

SUPPLEMENT – MUZINICH ENHANCEDYIELD SHORT-TERM FUND

Dated: [11] January, 2018

This Supplement contains information relating specifically to Muzinich Enhancedyield Short-Term Fund (the “**Fund**”), a sub-fund of Muzinich Funds (the “**Trust**”), an open-ended umbrella unit trust with segregated liability between sub-funds authorised by the Central Bank as a UCITS.

This Supplement forms part of the Prospectus dated 28 August, 2018 and should be read in conjunction with the Prospectus. Capitalised terms not defined herein shall have the same meaning as in the Prospectus.

1 Investment Objective

The Fund seeks to protect capital and generate attractive returns which exceed those available from similar duration Benchmark Government Bonds.

2 Investment Policies

The Investment Manager seeks to meet its objective through construction of a prudently managed portfolio of corporate bonds with attractive risk and reward characteristics, an average investment grade rating. The Investment Manager generally targets an average duration to worst of no more than 2 years; but, due to market conditions, the average duration to worst may at times be as high as 3 years.

The Fund primarily invests in corporate debt securities (including fixed and floating rate notes and bonds, Contingent Convertible Securities) or in US and European Treasury Bonds and US and European Agency Bonds, which are publicly traded on Recognised Exchanges. The Fund maintains an average investment grade Moody’s or Standard & Poor’s rating (or as deemed equivalent by the Investment Manager) of at least Baa3 or BBB-, respectively, and will at all times invest at least 60% of its Net Asset Value in investment grade bonds (including ancillary liquid assets). No more than 40% of the Fund’s Net Asset Value may be rated below investment grade, and the minimum permissible rating of a security will be B3/B- by at least one rating agency (or as deemed equivalent by the Investment Manager). The Fund’s investment portfolio will be diversified as to issuer and industry, with no single corporate issuer comprising more than 3% of the Fund’s Net Asset Value. The Fund has no geographic limitation.

The Fund may utilise futures, options, credit default swaps (only to buy protection), interest rate swaps and forward currency contracts (details of which are set out in the section headed “FINANCIAL DERIVATIVE INSTRUMENTS AND TECHNIQUES FOR EFFICIENT PORTFOLIO MANAGEMENT”), solely for hedging purposes and/or to protect against exchange risks in accordance with the conditions and limits of the Central Bank. The Fund will not use derivatives for investment purposes nor for speculative purposes. Details of any forward currency transactions entered into by the Investment Manager on behalf of the Fund will be set-out in the periodic reports relating to the Fund. The Fund will not speculate on interest rate fluctuations.

The Fund may invest in broken convertible bonds, as detailed in the section headed "FINANCIAL DERIVATIVE INSTRUMENTS AND TECHNIQUES FOR EFFICIENT PORTFOLIO MANAGEMENT". The Fund will not be leveraged as a result of an investment in Contingent Convertible Securities or broken convertible bonds. Investments (if any) in Contingent Convertible Securities will be limited and are not expected to form a material part of the portfolio.

The Fund may invest in other open-ended collective investment schemes, with similar investment policies to the Fund, subject to a limit of 10% of the Net Asset Value of the Fund being invested in aggregate in units/shares of other collective investment schemes, which include UCITS or non-UCITS ETFs which are considered to be collective investment schemes. The Fund may invest in ETFs for the purpose of gaining indirect exposure to debt securities, as detailed above. It is intended that the ETFs in which the Fund may invest will be listed on a Recognised Exchange, and will be domiciled in, or have exposure to Europe and/or North America. Within the 10% limit for investment in other collective investment schemes, the Fund may invest a maximum of 2% of its Net Asset Value in other Funds of the Trust, subject to and in accordance with the requirements of the Central Bank.

The Investment Manager may invest, through the purchase of loan receivables, in assignments of existing corporate loan receivables (which are collateralised, freely transferable, traded on a regulated market and unlisted); this is subject to an overall limit of 9.9% of the Net Asset Value of the Fund being invested in loans, in any other investments (including, without limitation, investments for liquidity purposes) to which paragraph 2.1 or sentence 1 or 2 of paragraph 2.2 of the section headed "PERMITTED INVESTMENTS" is applicable and in unlisted securities generally.

3 Investment Strategy

The Investment Manager seeks to invest the Fund in companies it considers to be sound, well-positioned enterprises possessing attractive longer term prospects and which also offer, in the Investment Manager's opinion, attractive risk-adjusted returns. The Investment Manager's proprietary research process is credit-intensive. Investment decisions are generally based on quantitative and qualitative analysis using internally generated financial models and projections. Diversified portfolios are built to reflect the Investment Manager's decisions about credit-worthiness and industry merit. The Investment Manager emphasises a rigorous and proactive sell discipline to seek to mitigate downside volatility, particularly as higher-yielding credits may entail greater risk.

The Muzinich Portfolio Risk Analytics Committee, which is independent of the portfolio management team, regularly monitors portfolios to check for securities' portfolio suitability, to assess absolute risk, and to confirm cross-portfolio consistency and compliance with guidelines using both proprietary models and outside services.

