MILLER INCOME FUND

Q4 | December 31, 2023

MILLER VALUE PARTNERS

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MANAGER COMMENTARY

Parsing Through a Solid Backdrop for Equities

The Miller Income Fund – Class I returned 11.42% in the fourth quarter of 2023 versus a 7.08% return for its benchmark, the ICE BofA US High Yield Index. One of the quarter's more notable performances in traditional asset classes came from long-dated US government bonds, a proxy for which is the ICE U.S. Treasury 20+ Years Bond Index, which was up 12.9%. This was the asset's fifth-best calendar quarter in twenty years. More remarkably, it was the only quarter in the past twenty years that long-dated US government bonds generated a double-digit return without a coinciding drawdown from equity markets. Every prior quarter in which the Index was up more than it was in Q4 '23, the S&P 500's return ranged from -11.4% (Q2 '10) down to -21.9% (Q4 '08). This is because investors tend to sell stocks and buy bonds as their psyches shift into a defensive posture, with their primary concern being a return "of" capital instead of a return "on" capital.

This past quarter's rarely seen divergence is meaningful, we believe, because it could mark a turning point in market psychology around the persistence of inflation, a phenomenon that is notoriously hard to predict. January is the time of year when all kinds of outlooks and predictions about the coming year crop up, most of which are about as reliable as forecasts of what the weather will be next month or who will win the presidential election this year. Astute readers will note that this paragraph's lead

LMCLX

FUND FACTS

Objective:	Seeks to provide a high level of income while maintaining potential for growth
Portfolio Manager:	Bill Miller IV, CFA, CMT
Fund Assets:	$147.6 million
Inception Date:	02/28/2014
Benchmark:	ICE BofA High Yield Index
Class I Expenses[1]:	Gross: 1.00% / Net 0.96%

PORTFOLIO CHARACTERISTICS

Number of Holdings	30
Wtd Avg Market Cap (Equities)	$22.85B
Dividend Frequency	Quarterly
Turnover	43.8%

YIELD

Current Yield (Class I)	4.97%
30-Day SEC Yield w/ Waiver	6.13%
30-Day SEC Yield w/o Waiver	5.95%

Average Annual Total Returns (%)/

		Annualized			
As of 12/31/23	**YTD**	**1 Yr**	**3 Yr**	**5 Yr**	**Inception (2/28/14)**
LMCLX (Class I)	**13.87**	**13.87**	**4.35**	**6.67**	**3.87**
ICE BofA US High Yield Index	13.54	13.54	2.05	5.24	4.31
S&P 500 Index	26.29	26.29	10.00	15.69	12.12

Performance shown represents past performance and is no guarantee of future results. *Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than the original cost. Total returns assume the reinvestment of all distributions at net asset value and the deduction of all Fund expenses. Total return figures are based on the NAV per share applied to shareholder subscriptions and redemptions, which may differ from the NAV per share disclosed in Fund shareholder reports. Performance would have been lower if fees had not been waived in various periods. Numbers may be the same due to rounding. YTD is calculated from January 1 of the reporting year. For the most recent month-end information, please call 888-593-5110 or visit millervaluefunds.com.*

[1]*Miller Value Partners, LLC (the Adviser) has contractually agreed to waive certain fees and/or other reimburse certain expenses through 1/31/2024. Please reference the prospectus for detailed information.*

sentence is not a prediction but rather an interpretation of what could explain a unique combination of returns across asset classes. However, understanding the collective thinking that could elucidate market movements is an important starting point for thinking through future probabilities, as public markets are generally thought to be efficient discounting mechanisms.

Indeed, a broader look at market expectations and economic data suggests the system is in a pretty good spot right now. The bond market anticipates annualized inflation over the next two years of 2.1% as of this writing, down meaningfully from the 3.4% per year implied just nine months ago. The Commodity Research Bureau's spot price index syncs up with this dynamic, closing 2023 at the lowest level in almost three years with continued downward movement to start this year. Fed officials are now talking about the timing and extent of interest rate cuts, as well as slowing the pace of asset sales from their balance sheet. Fed futures markets[1] now imply a greater than 50/50 chance of a cut prior to the end of the first quarter; if that proves correct, it would be the first time in over 40 years that we have seen a rate cut on the heels of two consecutive quarters of GDP growth above 4.5%. The CBOE Volatility Index (VIX) enters the year in its 12th percentile, implying low fear broadly. In my view, these numbers indicate, other things being equal, that the path of least resistance for the market is likely higher, as it has been for most of its history.

During the fourth quarter, we eliminated two positions comprising approximately 6% of the portfolio where new information suggested that our investment thesis was wrong. As active managers, we are able to proactively make adjustments in the portfolio, a key difference from strategies that are rebalanced to a benchmark on a set frequency. Two new additions included a starter position in wood products maker Boise Cascade (BCC) as well as the debt of Gray Television, a top operator of local television stations. We think Boise Cascade is a good business trading at a compelling valuation with a fortress balance sheet, while we believe markets are too pessimistic on Gray Television's staying power.

