

BlueBay Investment Funds ICAV

A qualifying investor alternative investment fund

An umbrella Irish collective asset-management vehicle with segregated liability between sub-funds formed in Ireland pursuant to the Irish Collective Asset-management Vehicles Act 2015 (the "**Act**") and authorised by the Central Bank as a qualifying investor alternative investment fund

Supplement

BlueBay Leveraged Finance Total Return Fund

BlueBay Funds Management Company S.A.

AIFM

Dated 22 October 2021

This Supplement contains information relating specifically to BlueBay Leveraged Finance Total Return Fund (the "**Sub-Fund**"), an open-ended Sub-Fund of BlueBay Investment Funds ICAV (the "**ICAV**"), an umbrella fund with segregated liability between sub-funds authorised by the Central Bank as a Qualifying Investor AIF pursuant to the Act and chapter 2 of the AIF Rulebook. The name of any additional sub-funds of the ICAV established from time to time (with the prior approval of the Central Bank) will be available to investors on request.

This Supplement forms part of and should be read in the context of and in conjunction with the Prospectus for the ICAV dated 22 October 2021 (the "Prospectus").

As the price of Shares in each Sub-Fund may fall as well as rise, the ICAV shall not be a suitable investment for an investor who cannot sustain a loss on their investment.

The difference at any one time between the sale and repurchase price of shares in the Sub-Fund means that the investment should be viewed as medium to long term. Investors should read and consider section 7 of this Supplement (entitled "Risk Factors") and Appendix I to the Prospectus (entitled "Risk Factors") before investing in the Sub-Fund.

1 Interpretation

In this Supplement, the following terms shall have the following meanings:

"BlueBay Group" means a) the AIFM and its affiliates, investment vehicles managed by the AIFM or its affiliates and b) employees of the AIFM or its affiliates and any of their connected persons (including without limitation a trustee of a trust established by or for such person), or any nominee of the foregoing.

"Emerging Market Countries" means all countries in the following regions: Asia (excluding Japan), Eastern Europe, Middle East, Africa and Latin America, or such countries as reasonably determined by the AIFM from time to time.

"Emerging Market Issuer" means an entity domiciled in an Emerging Market Country. An entity's country of domicile may be determined by the AIFM to be the country in which, in the AIFM's reasonable opinion, such entity carries out its significant business operations.

"Investment Grade" means rated BBB- or above by Standard & Poor's or Fitch, or Baa3 or above by Moody's, or the equivalent rating of any other recognised ratings agency as reasonably determined by the AIFM from time to time.

"Minimum Sub-Fund Size" means \$10,000,000 or such other amount as the Directors may in their absolute discretion determine

"Non-Investment Grade" means rated BB+ or below by Standard & Poor's or Fitch, or Ba1 or below by Moody's, or the equivalent rating of any other recognised ratings agency as reasonably determined by the AIFM from time to time, or unrated securities deemed comparable by the AIFM.

"Securitisation Position" means an instrument held by the Sub-Fund that meets the criteria of a "Securitisation" contained in Article 2 of the Securitisation Regulation so as to bring such instruments into the scope of the Securitisation Regulation and trigger obligations which must be met by the Sub-Fund (as an "institutional investor" under the Securitisation Regulation). Without prejudice to the precise definition in Article 2 of the Securitisation Regulation, this generally covers transactions or schemes, whereby (i) the credit risk associated with an exposure or a pool of exposures is divided into classes or tranches; (ii) payments are dependent upon the performance of the exposure or of the pool of exposures; and (iii) the subordination of classes or tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

"Securitisation Regulation" means the Securitisation Regulation (EU) 2017/2402, as may be amended from time to time.

"Structured Credit Security/Securities" as used in this Supplement includes but are not limited to the following instruments: cash or synthetic collateralised loan obligations, collateralised bond obligations, collateralised debt obligations, residential mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities (including, but not limited to, securities backed by receivables or other assets), TBAs, credit risk transfer securities, agency mortgage pass-through securities and covered bonds.

All other defined terms that are used but not defined in this Supplement shall have the same meaning as in the Prospectus.

For the purpose of all credit ratings and unless stated otherwise, in instances where 1) two different credit ratings are published by Standards & Poor's, Fitch or Moody's for a specific security, the lower of these ratings shall be decisive, and 2) where three ratings are published by Standards & Poor's, Fitch or Moody's for a specific security, the lower of the top two ratings shall be decisive.

All references in the investment policy detailed below to investment or exposure shall include both direct and indirect investment, unless otherwise stated.

Additionally, an entity's country of domicile may be determined by the AIFM to be the country in which, in the AIFM's reasonable opinion, such entity carries out its significant business operations.

2 Base Currency

USD

3 Investment Objective

The investment objective of the Sub-Fund is to seek to maximise total return.

