

BlueBay Emerging Market Bond Fund

April 2020

FUND PERFORMANCE (%) GROSS OF FEES (USD)¹

	1M	3M	YTD	1YR	3YR ²	5YR ²	10YR ²	SI ^{2,3}
BlueBay Emerging Market Bond Fund	2.06	-13.54	-12.52	-5.69	0.76	2.96	5.33	8.43
JP Morgan EMBI Global Diversified ⁶	2.25	-12.76	-11.44	-4.97	0.67	2.94	5.08	7.78
Alpha	-0.19	-0.78	-1.08	-0.72	0.09	0.02	0.25	0.65

REVIEW & OUTLOOK

Contributors

- Ecuador successfully restructured its bonds through a consent solicitation process, with overwhelming support from investors. This reduced the short-term, non-payment risks to a large degree. Our overweight allocation added value there. Additionally, Ecuadorian quasi-sovereign Petroamazonas also restructured its bonds, with the bonds jumping from the low-30s to high-40s in a short period of time. Our allocation there also added value.
- Our overweight allocation to Mexico, mainly through Pemex, contributed to relative performance.
- The new-issues market was active in April as investors looked for attractively priced new issues from fundamentally solid – often investment grade – sovereigns and quasi-sovereigns. We participated in some of these issuances, such as Israel and Qatar, which contributed to relative performance.

Detractors

- We had a cautious bias in Turkey, implemented through underweight positioning as well as sovereign CDS, which detracted from performance.
- Some of the other underweight allocations also detracted, namely Bahrain and Saudi Arabia.
- We implemented a short Omani riyal position, as a possible hedge against weakening fundamentals in the Middle East region due to lower oil prices, which detracted from performance.

Outlook

- We believe any recovery will likely be uneven across geographies, sectors and individual companies. The differentiation is likely to become more pronounced as the year draws on, and the contributors and detractors become clearer.
- There has been a large pick-up in primary-market activity across emerging-market (EM) credit markets, which is more pronounced in sovereigns, where higher-rated countries have been able to access the markets much earlier in this crisis and in larger sizes.
- The EM sovereign investment-grade space screens attractively from a relative-valuation perspective, in our opinion, but supply needs to settle down before spreads can move materially tighter.
- For corporates, the market has been much slower to reopen and we therefore feel that supply dynamics remain more supportive.
- We believe default rates will rise but nowhere near as much as if government-lending facilities had not been enacted.
- In local markets, foreign exchange remains choppy, with the bias still towards weakness, given that EM central banks have shown a preference to cut interest rates to help ease financial conditions, particularly given the lack of inflation.
- The preference remains for receive-rate positions, but the near-universal expansion of fiscal deficits has resulted in much steeper curves. Meanwhile, the ability of some central banks to enact quantitative easing also makes this segment much more nuanced, in our opinion.
- Effective from 1 April 2020 the Fund's alpha target has been adjusted from 300bps over Benchmark to a range of 200-300bps over Benchmark per annum, gross of fees.*

INVESTMENT OBJECTIVE

To achieve a total rate of return in excess of the JP Morgan Emerging Market Bond Index Global Diversified from a portfolio of fixed income securities of issuers based in Emerging Market Countries.

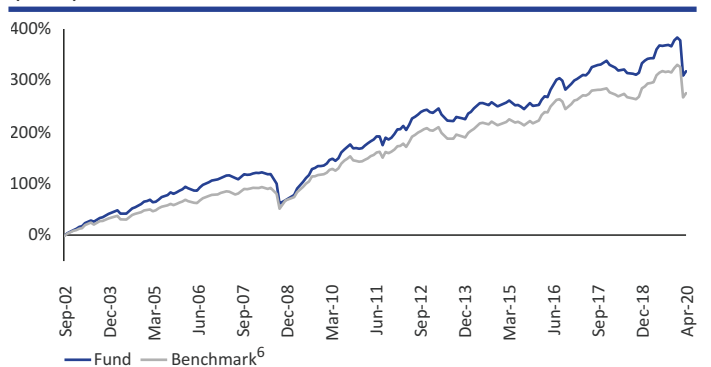
INVESTMENT STRATEGY

- The Fund invests predominantly in fixed income securities denominated in G7 country currencies issued by emerging market countries. The Fund is also permitted to take off-benchmark corporate positions
- The Fund seeks to generate excess returns via superior country and issue selection; based upon high quality, proprietary research

CALENDAR YEAR PERFORMANCE (%) GROSS OF FEES¹ (USD)

	2019	2018	2017	2016
Fund	15.11	-4.74	12.44	10.46
Benchmark ⁷	15.04	-4.26	10.26	10.15
Alpha	0.07	-0.48	2.19	0.31

CUMULATIVE RELATIVE PERFORMANCE³ GROSS OF FEES¹ (USD)



FUND CHARACTERISTICS

	Fund	Benchmark ⁷
Weighted interest rate duration (yrs)	7.49	7.35
Weighted spread duration (yrs)	7.55	7.24
Weighted running yield (%)	0.00	6.09
Weighted stripped spread	929	573
Total no. of issues	144	766
Total no. of issuers	69	164
Weighted rating	BBB-	BBB-
Average position (%)	0.71	0.13

