

BlueBay Investment Grade Euro Aggregate Bond Fund

February 2022

Fund Performance (%) Gross of Fees (EUR)¹

For Professional Investors Only

	1M	3M	YTD	1YR	3YR ²	5YR ²	10YR ²	SI ^{2,3}
BlueBay Investment Grade Euro Aggregate Bond Fund	-2.76	-4.18	-3.55	-4.62	3.07	3.01	5.75	5.96
Bloomberg Euro Aggregate Index ⁶	-2.21	-4.47	-3.31	-4.15	0.89	1.02	2.90	2.94
Alpha	-0.55	0.29	-0.24	-0.47	2.18	1.99	2.85	3.02

Review & Outlook

Contributors

- Short US duration
- Sovereign underweights: Spain, Italy, France
- Short Czech koruna
- Credit derivatives

Detractors

- Sovereign overweights: Romania, Mexico, EU bonds
- Financials and corporate hybrids
- FX: closed long US dollar

Outlook

- We feel it is difficult to be too predictive about what comes next in terms of the Russia/Ukraine conflict. However, if President Vladimir Putin forces regime change on Ukraine, then the new administration in Kyiv would likely be a pariah in the West. If it is a new treaty, this is likely to create social and political instability in Ukraine. Either way, sanctions are likely to persist for some time, as will elevated energy prices.
- The sense of shock in Europe has acted as a catalyst for the EU to unite behind a comprehensive set of sanctions, in concert with other countries, which are already having a crippling effect on the Russian economy.
- The impact on growth may come from three distinct channels. First, through supply-chain disruptions from cutting off Russia. Second, via the hit to incomes from rising commodity prices, notably oil. The third channel would come from a tightening of financial conditions in the wake of adverse market performance.
- In each of these regards, we see the US economy as relatively insulated and the eurozone as more exposed.
- We expect: a material rise in fiscal spending in defence; strong policy initiatives to ramp up the energy infrastructure in order to limit dependence on Russian oil; and support packages to help deal with the large flow of refugees.
- We still envisage six hikes from the US Federal Reserve in 2022, given inflation remains a problem. The economic backdrop is robust and there is little slack in the economy. In the eurozone, we expect asset purchases to cease at the end of this year and for interest rates to rise to 0% by March 2023.

Investment Objective

To achieve a total return in excess of the Bloomberg Euro Aggregate Index from a portfolio of investment grade-rated fixed income securities

Investment Strategy

- The Fund invests predominantly in fixed income securities issued by investment grade companies around the world
- Globally diversified – extracting return opportunities across regions
- Seeks to generate excess returns via superior sector and security selection based upon high quality, proprietary research
- The Fund meets the conditions set out in Article 8 of the Sustainable Finance Disclosure Regulation as it promotes environmental/social characteristics through binding requirements as a key feature. Full details of the Fund's ESG framework are available online www.bluebay.com/en/investment-expertise/esg/approach/

Calendar Year Performance (%) Gross of Fees¹ (EUR)

	2021	2020	2019	2018
Fund	-2.24	7.11	9.94	-0.05
Benchmark	-2.85	4.05	5.98	0.41
Alpha	0.61	3.06	3.95	-0.46

Cumulative Relative Performance³ Gross of Fees¹ (EUR)



Past performance is not indicative of future results.

Fund Characteristics

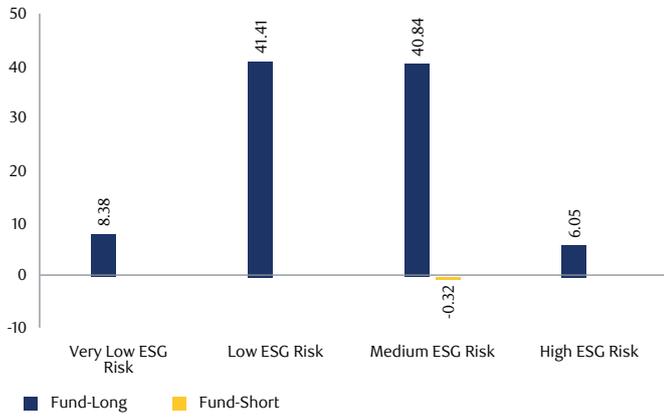
	Fund	Benchmark ⁶
Weighted interest rate duration (yrs)	7.45	7.41
Weighted spread duration (yrs)	5.51	6.57
Weighted yield to worst (%)	0.84	0.66
Weighted coupon (%)	1.68	1.69
Total no. of issues	124	6,477
Total no. of issuers	57	1,010
Weighted rating	A	A+
Average position (%)	0.80	0.02

Note: Defaulted securities are excluded from Spread and Yield calculations.

