

SUPPLEMENT – MUZINICH EMERGINGMARKETSSHORTDURATION FUND

Dated: 18 July, 2022

This Supplement contains information relating specifically to Muzinich EmergingMarketsShortDuration 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.

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 higher returns than those available from similar duration Benchmark Government Bonds over a 3-5 year period and who can tolerate a medium to high 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 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 prudent investments primarily in short duration emerging market debt. The Fund will primarily purchase fixed and/or floating rate corporate and government debt instruments *i.e.* bonds and existing corporate loan receivables (which are collateralised, freely transferable, traded on a regulated market and unlisted), subject to a 9.9% limit in corporate loans as further detailed below, with relatively short durations, specifically investing in select short maturity and callable issues and floating rate instruments. The Fund's short duration profile affords investors a degree of protection against rising interest rates.

The Fund will primarily focus on debt instruments with ratings in the B/BB/BBB ratings categories as cited by Moody's and/or Standard & Poor's (or as deemed equivalent by the Investment Manager), but may also invest in higher rated securities.

The Fund is expected to primarily invest in corporate and government debt instruments, denominated in US\$ or other hard currencies, of borrowers registered in or doing business mainly in emerging markets (Asia, Africa, Latin America and certain parts of Europe) but, to a lesser extent, may also invest in European and North American companies with emerging market exposure. Investments may also be made in local emerging market currencies. The securities/instruments in which the Fund will invest will be listed and/or traded on a Recognised Exchange (as defined in the Prospectus). The Fund may also invest in Contingent Convertible Securities but such investments (if any) will be limited and are not expected to form a material part of the portfolio.

The Investment Manager intends that at the time of purchase the minimum credit rating will be B3/B- as rated by Moody's and/or Standard & Poor's (or as deemed equivalent by the Investment Manager). In the event of a downgrade of the credit rating of any security below the B3/B- level, the Investment Manager will review the Fund's holding of the security. The security may be retained by the Fund if the Investment Manager determines that it would be in the interest of the Fund and its Unitholders to do so.

The Fund's investments will be well diversified across a broad variety of issuers and industries. The maximum average duration to worst will be 2.5 years, but may increase to 3 years as a result of market price movement. Investments in a single corporate issuer will not exceed 3% of the Net Asset Value of the Fund. The Investment Manager will not actively purchase equities in pursuit of the Fund's investment objective. However, 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.

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 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, in accordance with the requirements of the Central Bank, invest 10% of its Net Asset Value in UCITS and/or Non-UCITS collective investment schemes which have investment policies permitting investments in the same types of securities and instruments as permitted by the investment policy of the Fund, for the purpose of efficiently gaining diversified exposure to certain of these securities and instruments, or to certain geographies or sectors.

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 relating to cross-investment.

The Fund may utilise futures, options, credit default swaps (only to buy protection), interest rate swaps and forward currency contracts as described in the section headed "FINANCIAL DERIVATIVE INSTRUMENTS AND TECHNIQUES FOR EFFICIENT PORTFOLIO MANAGEMENT", solely for hedging purposes and/or to protect against interest rate and/or exchange risks in accordance with the conditions and limits of the Central Bank. Details of any forward currency transactions or interest rate swap 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. On the basis that FDI will only be used for hedging purposes and/or to protect against interest rate and/or exchange risks, the Fund does not intend to be leveraged through the use of FDI. Whilst it is anticipated that the global exposure for the aforementioned FDI will typically be nil, a small amount of global exposure may arise due to market movements if a position inadvertently becomes over hedged. Any such inadvertently over-hedged positions will be re-weighted in accordance with the requirements of the Central Bank (see section headed "Hedged Classes" below).

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, OECD government bills, treasury notes, commercial paper and certificates of deposit 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 similar duration 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 unless: (i) the subscription is in respect of A Units or R Units, where the fee is not to exceed 3% of the Net
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	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	1.10%	0.03%	N/A
R1 Units	Accumulation, Income and IRD Income	1.10%	0.03%	N/A
A Units	Accumulation, Income and IRD Income	0.80%	0.03%	N/A
A1 Units	Accumulation, Income and IRD Income	0.80%	0.03%	N/A
H Units	Accumulation, Income and IRD Income	0.60%	0.03%	N/A
S Units	Accumulation, Income and IRD Income	0.50%	0.03%	N/A
P Units	Accumulation, Income and IRD Income	1.45%	0.03%	N/A
P1 Units	Accumulation,	1.45%	0.03%	N/A

Unit Category	Unit Type Available	Maximum Annual Manager Fee	Annual Administrative Fee	Performance Fee
	Income and IRD Income			
M Units	Accumulation, Income and IRD Income	0.70%	0.03%	N/A
X Units	Accumulation, Income and IRD Income	N/A	0.03%	N/A
G Units	Accumulation, Income and IRD Income	0.60%	0.03%	N/A
G1 Units	Accumulation, Income and IRD Income	0.60%	0.03%	N/A