

# BlueBay Global Sovereign Opportunities Fund

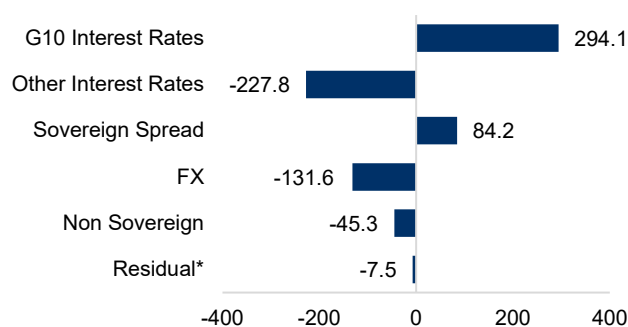
April 2024

## Fund Performance (%) Net of Current Fees (USD) <sup>1</sup>

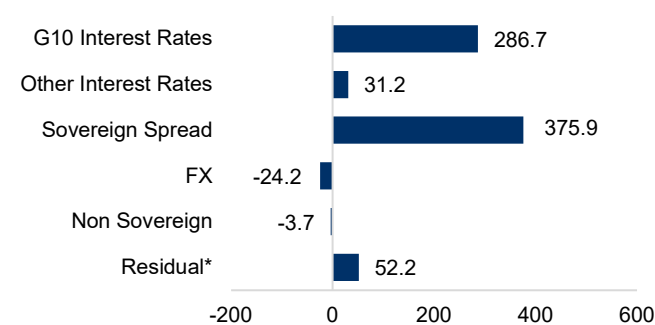
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	1.52	-0.32	-1.76	-0.11									-0.69
2023	0.14	1.39	0.43	-0.02	-0.73	-1.99	4.81	0.40	0.44	0.09	1.29	-1.51	4.68
2022	3.25	0.41	0.72	0.44	2.42	-1.65	0.72	4.21	-0.23	2.15	0.22	2.71	16.32
2021	0.86	1.43	-2.49	-0.01	-1.38	-1.64	-3.11	1.49	2.84	-1.96	-2.30	2.96	-3.51
2020	-1.49	-1.79	-4.85	0.71	3.65	-0.37	0.76	-0.56	-0.03	-1.43	4.69	3.77	2.71
2019	2.25	1.27	-2.88	1.57	-1.86	2.41	1.80	-0.45	2.36	1.17	-1.33	1.55	7.95
2018	3.79	0.21	0.04	-0.61	-1.54	0.07	1.33	-1.49	0.68	-3.29	-0.78	-3.06	-4.83
2017	0.00	0.84	-0.52	-1.34	-0.36	2.91	0.39	-0.13	1.84	0.67	0.42	1.47	6.30
2016	-1.14	0.79	0.19	-0.64	0.35	1.46	3.78	1.48	0.94	1.90	0.79	1.35	11.74
2015	-	-	-	-	-	-	-	-	-	-	-	0.31	0.31

The performance figures listed above are based on the net returns of the I USD Perf Share Class from March 2017 onwards and the I USD Share Class from December 2015 to March 2017. To provide representative comparison for a typical investor, the performance above represents the actual performance of the Fund since inception, but calculated net of fees assuming the standard terms of the I USD Perf Share Class which carry a 1% management fee and 15% performance fee.

## \*YTD Performance by Strategy (bps) Gross

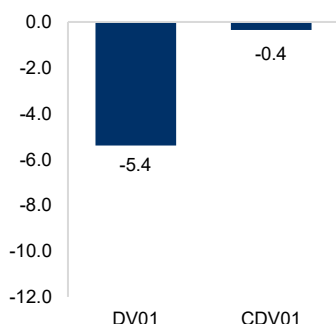


## \*Since Inception Performance by Strategy (bps) Gross

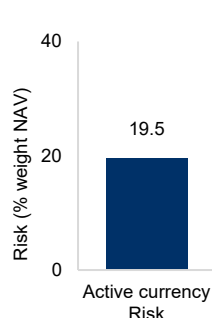


\*The performance by strategy charts reflect a change in the methodology for reflecting FX carry returns, introduced in November 2017

## Risk Allocation (Duration in Yrs)



## Active CCY risk (% NAV)



## Performance Analysis <sup>2</sup> (net of fees) <sup>1</sup>

Annualised return (%) <sup>3</sup>	4.69
Whole months data required to calculate the below	
Annualised volatility (%)	7.22
Sharpe ratio <sup>4</sup>	0.30
Positive months (%)	60.00
Worst drawdown (%)	-9.06
Recovery time (months)	9

**Past performance does not predict future returns.** The return of your investment may increase or decrease as a result of currency fluctuations if your investment is made in a currency other than that used in the past performance calculation. Fees and other expenses will have a negative effect on investment returns.