As always, we remain the largest investors in the Fund and welcome any comments or questions.

Bill Miller IV, CFA CMT
Miller Value Partners
@billfour

TOP 10 HOLDINGS BY ISSUER

GEO Group Inc.	7.9%
Stallantis NV	7.1%
Western Alliance Bancorp	6.1%
AT&T, Inc.	5.9%
Jackson Financial, Inc.	5.5%
OneMain Holdings, Inc.	5.4%
CTO Realty Growth, Inc.	5.0%
Buckle Inc.	4.8%
Vonovia SE	4.8%
Bread Financial Holdings Inc.	4.8%
Total	**57.3%**

ASSET ALLOCATION

Equity	77.5%
Common Equity	66.9%
Real Estate Investment Trusts (REITs)	10.6%
Bonds	22.5%

SECTOR EXPOSURE

Financials	21.8%
Industrials	19.9%
Consumer Discretionary	15.6%
Real Estate	13.1%
Communications Services	9.2%
Consumer Staples	9.1%
Health Care	4.5%
Information Technology	3.4%
Energy	1.6%
Materials	1.2%

[1] Fed funds futures are derivatives based on the federal funds rate and are a direct reflection of collective marketplace insight regarding the future course of the Federal Reserve's monetary policy.

FUND HIGHLIGHTS

In the fourth quarter, the Miller Income Fund Class I rose 11.42% (net of fees), outperforming the ICE BofA Merrill Lynch High Yield Master II Index's 7.08% gain and underperforming the S&P 500's 11.69% gain. The Fund ended the quarter up 13.87% year-to-date (YTD), or 33 basis points ahead of the high yield index and 1,242 basis points behind the S&P 500.

TOP CONTRIBUTORS

Western Alliance Bancorp (WAL) was the top contributor during the quarter. The regional bank reported 3Q23 and Earnings per Share (EPS) of $1.97, -18.6% year-over-year (Y/Y) (+0.5% sequentially), ahead of consensus of $1.91. Total deposits rose 6.5% sequentially to $54.3B at the end of the quarter, with insured and collateralized deposits representing 82% of total deposits as of quarter-end, while the bank's common equity tier 1 (CET1) ratio expanded 50bps sequentially to 10.6% as of quarter-end. Tangible book value per share (TBV/share) came in at $43.66 (P/TBV of ~1.5x) as of quarter-end, +17.5% Y/Y, as TBV/share has now grown at a 19.2% compound annual growth rate (CAGR) since the end of 2013, with management highlighting that this is more than 6x the growth rate of its peers over the same period. Management is guiding for 4Q23 deposit growth of $250MM, loan growth of $150MM, net interest margin (NIM) of 3.65%, and net charge-offs of 10basis points (bps), at the respective midpoints, and also reiterated their expectation for a return to prior balance sheet guidance for loan and deposit growth of $500MM and $2B per quarter, respectively, in 2024.

The Buckle (BKE) was another top performer during the quarter. The retailer reported 3Q23 net sales of $303.5MM, -8.7% Y/Y, slightly below consensus of $304.0MM, and EPS of $1.04, -16.1% Y/Y, ahead of consensus of $0.88. The company generated 3Q23 free cash flow (FCF) of $53.7MM, bringing trailing-twelve month (TTM) FCF to $216.6MM, or a FCF yield of 9.0%. Management maintained its quarterly dividend of $0.35/share and also declared a special cash dividend of $2.50/share, implying a twelve-month yield of ~8.2%.

Jackson Financial Inc (JXN) reported 3Q23 Adjusted Operating EPS of $3.80, -10.4% Y/Y, ahead of consensus of $3.53. Registered index-linked annuity (RILA) sales rose 43.5% Y/Y to $807MM in the quarter, while total annuity account value rose 10.1% Y/Y to $218B, primarily driven by higher equity markets over the TTM period, with capital ratios rising. During the quarter, management returned $123MM to shareholders (3.0% of market cap) via $71MM of share repurchases and $52MM in dividends, and remains on track to achieve its 2023 capital return target of $500MM at the midpoint, or 12.3% of the company's market cap.

TOP DETRACTORS

B Riley Financial (RILY) was the top detractor during the quarter. Investors were concerned that Brian Kahn, CEO of Franchise Group, for which B Riley recently helped orchestrate a management-led buyout with a $281MM investment, was named as a co-conspirator in securities fraud from his previous business relationship with Prophecy Asset Management, despite Kahn vehemently denying these allegations. Later in the quarter, management disclosed in its investor day presentation that it has a more than $200MM loan outstanding to Kahn in addition to its investment in Franchise Group's buyout.

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TOP DETRACTORS (cont.)