Investors should be aware that there is no guarantee that the Sub-Fund will achieve its investment objective.

4 Investment Policies

The Sub-Fund invests in fixed and floating rate, senior and subordinated fixed income securities issued by corporate and sovereign issuers. The Sub-Fund may also invest in Structured Credit Securities.

Assets of the Sub-Fund may be invested in securities denominated in any currency. Any resulting currency exposure may be hedged at the discretion of the AIFM.

The Sub-Fund may also hold cash and cash equivalents, and other securities as may be deemed appropriate by the AIFM in respect of uninvested cash balances in order to support the Sub-Fund's investment objective and/or policy including to provide security, collateral or margin in respect of the investments of the Sub-Fund and its investment strategy.

The Sub-Fund may use derivatives, which may be exchange-traded or over-the-counter ("OTC"), for both investment and risk management purposes.

In addition to any leverage inherent in the instruments in which the Sub-Fund may invest, the Sub-Fund may borrow funds from brokerage firms, banks and other financial institutions in order to enhance the Sub-Fund's returns and/or to provide short term liquidity for the general operation of the Sub-Fund. This may involve an increase in the leverage of the Sub-Fund.

The AIFM will aim to provide sufficient diversification when investing. However, the Sub-Fund may hold Structured Credit Securities issued, originated or managed by the same entity, including those managed by the AIFM.

Impact of EU Securitisation Rules

It is anticipated that in many cases, subject to certain exemptions and transitional provisions, the Structured Credit Securities held by the Sub-Fund may constitute Securitisation Positions within the scope of the Securitisation Regulation. In such cases, the Sub-Fund will be characterised as an "institutional investor" for the purposes of the

Securitisation Regulation and as such shall be directly subject to obligations outlined in the Securitisation Regulation with respect to the relevant Securitisation Positions it holds or intends to purchase. This includes a range of specific due diligence measures that must be considered by the Sub-Fund in advance of holding a Securitisation Position. In particular, the Sub-Fund will be required to verify that the originator, sponsor or original lender of the Securitisation Position that it intends to purchase is complying with the requirement to retain on an ongoing basis a material net economic interest in the relevant securitisation (the "Risk Retention Requirement"). Additionally, where the Sub-Fund is exposed to a Securitisation Position that no longer meets the requirements provided for in the Securitisation Regulation, the AIFM shall, in the best interests of the investors in the Sub-Fund, act and take corrective action, if appropriate.

It is noted that the Securitisation Regulation also imposes obligations directly on originators/sponsors/original lenders of Securitisation Positions established in the EU, including applying the Risk Retention Requirement to those parties as a direct obligation – thereby aligning with the pre-investment verification obligation that will

apply to the Sub-Fund as an institutional investor in such instruments. This is expected to facilitate the verification process by the Sub-Fund that the Securitisation Positions meet the Risk Retention Requirement. Conversely, in practice it may be more difficult for the Sub-Fund to verify that the Risk Retention Requirement is being met for originators/sponsors/original lenders of Securitisation Positions established outside the EU. Indeed, there may be instances where instruments the Sub-Fund would seek to invest in, that are structured by parties established outside the EU, are not compliant with the Risk Retention Requirement (or other requirements of the Securitisation Regulation). As a result the universe of Structured Credit Securities the Sub-Fund may consider investing in may be narrower than would otherwise be the case.

5 Investment Restrictions

The investment restrictions as detailed in Section 3.3 of the Prospectus entitled "Investment Restrictions" are applicable to the Sub-Fund. These are Irish regulatory requirements applicable to Qualifying Investor AIFs pursuant to the Act and chapter 2 of the AIF Rulebook.

In addition, the following investment restrictions apply to the Sub-Fund:

- The Sub-Fund will not invest more than 20% of its net assets in securities rated below B-.
- The Sub-Fund will not invest more than 25% of its net assets in Structured Credit Securities.
- The Sub-Fund will not invest more than 10% of its net assets in Emerging Market Issuers.
- The Sub-Fund will not invest in any Securitisation Position that does not meet the requirements provided for in the Securitisation Regulation.

6 Borrowing and Leverage

Leverage may be generated at the Sub-Fund level in order to pursue the Sub-Fund's investment objective and policy by using a variety of strategies, including but not limited to investing in the derivative instruments referred to in the Investment Policies section above.

The maximum level of leverage which the AIFM may employ on behalf of the Sub-Fund is equal to 10 and 3 times the Net Asset Value of the Sub-Fund when calculated in accordance with the "gross" and "commitment" methods respectively, as set out in the Level 2 Regulation and other applicable regulatory guidance.