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

RISK STATISTICS⁴

Standard Deviation	8.22%
Tracking Error	2.22%
Information Ratio	0.30

FUND FACTS

Total fund size ⁵	USD 627m
Inception date	03 September 2002
Base currency	USD
Benchmark	JP Morgan EMBI Global Diversified
Fund legal name	BlueBay Funds - BlueBay Emerging Market 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

TOP 5 HOLDINGS (%)⁸

Qatar 4.817% 03/49	2.70
Russian Foreign Bond 5.1% 03/35	2.60
Banque Centrale de Tunisie Int Bond 5 ³ / ₄ % 01/25	2.47
1MDB Energy Ltd 5.99% 05/22	2.37
Petroleos Mexicanos 6.95% 01/60 REGS	2.11

TEAM

	Joined BlueBay	Investment industry experience
Polina Kurdyavko	July 2005	19 years
Jana Velebova	December 2014	14 years
Size of team	34 investment professionals	
Average investment industry experience	15 years	

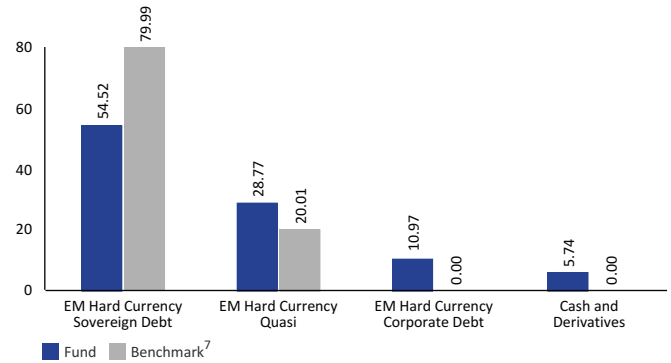
CONTACT INFORMATION

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ASSET TYPE BREAKDOWN (% , NAV)



TOP EMERGING MARKET COUNTRIES: HARD CURRENCY (SPREAD DURATION, YEARS)

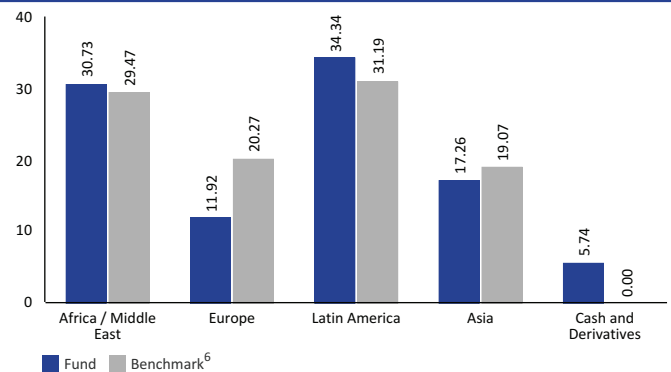
Overweights

Israel	0.70
United Arab Emirates	0.38
Mexico	0.35
Russia	0.25
Qatar	0.23

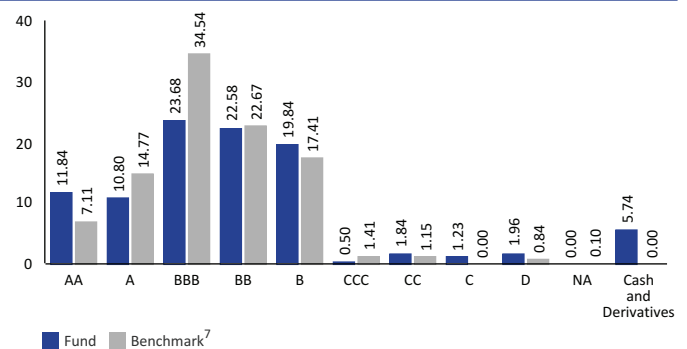
Underweights

Panama	-0.34
Chile	-0.28
Kazakhstan	-0.23
Peru	-0.20
Colombia	-0.16

REGIONAL BREAKDOWN (% , NAV)



CREDIT QUALITY BREAKDOWN (% , NAV)



*Targets or objectives reflect the subjective input of the Investment Manager based upon a variety of factors, including but not limited to, the investment strategy and its prior performance, volatility measures, portfolio characteristics, risks and market conditions. Performance targets or objectives should not be relied upon as an indication of actual or projected performance. Actual volatility and returns depend upon a variety of factors. No representation is made any targets or objectives will be achieved, in whole or in part. The alpha target does not form part of the Fund's Investment Objective or legal terms, which are governed by the Fund's applicable subscription and offering materials.

- 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.
- Performance shown for 1yr periods onwards are annualised figures.
- Since Inception
- 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.
- The Fund AUM is stated on a T+1 basis and includes non-fee earning assets.
- Benchmark: JP Morgan EMBI Global Diversified
- The full name of the index is JP Morgan Emerging Market Bond Index Global Diversified.
- The reported exposures are solely emerging market positions. All duration hedges including US Treasury and EUR have been excluded. Top holdings do not include cash replacement bonds.

Source: All data unless otherwise specified is sourced from BlueBay Asset Management as at 30 April 2020

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