## Investment Objective

Seeks to achieve attractive risk-adjusted returns from a portfolio of interest rates, currencies and fixed income government securities across developed and emerging market countries, including local currency bonds

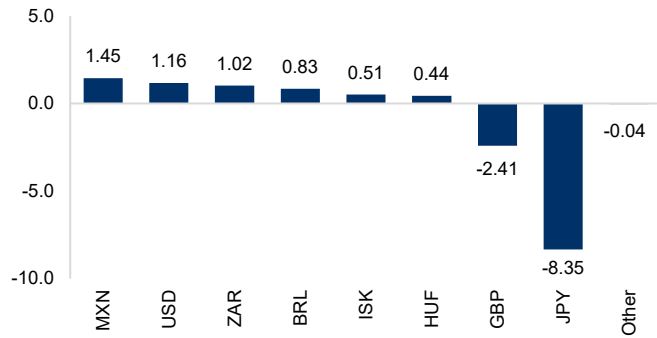
## Investment Strategy

- A macro thematic, global government bond strategy trading G10 rates, local markets, sovereign credit and currencies
- The Fund seeks to achieve an annual net return of 10% over a full investment cycle, with an expected volatility of 8%, with 5-15% range.
- An actively traded and highly liquid portfolio that aims to minimise downside risk during periods of market volatility
- 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 available online <https://www.rbcbluebay.com/en-gb/institutional/what-we-do/funds/sustainability-related-disclosures/>

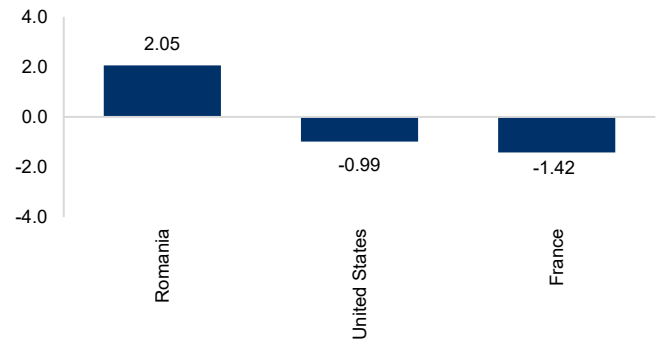
## Fund Facts

Total fund size <sup>5</sup>	USD 455m
Inception date	22 December 2015
Base currency	USD
Liquidity	Daily
Fund legal name	BlueBay Funds—BlueBay Global Sovereign Opportunities Fund
Share classes	Further information on available Share Classes and eligibility for this Fund is detailed in BlueBay Funds Prospectus
ISIN	LU1542977316
Class	Class I - USD Shares
Bloomberg	BBGSUP LX
Fund type	UCITS
Domicile	Luxembourg
Investment manager	RBC Global Asset Management (UK) Limited

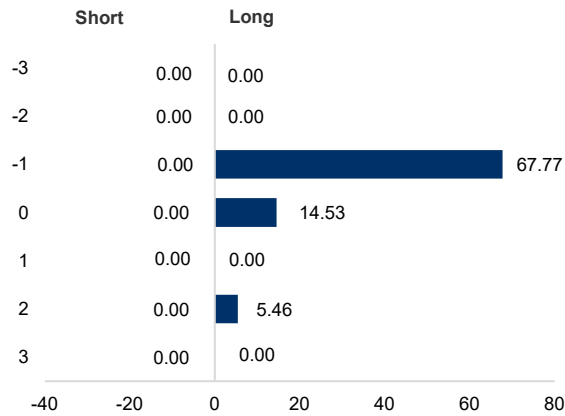
### Duration Exposure (duration contribution in yrs)



