

The Emerging Market Unconstrained Bond Fund

March 2024

For Professional Investors Only

Fund Performance (%) Gross of Fees (USD) ²

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	-0.01	1.67	3.02										4.73
2023	5.13	-1.76	0.68	-0.18	2.08	5.18	2.12	-1.95	-2.79	-0.07	5.77	4.37	19.68
2022	-0.67	0.34	2.53	-1.42	-0.15	-8.86	-0.79	0.41	-3.91	-0.90	5.11	1.35	-7.36
2021	-0.15	-1.34	-3.73	3.28	1.54	-0.69	-1.36	1.47	-3.24	-2.01	-5.75	2.68	-9.29
2020	1.53	-1.91	-10.68	6.00	8.53	2.40	2.37	1.14	-1.80	-1.23	6.81	5.89	19.01
2019	5.86	-0.29	-0.68	-0.29	0.10	3.58	2.27	-4.86	4.41	2.55	-0.67	3.30	15.88
2018	2.04	0.91	0.84	0.08	-3.05	-1.98	1.91	-1.97	0.62	-0.67	-0.22	0.58	-1.06
2017	-0.09	1.37	0.77	1.21	0.11	0.96	1.01	2.41	0.43	1.08	0.59	0.38	10.69
2016	-1.21	1.08	0.85	3.41	-0.75	3.55	2.01	1.48	0.70	0.47	-1.67	0.29	10.52
2015	-0.62	1.23	-0.43	1.76	-0.83	-2.60	-0.89	-0.06	-3.86	4.45	0.90	-3.46	-4.62
2014	-1.32	2.61	0.28	0.99	1.01	0.87	0.08	0.90	-2.13	0.66	-1.79	-2.12	-0.09
2013	-0.95	-0.70	-1.22	3.16	-0.96	-1.11	-0.44	-0.86	1.49	0.77	-1.09	0.60	-1.38
2012	1.99	2.36	-0.72	0.50	-0.66	2.61	1.59	0.88	1.36	0.15	1.38	1.01	13.11
2011	-0.39	0.29	2.34	2.04	0.99	0.85	1.43	-1.03	-3.47	2.99	-0.90	0.55	5.66
2010	-	-	-	-	-	-	1.26*	1.88	1.83	1.39	-1.35	1.29	6.43

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.

* Partial performance since inception 20 July 2010

Performance Analysis^{2,3} (Gross of fees)

Annualised return (%)	5.57
Annualised standard deviation (%)	7.67
Sharpe ratio	0.52
Positive months (%)	59.76
Worst drawdown (%)	-21.12
Recovery time (months)	14

Portfolio Characteristics

Weighted interest rate duration (yrs)	5.78
Weighted spread duration (yrs)	3.03
Local interest rate duration (yrs)	2.74
Weighted yield to maturity (%) ⁶	11.98
FX Delta (+1%)	19.70

	Long	Short	Net	Gross
Leverage ⁴	1.22x	-0.58x	0.64x	1.80x
No of positions	77	27	104	

Investment Strategy

- To achieve a total return from a portfolio of fixed income securities predominantly issued by Emerging Market Issuers and denominated in any currency, as well as making investments linked directly or indirectly to currencies and/or interest rates of Emerging Market Countries.
- 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 available online <https://www.rbcbluebay.com/en-gb/institutional/what-we-do/funds/sustainability-related-disclosures/>

