

Supplement VII - Muzinich Longshortcredityield Fund

Dated: 9 February, 2015

This Supplement contains information relating specifically to Muzinich LongShortCreditYield 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 12 December, 2014 and should be read in conjunction with the Prospectus. Capitalised terms not defined herein shall have the same meaning as in the Prospectus.

The Fund may invest principally in FDI for investment purposes and for hedging purposes.

1 Investment Objective

The investment objective of the Fund is to achieve absolute returns over a three to five year period on a risk-adjusted basis by investing primarily in corporate credit high yield debt securities.

2 Investment Policies

The Investment Manager seeks to meet its objective by investing primarily, either directly or indirectly through the use of FDI, in higher-yielding corporate debt securities (including notes, such as floating rate short-term and medium-term notes, and bonds) issued primarily by US issuers, and also European and/or emerging market issuers.

Investment in emerging market issuers is not expected to be above 20% of the Net Asset Value of the Fund. The corporate bonds in which the Investment Manager will primarily invest will be non-investment grade, but the Investment Manager may also invest in investment grade corporate bond, which the Investment Manager believes may enhance the overall returns of the Fund. The securities in which the Fund may invest will be listed or traded on a Recognised Exchange.

The Fund employs a range of hedging and leveraging techniques to seek to enhance returns and reduce volatility. The Fund may also invest up to 10% of its Net Asset Value in equity securities including, but not limited to, shares and depositary receipts (e.g. American Depositary Receipts and Global Depositary Receipts).

Whilst it is the intention that the Fund be fully invested as described above, the Investment Manager retains the flexibility to invest substantially in cash and/or money market

instruments (including but not limited to OECD government bills, treasury notes, commercial paper and certificates of deposit), to include but not limited to, term deposits, OECD government bills and notes with investment grade ratings as well as debt instruments issued by OECD banks and corporates with a minimum ‘A-’ rating or better, in circumstances where the Investment Manager considers it to be in the best interest of the Fund to do so.

The Investment Manager may utilise FDI such as futures, options, swaps, credit default swaps and total return swaps (details of which are set out in the section headed “FINANCIAL DERIVATIVE INSTRUMENTS”) to gain exposure to higher yielding corporate debt and to hedge investments in the Fund’s securities and their related assets, markets and currencies. Use of derivatives will be subject to the conditions and within the limits laid down by the Central Bank and in accordance with the risk management statement for the Fund approved by the Central Bank. The Fund will be leveraged through the use of derivatives. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund and will be measured using the commitment approach.

The Investment Manager may invest, either directly or indirectly via a total return swap, in corporate loans (which are collateralised, 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 directly or indirectly in corporate 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” are applicable and in unlisted securities generally (taking into account any such total return swap with the higher of its value and of the underlying exposure, *i.e.* the market value of the equivalent position in the underlying assets).

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

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2 Investment Policies cont/d...

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 corporate bonds, 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 European and/or emerging markets. 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 Fund may be significantly invested in FDI.

THE FUND'S INVESTMENT STRATEGY IS SPECULATIVE AND ENTAILS SUBSTANTIAL RISKS. THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVE OF THE FUND WILL BE ACHIEVED, AND RESULTS MAY VARY SUBSTANTIALLY OVER TIME. YOU SHOULD BE AWARE THAT SYNTHETIC SHORT SELLING AND THE USE OF DERIVATIVES COULD, IN CERTAIN CIRCUMSTANCES, SUBSTANTIALLY INCREASE THE IMPACT OF ADVERSE MARKET CONDITIONS ON THE FUND'S NET ASSET VALUE.

3 Investment Strategy

The Fund will endeavor to lessen duration risk by investing part of its assets in short duration corporate bonds, corporate loans (which are collateralised, traded on a regulated market and unlisted) subject to a 9.9% limit, as describe above, and FDI such as swaps and options. The extent to which the Investment Manager will seek to diminish duration risk will depend on the Investment Manager's market outlook with respect to duration risk as well as the relative value and cost of deploying strategies to limit or reduce duration risk.