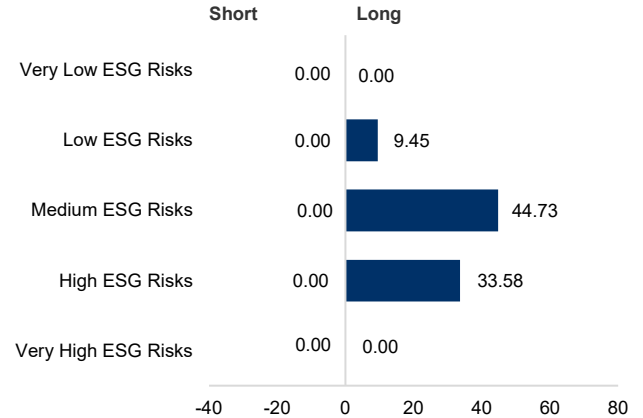
### Credit Spread Duration Exposure (spread duration in yrs)



### BlueBay: Security Investment ESG Scores (% of NAV)



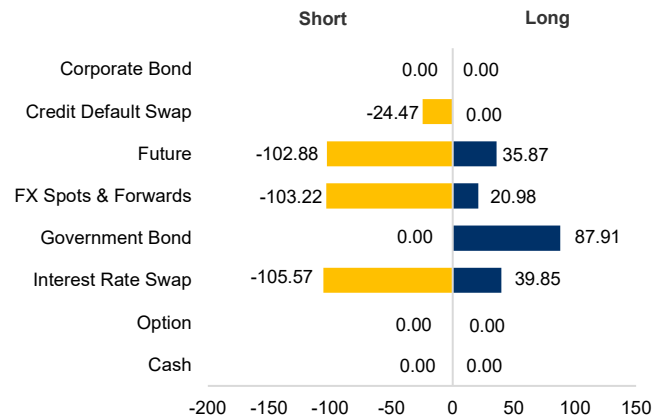
### BlueBay: Issuer Investment ESG Scores (% of NAV)



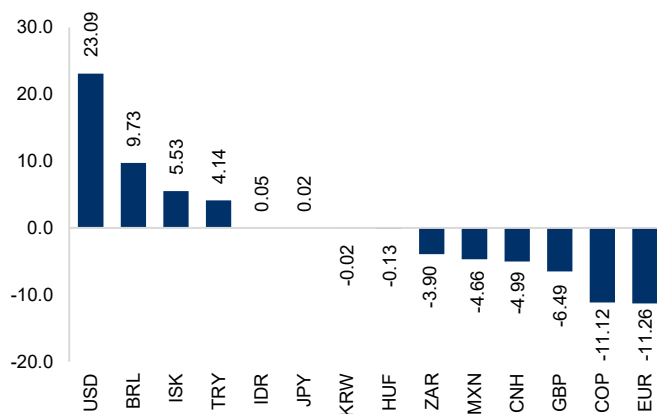
### Top Long Issuers by Spread Duration Contribution (yrs)

Issuer	Years (absolute)	Years (relative)	BlueBay ESG Fundamental (Risk) Rating <sup>9</sup>	BlueBay Investment ESG Score <sup>10</sup>
Romanian Government International Bond	2.05	2.05	Medium ESG Risk	-1

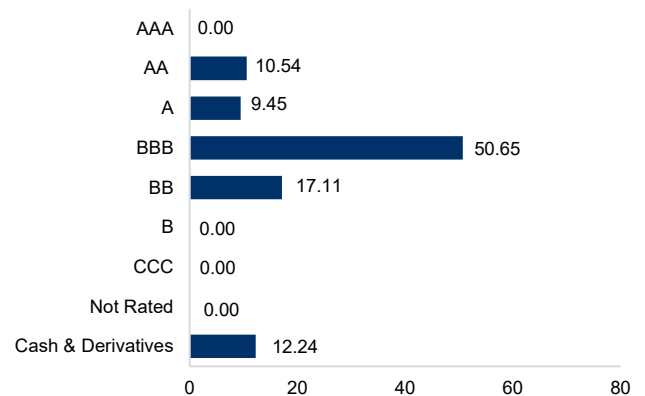
### Product Breakdown (% of NAV)



### Currency Exposure (% of NAV)



### Credit Quality Breakdown (% of NAV)



## Portfolio Characteristics

No. of positions	59
No. of issuers	6
Weighted Rating	BBB
Gross long exposure <sup>6</sup>	1.85x
Gross short exposure <sup>6</sup>	-3.36x
Net exposure	-1.52x