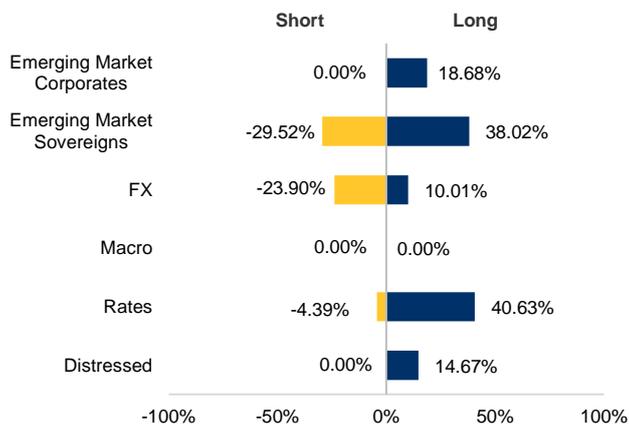
Fund Facts

Total Fund size ⁵	USD 514m
Inception date	20 July 2010
Base currency	USD
Subscription/redemption	Daily
Fund legal name	BlueBay Emerging Market Unconstrained Bond Fund
Share classes	Information on available Share Classes and eligibility for this Fund are detailed in the BlueBay Funds Prospectus and Application Form
ISIN	LU1278659575
Class	Class M – EUR Shares
Bloomberg	BBEMAME LX
Structure	UCITS
Domicile	Luxembourg

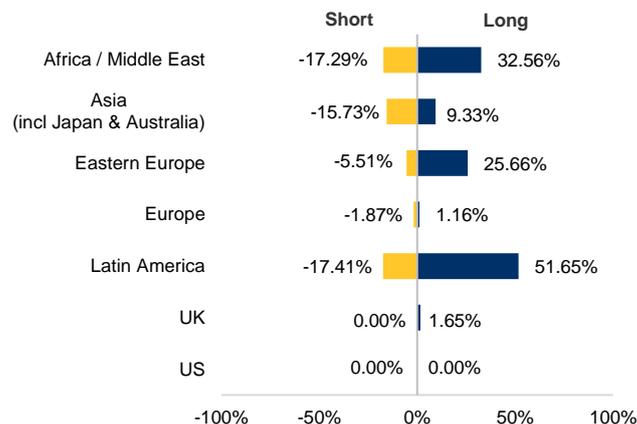
Risk Considerations

- 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
- 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

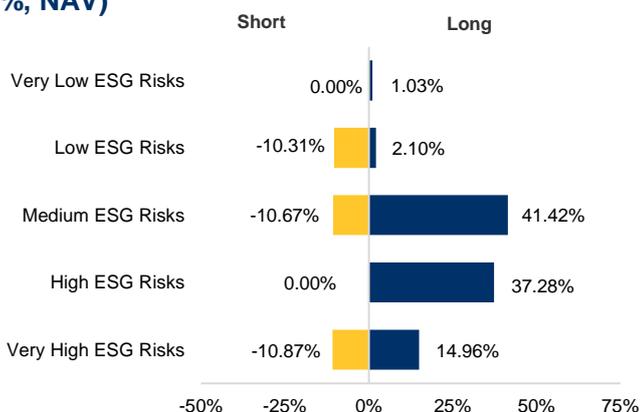
Strategy Breakdown (Exposure, % of NAV)⁴



Regional Breakdown (Exposure, % of NAV)⁴



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



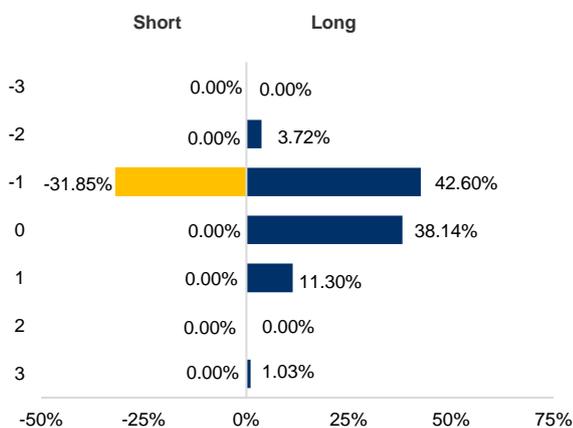
Sovereign Debt (External) (% NAV)

Ukraine Government International Bond '41	6.05 %
Romanian Government International Bond '29	5.91 %
Egypt Government International Bond '48	4.44 %
Provincia de Buenos Aires Government Bond '37	3.80 %
Tunisian Republic Bond '25	3.06 %

Corporate / Quasi-Sovereign (External) (% NAV)

Ecopetrol SA '36	3.22 %
Petroleos de Venezuela SA '20	2.69 %
YPF SA '31	1.50 %
Istanbul Metropolitan Municipality '28	1.10 %
WE Soda Investments Holding PLC '28	1.09 %

BlueBay: Security Investment ESG Scores (% NAV)



Local Markets (% NAV)

