

SUPPLEMENT – MUZINICH GLOBAL TACTICAL CREDIT FUND

Dated: 18 July, 2022

This Supplement contains information relating specifically to Muzinich Global Tactical Credit 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 25 February, 2022 and should be read in conjunction with the Prospectus. Capitalised terms not defined herein shall have the same meaning as in the Prospectus.

An investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

Fund Characteristics	
Base Currency	USD
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.
Borrowing and Leverage	The Fund will not be leveraged and the Investment Manager does not intend that the Fund will borrow.
Profile of a Typical Investor	An investment in the Fund is suitable for investors seeking attractive absolute fixed income returns over a 3-5 year period and who can tolerate a medium level of volatility.
Disclosure Regulation Classification	The Manager considers that the Fund promotes environmental or social characteristics and therefore meets the criteria in Article 8 of the Disclosure Regulation. The Manager reserves the right to reassess this classification at any time and shall keep this classification under review pending finalisation of the regulatory technical standards to be issued in respect of the Disclosure Regulation. If the Manager determines at any future point that the Fund does not meet the criteria to qualify as an Article 8 fund, this Supplement shall be updated in accordance with the revised classification of the Fund.
Dealing Information	
Dealing Day	Each Business Day.
Dealing Deadline	4.00 p.m. (Irish time) on the relevant Dealing Day.
Valuation Point	Official US market close on the relevant Dealing Day.
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.
Initial Offer Period	The initial offer period of the Units in the Fund shall be 9.00 am (Irish time) on 19 July 2022 to 5.00 p.m. on 18 January 2023 or such longer or shorter period as may be determined by the Manager and notified to the Central Bank.
Initial Offer Price	100 per unit (except JPY 1.0000 per unit).

1 Investment Objective

The Fund seeks to generate consistent attractive returns on a risk-adjusted basis over a three to five year period.

2 Investment Policies

The Investment Manager seeks to meet its objective primarily through investments in high yield (*i.e.* sub-investment grade) corporate bonds and/or investment grade corporate and government bonds issued by US, European and emerging market issuers. The flexible allocation between high yield and investment grade, and among various geographies, will be determined primarily based on a relative value assessment across global credit markets.

The Investment Manager will primarily invest in fixed and/or floating rate corporate and government bonds issued by US, European and emerging market issuers (normally less than 40% of the Net Asset Value of the Fund will be invested in emerging market issuers), which are listed and/or traded on a Recognised Exchange.

The Fund will invest in high yield (*i.e.* sub-investment grade) corporate bonds and/or investment grade corporate and government bonds, as rated by Standard and Poor's, Moody's and/or Fitch (or as deemed equivalent by the Investment Manager). The allocation between high yield and investment grade, and among various geographies, will be determined primarily based on a relative value assessment across global credit markets. Relative value assessments take into account yields, spreads, credit quality and projected returns for each sector of global credit. The flexibility to allocate to different sectors of the global credit markets enables the Fund to attempt to position itself appropriately for various parts of the credit cycle in the pursuit of consistent attractive returns. The Fund may also invest in Contingent Convertible Securities and asset-backed securities (including mortgage-backed securities) but such investments (if any) will be limited and are not expected to form a material part of the portfolio.

The Fund's investments will be globally diversified across a broad variety of issuers and industries. Under normal market conditions, investments in a single corporate issuer will not exceed 5% of the Net Asset Value of the Fund. It is expected that the Fund will normally hold positions in a minimum of 50 issuers.

The Fund targets risk adjusted returns of LIBOR + 3% but is actively managed on an entirely discretionary basis in accordance with the investment policy and strategy of the Fund. There is no restriction on asset allocation relative to the LIBOR benchmark.

Details of the various ESG criteria which apply to all investments to be made by the Fund as part of this investment policy are set out in the sections of the Supplement entitled "Responsible Investing" and of the Prospectus entitled "Responsible Investing".

The Fund may utilise futures, options, credit default swaps (to buy and sell protection), interest rate swaps and forward currency contracts, solely for hedging purposes and/or to protect against currency,

interest rate and credit risks, and/or for efficient portfolio management purposes, 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. A description of such techniques and instruments is set out in the section headed "FINANCIAL DERIVATIVE INSTRUMENTS AND TECHNIQUES FOR EFFICIENT PORTFOLIO MANAGEMENT".

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.

The Fund may also opportunistically invest a maximum of 5% of its Net Asset Value in transferable securities that are equities including, but not limited to, shares and depositary receipts (e.g. American Depositary Receipts and Global Depositary Receipts) and convertible bonds. In addition, in the event that an asset held by the Fund is subsequently restructured by an issuer, the Fund may become a recipient of, and hold, equities in such issuer. Such equities (if any) will be limited and are not expected to form a material part of the portfolio or form part of the 5% limit above.

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 the underlying portfolio of the ETFs, which in this instance is intended to provide exposure to the global credit universe of corporate debt/loans. ETFs may also be used for hedging purposes (for example, an ETF may provide a short exposure to US treasury notes thereby enabling the Trust to hedge against interest rate risk). Whilst the ETFs in which the Fund may invest may embed derivatives/leverage, it is envisaged that the level of leverage would be de minimus. 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 US, European and emerging markets. Investment in non-UCITS ETFs which are considered by the Investment Manager to be transferable securities will be 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.

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, to include but not limited to, term deposits, OECD government bills and treasury 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.