## Liquidity<sup>7</sup>

	Long	Short
<= 1 day	100.00%	90.66%
> 1 days <= 1 wk	0.00%	9.34%
> 1 wk <= 1 mth	0.00%	0.00%
> 1 month	0.00%	0.00%

## Risk Sensitivities (as bps of NAV)

	TOTAL
CDV01 <sup>8</sup>	-0.35
DV01 <sup>9</sup>	-5.39
Equity delta (+1%)	0.00
FX delta (+1%)	-22.95
Equity Vega	0.00
VAR (95%, 1 day) <sup>10</sup>	41.97

Effective from 3 October 2023 the Fund's return target has been adjusted from 8% to 10% per annum over the market cycle, net of fees. The target volatility of the Fund is 8% with a 5-15% range.\*

\*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."

## Team

	Joined BlueBay	Investment industry experience
Russel Matthews	September 2010	25 years
Mark Dowding	August 2010	30 years

## Risk Considerations

- At times, the market for investment grade bonds may dry up, which could make it difficult to sell these bonds, or the fund may only be able to sell them at a discount
- There may be cases where an organisation with which we trade assets or derivatives (usually a financial institution such as a bank) may be unable to fulfil its obligations, which could cause losses to the fund
- Investing in emerging market bonds offers you the chance to gain higher returns through growing your capital and generating income. Nevertheless, there is a greater risk that the organisation which issued the bond will fail, which would result in a loss of income to the fund along with its initial investment
- RBC BlueBay's ESG analysis can rely on input from external providers. Such data may be inaccurate or incomplete or unavailable and RBC BlueBay could assess the ESG risks of securities held incorrectly
- RBC BlueBay could suffer from a failure of its processes, systems and controls – or from such a failure at an organisation on which we rely in order to deliver our services – which could lead to losses for the fund

## Contact information

### Marketing and Client Relations Department

100 Bishopsgate  
London EC2N 4AA

tel: +44(0)20 7653 4000  
marketing@bluebay.com  
[www.rbcbluebay.com](http://www.rbcbluebay.com)

- 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
- Risk statistics are annualized and calculated using weekly data points since inception. Risk statistics will be produced once there are 12 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 annualized in accordance with current industry standard reporting practices
- Since inception. Cumulative if less than 1 year history
- The Sharpe Ratio is calculated on a weekly basis before all fees and expenses, relative to the risk free rate. Between July 2018 and October 2022, the Sharpe Ratio was understated in error. This has now been corrected and measures have been put in place to prevent recurrence.
- The Fund AUM is stated on a T+1 basis and includes non-fee earning assets
- Exposure is calculated by dividing positions (gross long, gross short, net) by NAV, with exposure measured by market value for cash products, ten year bond equivalents for interest rate derivatives and delta adjusted notionals for other derivatives
- Estimated periods to liquidate positions without materially impacting market values under normal market conditions, as calculated in accordance with RBC BlueBay's proprietary methodology. Investors should be aware that in other market conditions, for example, during periods of exogenous/systemic or macro shock, liquidity conditions may be notably different from those disclosed above
- CDv01 represents the exposure of the portfolio in base currency to a decrease in credit spreads in the relevant currency of one basis point across all maturities
- Dv01 represents the exposure of the portfolio in base currency to a decrease in risk free interest rates in the relevant currency of one basis point across all maturities
- VarR is calculated using Monte Carlo simulations. The reported figure is the 95% confidence loss amount at a one day horizon. VAR by currency is the contribution to the overall VAR from assets denominated in each currency. Results presented as basis points of NAV
- Fundamental ESG (Risk) Rating is assigned at an issuer level by RBC 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.
- Investment ESG Score is assigned at an issuer level by RBC 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).

All data unless otherwise specified is sourced from RBC Global Asset Management, as at 30<sup>th</sup> April 2024.

# Portfolio Managers Comments

## Review

April saw weak returns across fixed-income indices, led by a rise in core government yields that more than offset slightly tighter spreads and the positive from the carry/income.

In newsflow for April: there was little action from the major central banks, with the US Federal Reserve (Fed) and Bank of England having no meetings, and the European Central Bank leaving rates on hold, as expected, although it continues to guide towards its meeting on 6 June for the first cut. Somewhat more unexpected was the decision from the Bank of Japan to leave policy unchanged, especially given the weakness of the yen.