Organon & Co (OGN) missed consensus top-line and bottom-line consensus expectations driven by weakness in the company's Women's Health segment, which has been negatively impacted by generic competition, leading the market to conclude that management's prior guidance for a return to growth may have been optimistic.

Medifast Inc (MED) fell on the heels of a dividend elimination in conjunction with a $20MM investment in LifeMD, a provider of virtual primary care services, to provide OPTAVIA clients with a weight management program that includes GLP-1 drugs, establishing the company's entrance into the medically supported weight loss market.

OBJECTIVE

Seeks to provide a high level of income while maintaining potential for growth

PORTFOLIO MANAGER

Bill Miller IV, CFA, CMT

FUND PROFILE

Approach: Active, Value-Oriented
Geography: Predominantly US
Average Portfolio Size: 20-40
Market Cap: Flexible
Average Holding Period: 3-5 years

AVAILABLE SHARE CLASSES

A	LMCJX	I	LMCLX
C	LCMNX	IS	LMCMX
FI	LMCKX		

ADVISOR SERVICES

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MILLER VALUE PARTNERS

Flexible. Aligned. Transparent. These are the hallmarks of Miller Value's guiding principles as investment professionals. The team manages distinct portfolios rooted in the philosophy and process developed by founder Bill Miller. The team remains the largest investors in the Firm's strategies, creating important alignment with investors.

The **ICE BofA US High Yield Index** tracks the performance of below-investment-grade, but not in default, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P. The **Commodity Research Bureau BLS/US Spot All Commodities Index** is a measure of price movements of 22 sensitive basic commodities whose markets are presumed to be among the first to be influenced by changes in economic conditions. As such, it serves as one early indication of impending changes in business activity. The **CBOE Volatility Index (VIX)** is designed to produce a measure of the 30-day expected volatility of the US stock market based on the prices of S&P 500 call and put options. The **S&P 500 Index** is a market capitalization-weighted index of 500 widely held common stocks. **Current Yield** represents the distributed net investment income plus any returned capital for the period, annualized and divided by the net asset value per share at the end of the period.The **30-Day SEC yield** is based on dividends accrued by the Fund's investments over a 30-Day period, and not on the dividends paid by the fund, which may differ and are subject to change. **Earnings per share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock and serves as an indicator of a company's profitability. **Basis point** is one hundredth of one percent. **Free cash flow** is earnings before depreciation, amortization, and non-cash charges minus maintenance capital expenditures. **Adjusted Operating EPS** is net income divided by shares outstanding and an after-tax non-GAAP financial measure, which excludes certain items that may be highly variable from period to period due to accounting treatment under US GAAP or that are non-recurring in nature, as well as certain other revenues and expenses that management does not view as driving the company's underlying performance. **Tangible Book value/Share** is the value of a company's tangible assets divided by its current outstanding shares, and determines the potential value per share of a company in the event that it must liquidate its assets. **Compound Annual Growth Rate (CAGR)** is the mean annual growth rate of an investment over a specified period of time longer than one year. **Net Interest Margin (NIM)** equals net interest income divided by earning assets and is a measure of the net return on the bank's earning assets, which include investment securities, loans, and leases. **Common Equity Tier 1 Ratio (CET1)** is compares a bank's core equity capital with its total risk-weighted average, as a measure of the bank's financial strength.

Equity securities are subject to price fluctuation and possible loss of principal. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. Real estate investment trusts (REITs) are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small and mid-cap investments. Asset-backed, mortgage-backed or mortgage-related securities are subject to prepayment and extension risks. Investments in MLP securities are subject to unique risks, including the risks of MLPs and the energy sector, including the risks of declines in energy and commodityprices, decreases in energy demand, adverse weather conditions, natural or other disasters, changes in government regulation, and changes in tax laws. Short selling is a speculative strategy. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets. Fixed-income securities involve interest rate, credit, inflation, and reinvestment risks; and possible loss of principal. As interest rates rise, the value of fixed-income securities falls. High yield bonds are subject to greater price volatility, illiquidity, and possibility of default. As a non-diversified Fund, it is permitted to invest a higher percentage of its assets in any one issuer than a diversified fund, which may magnify the Fund's losses from events affecting a particular issuer. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance.

The views expressed are those of the portfolio managers as of the date indicated, are subject to change, and may differ from the views of other portfolio managers or the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of future results, or investment advice. All data referenced are from sources deemed to be reliable but cannot be guaranteed. Discussions of individual securities are intended to inform shareholders as to the basis (in whole or in part) for previously made decisions by a portfolio manager to buy, sell or hold a security in a portfolio. References to specific securities are not intended and should not be relied upon as the basis for anyone to buy, sell or hold any security. Portfolio holdings and sector allocations may not be representative of the portfolio manager's current or future investment and are subject to change at any time. Dividends are not guaranteed and a company's future ability to pay dividends may be limited.

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