Indonesia Treasury Bond '38	3.71 %
Colombian TES '32	3.11 %
Romanian Government Bond '36	2.53 %
Peruvian Government International Bond '33	2.45 %
America Movil SAB de CV '29	2.26 %

Top 3 Long Holdings (% NAV)

Holding	Weight (absolute)	Weight (relative)	BlueBay ESG Fundamental (Risk) Rating ⁷	BlueBay Investment ESG Score ⁸
UKRAIN Float 08/41 REGS	6.05%	6.05%	High ESG Risk	1
ROMANI 6 5/8 09/29 REGS	5.91%	5.91%	Medium ESG Risk	-1
EGYPT 7.903 02/48 REGS	4.44%	4.44%	Very High ESG Risk	-1

Top and Bottom 3 FX Positions (% NAV)

Long	
Brazilian real	6.47 %
Egyptian pound	4.28 %
Indonesian rupiah	3.87 %
Shorts	
Chinese renminbi	-4.96 %
Euro	-0.31 %
South African rand	-0.26 %

Portfolio Managers Comments

Review

March was a positive month for risk assets with most equity and fixed income indices registering strong gains. Lower US Treasury yields helped to boost overall returns after a dovish US Federal Reserve (Fed) meeting, reconfirming the central bank's determination to cut interest rates in the second half of this year despite resilient growth data and continuously elevated inflation readings. The month also marked a turning point in policy for many central banks, including the Bank of Japan, where the era of negative interest rates finally came to an end, while the Swiss National Bank became the first developed central bank to begin its policy easing cycle.

In emerging markets (EM) fixed income, the sovereign credit rose +2.09% as spreads compressed significantly by 27 basis points (bps), while the corporate index also saw marginally tighter spreads (6bps), delivering +0.93% over the month. The high-yield (HY) component of the sovereign index was a strong outperformer, delivering close to +3% in total return and was 47bps tighter in spread. Ukraine, Argentina, Ghana, Pakistan, Ecuador, and Lebanon all delivered double-digit returns during the period. In local currency, the sovereign index ended close to flat on the month (-0.03%). Positive performance came from certain Latin American foreign exchange (FX) markets such as Colombia and Peru, as well as Mexican and Turkish local rates. Although more generally, both FX and rates remained under pressure throughout the month as markets readjusted to the higher-for-longer narrative in the US.

On the data front, inflation in the US remains sticky and marginally above expectations, up 3.2% in comparison to a year ago, keeping the Fed on course to wait at least until the summer before its able to start lowering interest rates. The US labour market also remained strong, with the non-farm payroll figures exceeding economists' predictions.

It was a busy month in EM with positive developments in several higher-yielding sovereign names in the asset class:

- In Zambia, a revised deal was agreed to restructure nearly USD4 billion in US dollar bonds, moving the nation closer to exiting a years-long default following months of tensions between China and other creditors. Under the terms of the new deal, the bondholders will take cut in the face value of their claim worth USD840 million, compared to USD700 million in the previous proposal.
- In Egypt, the Central Bank of Egypt hiked rates by 600bps and devalued the currency in a move that should pave the way towards a more flexible exchange rate. The International Monetary Fund (IMF) also confirmed an increase in program size from USD3 billion to USD8 billion.
- In Ukraine, the IMF released an updated Debt Sustainability Analysis (DSA) with 2023 debt/GDP at 82.9%, in contrast to the 87.1% the fund estimated in December. The fund also marked real GDP growth in 2023 higher at 5%, versus 4.5% previously, with the actual number still pending and likely with upside risks. The updated DSA sets the scene for debt restructuring negotiations with creditors and offers avenues for investors to realise some upside versus current market pricing of Ukrainian debt.
- In Pakistan, a staff-level agreement was reached with the IMF for the release of USD1.1 billion from a USD3 billion bailout package. This could result in further financing to flow into the country from friendly countries, providing bondholders with more comfort around the policy framework.