In terms of economic data, the US consumer price index (CPI) report marked the third consecutive monthly rise of 0.4% in core prices; although some of this is seasonal, it seems difficult to sustain a narrative that inflation is headed back towards the Fed's 2% target any time soon. We saw US Treasury yields lurch higher on its release. US first-quarter GDP data was a downside miss, but this piece of data is erratic and subject to revision, and we would add that nominal growth remained positive, but it was a surprisingly high deflator that pulled real growth lower. Indeed, we would highlight that with solid employment numbers, and with the Institute for Supply Management survey back above 50 in April, the US economy feels more mid-cycle than late-cycle. European inflation behaved a little better, with the core figure down to 2.7%.

Turning to market moves: as highlighted, core government bond yields moved back higher despite ongoing geopolitical tensions in the Middle East. This upward pressure on yields came as solid data increased the likelihood of 'higher rates for longer' and has probably been exacerbated by investor positioning, which has been on the long side. Looking at 10-year bonds as a proxy: US Treasury yields ended 48 basis points (bps) higher (the worst month since September 2022), while the yields on Bunds and UK Gilts were 28bps and 42bps higher, respectively. Year to date (YTD), this leaves 10-year US Treasuries 80bps higher at 4.68%, 10-year Bunds 56bps higher at 2.58% and 10-year UK Gilts 82bps higher at 4.35%. (Note: in some cases, these change numbers are somewhat distorted by rolls to new underlying benchmark issues). To give some further context to the repricing of rate expectations that we have seen YTD, 2-year US Treasuries have ended April at around 5%, having touched 4.14% in early January.

In terms of what is actually priced into rates markets here: for some time now, the market has been pricing in that rates have peaked and cuts are around the corner, but the expected policy loosening has gradually been pared back as we have moved through the early part of 2024. The US market is now pricing the first Fed rate cut in November or December, with 35bps of cuts now priced by the end of January 2025. In Europe, the market is pricing that we will probably see the first cut in June, with around 65bps of cuts in 2024. In the UK, the market is now pricing a first cut in August or September, with 50bps of cuts by year-end. It's also worth highlighting the spike in volatility in rates markets, after a drop in March. This has somewhat dampened the enthusiasm for risk assets, demonstrated by a rise in the VIX during the month.

European sovereign credit spreads were tighter over the month, led by Spain and Italy, with semi-core countries such as France lagging somewhat. Looking at BBB rated emerging-market (EM) sovereigns: both Mexican (95-year eurobond) and Romanian spreads were again tighter, adding to their positive start to the year.

## Contributors and detractors

Source of Alpha	Contributors	Detractors	P&L
G10 rates	Short: Japan, UK	Curve: US 10s vs 30s steepener	+189
Other rates	Long: South Africa	Long: Mexico, Hungary, Brazil	-168
Sovereign		Short: France	-4
Currency	Short: MXN	Long: JPY, BRL Short: COP	-23
Non-sovereign			-

P&L figures quoted are "gross of fees".

The short in core rates was the biggest driver of positive performance in April, in a positive rebound from March's underperformance. Local markets offset most of that upside from the G10 nations, with underperformance from our long positions in Mexico, Hungary and Brazil. The sovereign book was mostly flat, and while the long in the Japanese yen was a meaningful detractor, the short in the Mexico peso went a long way to recover the performance of the overall foreign-exchange (FX) book, which ended the month modestly negative.

## Outlook

Financial markets are feeling in a more positive place in the early days of May, after more benign economic data and dovish rhetoric from Fed policymakers. We would caution, however, that one swallow does not make a summer. There is still US CPI data on the horizon, and this will be a hurdle for the market to overcome. We don't have a firm conviction but take a cautiously optimistic stance that an in-line set of numbers (0.3% on headline and core) will be enough to keep the macroeconomic environment reasonably calm. This macroeconomic backdrop should be supportive for strategy returns. Nevertheless, we are aware of the risk scenario – weaker activity data but sticky inflation numbers (stagflation). This is a bad outcome for markets, and with this in mind, we continue to run relatively low levels of macroeconomic directional risk.

From a top-down perspective, we remain short core rates versus long EM local rates (where the value proposition remains outstanding). We also remain long the US dollar versus G10 currencies (UK sterling and euro), but in EM, we are closer to flat in beta terms. In general, the strategy is currently more driven by idiosyncratic/bottom-up risk than a top-down macroeconomic theme.