3 Investment Strategy

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 credit review discipline and employs meaningful portfolio diversification in seeking to help limit downside volatility across the credit cycle, 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 Responsible Investing

The Fund seeks to promote certain environmental criteria and social criteria within its portfolio, and portfolio investments are also required to take account of good governance practices. The Investment Manager uses data provided by experienced, independent ESG data providers in order to evaluate the ESG risk management by an issuer.

The Fund seeks to implement specific negative screening of entities linked to certain industries or controversial conduct and seeks to maintain specific carbon efficiency targets. The Fund shall not invest in issuers that have been identified by the Investment Manager as having (i) corporate involvement in the end manufacture of controversial weapons or manufacture of core essential components intended to be used in controversial weapons; (ii) direct involvement in the manufacture of tobacco products, being entities which derive more than 10% of their annual revenues from such activities; (iii) direct involvement in the mining or extraction of thermal coal and/or the production of energy from thermal coal, being entities which derive more than 10% of their annual revenues from such activities, subject to an allowance for entities which the Investment Manager deems to have a credible transition plan to reduce their reliance or exposure to thermal coal in favour of less carbon intensive forms of energy such as renewable energy; (iii) breached, or to be at severe risk of breaching, certain recognised norms and/or international standards relating to respect for human rights, labour relations, protection from severe environmental harm, and fraud and/or gross corruption standards. Please refer to the information described in the section of the Prospectus entitled "Responsible Investing".

The Investment Manager seeks to maintain a Weighted Average Carbon Intensity for the Fund which is at least 10% lower than that of the reference index of the Fund which is indicated at www.muzinich.com. This is intended to be achieved as part of the investment process primarily through analysis of data relating to an issuer's carbon intensity relative to any corresponding data of the issuer constituents of the reference index. Further details on the carbon efficiency target are set out in the paragraph of the Prospectus headed "Carbon Efficiency Target".

In accordance with the Taxonomy Regulation, a Fund investment will be considered environmentally sustainable where its economic activity: (1) contributes substantially to one or more of the Environmental Objectives; (2) does not significantly harm any of the Environmental Objectives, in accordance with the Taxonomy Regulation; (3) is carried out in compliance with minimum safeguards prescribed in the Taxonomy Regulation; and (4) complies with technical screening criteria established by the European Commission in accordance with the Taxonomy Regulation.

The Taxonomy Regulation requires that the following statement be included in this document:

“The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.”

The regulatory technical standard supplementing the Taxonomy Regulation are not yet available and the Investment Manager does not yet have access to the necessary data to determine whether and to what extent the Fund’s investments contribute to environmentally sustainable activities. As a result, the Investment Manager is not yet in a position to disclose the proportion of the Fund’s investments that contribute to environmentally sustainable activities—and it is technically possible that the Fund may not be invested in investments that take into account the EU criteria for environmentally sustainable economic activities under the Taxonomy Regulation. The Investment Manager will update this disclosure once it is able to do so.

5 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".

6 Risk Factors

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

7 Fees and Expenses

7.1 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.

7.2 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
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	unless: (i) the subscription is in respect of A Units or R Units, where the fee is not to exceed 3% of the Net Asset Value per Unit; or (ii) the subscription is in respect of P1 Units, where the fee is not to exceed 5% of the Net Asset Value per Unit. P Units are not subject to the Subscription Fee.
Redemption Fee	None.

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.

8 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 IRD Income	1.35%	0.03%	N/A
R1 Units	Accumulation, Income and IRD Income	1.35%	0.03%	N/A
A Units	Accumulation, Income and IRD Income	1.05%	0.03%	N/A
A1 Units	Accumulation, Income and IRD Income	1.05%	0.03%	N/A
H Units	Accumulation, Income and IRD Income	0.65%	0.03%	N/A
S Units	Accumulation, Income and IRD Income	0.55%	0.03%	N/A
P Units	Accumulation, Income and IRD	1.80%	0.03%	N/A

Unit Category	Unit Type Available	Maximum Annual Manager Fee	Annual Administrative Fee	Performance Fee
	Income			
P1 Units	Accumulation, Income and IRD Income	1.80%	0.03%	N/A
M Units	Accumulation, Income and IRD Income	0.85%	0.03%	N/A
Founder Units*	Accumulation, Income and IRD Income	0.29%	0.03%	N/A
X Units	Accumulation, Income and IRD Income	N/A	0.03%	N/A
E Units**	Accumulation, Income and IRD Income	0.25%	0.03%	20% Equalisation Performance Fee
S1 Units	Accumulation, Income and IRD Income	0.55%	0.03%	N/A
G Units	Accumulation, Income and IRD Income	0.65%	0.03%	N/A
G1 Units	Accumulation, Income and IRD Income	0.65%	0.03%	N/A
G2 Units	Accumulation, Income and IRD Income	0.65%	0.03%	N/A
G3 Units	Accumulation, Income and IRD Income	0.65%	0.03%	N/A

* Subject to the Manager's discretion to determine otherwise, the Founder Units in Muzinich Global Tactical Credit Fund are not currently available to investors. The maximum annual Manager Fee in respect of the Founder Units for the first three years following launch of the Fund is 0.29% of the Net Asset Value of such Founder Units. Thereafter, a maximum annual Manager Fee of 0.55% of the Net Asset Value of such Founder Units will apply.

**The payment of the Performance Fee is subject to a performance hurdle of the relevant 3 month LIBOR + 250bps for the calculation period.