This maximum level has been set by the AIFM in order to satisfy its obligations under AIFMD and the Level 2 Regulation. The AIFM expects that under normal market conditions the typical level of leverage will be substantially lower than the maximums stated above. In addition, the gross leverage methodology does not allow for offsets of hedging transactions and other risk mitigation strategies involving derivatives, such as hedging and duration management. Although the AIFM may change the maximum level of leverage from time to time, any changes will be disclosed to Shareholders to the extent required by, and in accordance with, AIFMD. Leverage may also be achieved through borrowing.

Borrowing made on behalf of the Sub-Fund may be used on a short-term basis to fund investments and to fund redemptions. Such borrowing will not exceed 50% of its net assets. A charge may be given over the assets of the Sub-Fund to secure borrowing incurred for the Sub-Fund.

Borrowing or leverage presents the potential for a higher rate of total return but also increases the volatility of a Sub-Fund, including the risk of a total loss of the amount invested. Leverage may cause increased volatility by magnifying gains or losses.

7 Risk Factors

Investors should read and consider Appendix I to the Prospectus (entitled "Risk Factors") before investing in the Sub-Fund.

The risks described in the Prospectus and this Supplement should not be considered to be an exhaustive list of the risks which potential investors should consider before investing in the Sub-Fund. Potential investors should be aware that an investment in the Sub-Fund may be exposed to other risks from time to time.

Investment in Loans Risk

The Sub-Fund's returns derived from investments in loans, whether directly or indirectly, are potentially subject to withholding tax in certain jurisdictions, either currently or in the future, with a possible resulting adverse impact. There can be no assurance that the contemplated structure for the investments in loans will not be subject to return leakage and/or challenge, either in the current environment or as a result of future tax, regulatory or other changes.

Structured Credit Securities Risk

The Sub-Fund may have exposure to a wide range of Structured Credit Securities. Structured Credit Securities are securities that entitle the holders thereof to receive payments that are primarily dependent upon the cash flow arising from a specified pool of underlying debt obligations. The obligations associated with these securities may be subject to greater credit, liquidity and interest rate risk compared to other fixed income securities such as government issued bonds. Structured Credit Securities are often exposed to extension and prepayment risks that may have a substantial impact on the timing and size of the cash flows paid by the Structured Credit Securities and may negatively impact the returns of the Structured Credit Securities. The average life of each individual Structured Credit Security may be affected by a large number of factors such as the existence and frequency of exercise of any optional redemption and mandatory prepayment, the prevailing level of interest rates, the actual default rate of the underlying assets, the timing of recoveries and the level of rotation in the underlying assets. Prepayment risk is typically greater when interest rates are declining as mortgages and loans are prepaid. This may negatively impact the return of the Sub-Fund investing in such Structured Credit Security as the income generated will have to be reinvested at the lower prevailing interest rates. Conversely, extension risk tends to increase when interest rates rise as the prepayment rate decreases causing the duration of asset-backed securities to lengthen and expose investors to higher interest rate risk.

Structured Credit Securities generally issue multiple notes or tranches, each having different characteristics in terms of interest rate paid, priority of claim on distributions and exposure to risk of loss on underlying pool of assets. The Sub-Fund may invest in senior and subordinated notes or tranches which may expose investors to varying levels of credit risk. Additionally, recovery rates are generally lower for Structured Credit Securities where the underlying pool of assets includes unsecured debt.

In regards to Structured Credit Securities such as collateralised loan and debt obligations, the underlying asset pool generally consists of Non-Investment Grade loans, interests in Non-Investment Grade loans, high yield debt securities and other debt instruments, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. The underlying assets will generally be subject to greater risks than investment-grade rated debt securities. The underlying assets are typically actively managed by a third party or by the AIFM (if the Sub-Fund invests in a tranche of a collateralised loan or debt obligation issued by the AIFM) according to rating agency requirements and other constraints. The aggregate return on the underlying assets will depend in part upon the ability of the relevant third-party or the AIFM to actively manage the related portfolio of underlying assets within the set constraints. Investing in these instruments is subject to fees charged to the Sub-Fund by the manager of the collateralised loan or debt obligation which may impact the return achieved by the Sub-Fund.

The Sub-Fund may gain exposure to mortgage backed securities by purchasing "To Be Announced" securities ("TBAs"). TBAs are forward settling contracts on mortgage pass-through securities issued by government

agencies. At the time of purchase, the exact securities are not known, but their main characteristics are specified. Although the price has been established at the time of purchase, the principal value has not been finalised. Purchasing TBAs involves a risk of loss if the value of the securities to be purchased declines prior to the settlement date. Investing in TBAs may expose the Sub-Fund to various risks as listed under the Appendix I to the Prospectus under section “2.5 – Derivatives Risk”.

