RBC BlueBay Asset Management

February 2024

BlueBay Emerging Market Local Currency Bond Fund

Investment objective

The fund is actively managed and targets better returns than its benchmark, the JP Morgan Government Bond Index –Emerging Markets Global Diversified (GBI-EM Global Diversified), USD unhedged.

Investment strategy

- There are no restrictions on the extent to which the fund's portfolio and performance may deviate from the ones of the benchmark.
- At least two-thirds of the fund's investments will be in fixed income bonds of any rating issued by issuers of emerging market countries (which may include securities of issuers in financial distress) denominated in the local currencies of these emerging market countries.
- Up to one-third of the fund's assets may be invested in emerging market bonds denominated in non-emerging market currencies other than local currencies as well as non-emerging market bonds. The fund may invest up to 20% of its net assets in mainland China.

Fund performance (%) Gross of fees (USD)[1]

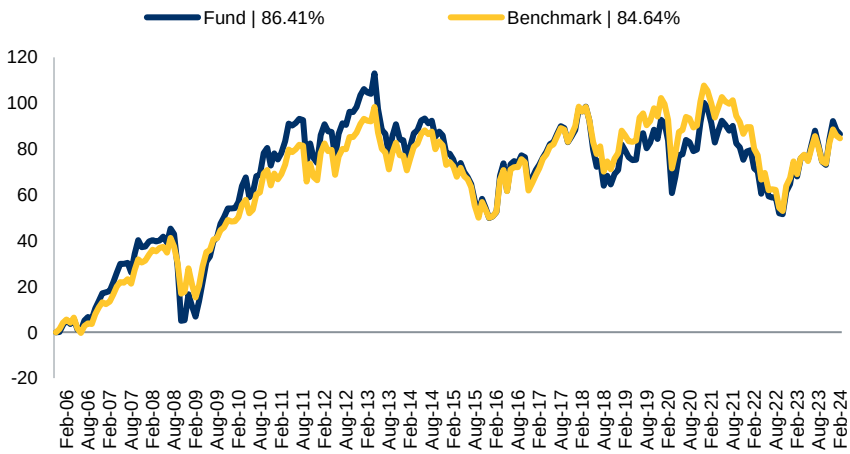
	1 M	3 M	YTD	1 Y	3 Y	5 Y	10 Y	SI*
Fund	-0.91	1.12	-2.97	10.98	-0.86	0.79	0.28	3.47
Benchmark	-0.57	1.05	-2.09	9.26	-2.61	-0.13	0.48	3.42
Relative	-0.34	0.07	-0.89	1.72	1.75	0.92	-0.20	0.05

Calendar year performance (%) Gross of fees (USD)[1]

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	16.68	-7.99	-10.57	3.85	12.79	-9.24	12.60	11.54	-15.83	-3.13
Benchmark	12.70	-11.69	-8.75	2.69	13.47	-6.21	15.21	9.94	-13.32	-2.28

JP Morgan GBI-EM unhedged to 01/02/2006, JP Morgan GBI-EM Broad Div USD Unhedged to 31/07/2015, JP Morgan GBI-EM Global Diversified USD Unhedged is the benchmark for the Fund. The inception date for the Fund is 06 December 2005. *SI – Since inception.

Cumulative performance Gross of fees (USD) since inception[1]



Risk statistics[2]

	Fund
Standard deviation (%)	11.65
Tracking error (%)	2.88
Information ratio	0.02

Contributors

- Underweight Hungarian forint
- Overweight Czech koruna and Peruvian sol
- Long Mexican, Kenyan, and Uruguayan rates

Detractors

- Underweight Mexican peso, overweight Malaysian ringgit
- Overweight Brazilian and Peruvian rates, underweight Thai rates

Outlook

- The emerging-market fixed income asset class has had a relatively volatile beginning to the year. Poor returns contrast with rallies from both DM and EM equities.
- A key question for investors is whether rates volatility will continue to be a headwind.
- Given the health of the US economy rate cuts could be delayed and may be smaller this year, reinforcing the theme of “higher for even longer” than many had hoped.
- Fundamentals on both sovereign and corporate side show defaults normalising to long-term averages.
- In many stressed countries there have been material improvements in funding as well as fiscal improvements, albeit with significant differentiation.
- A strong research process will ensure the weakest credits are avoided and strong alpha can be generated from the rest of the asset class.
- Caution on local currency is important as the US dollar could strengthen as Trump gets closer to an election and central banks cut rates faster than the fall in inflation justifies.

