HIGH YIELD MARKET

INVESTMENT COMMENTARY & REVIEW

Second Quarter 2023

The Bloomberg U.S. High Yield Corporate Index (Index) returned 1.75% during the second quarter, bringing the year-to-date Index total returns to 5.38%.

The BB-rated, B-rated, and CCC-rated categories recorded gains of 0.89%, 1.90%, and 4.18%, respectively. The Index option-adjusted spread (OAS) tightened 65 basis points (bps) during the second quarter to +390 bps, while the yield-to-worst (YTW) declined by just 2 basis points to 8.50%. By ratings, BB-rated credits now trade at an OAS of +252 bps and offer a YTW of 7.08%, B-rated credits at an OAS of +398 bps and 8.66% YTW, and CCC-rated credits at an OAS of +841 bps and 12.88% YTW. The average dollar price of the Index rose to $88.97 by quarter end.

The attractive all-in yields, the Federal Reserve rate hike cycle nearing an end, and consumer data indicating the ongoing resiliency of domestic economic activity all led to continued solid High Yield market returns through the second quarter. The much-anticipated economic recession that was to follow the dramatic monetary tightening policy intended to beat back 40-year high levels of inflation, that produced a significant yield curve inversion, and which led to more than a year's worth of monthly declines in the Leading Economic Indicator Index (LEI) still remains somewhere out on the economic horizon primarily due to the strength of the US consumer. Consumer spending remains the pillar of strength throughout, and forecasts indicate that real disposable income is set to outpace inflation over the second half of 2023, meaning this trend can continue. However, much uncertainty remains regarding the type and/or the timing of this looming recession.

Regardless, PIA High Yield remains invested in industries and companies that we believe offer compelling long-term value and have the potential to provide relative outperformance throughout this economic cycle.

Michael Yean
High Yield Portfolio Manager

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The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 800-251-1970 or visiting www. PIAMutualFunds.com. Read it carefully before investing.

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. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks may increase for emerging markets. 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. The Fund may invest in derivatives, which may involve risks greater than the risks presented by more traditional investments. The risk of owning an exchange-traded fund ("ETF") or mutual fund generally reflects the risks of owning the underlying securities that the ETF or mutual fund holds. It will also bear additional expenses, including operating expenses, brokerage costs and the potential duplication of management fees. These risks are fully disclosed in the Prospectus.

Index performance is not indicative of Fund performance. It is not possible to invest directly in an index. For current standardized performance of the Fund, please visit www.piamutualfunds.com or call 310-393-1424.

Bloomberg U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations. The Yankee sector has been discontinued as of 7/1/00. The bonds in the former Yankee sector have not been removed from the index, but have been reclassified into other sectors. You cannot invest directly in an index.

Yield - The income return on an investment. This refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost.

Bond ratings provide the probability of an issuer defaulting based on the analysis of the issuer's financial condition and profit potential. Bond rating services are provided by credit rating agencies currently registered as Nationally Recognized Statistical Rating Organizations ("NRSROs"). Bond ratings start at AAA (denoting the highest investment quality) and usually end at D (meaning payment is in default). Securities not covered by any agency will receive a non-rated (NR) rating.

Option-adjusted spread (OAS) is the measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is adjusted to take into account an embedded option. Typically, an analyst uses the Treasury securities yield for the risk-free rate.

Basis point (bp)- A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

Spread - The difference in yields between two fixed-income securities with the same maturity, but originating from different investment sectors.

Yield to worst - the lowest potential yield that can be received on a bond without the issuer actually defaulting.

Monetary - consists of the actions of a central bank, currency board or other regulatory committee that determine the size and rate of growth of the money supply, which in turn affects interest rates.

The Composite Index of Leading Indicators, otherwise known as the Leading Economic Index (LEI), is an index published monthly by The Conference Board. It is used to predict the direction of global economic movements in future months.

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Past performance does not guarantee future results.

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