

# BlueBay Investment Grade Absolute Return Bond Fund

December 2016

Fund performance (%) gross of fees (EUR)							
	1M	3M	YTD	1YR	3YR <sup>1</sup>	5YR <sup>1</sup>	SI <sup>1,2</sup>
BlueBay Investment Grade Absolute Return Bond Fund	0.96	1.51	-0.03	-0.03	0.23	4.20	3.72
The BofA Merrill Lynch Euro Currency 3-Month Deposit Offered Rate Constant Maturity Index	-0.03	-0.07	-0.22	-0.22	0.03	0.23	0.37
Alpha	0.99	1.58	0.19	0.19	0.20	3.97	3.35

## Review & outlook

### Contributors

- Short US front end (Eurodollar futures)
- Short Chinese renminbi
- Long Swedish krona
- Long subordinated banks
- Long Deutsche Bank
- Long energy issuers

### Detractors

- Short long end sterling swaps
- Long CEE and Iceland sovereigns

### Outlook

- Expect recent market trends to continue as we enter 2017
- Path of policy to be key market focus. Expect US economy to continue to accelerate, which we believe could mean at least four US rate hikes in 2017, the next one as soon as March
- In Europe, we would expect to see a rise in US Treasury yields put pressure on Bunds but continuing QE and low front end yields should limit how far yields rise
- We see little value in European non-financials but expect support from QE. Banks look more attractive and should benefit from improving fundamentals. Politics likely to drive volatility in European corporates this year
- Constructive on US market where corporates will benefit from the improving economy and earnings outlook, and also from the hunt for yield
- Expect issuer dispersion to pick up as divergence in growth, as well as monetary and fiscal policy, means more 'winners and losers'. We believe it could be very important to determine how Trump's policies affect different sectors and issuers
- EM is also likely to see volatility, with likely drivers including Trump and his trade policy, as well as the impact of a strong dollar and potentially rising US rates
- The cycle is back and with it volatility, divergence and dispersion, perfect for active managers to add value while a capital preservation mindset remains as important as ever

## Investment objective

To achieve a total return in excess of The BofA Merrill Lynch Euro Currency 3-Month Deposit Offered Rate Constant Maturity Index from a portfolio of investment grade-rated fixed income securities.

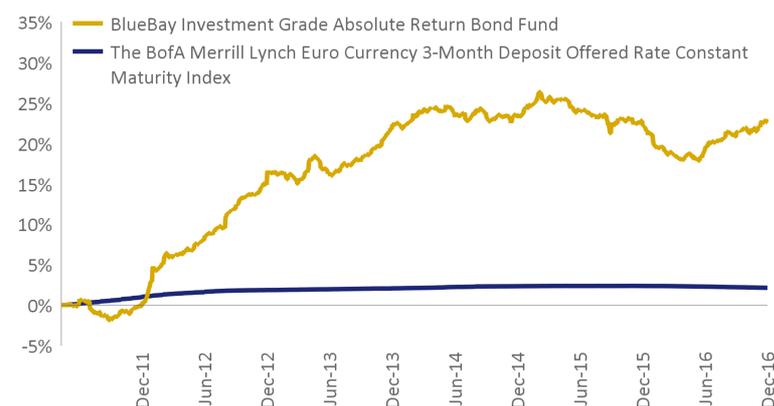
## Investment strategy

- The Fund seeks to exploit a range of alpha sources in order to generate an annual return in excess of its benchmark
- Invests across global interest rates, sovereign and nonsovereign credit and across currencies, utilising the full range of available cash and derivatives securities
- Active long and short risk positions will be taken within permitted exposure limits. The Fund may employ leverage through the use of derivative instruments within limits set by the UCITS framework

## Calendar year performance (%) gross of fees (EUR)

	2015	2014	2013	2012
Fund	-0.53	1.27	5.99	15.12
Benchmark	0.03	0.26	0.20	0.88
Alpha	-0.56	1.00	5.79	14.24

## Cumulative relative performance<sup>2</sup>



## Fund characteristics

	Fund	Index
Weighted interest rate duration (yrs)	-1.95	0.25
Weighted spread duration (yrs)	0.65	N/A
Weighted yield to worst (%)	3.12	-0.32
Total no. of issues	126	N/A
Total no. of issuers	79	N/A
Weighted rating	BBB+	AAA
Weighted coupon (%)	3.71	-0.32
Average position (%)	1.06	N/A
Weighted running yield (%)	3.61	N/A