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. Performance shown for 1 year periods onwards are annualised figures.

This is a marketing communication. Please refer to the prospectus of the Fund before making any final investment decisions.
Source: RBC Global Asset Management as at 29 February 2024. This report is incomplete without the Legal Disclaimer included on the last page.

Fund characteristics

	Fund	Benchmark
Weighted interest rate duration (years)	5.77	4.94
Yield to maturity (%)	6.05	6.75
Years to maturity (years)	9.49	7.03
Number of issues	47	334
Number of issuers	26	21
Weighted rating	BBB	BBB+
Average position (%)	1.99	0.30

We have updated our yield calculations for derivatives to reflect the higher rate environment better.

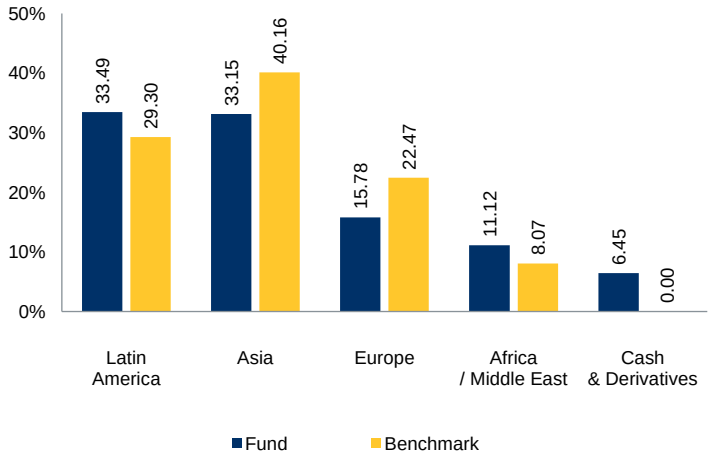
Top currency FX positions relative to benchmark (%, NAV)

Overweights		Underweights	
KRW	4.03	COP	-6.24
CZK	3.81	HUF	-6.01
PEN	3.11	RON	-5.89
EUR	2.73	MXN	-4.69
JPY	2.58	CRC	-2.02

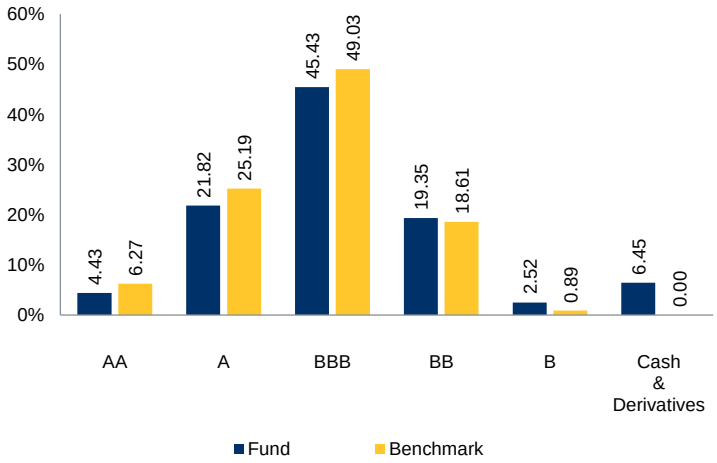
Top country interest rate duration contribution relative to benchmark: Local Currency

Overweights		Underweights	
Indonesia	0.22	Japan	-0.28
South Africa	0.20	Malaysia	-0.14
Brazil	0.20	Thailand	-0.14
Mexico	0.17	Serbia	-0.01
Peru	0.17	Turkey	-0.01

Regional breakdown (%, NAV)



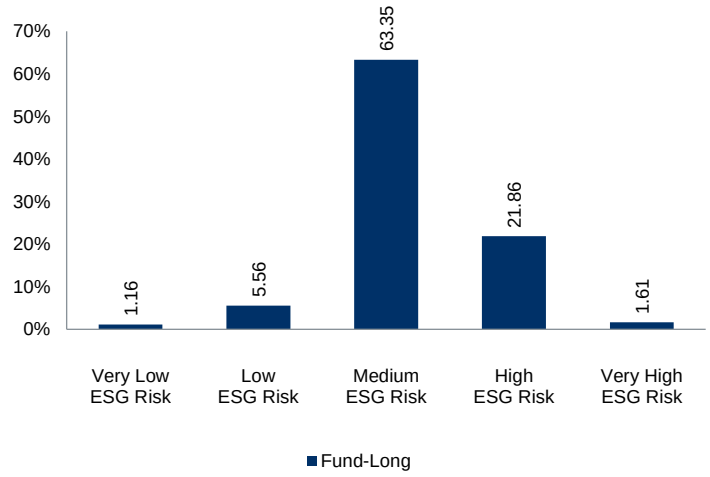
Credit quality breakdown (%, NAV)