In core rates, we remain short Japan and the UK. We are long in the US front end (2-year), and we have a US curve steepener in place via a combination of 2s/30s and 10s/30s. In non-G10 rates, top-down exposure to the asset class has increased modestly via Mexico, Brazil, South Africa, Iceland and Hungary.

In sovereign credit, we are long Romania, although this position is partially hedged via a CDX-EM short position.

In FX, we remain long the US dollar versus G10 and EM currencies (the net position is +15%) versus a net short in the euro -10% and UK sterling -7%. In non-G10 currencies, we cut the short position in the Mexican peso and increased long positions in the Turkish lira to +5% and Brazilian real to +10%. Short positions include the Colombian peso -11%, Chinese renminbi -5% and South African rand -4%. Longs include the Brazilian real, +10%, Turkish lira +5% and Icelandic krona +5%.

**Recipients are strongly advised to obtain appropriate independent professional advice and reach their own conclusions regarding the investment merits and risks. No RBC BlueBay fund will be offered, except pursuant to the offering memorandum and subscription materials for such fund. Information on fees, available Share Classes and eligibility for this Fund are detailed in the BlueBay Funds Prospectus. The Key Investor Information Document ("KIID"), the Packaged Retail and Insurance-based Investment Products - Key Information Documents (PRIIPs KID) and full prospectus must be read carefully prior to making a decision to invest. Subscriptions will only be received and shares issued based on the current KIID and full prospectus.**

This document is a marketing communication and it may be produced and issued by the following entities: in the European Economic Area (EEA), by BlueBay Funds Management Company S.A. (BBFM S.A.), which is regulated by the Commission de Surveillance du Secteur Financier (CSSF). In Germany, Italy, Spain and Netherlands the BBFM S.A. is operating under a branch passport pursuant to the Undertakings for Collective Investment in Transferable Securities Directive (2009/65/EC) and the Alternative Investment Fund Managers Directive (2011/61/EU). In the United Kingdom (UK) by RBC Global Asset Management (UK) Limited (RBC GAM UK), which is authorised and regulated by the UK Financial Conduct Authority (FCA), registered with the US Securities and Exchange Commission (SEC) and a member of the National Futures Association (NFA) as authorised by the US Commodity Futures Trading Commission (CFTC). In Switzerland, by BlueBay Asset Management AG where the Representative and Paying Agent is BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich, Switzerland. The place of performance is at the registered office of the Representative. The courts at the registered office of the Swiss representative or at the registered office or place of residence of the investor shall have jurisdiction pertaining to claims in connection with the offering and/or advertising of shares in Switzerland. The Prospectus, the Key Investor Information Documents (KIIDs), the Packaged Retail and Insurance-based Investment Products - Key Information Documents (PRIIPs KID), where applicable, the Articles of Incorporation and any other document required, such as the Annual and Semi-Annual Reports, may be obtained free of charge from the Representative in Switzerland. In Japan, by BlueBay Asset Management International Limited which is registered with the Kanto Local Finance Bureau of Ministry of Finance, Japan. In Asia, by RBC Global Asset Management (Asia) Limited, which is registered with the Securities and Futures Commission (SFC) in Hong Kong. In Australia, RBC GAM UK is exempt from the requirement to hold an Australian financial services license under the Corporations Act in respect of financial services as it is regulated by the FCA under the laws of the UK which differ from Australian laws. In Canada, by RBC Global Asset Management Inc. (including PH&N Institutional) which is regulated by each provincial and territorial securities commission with which it is registered. RBC GAM UK is not registered under securities laws and is relying on the international dealer exemption under applicable provincial securities legislation, which permits RBC GAM UK to carry out certain specified dealer activities for those Canadian residents that qualify as "a Canadian permitted client", as such term is defined under applicable securities legislation. In the United States, by RBC Global Asset Management (U.S.) Inc. ("RBC GAM-US"), an SEC registered investment adviser. The entities noted above are collectively referred to as "RBC BlueBay" within this document. The registrations and memberships noted should not be interpreted as an endorsement or approval of RBC BlueBay by the respective licensing or registering authorities. Not all products, services or investments described herein are available in all jurisdictions and some are available on a limited basis only, due to local regulatory and legal requirements.