The overall strategy will stress absolute returns and risk control through a disciplined investment style focused on capital preservation and the delivery of absolute, low volatility returns through measures such as industry and issuer diversification, position limitations and opportunistic synthetic shorting through the use of FDI. The Manager expects that the Fund's short exposure will normally range from 10% to 30% of total exposure depending on the shorting opportunities in the markets, but at times may be

as low as 0% and as high as 50% of total exposure. The investment strategy of the Fund is not industry specific.

The Investment Manager will seek to take advantage of enhanced return and hedging opportunities primarily in the US, and opportunistically in other corporate debt markets globally. The Investment Manager believes that the corporate debt market offers investment opportunities that arise from the fact that bond prices do not always reflect the fundamental value of a given issuer. This may be due to market distortions and inefficiencies and sometimes a lack of sophisticated credit modeling and analytical capabilities on the part of investors. To take advantage of these opportunities, the Investment Manager will seek income and trading gains, and will seek to invest in relative value or paired trades, in the context of a diversified portfolio primarily of higher yielding corporate bonds. Relative value or paired trades are trades involving long and/or synthetic short investments (expected short exposure will be as outlined above) in at least two instruments (as detailed above) which together provide opportunities for additional return and/or for returns with more market-neutral risk profiles than either instrument alone offers. Investment in relative value or paired trades will be on an opportunistic basis, *i.e.* as and when opportunities in the markets present themselves.

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 emphasizes a rigorous and proactive sell discipline to seek to mitigate downside volatility.

The Muzinich Portfolio Risk Analytics Group, 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.

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4 Profile of a Typical Investor

An investment in the Fund is suitable for investors who seek higher returns than those available in investment grade credit over a three to five year period and who can tolerate a medium level of volatility.

5 Borrowing and Leverage

The Fund will be leveraged through the use of derivatives. The leveraged exposure of the Fund through the use of derivatives will not exceed 100% of the Net Asset Value of the Fund and will be measured using the commitment approach.

6 Investment Restrictions

The investment restrictions for the Fund are as contained in the section headed "Investment Restrictions" in the Prospectus.

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 US\$.

8.2 Dealing Frequency and Dealing Deadline

Dealing Day	Every Friday and the first Business Day of each calendar month. In addition, the Net Asset Value is calculated on every Business Day, for reporting and fee calculation purposes only.
Dealing Deadline (Subscriptions and Redemptions)	<p>For subscriptions: 4.00 p.m. on the Business Day immediately prior to the relevant Dealing Day</p> <p>For redemptions: 4.00 p.m. seven Business Days prior to the relevant Dealing Day</p>

8.3 Minimum Subscription

For details on the minimum subscription amounts applicable to the Classes for the Fund, please refer to the section headed "APPENDIX - CLASS INFORMATION" attached hereto.

8.4 Initial Offer Period and Initial Offer Price

For details on the initial offer period and initial offer price applicable to the relevant Classes for the Fund, please refer to the section headed "APPENDIX - CLASS INFORMATION" attached hereto.

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 "APPENDIX - CLASS INFORMATION" attached hereto.

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
Redemption Fee	Not to exceed 2% of the Net Asset Value per Unit
Anti-Dilution Levy	To be imposed at the Manager's discretion.

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.

