



# BlueBay Investment Grade Structured Credit Fund\*

December 2021

For professional investors only

## Fund performance (%) gross of fees (EUR)<sup>1 2</sup>

|   | 1 M   | 3 M   | 6M    | YTD   | 1YR <sup>2</sup> | 3YR <sup>2</sup> | SI <sup>2,3</sup> |
|---|-------|-------|-------|-------|------------------|------------------|-------------------|
| BlueBay Investment Grade Structured Credit Fund                             | -0.05 | -0.02 | 0.47  | 1.53  | 1.53             | 2.47             | 2.48              |
| ICE BofA Euro Currency 3-Month Deposit Offered Rate Constant Maturity Index | -0.05 | -0.14 | -0.28 | -0.55 | -0.55            | -0.43            | -0.43             |
| Alpha   | 0.01  | 0.12  | 0.75  | 2.08  | 2.08             | 2.90             | 2.91              |

Launch date of the Fund was 17th Dec 2018 and the since inception performance reflects a partial period. Past performance is not indicative of future results.

## Review

### Review

- During December, markets were driven by declining concerns around the severity of the Omicron variant as spreads tightened and equities recovered. Central banks dominated headlines, with more hawkish narratives in the face of rising inflation concerns.
- In the European asset-backed securities (ABS)/mortgage-backed securities space, we saw EUR0.7 billion of issuance in ABS, predominantly in the UK, and EUR0.6 billion in residential mortgage-backed securities (RMBS), driven by the UK non-conforming space. Overall, placed issuance levels in 2021 totalled approximately EUR82.3 billion.
- CLO issuance slowed in December to round off a record-setting year of primary-market. In the US, we saw USD10.3 billion of new issues, with an additional USD11.9 billion of refinances/resets. New-issue volume in 2021 was USD186.7 billion in the US, close to double the issuance seen in 2020, with an additional USD244.7 billion in refinances/resets. In the European market, we saw just three new deals print in December, totalling EUR1.2 billion, with an additional EUR2.0 billion in refinances/resets. The year-to-date volume of new issues was EUR38.6 billion, with a further EUR61.0 billion in refinances/resets. Spreads in the new-issue market were stable, with AAA tranches in the US printing at 110–115 basis points (bps) and approximately 97bps in Europe. Secondary-market spreads in investment-grade (IG) rated CLOs were stable during December.

### Performance

- The fund returned -0.05% (euros, gross) during December, with negative price returns offsetting positive carry. There were no notable performance drivers over the period, with returns being driven by the muted spread moves in structured-credit assets, though our holdings in AAA European CLOs, RMBS and US ABS were detractors. We purchased a number of primary-market US and European CLOs early in December across the IG part of the capital structure. In addition, we added exposure to UK RMBS and US commercial mortgage-backed securities.

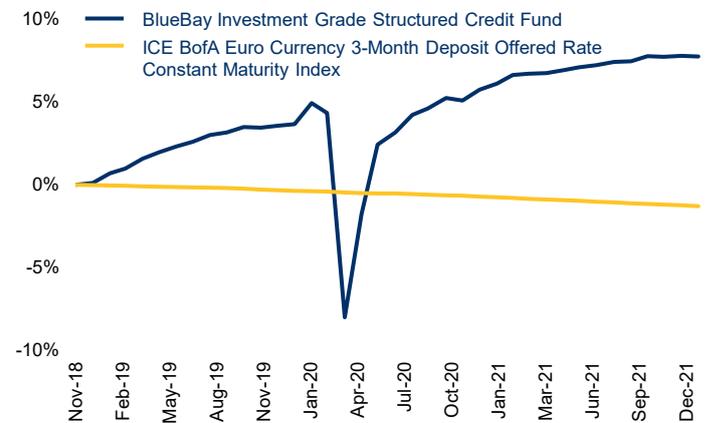
### Outlook

- Inflation and the path of rates continue to be the key topics for investors, and structured credit offers investors a unique solution, given the floating-rate nature of most of the asset class. It's important to note the underlying credit quality of these investments is also high. When assessing securitised credit securities, analysing the collateral pool of each asset is an important first step in our investment process. Generally speaking, underwriting standards have been robust and collateral pool performance has been positive. At the same time, overall bond leverage is lower, creating an attractive opportunity set from which to base our asset selection. Overall, we expect these factors to drive demand for our asset class.

## Investment objective

- To achieve a total return in excess of the ICE BofA Euro Currency 3-Month Deposit Offered Rate Constant Maturity Index from a portfolio of Structured Credit Securities.

## Cumulative performance<sup>1,3</sup>



Note: Past performance is not indicative of future results.