Please refer to the Prospectus of the fund, the Key Investor Information Documents (KIID) and the Packaged Retail and Insurance-based Investment Products - Key Information Documents (PRIIPs KID), if available, or any other relevant fund documentation on our website ([www.rbcbayblue.com](http://www.rbcbayblue.com)) before making any final investment decisions. The Prospectus and the PRIIPs KID is available in English and the KIIDs in several local languages. No RBC BlueBay fund will be offered, except pursuant and subject to the offering memorandum and subscription materials for such fund (the "Offering Materials"). If there is an inconsistency between this document and the Offering Materials for the RBC GAM UK fund, the provisions in the Offering Materials shall prevail.

Any investor who proposes to subscribe for an investment in any of the RBC BlueBay products must be able to bear the risks involved and must meet the respective products suitability requirements. This document is intended only for "professional clients" and "eligible counterparties" (as defined by the Markets in Financial Instruments Directive ("MiFID")) or in the US by "accredited investors" (as defined in the Securities Act of 1933) or "qualified purchasers" (as defined in the Investment Company Act of 1940) as applicable and should not be relied upon by any other category of customer.

The investments discussed may fluctuate in value and you may not get back the amount invested. The return may increase or decrease as a result of currency fluctuations. Investment in derivatives may involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement in the price of the instrument, as a result of which prices are more volatile. There are restrictions on transferring interests in the funds. The instruments in which the products invest may involve complex tax structures and there may be delays in distributing important tax information. The funds are not required to provide periodic pricing or valuation information to investors with respect to its individual investments.

Unless otherwise stated, performance data is unaudited and net of management, performance and other fees. Past performance is not indicative of future results.

Any indices shown are presented only to allow for comparison of the RBC BlueBay fund's performance to that of certain widely recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific fund or investor. In addition, the RBC BlueBay fund holdings may differ significantly from the securities that comprise the indices shown. Indexes are unmanaged and investors cannot invest directly in an index.

This document has been prepared solely for informational purposes and does not constitute an offer or recommendation to buy or sell any security or investment product or adopt any specific investment strategy in any jurisdiction. This document should not be construed as tax or legal advice.

This document may contain the current opinions of RBC BlueBay and is not intended to be, and should not be interpreted as, a recommendation of any particular security, strategy or investment product. Unless otherwise indicated, all information and opinions herein are as of the date of this document. All information and opinions herein are subject to change without notice.

The information contained in this document has been compiled by RBC BlueBay, and/or its affiliates, from sources believed to be reliable but no representation or warranty, express or implied is made to its accuracy, completeness or correctness.

Due to the extensive use of derivatives including, but not limited to, the use of short term interest rate contracts, the BlueBay Global Sovereign Opportunities Fund is only suitable for Financially Sophisticated Investors who can bear the economic risk of the loss of their investment in the fund.

Financially Sophisticated Investor for this purpose means an investor who:

- a) has knowledge of, and investment experience in, financial markets generally and financial products which invest in securities and/or derivatives with complex features; and
- b) understands and can evaluate the strategy, characteristics and risks of the strategy in order to make an informed investment decision

A summary of investor rights can be obtained in English on [www.rbcbayblue.com/investorrights](http://www.rbcbayblue.com/investorrights). It is important to note that the Fund Management Company may terminate arrangements for marketing under new Cross-border Distribution Directive denotification process. There are several risks associated with investing in financial products. With all investments there is a risk of loss of all, or a portion of the amount invested. Recipients are strongly advised to make an independent review with their own advisors and reach their own conclusions regarding the investment merits and risks, legal, credit, tax and accounting aspects of all transactions.

This document may not be reproduced in whole or part, and may not be delivered to any person without the consent of RBC BlueBay. Copyright 2024 © RBC BlueBay. RBC Global Asset Management (RBC GAM) is the asset management division of Royal Bank of Canada (RBC) which includes RBC Global Asset Management (U.S.) Inc. (RBC GAM-US), RBC Global Asset Management Inc., RBC Global Asset Management (UK) Limited and RBC Global Asset Management (Asia) Limited, which are separate, but affiliated corporate entities. ® / Registered trademark(s) of Royal Bank of Canada and BlueBay Asset Management (Services) Ltd. Used under licence. BlueBay Funds Management Company S.A., registered office 4, Boulevard Royal L-2449 Luxembourg, company registered in Luxembourg number B88445. RBC Global Asset Management (UK) Limited, registered office 100 Bishopsgate, London EC2N 4AA, registered in England and Wales number 03647343. All rights reserved.