



Muzinich launches new Emerging Market debt fund

London, 1 June 2017: Corporate credit specialist Muzinich Co has launched the Muzinich Emerging Market Debt Fund for investors aiming to tap into capital growth opportunities in EM credit.

The Ireland-domiciled OEIC fund complements the existing Muzinich Emerging Market Short Duration Fund by giving investors access to the higher return potential available from regular duration emerging market credit.

Warren Hyland, portfolio manager of both funds, said: “The economic cycle is shifting. We’re moving from an environment where deflation and economic slowdown were the primary concerns to one of reflation and rising interest rates, where growth drivers are coming to the fore. That means we are seeing more opportunity for capital gains from regular duration emerging market debt, as opposed to short duration, which is more focused on capital preservation and about clipping emerging markets’ superior coupons.”

The \$674m Muzinich Emerging Market Short Duration Fund was launched in 2013 and has been popular with investors seeking to access emerging market credit in a relatively low-volatility strategy. Since inception, the fund’s annualised return has been 1.77%*, with volatility of 2.49%.

The new fund is benchmarked against the BofA Merrill Lynch Emerging Markets Corporate Liquid Index (EMCL) and Hyland and his team are aiming to outperform the index by around 150 basis points over a market cycle.

“Over the next 12 months, we’re targeting returns of around 5% to 6%, assuming that our current positive investment outlook for regular duration emerging market credit remains broadly in place,” said Hyland.

The fund will invest in hard currency denominated debt - currencies commonly used in international trade and capital markets, such as the US dollar, yen, euro and sterling. This avoids investors being exposed to risks associated with investing in local currencies.

Hyland added: “Currency markets can be very volatile and this is especially the case for emerging markets. Our expertise is in bottom-up, fundamental credit research, which Muzinich has been doing very successfully for more than 30 years. Our core approach to credit investing - whatever the underlying market - remains an explicit focus on capital preservation, achieved by undertaking rigorous bottom-up credit research into each and every company we consider for our portfolios, and only loaning money to companies that we believe will be able to meet their debt repayments over the term of the bond.”

* USD Accumulation class to 30th April 2017.

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Notes to editors

About Muzinich & Co

Muzinich & Co was founded as a privately owned company in New York in 1988. It is now one of the most respected corporate bond managers in the world, with offices in New York, London, Manchester, Paris, Frankfurt, Madrid, Milan, Singapore and Zurich. It offers a wide range of institutional-class corporate bond funds and has over \$30bn of AUM.

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