Appendix - Class Information

Fund Name	Unit Class & Denominated Class Currency	Maximum Annual Manager Fee ¹	Performance Fee	Annual Administrative Fee	Minimum Subscription	Initial Offer Period 9am-5pm (All times are Irish time)	Initial Offer Price (per Unit)
Muzinich Longshortcredityield Fund	NR Units						
Muzinich LongShortCreditYield Fund	Hedged Euro Accumulation NR	1.50%	10.00% Non-Equalisation Performance Fee	0.10%	Euro1,000	Launched	N/A
Muzinich LongShortCreditYield Fund	Hedged US\$ Accumulation NR	1.50%	10.00% Non-Equalisation Performance Fee	0.10%	US\$1,000	15 December, 2014 - 12 June, 2015	US\$100
Muzinich LongShortCreditYield Fund	Hedged GBP Accumulation NR	1.50%	10.00% Non-Equalisation Performance Fee	0.10%	GBP1,000	Launched	N/A
Muzinich LongShortCreditYield Fund	Hedged CHF Accumulation NR	1.50%	10.00% Non-Equalisation Performance Fee	0.10%	CHF1,000	Launched	N/A
Muzinich LongShortCreditYield Fund	Hedged NOK Accumulation NR	1.50%	10.00% Non-Equalisation Performance Fee	0.10%	NOK5,000	15 December, 2014 - 12 June, 2015	NOK100
Muzinich LongShortCreditYield Fund	Hedged SEK Accumulation NR	1.50%	10.00% Non-Equalisation Performance Fee	0.10%	SEK5,000	15 December, 2014 - 12 June, 2015	SEK100
Muzinich LongShortCreditYield Fund	Hedged DKK Accumulation NR	1.50%	10.00% Non-Equalisation Performance Fee	0.10%	DKK5,000	15 December, 2014 - 12 June, 2015	DKK100
Muzinich LongShortCreditYield Fund	Hedged CAD Accumulation NR	1.50%	10.00% Non-Equalisation Performance Fee	0.10%	CAD1,000	15 December, 2014 - 12 June, 2015	CAD100
Muzinich LongShortCreditYield Fund	Hedged JPY Accumulation NR	1.50%	10.00% Non-Equalisation Performance Fee	0.10%	JPY100,000	15 December, 2014 - 12 June, 2015	JPY1.0000

¹ Where no Administrative Fee applies, the Manager Fee includes the Manager's direct payment of the fees payable by a Fund to the Fund's Trustee and Administrator.

Appendix - Class Information cont/d...

Fund Name	Unit Class & Denominated Class Currency	Maximum Annual Manager Fee ¹	Performance Fee	Annual Administrative Fee	Minimum Subscription	Initial Offer Period 9am-5pm (All times are Irish time)	Initial Offer Price (per Unit)
Muzinich Longshortcredityield Fund		ER Units					
Muzinich LongShortCreditYield Fund	Hedged Euro Accumulation ER	1.50%	10.00% Equalisation Performance Fee	0.10%	Euro1,000	15 December, 2014 - 12 June, 2015	Euro100
Muzinich LongShortCreditYield Fund	Hedged US\$ Accumulation ER	1.50%	10.00% Equalisation Performance Fee	0.10%	US\$1,000	15 December, 2014 - 12 June, 2015	US\$100
Muzinich LongShortCreditYield Fund	Hedged GBP Accumulation ER	1.50%	10.00% Equalisation Performance Fee	0.10%	GBP1,000	15 December, 2014 - 12 June, 2015	GBP100
Muzinich LongShortCreditYield Fund	Hedged CHF Accumulation ER	1.50%	10.00% Equalisation Performance Fee	0.10%	CHF1,000	15 December, 2014 - 12 June, 2015	CHF100
Muzinich LongShortCreditYield Fund	Hedged NOK Accumulation ER	1.50%	10.00% Equalisation Performance Fee	0.10%	NOK5,000	15 December, 2014 - 12 June, 2015	NOK100
Muzinich LongShortCreditYield Fund	Hedged SEK Accumulation ER	1.50%	10.00% Equalisation Performance Fee	0.10%	SEK5,000	15 December, 2014 - 12 June, 2015	SEK100
Muzinich LongShortCreditYield Fund	Hedged CAD Accumulation ER	1.50%	10.00% Equalisation Performance Fee	0.10%	CAD1,000	15 December, 2014 - 12 June, 2015	CAD100
Muzinich LongShortCreditYield Fund	Hedged JPY Accumulation ER	1.50%	10.00% Equalisation Performance Fee	0.10%	JPY100,000	15 December, 2014 - 12 June, 2015	JPY1.0000
Muzinich Longshortcredityield Fund		N Units					
Muzinich LongShortCreditYield Fund	Hedged Euro Accumulation N	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	Euro100,000	Launched	N/A

Appendix - Class Information cont/d...

