SYMPHONY
FLOATING RATE SENIOR LOAN FUND

BROMPTON FUNDS

SUB-ADVISOR COMMENTARY - DECEMBER 31, 2018

The Fund returned -4.6% for the month of December 2018. The Credit Suisse Leveraged Loan Index returned -2.3% for the same period.

According to J.P. Morgan, the broad sell-off across the capital risk spectrum, including U.S. senior loans, continued into December. Investors reacted adversely to the Fed communication about the future path of U.S. interest rates, as well as persistent concerns over a slowing global economy, Brexit, and the U.S. political impasse that has led to a partial U.S. government shutdown. In particular, consensus views predicted the Fed would be more dovish given the increased economic anxiety, however the FOMC minutes indicated further tightening in the first half of 2019, sparking a continued flight out of risk assets and into the safety of U.S. treasuries that rallied strongly in the month. The technical selloff was broad-based across capital markets, industry sectors, and credit ratings.

To put the flight from the loan market in context, the asset class experienced its largest retail outflows on record in the month. Loan ETF and mutual fund managers responding to large redemptions were forced sellers, particularly of more liquid issues regardless of issue credit fundamentals. This put more downward price pressure on larger, higher quality, liquid issues than on smaller, lower quality, less liquid issues. Within the loan market itself, similar to the prior month, every industry sector experienced a decline despite indications, in the majority of cases, of solid corporate fundamentals. The sell-off was nearly indiscriminate across industries with the majority falling between -2% and -3%. In terms of default activity, two companies defaulted on $2.0 billion in bonds and loans during the month and the par-weighted default rate ended 2018 at 1.63% well below the long-term historical average of ~3%.

Being defensively positioned with a bias toward larger, more liquid issues, portfolio performance was broadly, adversely impacted by the negative technical dynamics in absolute and relative terms. Further, with few exceptions, idiosyncratic factors were swamped by the general loan market decline. Due to these circumstances, individual position exposures in isolation were not primary drivers of relative performance differences.

Fundamentally, the U.S. economy remains robust and nothing on the horizon suggests defaults will pick up meaningfully over the next 18 months. We believe the concerns over U.S. growth have been overblown and there continues to be a very low probability of a U.S. recession over the cyclical horizon. Due to these circumstances, along with an attractive yield in excess of 7%, we are constructive on the loan market and took the portfolio's cash close to zero at the end of the month to capitalize on good absolute and relative value opportunities.

SYMPHONY
ASSET MANAGEMENT

Note: This page is not complete without disclaimers on page 2.

Annual Compound Returns[1]	1-Year	3-Year	5-Year	Since Inception A & U[2]	Since Inception C & F[3]
Symphony Floating Rate Senior Loan Fund - Class A	(0.8%)	6.3%	2.6%	5.3%	-
Symphony Floating Rate Senior Loan Fund - Class C	(1.2%)	-	-	-	0.8%
Symphony Floating Rate Senior Loan Fund - Class F	(0.2%)	-	-	-	1.4%
Symphony Floating Rate Senior Loan Fund - Class U	(0.6%)	6.0%	2.4%	4.9%	-
Credit Suisse Leveraged Loan Index	1.1%	5.0%	3.3%	4.5%	2.6%

(1) Returns are for the periods ended December 31, 2018.

(2) Inception date November 1, 2011.

(3) Inception date January 10, 2017.

The table shows the Fund's compound returns for each period indicated compared with the Credit Suisse Leveraged Loan Index. The Credit Suisse Leveraged Loan Index ("Loan Index") is an appropriate benchmark as it is designed to mirror the investable universe of the US dollar denominated leveraged loan market in which the Fund also invests. The Loan Index is unleveraged and its returns are calculated without the deduction of fees, fund expenses, and trading commissions whereas the performance of the Fund includes the impact of leverage and is calculated after deducting such fees and expenses. Since the Fund is actively managed, the sector weightings may differ from those of the Loan Index.

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