

BlueBay Emerging Market Local Currency Bond Fund*

February 2022

Fund Performance (%) Gross of Fees (USD)¹

For Professional Investors Only

	1M	3M	YTD	1YR	3YR ²	5YR ²	10YR ²	SI ^{2,3}
BlueBay Emerging Market Local Currency Bond Fund	-4.45	-2.16	-4.19	-10.37	-1.47	-0.20	-1.06	3.38
JPM GBI-EM Global Diversified, USD unhedged ⁶	-5.00	-3.53	-5.01	-9.96	-1.06	0.95	-0.14	3.69
Alpha	0.55	1.37	0.82	-0.41	-0.41	-1.15	-0.92	-0.31

Review & Outlook

Contributors

- Underweight Russian assets
- Overweight South African rates
- Overweight Thai baht, Australian dollar and Egyptian pound
- Underweight Czech koruna, Russian rouble, Turkish lira and Ukrainian hryvnia

Detractors

- Colombian assets
- Underweight Polish zloty and Peruvian sol

Outlook

- After a steep sell-off in January, it may be difficult to narrate a constructive outlook for the rest of 2022. However, when we look at current valuations and combine them with underlying fundamentals, we make the assessment that the rest of 2022 could potentially be a year of positive returns.
- The emerging-market (EM) hard-currency sovereign index has posted nearly -12% from its peak in September. However, we should recognise that the yield of the asset class looks attractive. The high-yield component has a carry of nearly 10% today, which has happened only twice in the last 15 years. In both cases, investors were well rewarded for taking positions in the sector during the peak sell-off. Such yields are pricing in high levels of defaults in the asset class, which is unrealistic in our view.
- Looking at the corporate asset class, we feel that overall the sector remains well positioned, with high carry and a lower default rate, as well as an ability to pass on higher inflation in certain sectors.
- In Chinese real estate, many of the bonds are trading at 30 or even 20 c/\$, which limits the possible downside; however, if these assets do not default, the upside can be significant. We remain cautious on the policy mix as the government is yet to take material steps to rein in the crisis of confidence.
- EM local currency is in a unique position from a real-rates perspective. EM central banks have been active in raising rates for most of the last year and perhaps because of this, the asset class has outperformed EM sovereign credit on a year-to-date basis. In our view, the opportunity from a bottom-up perspective in this sector can be attractive.
- While the current turbulence tempts investors to press the panic button, we believe investors should hold their nerve and look for opportunities in this vast landscape.

Investment Objective

To achieve a total rate of return in excess of the JP Morgan Government Bond Index – Emerging Markets Global Diversified (GBI-EM Global Diversified), USD unhedged from a portfolio of fixed income government securities of issuers based in Emerging Market Countries and mainly denominated in Local Currencies

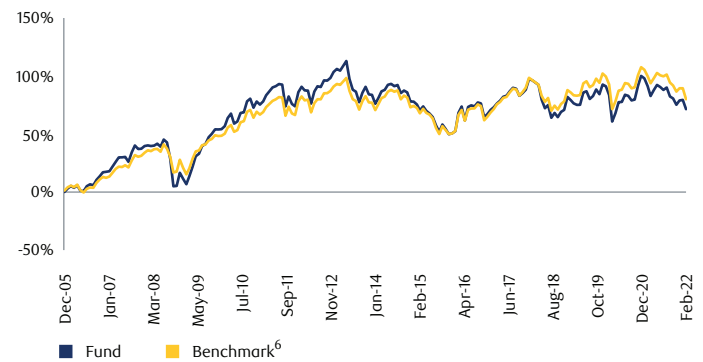
Investment Strategy

- The Fund invests predominantly in emerging market sovereign issuers denominated in domestic currencies. The interest rate and FX exposures are managed separately
- The Fund seeks to generate excess returns through an in-depth country and security selection process focusing on the value of the local currencies and local interest rates
- The Fund meets the conditions set out in Article 6 of the Sustainable Finance Disclosure Regulation as Sustainability Risks are integrated into the investment decision making process. Full details of the Fund's ESG framework are available online to www.bluebay.com/en/investment-expertise/esg/approach/

Calendar Year Performance (%) Gross of Fees¹ (USD)

	2021	2020	2019	2018
Fund	-10.57	3.85	12.79	-9.24
Benchmark ⁷	-8.75	2.69	13.47	-6.21
Alpha	-1.82	1.16	-0.68	-3.03

Cumulative Relative Performance³ Gross of Fees¹ (USD)



Past performance is not indicative of future results.

Fund Characteristics

	Fund	Benchmark ⁷
Weighted interest rate duration (yrs)	5.34	5.12
Weighted yield to maturity (%)	5.78	7.19
Weighted maturity (yrs)	6.62	7.26
Total no. of issues	53	310
Total no. of issuers	24	26
Weighted rating	A-	BBB
Average position (%)	1.42	0.32

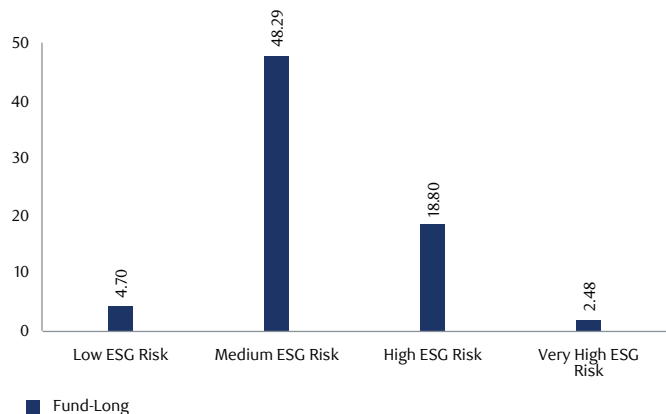
Note: Defaulted securities are excluded from Spread and Yield calculations.

