

## Muzinich Asia Credit Opportunities Fund (ACO)

A well-diversified, average investment grade rated fund investing in a blend of sectors and Asian countries

### Fund Overview

- Seeks to protect capital and generate an attractive level of risk-adjusted total return from Asian securities
- Typically features low volatility
- Aims to offer attractive yield via capturing opportunities in Asian corporate bonds
- Invests in a mix of investment grade and high yield corporate bonds, but maintains an average investment grade rating at all times
- Offers a shorter duration than the comparative index (around 4 years)
- Security selection within Asia credit focused on developed and emerging regions
- Portfolio construction is based on a three-pronged approach:
  - High yield short maturity
  - Stable investment grade
  - Credit event, catalyst driven
- Fund size enhances ability to be nimble in accessing new opportunities

**Capital at risk.** The value of investments and the income from them may fall as well as rise and is not guaranteed. Investors may not get back the full amount invested.

The Fund is actively managed and run on an entirely discretionary basis. The Fund is not managed in reference to any benchmark. There can be no guarantee that the investment strategy will be successful, and the value of the investment may go up as well as down.

Fund Facts (as of December 31, 2021)	
Inception Date	November 2015
Fund AUM	US\$364 million
Reference Index	ICE BofA Merrill Lynch Asian Dollar Index (ADOL)
Yield to Worst (USD-Hedged)	10.31%
Duration to Worst	5.17 years
Base Currency	USD
Liquidity	Daily
Currency Hedged Shares	Available
Minimum Average Credit Rating <sup>1</sup>	Baa3/BBB
Maximum Holding of High Yield	50%
Currency Exposure	All hedged
SFDR Financial Product Classification*	Article 8

Fund Codes	
USD Acc A	IE00BZ16F281
USD Acc H	IE00BZ16F174

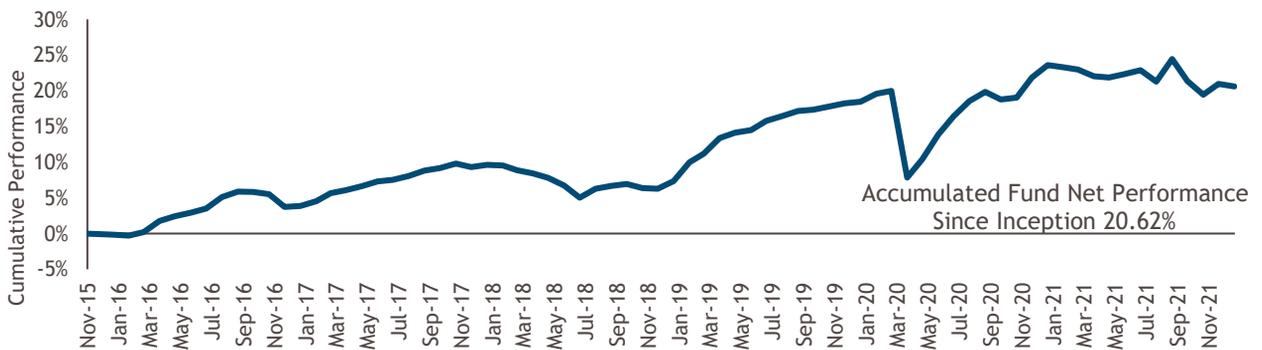
### Portfolio Manager



Lead Portfolio Manager Christina Bastin has 28 years of industry experience<sup>2</sup>

These are internal guidelines and there is no assurance that they will be met and may be subject to change at the discretion of the Investment Manager without notice. <sup>1</sup>This Fund uses the Highest average rating please see further information at the end of this document. <sup>2</sup>Years of experience include that obtained outside Muzinich. \*The Fund's disclosures comply with Regulation (EU) 2019/2088 (SFDR) although are not prepared in a way that also meets the specific criteria contained in Autorité des Marchés Financiers (AMF)' Position/Recommendation DOC-2020-03 and therefore, these marketing materials are required to disclose that investors should note that, relative to the expectations of the AMF, this Fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

## Fund Performance (as of December 31, 2021)



Annualised performance (%)	YTD	1yr	2yr	3yr	4yr	5yr	6yr	SI
ACO Fund (Gross)	-1.26	-1.26	2.09	5.19	3.64	4.30	4.53	4.43
ACO Fund (Net)	-2.42	-2.42	0.91	3.96	2.41	3.03	3.20	3.10
Reference Index (ADOL)	-3.13	-3.13	1.87	5.13	3.64	4.05	4.36	4.24

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Source: Muzinich as of December 31, 2021, for the USD Acc A share class. Gross performance does not account for the effects of fees and other charges associated with investment, which would reduce the values shown. Net performance is net of all fees and expenses. The returns of any investment may increase or decrease as a result of currency fluctuations. Reference index performance is for illustrative purposes only. You cannot invest directly on an index. Inception date: November 11, 2015.

