SUB-ADVISOR COMMENTARY - SEPTEMBER 30, 2021

The Symphony Floating Rate Senior Loan Fund (the "Fund") posted 2.7% for the month of September 2021. The Credit Suisse Leveraged Loan Index returned 0.65% for the same period.

Capital markets volatility spiked in September. Concerns that a debt crisis in China's real estate sector would lead to contagion across markets worldwide, and expectations that the Federal Reserve (the "Fed") would conclude its quantitative easing (QE) program by mid-2022 (sooner than investors had anticipated) contributed to the largest one-month loss for the S&P 500 Index (-4.75%) since March 2020. In the fixed income arena, the Fed's accelerated tapering timetable helped push the yield on the 10-year U.S. Treasury note 18bps higher, ending the month at a third-quarter peak of 1.49%. Despite widespread volatility across risk assets, U.S. senior loans, as represented by the LSTA U.S. Leveraged Loan Index, returned 0.64%, while U.S. high yield bonds, measured by the BofA Merrill Lynch High Yield Index, gained 0.03%.

For the month of September, senior loans produced their strongest monthly performance since January. Driving these results were favorable technical dynamics for the loan market. On the demand side, these included a 10th consecutive month of retail inflows (+$2.3 billion) and continued robust CLO formation. September CLO net issuance (excluding refinance/resets) totaled $17.3 billion, following a record $18.5 billion in August. This heavy demand for loans was met by somewhat limited supply, as primary market activity failed to meet investor expectations for a post-Labor Day issuance pick-up. Gross issuance totaled +$54.4 billion, after August's +$41.5 billion and July's +$64.6 billion. By use of proceeds, loans related to acquisitions accounted for 56% of gross volume, while refinancing and repricing totaled 40%. With secondary prices continuing to rally, senior loan yields remained near record-low levels; the average yield-to-maturity ended September at 4.19%. Within the asset class, lower-quality loans outperformed: issues rated CCC (+1.39% return) topped BBs (+0.52%) and Bs (+0.64%). The default rate of the S&P/LSTA Leveraged Loan Index remained at 0.47%, its lowest since March 2012 (Source: S&P LCD, JP Morgan).

The largest detractor from relative performance in September was the reorganization equity of a Texas-based independent oil and gas exploration and production (Fieldwood) company. This position had contributed significantly in August and added to results for the third quarter overall. Also detracting from relative performance was security selection in Healthcare. In contrast, good issue selection in Energy and Consumer Staples aided relative performance. Among our Energy holdings, loans of a refined petroleum wholesaler (Gulf Finance) rose after the company announced sponsor equity contribution to partially pay down debt and reduce leverage.

We believe senior loans remain attractive, providing investors with a good source of income and broad diversification benefits due to their lower correlation to duration-sensitive assets. Technical factors for the asset class should stay favorable amid continued CLO formation and increasing demand from retail investors. Moreover, credit fundamentals are sound, supported by healthy consumer and corporate balance sheets and an above-trend outlook for U.S. GDP growth — all of which contribute to below-average default expectations for loans. Valuations however, are approaching fair value. Moreover, as commodity prices continued to rise throughout the third quarter and supply bottlenecks persisted, we anticipate some earnings misses. Additionally, the Delta variant, potential monetary and fiscal policy missteps and resurfaced geopolitical tensions may lead to spikes in volatility. Therefore, credit selection and active management will be key in generating alpha.

Annual Compound Returns[1]	YTD	1-YR	3-YR	5-YR	Since Inception A & U[2]	Since Inception C & F[3]
Symphony Floating Rate Senior Loan Fund - Class A	13.2%	20.8%	2.6%	4.7%	5.5%	-
Symphony Floating Rate Senior Loan Fund - Class C	18.8%	27.2%	4.5%	-	-	5.0%
Symphony Floating Rate Senior Loan Fund - Class F	15.6%	23.5%	3.3%	-	-	4.5%
Symphony Floating Rate Senior Loan Fund - Class U	12.9%	20.8%	3.2%	5.1%	5.4%	-
Credit Suisse Leveraged Loan Index	4.7%	8.5%	4.1%	4.6%	4.8%	4.4%

(1) Returns are for the periods ended September 30, 2021 and are unaudited. The table shows the Fund's compound return for each period indicated compared with the Credit Suisse Leveraged Loan Index ("Loan Index"). The Loan Index is an appropriate benchmark as it is designed to mirror the investable universe of 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.

(2) Inception date November 1, 2011.

(3) Inception date January 10, 2017.

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