8 Subscriptions and Redemptions

Valuation Day	Daily. Valuation Day will be each Business Day.
Initial Issue Price ¹ (per Share with respect to the applicable Class denominated in the specified currency)	USD Class – USD100 EUR Class – EUR100 GBP Class – GBP100 CHF Class – CHF100 CAD Class – CAD100
Initial offer period	The Initial Offer Period for Class K GBP, Class I USD, Class X GBP and Class X USD shares is now closed. For all other unlaunched Classes the initial offer period is 9.00 am (Irish time) on 26 October 2021 to 5.00pm on 25 April 2022. The Initial Offer Period may be shortened or extended at the discretion of the Directors and subject to the requirements of the Central Bank.
Subscription Day	Each Valuation Day.
Cut-Off Time for subscriptions	12:00 CET on the relevant Subscription Day.
Redemption Day	Monthly. The last Business Day of every month, and/or such other and/or additional day or days as the Board of Directors may from time to time determine and notify to all Shareholders in advance.
Cut-Off Time for redemptions	17:00 Irish time 30 calendar days prior to relevant Redemption Day.
Timing of redemption payment	Payment of redemption proceeds will normally be made by electronic transfer within 15 Business Days of the Redemption Day, or at such other times and on such other terms as the Board of Directors, in their sole discretion, may approve and notify to Shareholders.

Note

1 For any other denominated currencies: details available on request from the registered office of the ICAV.

No Subscription or Redemption Charge will be payable in respect of any Class of Shares in the Sub-Fund.

9 Information on Share Classes

Class	Eligibility Requirements ¹	Currency ²	Minimum Initial Investment Amount ³ / Minimum Shareholding ³	Minimum Additional Investment Amount
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			EUR Class: €100,000;	
K ⁴			USD Class: The higher of (i) USD100,000; or (ii) the USD equivalent of €100,000	
			GBP Class: The higher of (i) GBP100,000; or (ii) the GBP equivalent of €100,000;	
I	Open to all Qualifying Investors	USD	CHF Class: The higher of (i) CHF100,000; or (ii) the CHF equivalent of €100,000;	Nil
			CAD Class: The higher of (i) CAD100,000; or (ii) the CAD equivalent of €100,000;	
X			For any other denominated currencies: details available on request from the registered office of the ICAV.	

Note

- 1 Notwithstanding any other provisions regarding eligibility of investors, the Sub-Fund will only be offered in the EU to "professional clients" within the meaning of the definition in the Markets in Financial Instruments Directive (recast) (Directive 2014/65/EU).
- 2 Each Class, where available, may be denominated in the Base Currency of the relevant Sub-Fund, and/or may be denominated in any other currency as determined from time to time by the Board of Directors. The currency denominations of each Class will be set out in the Application Form. All Classes not denominated in the Base Currency are hedged, in accordance with the provisions of the section entitled "Hedged Classes" in the Prospectus, against the Base Currency of the Sub-Fund, with the aim to mitigate currency risk between the currency in which the Class is denominated and the Base Currency of the Sub-Fund.
- 3 Subscription monies are payable in the denominated currency of the relevant Class. The Minimum Initial Investment Amount and the Minimum Shareholding is subject to the discretion of the Directors in each case to allow lesser amounts provided that the Directors shall not accept applications for Shares from any Qualifying Investor unless the applicant's initial subscription to the ICAV as a whole is equal to or greater than the minimum amount required by the Central Bank for the ICAV to obtain QIAIF status (which at the date of this Supplement is €100,000 or its foreign currency equivalent).
- 4 Class K Shares are available for subscription for a limited period after the Sub-Fund launches, as determined by the Directors from time to time, after which the Directors, in their sole discretion, may determine to close the Class K Shares to new and / or additional subscriptions. The Directors may determine to reopen such Class K Shares at their sole discretion. Shareholders may ascertain the closed or open status of Class K Shares or any other applicable Class and if those Share Classes are open to existing and/or new Shareholders by contacting the Administrator.

10 Dividend Policy

The Sub-Fund is an accumulating Sub-Fund and, therefore, it is not currently intended to distribute dividends to the Shareholders. The income and earnings and gains of the Shares will be accumulated and reinvested on behalf of Shareholders.

11 Fees and Expenses

The following fees and expenses (denoted as percentages of Net Asset Value) will be incurred by the ICAV on behalf of the Sub-Fund and will affect the Net Asset Value of the relevant Share Class of the Sub-Fund.

Class	Management and Advisory Fee (basis points)	Expense cap (basis points)
K	Up to 200	30
I	70	30
X	Nil	30

This section should be read in conjunction with the section entitled "Fees and Expenses" in the Prospectus.

12 Sub-Investment Manager

The Investment Manager has appointed BlueBay Asset Management USA LLC to act on its behalf as sub-investment manager and advisor of the Sub-Fund.