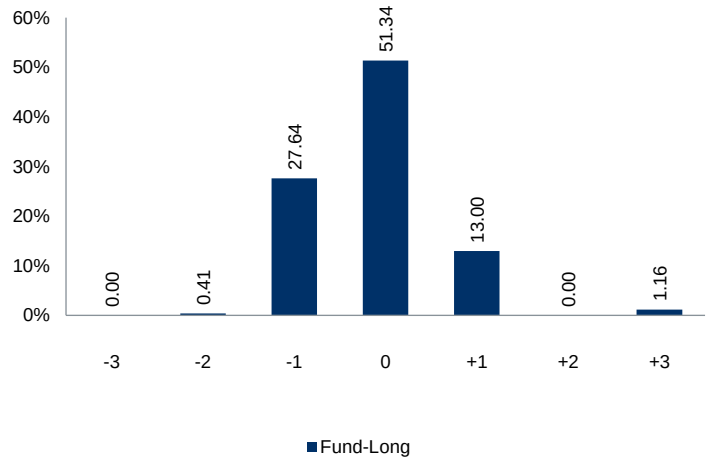
Important risk considerations

- At times, the market for emerging market 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 organization which issued the bond will fail, which would result in a loss of income to the fund along with its initial investment.
- Emerging markets may be more volatile and it could be harder to sell or trade these bonds. There may be less government supervision, legal regulation and less well-defined tax laws and procedures than in countries with more developed trading markets. Emerging markets can be particularly sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.
- 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.

BlueBay: Issuer fundamental ESG risk ratings[3]



BlueBay: Security investment ESG scores[4]



Top 5 holdings (%, NAV)[3, 4]

Holding	Weight (absolute)	Weight (relative)	ESG Risk Rating	ESG Score
CGB 3.13 11/21/29	9.86	9.69	High	0
INDOGB 7 02/15/33 #FR96	4.43	3.98	Medium	0
THAIGB 3.65 06/20/31	4.19	3.80	Medium	0
SAGB 8 1/2 01/31/37 #2037	4.12	3.39	Medium	-1
SAGB 8 1/4 03/31/32 #2032	3.59	2.67	Medium	-1

Fund information

Investment manager	RBC Global Asset Management (UK) Limited	**Fund type**	UCITS
Base currency	USD	**Fund domicile**	Luxembourg
Fund inception date	06 December 2005	**SFDR**	Article 6
Fund size (USD)	25 m	**Benchmark**	JP Morgan GBI-EM unhedged to 01/02/2006, JP Morgan GBI-EM Broad Div USD Unhedged to 31/07/2015, JP Morgan GBI-EM Global Diversified USD Unhedged
Portfolio Manager(s)	Brent David; Gautam Kalani		

The Funds AUM is stated on a T+1 basis and includes non-fee earning assets. The benchmark is hedged into the Share Class currency where relevant.

Contact information

Marketing and Client Relations Department
Tel: +44(0)20 7653 4000
marketing@bluebay.com
www.rbcbluebay.com

Notes

1. While gross of fees 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 returns 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 reduced the annualised return to 9.32% (figures used are only to demonstrate the effect of charges 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. Risk statistics are annualised 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 less than 1 year have not been annualised in accordance with current industry standard reporting practices.
3. Fundamental EGS risk rating is assigned at an issuer level by BlueBay. Categories range from 'very high' ESG risk rating to 'very low' ESG risk rating and is a function of the ESG risk profile of an issuer and how will it manages these risks.
4. Investment ESG score is assigned at an issuer level by BlueBay unless otherwise stated (i.e. assigned at the security level). Scores range from '+3" through to '-3' and indicates the extent to which ESG is considered investment materials, as well as the nature and scale of the materiality impact (i.e. positive credit impact, negative credit impact, no credit impact).

Legal Disclaimer

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.rbcbluebay.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.

A summary of investor rights can be obtained in English on www.bluebay.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.