Risk Statistics⁴

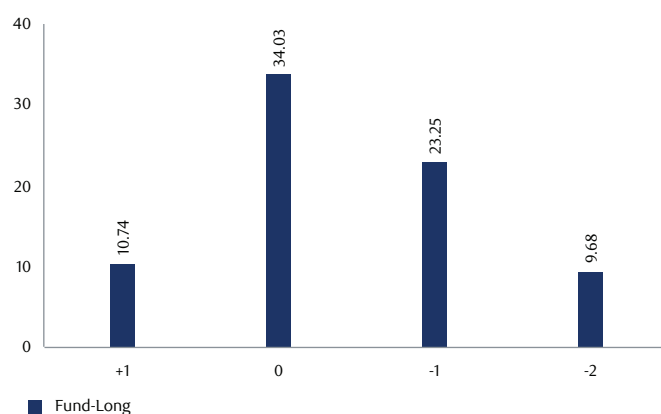
Standard Deviation	11.91%
Tracking Error	2.96%
Information Ratio	-0.10

*French 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. Please refer to the notes at the end of this document for important information regarding the gross and net performance shown above.

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



BlueBay: Security Investment ESG Scores (% NAV)



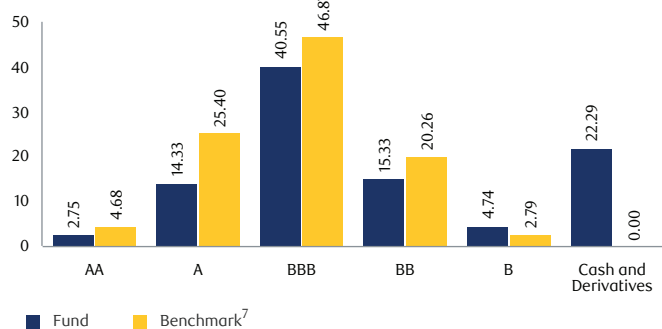
Top 5 Holdings (% NAV)

Holding	Weight (absolute)	Weight (relative)	BlueBay ESG Fundamental (Risk) Rating ⁸	BlueBay Security Investment ESG score ⁹
CGB 3.13 11/21/29	5.73	5.41	Medium ESG Risk	0
SAGB 8 1/4 03/31/32 #2032	4.52	3.63	Medium ESG Risk	-1
MBONO 10 11/20/36	4.28	4.02	High ESG Risk	-2
MGS 3.885 08/15/29	3.89	3.53	Medium ESG Risk	0
EGYTB 0 03/15/22 CLN REGS ICBC	3.43	3.43	Very High ESG Risk	-1

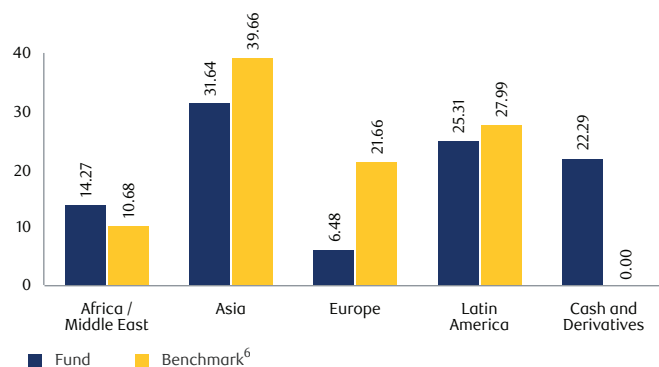
Top Emerging Market Countries: Local Currency (Interest Rate Duration, Years)

Overweights		Underweights	
Mexico	0.35	Poland	-0.28
Colombia	0.31	United Kingdom	-0.21
South Korea	0.14	India	-0.17
Brazil	0.14	Malaysia	-0.08
South Africa	0.13	Egypt	-0.05

Credit Quality Breakdown (% NAV)



Regional Breakdown (% NAV)



Top Local Currency FX Positions (% NAV)

Overweights		Underweights	
South Korea	4.58	India	-7.47
Israel	4.19	Philippines	-4.37
Europe	3.69	Czech Republic	-3.66
Egypt	2.39	Turkey	-0.71
Indonesia	0.60	Malaysia	-0.46

Fund Facts

Total fund size ⁵	USD 260m
Inception date	06 December 2005
Base currency	USD
Benchmark	JPM GBI-EM Global Diversified, USD unhedged
Fund legal name	BlueBay Funds - BlueBay Emerging Market Local Currency 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
Brent David	July 2014	19 years
Gautam Kalani	July 2018	8 years
Size of team		31 investment professionals
Average investment industry experience		17 years

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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. 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.
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: JPM GBI-EM Global Diversified, USD unhedged
7. The full name of the index is JP Morgan Government Bond Index - Emerging Markets Global Diversified USD unhedged, the index was the JPM GBI - EM USD unhedged up until 31/01/2006 and the JPM GBI - EM Broad Diversified USD unhedged up until 02/08/15.
8. 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.
9. 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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