### Why Muzinich for Asia Credit?

- Specialists in corporate credit with a proven track record dating back 30 years
- An experienced and culturally-integrated investment team based in Asia, US and Europe, that is well placed to identify attractive investment opportunities
- The investment process relies on rigorous analysis of the three investment pillars of Fundamentals, Valuations and Technicals
- Portfolio construction is enhanced by global macroeconomic risk assessment
- Leverage expertise of over 30 investment professionals with 17 years' average investment experience and a seasoned operations & risk control group.<sup>1</sup>

<sup>1</sup>As of December 31, 2021.

### Opportunity Set

- The Asia credit market is approx. US\$1trillion in size, rivalling other large hard currency denominated bond markets<sup>2</sup>
- The majority of the investible universe is highly rated in both the developed and emerging segments of the market and offers breadth, depth, and diversification by country, rating, and sector
- China, the world's second-largest economy and where the political backdrop and economic growth appear largely stable, makes around 45% of the investible universe<sup>3</sup>
- An investment into Asia credit offers investors the opportunity to access the long-term secular growth trend in EM countries which make up c. 70% of global growth<sup>4</sup>
- We believe the universe is under-researched and therefore underinvested by Western investors; it offers untapped opportunities for investors with a focus on fundamental analysis to discover investable credits with attractive return potential

<sup>2</sup>Source: ICE Index Platform as of December 31, 2021. <sup>3</sup>Ice Platform based on ICE BofA Merrill Lynch Asian Dollar Index (ADOL), as of December 31, 2021. <sup>4</sup>JP Morgan, as of June 30, 2021. Most recent data used.

### Risk Considerations

- Credit Risk: Issuers of bonds held in the fund may default on their obligations or have their credit rating downgraded, possibly resulting in a temporary or permanent decrease in the value of those bonds. Bonds in this fund may be subinvestment grade, meaning that they may produce a higher level of income but also carry greater risk.
- Interest Rate Risk: Fixed-rate bonds held in the Fund may fall in price with an increase in the prevailing level of interest rates in the economy. This risk usually decreases for bonds of lower rating and shorter durations.
- Asian Markets Risk: Emerging Markets, including Asian Markets, may be riskier than more developed markets for a variety of reasons, including—but not limited to—increased political, social, and economic instability; heightened pricing volatility and reduced market liquidity; potentially small issue sizes; less transparent information standards; heightened currency exposure; reduced legal protections and enforceability; and less developed systems for transaction settlement and custody

# Important Information

*Muzinich & Co*

FOR PROFESSIONAL CLIENTS AND QUALIFIED/ACCREDITED INVESTOR USE ONLY.

Muzinich Asia Credit Fund is a sub-fund of Muzinich Funds, a unit trust organised under the laws of Ireland and authorised by the Central Bank of Ireland as UCITS.

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Any research in this document has been obtained and may have been acted on by Muzinich for its own purpose. The results of such research are being made available for information purposes and no assurances are made as to their accuracy. Opinions and statements of financial market trends that are based on market conditions constitute our judgment and this judgment may prove to be wrong. The views and opinions expressed should not be construed as an offer to buy or sell or invitation to engage in any investment activity, they are for information purposes only.

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**Highest Average Rating:** Cash, which carries a rating of AAA, is excluded herein. However, cash will be included when calculating the Fund's official investment guidelines. If held, equities, derivatives and pooled investments such as ETFs and mutual funds are excluded. Ratings shown reflect the highest rating available from Moody's, S&P and Fitch (or, where such is unavailable, Muzinich assigned rating). Where Muzinich does not assign a rating, such fixed income holding is considered not rated. Such methodology may not reflect the ratings regime used for the Fund's official investment guidelines. Any index referred herein reflects its own methodology for the characteristics shown and may not be consistent with Muzinich's methodology. Portfolio characteristics subject to change. Muzinich views and opinions for illustrative purposes only. Not to be construed as investment advice.

**For Switzerland** - This material is marketing information. The prospectus (edition for Switzerland), the KIID, the Trust Deed, the annual and semi-annual report and further information can be obtained free of charge (in English, French or German) from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, tel.: + 41 22 7051177, fax: + 41 22 7051179, web: [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva, Switzerland. The last unit prices can be found on [www.fundinfo.com](http://www.fundinfo.com).

**For Singapore** - The Fund is a restricted scheme under the Sixth Schedule to the Securities and Futures (Offers of Investments)(Collective Investment Schemes) Regulations of Singapore. No offer of the units in the Fund for subscription or purchase (or invitation to subscribe for or purchase the units) may be made, and no document or other material relating to the offer of units may be circulated or distributed, whether directly or indirectly, to any person in Singapore other than to: (i) "institutional investors" pursuant to Section 304 of the Securities and Futures Act of Singapore (the "Act"), (ii) "relevant persons" pursuant to section 305(1) of the Act, (iii) persons who meet the requirements of an offer made pursuant to Section 305(2) of the Act, or (iv) pursuant to, and in accordance with the conditions of, other applicable provisions of the Act. The offer, holding and subsequent transfer of units are subject to restrictions and conditions under the Act.

# Important Information

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