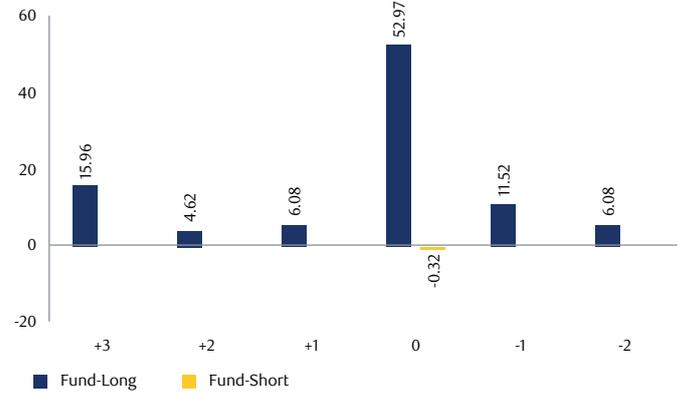
Risk Statistics⁴

Standard Deviation	4.04%
Tracking Error	2.02%
Information Ratio	1.49

BlueBay: Issuer Fundamental ESG (risk) Ratings (% , NAV)



BlueBay: Security Investment ESG Scores (% , NAV)



Top 3 Long Issuers By Spread Duration Contribution (Yrs)

Issuer	Years (absolute)	Years (relative)	BlueBay ESG Fundamental (Risk) Rating ⁷	BlueBay Investment ESG score ⁸
Italy Buoni Poliennali Del Tesoro	1.08	0.18	Medium ESG Risk	0
European Union	0.92	0.74	Very Low ESG Risk	3
French Republic Government Bond OAT	0.92	-0.31	Low ESG Risk	3

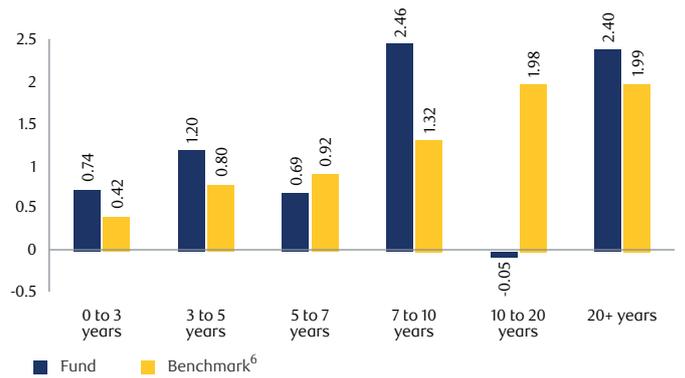
Top Sector Spread Duration Contribution, Relative to Index (Yrs)

Overweights	Value	Underweights	Value
Sovereign	1.11	Treasuries	-1.46
Banking	0.48	Local Authorities	-0.35
Supranational	0.40	Mortgage Assets	-0.27
Consumer Non-Cyclical	0.13	Government Guarantee	-0.18
Transportation	0.13	Owned No Guarantee	-0.05

Top 3 Short Issuers By Spread Duration Contribution (Yrs)

Issuer	Years (absolute)	Years (relative)	BlueBay ESG Fundamental (Risk) Rating ⁷	BlueBay Investment ESG score ⁸
Valeo	-0.01	-0.01	Medium ESG Risk	-2

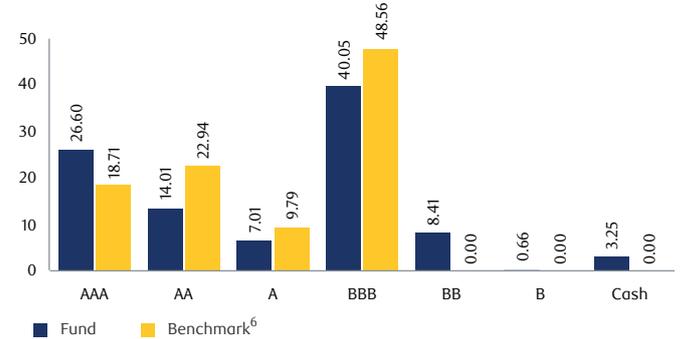
Interest Rate Duration Distribution by Maturity (Yrs)



Top Country Spread Duration Contribution, Relative to Index (Yrs)

Overweights	Value	Underweights	Value
Romania	0.58	Spain	-0.77
Mexico	0.54	Netherlands	-0.39
Supra National	0.41	Germany	-0.14
US	0.20	Finland	-0.10
China	0.10	Portugal	-0.09

Credit Quality Breakdown (% , NAV)



Fund Facts

Total fund size ⁵	EUR 2,829m
Inception date	02 November 2010
Base currency	EUR
Benchmark	Bloomberg Euro Aggregate Index
Fund legal name	BlueBay Funds - BlueBay Investment Grade Euro Aggregate Bond 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
Mark Dowding	August 2010	28 years
Kaspar Hense	August 2014	17 years
Size of team		32 investment professionals
Average investment industry experience		19 years

Contact Information

Marketing and Client Relations Department
77 Grosvenor Street
London W1K 3JR
tel: +44(0)20 7389 3775
marketing@bluebay.com
www.bluebay.com

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. Risk statistics are annualized and calculated using weekly data points since inception. Risk statistics will be produced once there are 3 complete months of data available; for meaningful results a minimum sample of 36 data points is recommended and where history is less than 3 years caution should be taken with the interpretation and representation of this data. Returns for periods of less than 1 year have not been annualised in accordance with current industry standard reporting practices.
5. The Fund AUM is stated on a T+1 basis and includes non-fee earning assets.
6. Benchmark: Bloomberg Euro Aggregate Index
7. Fundamental ESG (Risk) Rating is assigned at an issuer level by BlueBay. Categories range from 'very high' to 'very low' ESG (Risk) Rating and is a function of the ESG risk profile of an issuer and how well it manages these risks.
8. Investment ESG Score is assigned at an issuer level by BlueBay unless otherwise stated (i.e. assigned at the security level). Scores ranges from '+3' through to '-3' and indicates the extent to which ESG is considered investment material, as well as the nature and scale of the materiality impact (i.e. positive credit impact, negative credit impact, no impact).

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