Fund Name	Unit Class & Denominated Class Currency	Maximum Annual Manager Fee ¹	Performance Fee	Annual Administrative Fee	Minimum Subscription	Initial Offer Period 9am-5pm (All times are Irish time)	Initial Offer Price (per Unit)
Muzinich Longshortcredityield Fund		N Units cont/d...					
Muzinich LongShortCreditYield Fund	Hedged US\$ Accumulation N	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	US\$100,000	Launched	N/A
Muzinich LongShortCreditYield Fund	Hedged GBP Accumulation N	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	GBP75,000	Launched	N/A
Muzinich LongShortCreditYield Fund	Hedged CHF Accumulation N	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	CHF100,000	Launched	N/A
Muzinich LongShortCreditYield Fund	Hedged NOK Accumulation N	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	NOK500,000	15 December, 2014 - 12 June, 2015	NOK100
Muzinich LongShortCreditYield Fund	Hedged SEK Accumulation N	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	SEK500,000	15 December, 2014 - 12 June, 2015	SEK100
Muzinich LongShortCreditYield Fund	Hedged CAD Accumulation N	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	CAD100,000	15 December, 2014 - 12 June, 2015	CAD100
Muzinich LongShortCreditYield Fund	Hedged JPY Accumulation N	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	JPY10,000,000	15 December, 2014 - 12 June, 2015	JPY1.0000
Muzinich Longshortcredityield Fund		E Units					
Muzinich LongShortCreditYield Fund	Hedged Euro Accumulation E	1.00%	10.00% Equalisation Performance Fee	0.10%	Euro100,000	Launched	N/A
Muzinich LongShortCreditYield Fund	Hedged US\$ Accumulation E	1.00%	10.00% Equalisation Performance Fee	0.10%	US\$100,000	Launched	N/A

Appendix - Class Information cont/d...

Fund Name	Unit Class & Denominated Class Currency	Maximum Annual Manager Fee ¹	Performance Fee	Annual Administrative Fee	Minimum Subscription	Initial Offer Period 9am-5pm (All times are Irish time)	Initial Offer Price (per Unit)
Muzinich Longshortcredityield Fund		E Units cont/d...					
Muzinich LongShortCreditYield Fund	Hedged GBP Accumulation E	1.00%	10.00% Equalisation Performance Fee	0.10%	GBP75,000	Launched	N/A
Muzinich LongShortCreditYield Fund	Hedged CHF Accumulation E	1.00%	10.00% Equalisation Performance Fee	0.10%	CHF100,000	Launched	N/A
Muzinich LongShortCreditYield Fund	Hedged NOK Accumulation E	1.00%	10.00% Equalisation Performance Fee	0.10%	NOK500,000	15 December, 2014 - 12 June, 2015	NOK100
Muzinich LongShortCreditYield Fund	Hedged SEK Accumulation E	1.00%	10.00% Equalisation Performance Fee	0.10%	SEK500,000	15 December, 2014 - 12 June, 2015	SEK100
Muzinich LongShortCreditYield Fund	Hedged CAD Accumulation E	1.00%	10.00% Equalisation Performance Fee	0.10%	CAD100,000	15 December, 2014 - 12 June, 2015	CAD100
Muzinich LongShortCreditYield Fund	Hedged JPY Accumulation E	1.00%	10.00% Equalisation Performance Fee	0.10%	JPY10,000,000	15 December, 2014 - 12 June, 2015	JPY1.0000
Muzinich Longshortcredityield Fund		NJ Units					
Muzinich LongShortCreditYield Fund	Hedged Euro Accumulation NJ	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	Euro100,000,000	15 December, 2014 - 12 June, 2015	Euro100
Muzinich LongShortCreditYield Fund	Hedged US\$ Accumulation NJ	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	US\$100,000,000	15 December, 2014 - 12 June, 2015	US\$100
Muzinich LongShortCreditYield Fund	Hedged GBP Accumulation NJ	1.00%	10.00% Non-Equalisation Performance Fee	0.10%	GBP100,000,000	10 February, 2015 - 9 August, 2015	GBP100