RBC BlueBay Asset Management

BlueBay Investment Grade Asset-Backed Credit Fund[1]*

March 2024

Fund Performance (%) Gross of Fees (EUR)[2]

For Professional Investors Only

	1 M	3 M	YTD	1YR	3YR[3]	5YR[3]	SI[3,4]
BlueBay Investment Grade Asset-Backed Credit Fund	0.73	2.60	2.60	9.23	3.35	3.01	3.15
ICE BofA Euro Currency 3-Month Deposit Offered Rate Constant Maturity Index	0.35	0.99	0.99	3.64	1.09	0.49	0.45
Alpha	0.38	1.61	1.61	5.59	2.25	2.52	2.70

Calendar Year Performance (%) Gross of Fees (EUR)[2]

	2023	2022	2021	2020	2019	2018[5]
Fund	8.87	-2.08	1.53	2.36	3.55	0.12
Benchmark	3.06	-0.32	-0.55	-0.39	-0.34	-0.01
Alpha	5.81	-1.76	2.08	2.75	3.89	0.13

Review

Review

- Fixed income markets saw strong returns over March, driven by rallying core government yields and tighter corporate spreads. Within the US, we continue to see a backdrop of growth holding up better than expected, supported by strong labour markets, while inflation remains sticky and slightly above target. In Europe, economic growth continues to bump around 0%, however there was a modest upturn in PMIs although divergence in performance between Southern and Northern Europe. In the corporate space, we have seen a resurgence in idiosyncratic risks with names such as Altice, Ardagh Packaging, and Intrum all experiencing price drops on their bonds.
- Securitized credit performed strongly in March driven by healthy technicals across markets. The primary market remains active with deals printing at attractive levels versus prior deals, and versus corporate credit, which has increased investor demand. Secondary markets have also remained buoyant on both investment-grade risk as well as increased demand further down the capital structure. Spreads were modestly tighter across ratings and security types, though the pace of secondary market tightening has eased given the discount on offer in primary markets.

Performance

- The fund returned +0.73% in March, ending the first quarter at +2.60%. Performance over the month was driven by the carry on offer from the asset class. Spread tightening contributed in both CLO and residential mortgage-backed securities (RMBS) exposure, though to a lesser extent. In terms of portfolio activity, we traded the portfolio participating in both primary and secondary markets to improve the quality of the fund. From a top-down perspective, allocations remained in line with where we entered the month. From a ratings perspective, single-A risk was reduced, while increasing BBB risk. The yield on the fund ended the month at 5.2% (in euros, hedged) with an overall AA- average rating.

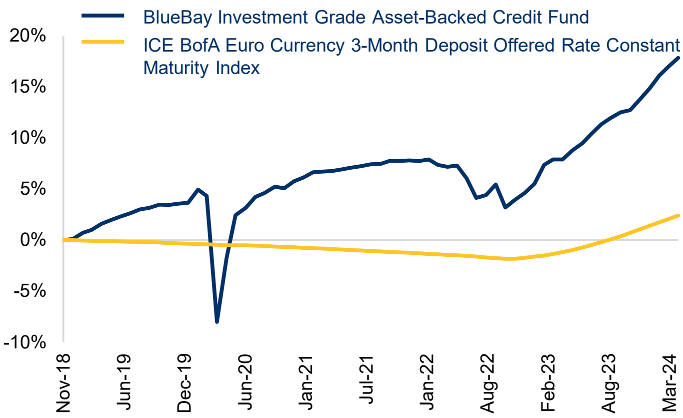
Outlook

- Q1 2024 in securitized credit markets has been extremely active with higher-than-expected issuance across RMBS, asset-backed securities (ABS), and CLO sub-sectors, with future issuance not expected to slow down. Credit events within European high yield, where Altice France, Ardagh Packaging, and Intrum all experienced pricing pressure, once again highlights securitized credit's significant margin of safety. Additionally, with the strength of economic data in the US, future rate cut expectations have been pared back which could result in a period of higher for longer, benefitting future return potentials.
- Whilst pressures on both consumers and corporates will remain elevated with higher rates, securitized credit remains well placed for any pickup in stress due to the dual margin of safety; structures provide protection from rising defaults and delinquencies, while entry yields remain wide of the tights in 2021. We continue to source attractive value within securitized credit markets although remain cognisant of any weak supply technicals in primary or secondary markets. Investments in our funds are well isolated from an increase in idiosyncratic defaults, and as well as protecting investors from defaults, securitized credit offers outsized yields.

Investment Objective

- The fund is actively managed and targets better returns than its benchmark, the ICE BofA Euro Currency 3-Month Deposit Offered Rate Constant Maturity Index.

Cumulative Performance Gross of Fees[2,4] (EUR)



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
Weighted yield EUR (%)*	5.21
Weighted discount margin (bps)[7]*	215
Weighted average life (yrs)*	2.19
Weighted average rating	AA-
Floating rate (%)	90.2
Fixed rate (%)	9.8

* Analytics for CLO securities calculated to 2 years after the end of reinvestment period

Risk Statistics

	Fund
CDV01	2.58
DV01	0.37

Investment Strategy

- The fund aims to make a return for you through a mixture of generating income and growing the amount you originally invested. It mainly invests in Structured Credit Securities, which are debt instruments that typically pay a floating rate interest and which are backed by specific pools of financial assets including, but not limited to, leveraged loans, credit card loans, auto loans, residential and commercial mortgages.

***Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this UCITS presents disproportionate communication on the consideration of non-financial criteria in its investment policy.**

This is a marketing communication. Please refer to the prospectus of the UCITS and to the KIID before making any final investment decisions.

Fund Facts

Total fund size [6]	EUR 295m
Inception date	17 December 2018
Base currency	EUR
Benchmark	ICE BofA Euro Currency 3-Month Deposit Offered Rate Constant Maturity Index
Fund legal name	BlueBay Funds - BlueBay Investment Grade Asset-Backed Credit 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	RBC Global Asset Management (UK) Limited

Team

	Joined BlueBay	Investment industry experience
Sid Chhabra	June 2018	20 years
Tom Mowl	April 2021	16 years
Size of team	17 investment professionals	

Contact Information

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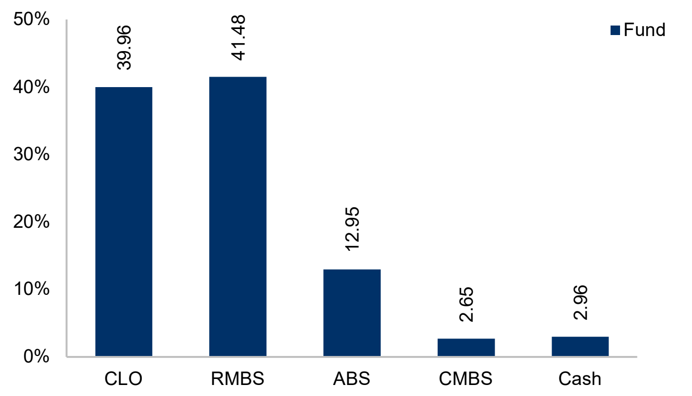
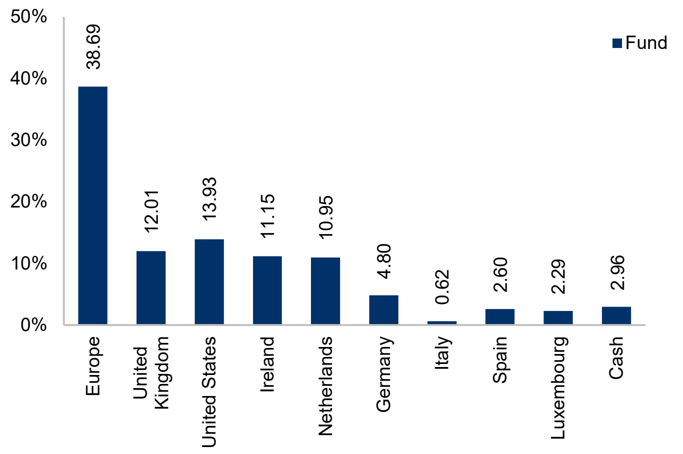
Risk Considerations

- At times, the market for Structured Credit Securities may dry up, which could make it difficult to sell these securities 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
- Structured Credit Securities in which the fund may invest may not be at the most senior level of the debt issued by the relevant issuer and, accordingly, the fund may be exposed to the risk that its claims on the asset pool of any such note are subordinated to other creditors in the event of an insolvency of any such issuer, meaning in turn that the fund could sustain losses in such circumstances if it were unable to recover its original investment
- Structured Credit Securities are often exposed to prepayment and extension risks that may have a substantial impact on the timing and size of the cash flows paid by the underlying pool of financial assets. In the case of prepayments, this may negatively impact the return of the fund as the income generated will have to be reinvested at the prevailing interest rates which may be lower. Conversely, extension risk tends to increase when interest rates rise as the prepayment rate decreases causing the duration of Structured Credit Securities to lengthen and expose investors to higher interest rate risk
- 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

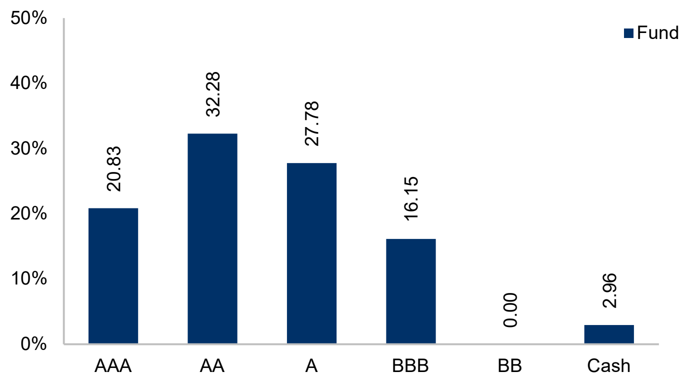
Asset Type Breakdown (%, NAV)



Regional Breakdown (%, NAV)



Credit Quality Breakdown (%, NAV)



Notes:
1. As of 1 February 2024, the BlueBay Investment Grade Structured Credit Fund has been renamed to BlueBay Investment Grade Asset-Backed Credit Fund.
2. 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.
3. Performance shown for 1yr periods onwards are annualised figures.
4. Since inception.
5. Launch date of the Fund was 17th December 2018 and the 2018 performance figure reflects a partial period
6. The Fund AUM is stated on a T+1 basis and includes non-fee earning assets.
7. The Weighted Discount Margin is calculated versus the relevant 3m cash rate.

Source: All data unless otherwise specified is sourced from RBC Global Asset Management, as at 31 March 2024

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