined by the U.S. Department of Labor Statistics. This index reflects non-seasonally adjusted returns. There can be no guarantee that the CPI or other indices will reflect the exact level of inflation at any given time.

CPI + 200 bps is created by adding 200 basis points to the annual percentage change in the CPI.

Morningstar Nontraditional Bond Category contains funds that pursue strategies divergent in one or more ways from conventional practice in the broader bond fund universe. Many funds in this group describe themselves as "absolute return" portfolios, which seek to avoid losses and produce returns uncorrelated with the overall bond market; they employ a variety of methods to achieve those aims. Another large subset are self described "unconstrained" portfolios that have more flexibility to invest tactically across a wide swath of individual sectors, including high yield and foreign debt, and typically with very large allocations. Funds in the latter group typically have broad freedom to manage interest rate sensitivity, but attempt to tactically manage those exposures in order to minimize volatility. The category is also home to a subset of portfolios that attempt to minimize volatility by maintaining short or ultra short duration portfolios, but explicitly court significant credit and foreign bond market risk in order to generate high returns. Funds within this category often will use credit default swaps and other fixed income derivatives to a significant level within their portfolios. There were 296 funds in the category at 9/30/2024.

Other Definitions

Basis Point (bps) is equal to one hundredth of one percent, or 0.01%. 100 basis points = 1%.

Core duration bonds (also known as core bonds) refer to bonds similar in duration to Bloomberg U.S. Universal Index.

Corporate holdings include bank debt, corporate bonds and common stock.

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.

Credit Spread or Spread is the difference in yield between a U.S. Treasury bond and another debt security of the same maturity but different credit quality.

Effective Duration (years) is the duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change.

Mark-to-market is a method of recording the price or value of a security, portfolio, or account to reflect the current market value rather than book value.

A bond **premium** occurs when the price of the bond has increased in the secondary market. A bond might trade at a premium because its interest rate is higher than current rates in the market.

Weighted Average Life (years) is the average length of time that each dollar of unpaid principal on a loan, a mortgage or an amortizing bond remains outstanding.

Yield to Maturity (YTM) is the total return anticipated on a bond if the bond is held until it matures.

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