

# BlueBay Emerging Market Local Currency Corporate Bond Fund

February 2023

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

For Professional Investors Only

	1M	3M	YTD	1YR	3YR <sup>2</sup>	5YR <sup>2</sup>	10YR <sup>2</sup>	SI <sup>2,3</sup>
BlueBay Emerging Market Local Currency Corporate Bond Fund	-1.51	5.23	3.41	-3.18	-3.69	-2.43	-	-0.93
ICE BofA Diversified Local Emerging Markets Non-Sovereign Index (LOCL) <sup>6</sup>	-1.82	2.78	1.05	-13.61	-4.46	-1.93	-	-1.07
Alpha	0.30	2.45	2.36	10.43	0.77	-0.50	-	0.14

## Calendar Year Performance (%) Gross of Fees<sup>1</sup> (USD)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Fund	-12.74	-6.29	2.92	13.08	-5.99	15.04	13.06	-12.80	-12.12
Benchmark	-16.94	-4.14	5.49	12.64	-1.98	15.56	10.57	-11.88	-13.66
Alpha	4.20	-2.15	-2.57	0.44	-4.01	-0.52	2.50	-0.92	1.54

## Review & Outlook

### Contributors

- Underweight Korean won
- Overweight Kazakhstani tenge and Hungarian forint
- Underweight/short Chilean and Polish rates
- Overweight Dominican rates
- Overweight Mexican technology, media & telecommunications and real estate, and Asian logistics

### Detractors

- Overweight Brazilian real and Israeli shekel
- Overweight Mexican and South African rates
- Underweight Singaporean dollar credits and Qatari banks

### Outlook

- After a period of rally, emerging-market (EM) assets took a correction as expectations of higher inflation became dominant again. We believe the following factors will be key:
  - Inflation: the coming months will determine whether inflation continues to decline or remains more persistent at higher levels.
  - The war in Ukraine: there are encouraging signs that a negotiated settlement could be on the cards. This could lead to softer energy prices, which would dampen inflation.
  - The reopening of China: this is likely to lift the overall growth rates, both for China and EM in general, leading to a significant growth divergence between EM and developed markets.
  - We continue to believe in the power of carry to generate the returns this year. We remain constructive on EM currencies. We remain slightly cautious on EM corporates.
  - We would attempt to exploit sources of idiosyncratic returns, particularly in Chinese real estate, as well as restructuring stories in sub-Saharan Africa.

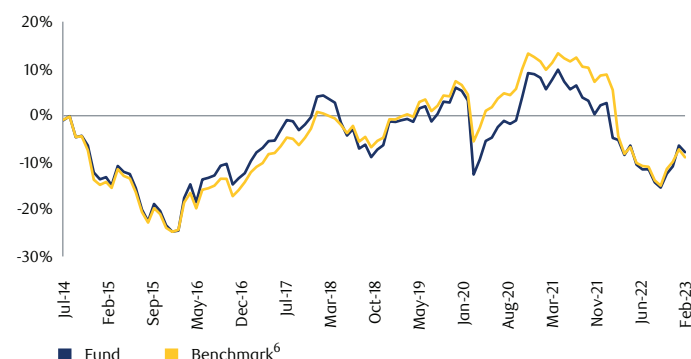
## Investment Objective

To achieve a total return in excess of the ICE BofA Diversified Local Emerging Markets Non-Sovereign Index (LOCL) from a portfolio of fixed income securities

## Investment Strategy

- The Fund invests predominantly in fixed income securities issued by sub-investment grade companies domiciled in Europe
- The Fund seeks to generate excess returns primarily via 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/](http://www.bluebay.com/en/investment-expertise/esg/approach/)

## Cumulative Relative Performance<sup>3</sup> Gross of Fees<sup>1</sup> (USD)



**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.

## Fund Characteristics

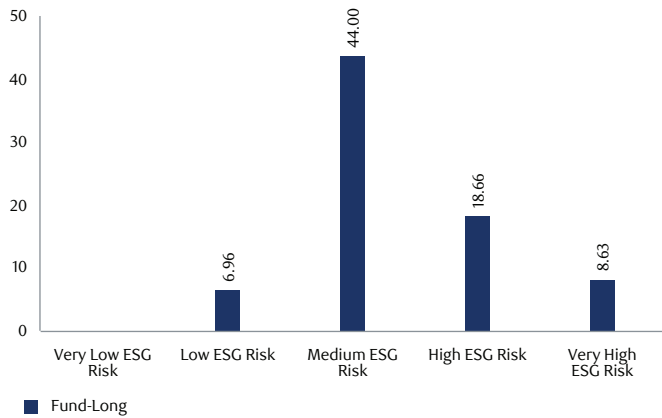
	Fund	Benchmark <sup>6</sup>
Weighted interest rate duration (yrs)	3.95	3.23
Weighted spread duration (yrs)	2.76	3.29
Weighted yield to maturity (%)	9.22	8.42
Spread over treasuries	304	187
Total no. of issues	47	321
Total no. of issuers	42	134
Weighted rating	BBB3	BBB1
Average position (%)	1.73	0.31