On the election front, President Erdogan's ruling Justice and Development Party (AKP) suffered a defeat in municipal elections with the Republican People's Party (CHP) emerging as the clear winner. The shock defeat came against the backdrop of rampant inflation and the highest borrowing costs seen in the President's tenure, with voters appearing to have punished his party for their economic hardships. This leaves Erdogan with a difficult choice whether to continue down the policy normalisation route, or backtrack and revert to the unorthodox policies of the past which were the genesis of the current economic troubles. For now, markets are betting that he remains committed to an orthodox approach.

Finally, state-backed Chinese real estate developer Vanke's bonds were downgraded by Moody's. Moody's justified the downgrade by stating that they expect the company's credit metrics, financial flexibility, and liquidity buffer to weaken over the next 12 to 18 months. Vanke pushed back against this rhetoric and claimed that the company's operations and refinancing are normal, and their financing channels are stable.

Performance [Fund performance is gross of fees. Past performance is not indicative of future results]

The fund returned +3.02% in March, taking year-to-date returns to +4.73%.

In the credit space, high-yielding sovereigns were the main performers. A long position in Ukrainian warrants was the top performing trade, while longs in Angola, Pakistan, Egypt, and Ghana also contributed, along with shorts in US Treasuries. In local markets, the top performing trade was a long in Egyptian treasury bills (T-bills) that we initiated after the recent FX devaluation. In the rates books, the fund experienced small losses with the main detractors being rates exposure in Mexico, Colombia, and Brazil.

Outlook

Despite the volatile rates and geopolitical environment, markets have ended the first quarter on a positive note. We are now at an interesting juncture where economic data in the US remains far more resilient than the broader global economy, pointing to a risk that the Fed will be unable to meet the market's projections for interest rate cuts this year. Stickier inflation in the US also points to a higher-for-longer narrative, and in the first two days of April we have already seen a significant move higher in US yields which is acting as a headwind to the performance of risk assets.

As ever, the focus will be on the upcoming data with a key indicator being Friday's payrolls report where markets will be hoping to see a further cooling trend in the labour markets.

Despite these risks, we think the case for EM debt in 2024 remains strong. At the sovereign index level, the fiscal budget deficit is likely to narrow by a small amount for all EM countries as a whole, although there are major dispersions within that. EM credit markets remain supported by a falling default rate and generally improved conditions which are allowing for a healthier refinancing market. Overall levels of yield still remain at attractive levels compared to history, despite spreads being at the tighter end of the range.

Local markets remain more nuanced as the higher-for-longer theme in the US means that some EM central banks are slowing or delaying their own easing cycles, which is calling into the question the market's pricing of both FX and rates. Despite this, the general trend of falling inflation and high nominal yields should still provide a supportive backdrop for total returns, but we do expect some volatility as the dynamics described above play out.

Team Info

Anthony Kettle, Senior Portfolio Manager
Joined BlueBay in March 2006 and has 23 years of investment experience

Polina Kurdyavko, Head of Emerging Markets
Joined BlueBay in July 2005 and has 23 years of investment experience

Brent David, Senior Portfolio Manager
Joined BlueBay in March 2014 and has 21 years of investment experience

Contact Information

Marketing and Client Relations Department
100 Bishopsgate
London EC2N 4AA

tel: +44(0)20 7653 4000
marketing@bluebay.com
www.rbcbluebay.com

Notes:

- 1 Fund name changed from BlueBay Emerging Market Absolute Return Bond Fund on 17/09/2018.
- 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. An investor's return 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 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 Risk statistics are annualized and calculated using weekly data points since inception. Risk statistics will be produced once there are 12 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 annualized in accordance with current industry standard reporting practices
- 4 Exposure is calculated by dividing positions (gross long, gross short, net) by NAV, with exposure measured by market value for cash products, ten year bond equivalents for interest rate derivatives and delta adjusted notionals for other derivatives
- 5 The Fund AuM is stated on a T+1 basis and includes non-fee earning assets
- 6 Weighted Yield to Maturity (%) excludes distressed names.
- 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).

Source: All data unless otherwise specified is sourced from RBC Global Asset Management, as at 28th March 2024.

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. 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 websites (www.rbcgam.com and www.bluebay.com) before making any final investment decisions. In EEA where applicable, the Prospectus and the PRIIPs KID is available in English and the KIIDs in several local languages which can be accessed and obtained on our websites (www.rbcgam.com and www.bluebay.com). 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.