4 Profile of a Typical Investor

An investment in the Fund is suitable for investors seeking higher returns than those available in short term Benchmark Government Bonds over a 1-3 year period and who can tolerate a low to medium level of volatility.

5 Borrowing and Leverage

The Fund will not be leveraged and the Investment Manager does not intend that the Fund will borrow.

6 Investment Restrictions

The Fund must comply with the investment restrictions outlined in the Prospectus in the sections headed "PERMITTED INVESTMENTS" and "APPENDIX I – ADDITIONAL RESTRICTIONS".

7 Risk Factors

Prospective investors should refer to the sections headed "General Risks" and "Fund Specific Risks" in the Prospectus before investing in the Fund.

8 Key Information for Buying and Selling Units

8.1 Base Currency

The Base Currency of the Fund is Euro.

8.2 Dealing Frequency and Dealing Deadline

Dealing Day	Each Business Day
Dealing Deadline (Subscriptions and Redemptions)	4.00 p.m. (Irish time) on the relevant Dealing Day

8.3 Minimum Subscription

For details on the minimum initial subscription amounts applicable to the Classes for the Fund, please refer to the section headed "Minimum Subscription" in the Prospectus.

8.4 Initial Offer Period and Initial Offer Price

The initial offer period of the Units in the Fund shall be 9.00 am (Irish time) on 14 January 2019 to 5.00 p.m. on 13 June 2019 or such longer or shorter period as may be determined by the Manager and notified to the Central Bank.

Units which are yet to launch, other than Units denominated in JPY, shall be fixed for each relevant currency at 100 per Unit. Units denominated in JPY, other than Y Units, shall have an initial issue price during the initial offer period at JPY1.0000 per Unit. Y Units denominated in JPY shall have an initial issue price during the initial offer period at JPY10,000 per Unit.

Following the launch of the relevant Units in the Fund, Units shall be issued at a price equal to the Net Asset Value per Unit (plus duties and charges as applicable).

9 Distribution Policy

For details on the distribution policy applicable to the relevant Classes for the Fund, please refer to the section headed "Distribution Policy" in the Prospectus.

10 Fees and Expenses

10.1 Fees

The Manager Fees, Administrative Fees and performance fees applicable to the Classes for the Fund are as set out in the section headed "Unit Class Information" below.

10.2 Charges

The charges applicable to the Fund are set out below and should be read in conjunction with the section headed "Charges" in the Prospectus.

Subscription Fee	Not to exceed 1% of the Net Asset Value per Unit unless the subscription is in respect of P1 Units, where the fee is not to exceed 5% of the Net Asset Value per Unit *
Redemption Fee	Not to exceed 1% of the Net Asset Value per Unit unless the redemption is in respect of P1 Units, where the fee is not to exceed 2% of the Net Asset Value per Unit

Further details of the fees and expenses payable out of the assets of the Fund are disclosed in the section headed "FEES AND EXPENSES" in the Prospectus.

11 Unit Class Information

Units are available in each unit category and unit type as hedged classes and unhedged classes in the following currencies: AUD, CAD, CHF, CZK, DKK, EUR, GBP, HKD, ISK, JPY, NOK, RMB, SEK, SGD and USD.

Unit Category	Unit Type Available	Maximum Annual Manager Fee	Annual Administrative Fee	Performance Fee
R Units	Accumulation, Income and	0.75%	N/A	N/A

* P Units are not subject to the subscription fee.

Unit Category	Unit Type Available	Maximum Annual Manager Fee	Annual Administrative Fee	Performance Fee
	Discretionary			
A Units	Accumulation, Income and Discretionary	0.45%	N/A	N/A
H Units**	Accumulation, Income and Discretionary	0.45%	0.06%	N/A
P Units	Accumulation, Income and Discretionary	1.15%	0.05%	N/A
P1 Units	Accumulation, Income and Discretionary	1.15%	0.05%	N/A
M Units	Accumulation, Income and Discretionary	0.55%	N/A	N/A
X Units***	Accumulation, Income and Discretionary	N/A	N/A	N/A
G Units***	Accumulation, Income and Discretionary	0.45%	0.06%	N/A
T Units	Accumulation, Income and Discretionary	0.90%	0.05%	N/A
G1 Units***	Accumulation, Income and Discretionary	0.45%	0.06%	N/A
Y Units	Accumulation, Income and Discretionary	0.45%	N/A	N/A

** H Units are available to institutional investors (for investors in the European Union, this means “Eligible Counterparties” as defined under MIFID II) investing for their own account. In addition, H Units are available to investors that are not allowed to accept and retain commissions due to regulatory requirements or due to individual fee arrangements with their clients. In such circumstances, the H Units minimum initial subscription will not be applicable at the discretion of the Manager.

*** Acceptance by the Manager of subscriptions in this Class is conditional upon the execution of a separate agreement between the investor and the Investment Manager or an affiliate.

The following naming convention applies to the title of each Class of Unit:
Hedging status/ Currency/ Unit type available/ Unit category/ Distribution frequency**** (i.e. Hedged Euro Accumulation X).

**** Only applicable to income type Units which distribute on a (Monthly) or (Quarterly) basis.