## Risk statistics<sup>3</sup>

Standard deviation	2.45%
Tracking error	2.45%
Information ratio	1.37

Fund facts	
Total fund size <sup>4</sup>	EUR 2,722m
Inception date	24 May 2011
Base currency	EUR
Benchmark	The BofA Merrill Lynch Euro Currency 3-Month Deposit Offered Rate Constant Maturity Index
Fund legal name	BlueBay Funds - BlueBay Investment Grade Absolute Return 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	Part I SICAV (UCITS IV)
Domicile	Luxembourg
Investment manager	BlueBay Asset Management LLP
Top 5 issuers by spread duration contribution (yrs)	
Lithuania Government International Bond	0.35
Cyprus Government International Bond	0.33
Bulgaria Government International Bond	0.29
Slovenia Government International Bond	0.29
Mexico Government International Bond	0.25

Team		
	Joined BlueBay	Investment industry experience
Mark Dowding	August 2010	23 years
Andrzej Skiba	February 2005	15 years
Vinit Patel	June 2011	11 years
Size of team	27 investment professionals	
Average investment industry experience	15 years	

Contact information	
<b>Marketing and Client Relations Department</b>	
77 Grosvenor Street London W1K 3JR	
tel:	+44(0)20 7389 3775
	<a href="mailto:marketing@bluebay.com">marketing@bluebay.com</a>
www.	bluebay.com

1. Performance shown for 1yr periods onwards are annualised figures.
2. Since inception.
3. 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 of less than 1 year have not been annualised in accordance with current industry standard reporting practices.
4. The Fund AUM is stated on a T+1 basis and includes non-fee earning assets.

This document is issued in the **United Kingdom (UK)** by BlueBay Asset Management LLP (BlueBay), which is authorised and regulated by the UK Financial Conduct Authority (FCA), registered with the US Securities and Exchange Commission, the Commodity Futures Trading Commission and is a member of the National Futures Association. In **Japan** by BlueBay Asset Management International Limited which is registered with the Kanto Local Finance Bureau of Ministry of Finance, Japan. In **Hong Kong** by BlueBay Hong Kong Limited which is registered by the Securities and Futures Commission. 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 of the registered office of the Swiss representative shall have jurisdiction pertaining to claims in connection with the distribution of the Shares in Switzerland. The Prospectus, the Key Investor Information Documents (KIIDs), the Articles of Incorporation as well as the Annual and Semi-Annual Reports may be obtained free of charge from the Representative in Switzerland. In **Australia** BlueBay is exempt from the requirement to hold an Australian financial services licence 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. BlueBay's investment strategies may be speculative and involve a substantial degree of risk. The strategies may be leveraged and engage in other speculative investment practices that may increase the risk of investment loss. Changes in rates of exchange may have an adverse effect on the value of investments. 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. All data has been sourced by BlueBay. To the best of BlueBay's knowledge and belief this document is true and accurate at the date hereof. BlueBay makes no express or implied warranties or representations with respect to the information contained in this document. The document is intended for "professional clients" and "eligible counterparties" (as defined by the FCA) only and should not be relied upon by any other category of customer. This document does not constitute an offer to sell or the solicitation of an offer to purchase any security or investment product in any jurisdiction and is for information purposes only. This document is not available for distribution in any jurisdiction where such distribution would be prohibited and is not aimed at such persons in those jurisdictions. Except where agreed explicitly in writing, BlueBay does not provide investment or other advice and nothing in this document constitutes any advice, nor should be interpreted as such. Past performance is not indicative of future results. No BlueBay Fund will be offered, except pursuant and subject to the offering memorandum and subscription materials. This document is for general information only and is not a complete description of an investment in any BlueBay Fund. If there is an inconsistency between this document and the offering materials for the BlueBay Fund, the provisions in the Offering Materials shall prevail. The investments discussed may fluctuate in value and investors may not get back the amount invested. You should read the offering materials carefully before investing in any BlueBay fund. Gross performance figures reflect the reinvestment of all dividends and earnings but do not reflect the deduction of fees and expenses. The fund return will be reduced by the deduction of the applicable fees. A description of the specific fee structure is contained in the fund's prospectus. No part of this document may be reproduced in any manner without the prior written permission of BlueBay Asset Management LLP. Copyright 2017 © BlueBay, the investment manager, advisor and global distributor of the BlueBay Funds, is a wholly-owned subsidiary of Royal Bank of Canada and the BlueBay Funds may be considered to be related and/or connected issuers to Royal Bank of Canada and its other affiliates. ® Registered trademark of Royal Bank of Canada. RBC Global Asset Management is a trademark of Royal Bank of Canada. BlueBay Asset Management LLP, registered office 77 Grosvenor Street, London W1K 3JR, partnership registered in England and Wales number OC370085. All rights reserved.