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

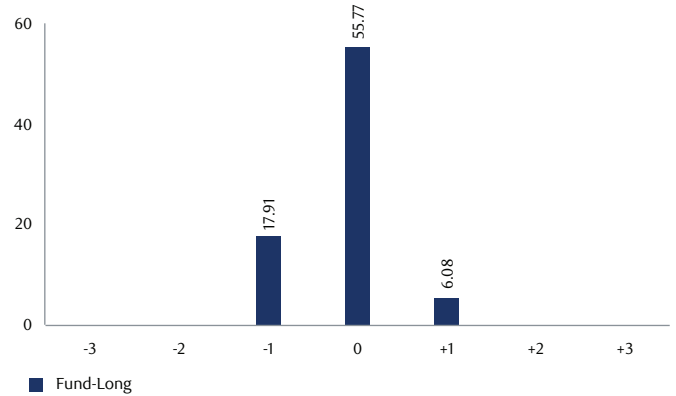
## Risk Statistics

Standard Deviation	10.04%
Tracking Error	3.88%
Information Ratio	0.04

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



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



## Top 5 Holdings (% , NAV)

Holding	Weight (absolute)	Weight (relative)	BlueBay ESG Fundamental (Risk) Rating <sup>7</sup>	BlueBay Security Investment ESG score <sup>8</sup>
PEMEX 7.47 11/12/26	6.06	4.06	Very High ESG Risk	-1
HDFCB 8.1 03/25 REGS	4.76	2.76	Medium ESG Risk	0
ALIFE 6 7/8 04/27 REGS	4.58	2.58	Medium ESG Risk	0
CFELEC 8.18 12/27 REGS	3.64	2.69	High ESG Risk	0
EEPPME 8 3/8 11/27 REGS	3.35	1.78	Medium ESG Risk	1

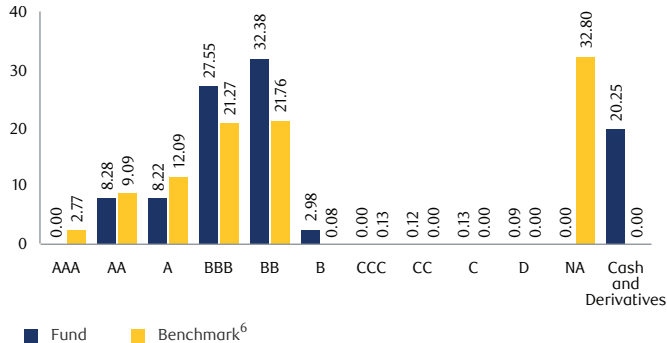
## Top Sectors (% , NAV)

Overweights	Underweights
Sovereign 6.55	Agency -17.52
Energy 5.52	Banking -10.46
Consumer Goods 2.49	Transportation -4.62
Utility 1.78	Telecommunications -3.79
Capital Goods 1.59	Basic Industry -2.05

## Top Emerging Market Countries: Local Currency (Interest Rate Duration, Years)

Overweights	Underweights
Mexico 0.54	Japan -0.55
Brazil 0.45	Singapore -0.33
South Africa 0.43	Chile -0.25
Saudi Arabia 0.16	Poland -0.18
Colombia 0.15	China -0.08

## Credit Quality Breakdown (% , NAV)



## Top Local Currency FX Positions (% , NAV)

Overweights	Underweights
United Arab Emirates 3.08	Philippines -2.97
Brazil 2.81	Czech Republic -2.92
Sweden 2.57	Romania -2.58
Colombia 2.14	Chile -1.80
Malaysia 2.06	Europe -1.45

## 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 organisation 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 is also a greater risk of 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
- 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

Fund Facts

Total fund size <sup>5</sup>	USD 13m
Inception date	01 July 2014
Base currency	USD
Benchmark	ICE BofA Diversified Local Emerging Markets Non-Sovereign Index (LOCL)
Fund legal name	BlueBay Funds - BlueBay Emerging Market Local Currency Corporate 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
Polina Kurdyavko	July 2005	22 years
Brent David	July 2014	20 years
Size of team		31 investment professionals
Average investment industry experience		18 years

Contact Information

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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. 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:ICE BofA Diversified Local Emerging Markets Non-Sovereign Index (LOCL)
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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