## Fund characteristics

|  | Fund  |
|--|-------|
| Weighted yield (%) <sup>*</sup>              | 1.58  |
| Weighted discount margin (bps) <sup>5*</sup> | 132   |
| Weighted average life (yrs) <sup>*</sup>     | 2.46  |
| Weighted rating                              | AA    |
| Floating rate (%)                            | 86.30 |
| Fixed rate (%)                               | 2.29  |

\* Analytics for CLO securities calculated to 2 years after the end of reinvestment period

## Risk Statistics

|       | Fund |
|-------|------|
| CDV01 | 3.13 |
| DV01  | 0.80 |

## Investment strategy

- Mainly invests in Investment Grade Structured Credit Securities, which are debt instruments that typically pay a floating rate of interest and which are backed by specific pools of financial assets including, but not limited to, leveraged loans, credit card loans, auto loans, residential and commercial mortgages.
- The Fund meets the conditions set out in Article 6 of the Sustainable Finance Disclosure Regulation as Sustainability Risks are integrated into the investment decision making process. Full details of the Fund's ESG framework are available online [www.bluebay.com/en/investment-expertise/esg/approach/](http://www.bluebay.com/en/investment-expertise/esg/approach/)

## Fund facts

|                              |  |
|------------------------------|--|
| Total fund size <sup>4</sup> | EUR 212m   |
| Inception date               | 17 December 2018   |
| Base currency                | EUR  |
| Benchmark                    | ICE BofA Euro Currency 3-Month Deposit Offered Rate Constant Maturity Index  |
| Fund legal name              | BlueBay Funds - BlueBay Investment Grade Structured Credit Fund  |
| Share classes                | Information on available Share Classes and eligibility for this Fund are detailed in the BlueBay Funds Prospectus and Application Form |
| Fund type                    | UCITS  |
| Domicile                     | Luxembourg   |
| Investment manager           | BlueBay Asset Management LLP   |

## Team

|                | Joined BlueBay              | Investment industry experience |
|----------------|-----------------------------|--------------------------------|
| Sid Chhabra    | June 2018                   | 18 years                       |
| Ashley Blatter | September 2018              | 22 years                       |
| Tom Mowl       | April 2021                  | 14 years                       |
| Size of team   | 14 investment professionals |                                |

## Contact information

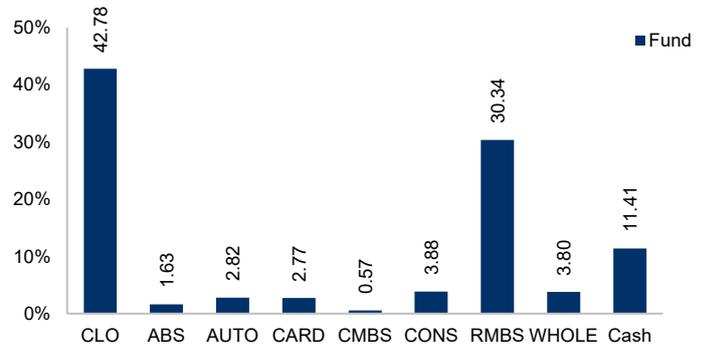
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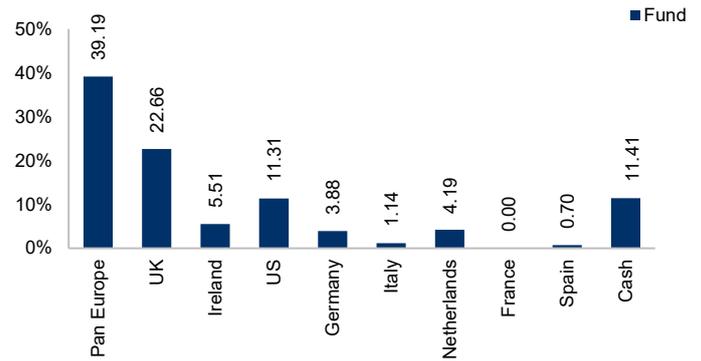
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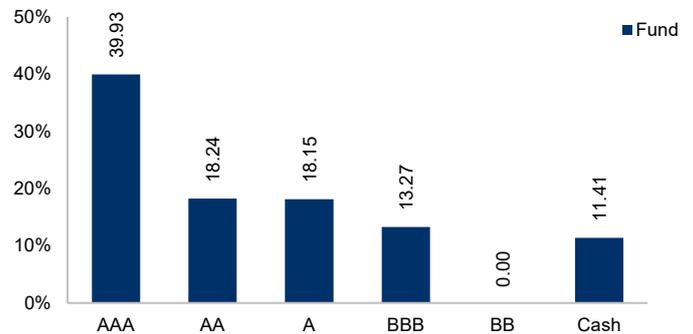
## Asset type breakdown (% NAV)



## Regional breakdown (% NAV)



## Credit quality breakdown (% NAV)



1. While gross of fee figures would reflect the reinvestment of all dividends and earnings, it would not reflect the deduction of investment management and performance fees. An investor's return will be reduced by the deduction of applicable fees which will vary with the rate of return on the strategy. For example, if there was an annualised return of 10% over a 5-year period then the compounding effect of a 0.60% management fee and a 0.20% performance fee would reduce the annualised return to 9.32% (figures used are only to demonstrate the effect of charges and are not an indicator of future performance). In addition, the typical fees and expenses charged to a strategy will offset the strategy's trading profits. A description of the specific fee structure for each BlueBay strategy is contained in the strategy's prospectus.

2. Performance shown for 1yr periods onwards are annualised figures.

3. Since inception.

4. The Fund AUM is stated on a T+1 basis and includes non-fee earning assets.

5. The Weighted Discount Margin is calculated versus the relevant 3m cash rate.

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