RBC BlueBay
Asset Management

The Emerging Market Unconstrained Bond Fund

February 2025

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	3.08	0.41											3.51
2024	-0.01	1.67	3.02	-1.92	0.80	-0.72	3.31	3.13	2.12	-0.19	2.16	-0.78	13.15
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 (%)	6.02
Annualised standard deviation (%)	7.52
Sharpe ratio	0.61
Positive months (%)	60.23
Worst drawdown (%)	-21.12
Recovery time (months)	14

Portfolio Characteristics

Weighted interest rate duration (yrs)	6.06
Weighted spread duration (yrs)	3.30
Local interest rate duration (yrs)	2.50
Weighted yield to maturity (%) [6]	10.75
FX Delta (+1%)	8.66

	Long	Short	Net	Gross
Leverage [4]	1.36x	-0.59x	0.77x	1.95x
No of positions	100	24	124	

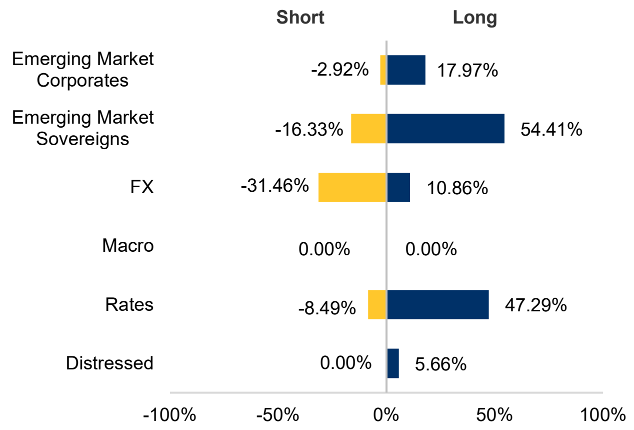
Fund Facts

Total Fund size [5]	USD 661m
Inception date	20 July 2010
Base currency	USD
SFDR	Article 8
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

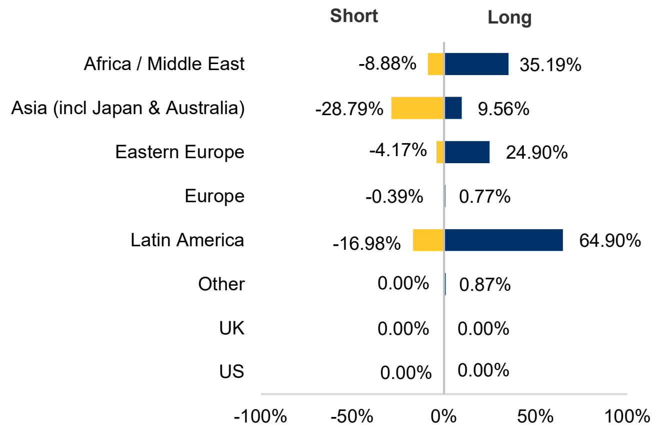
The Fund meets the conditions set out in Article 8 of the Sustainable Finance Disclosure Regulation as it promotes environmental/social characteristics through binding requirements as a key feature. Full details available online https://www.rbcbluebay.com/en-gb/institutional/what-we-do/funds/sustainability-related-disclosures/

NOTE: This article designation is a self-classification by RBC Global Asset Management (UK) Limited and effective from 01/04/2022.

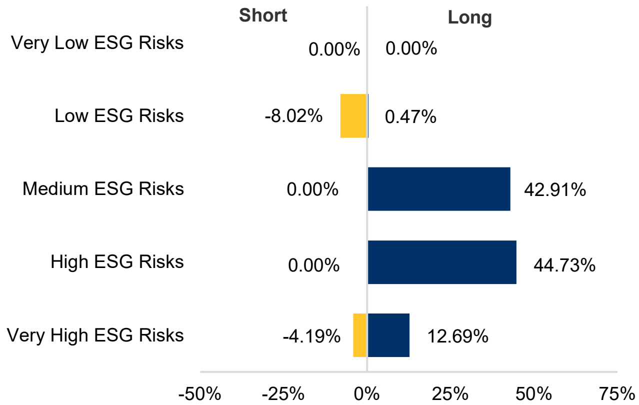
Strategy Breakdown (Exposure, % of NAV)[4]



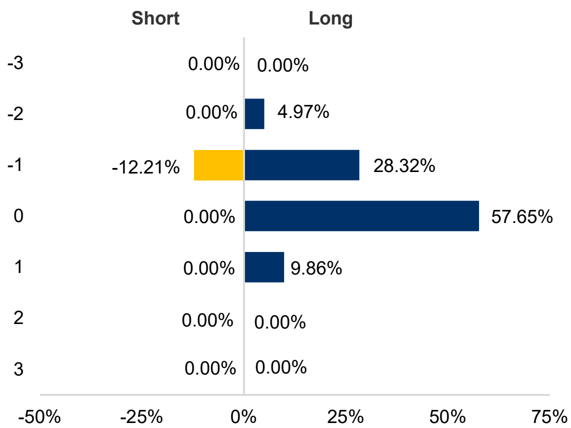
Regional Breakdown (Exposure, % of NAV)[4]



BlueBay: Issuer Fundamental ESG (risk) ratings (ESG Risk Ratings) [8]



BlueBay: Security Investment ESG Scores (ESG Scores) [9]



Sovereign Debt (External) (%, NAV)

Provincia de Buenos Aires Government Bond '37	3.07 %
Argentine Republic Government International Bond '46	2.84 %
Colombia Government International Bond '54	2.52 %
Colombia Government International Bond '36	2.18 %
Republic of Kenya Government International Bond '36	2.15 %

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

Petroleos de Venezuela SA '20	2.42 %
Petroleos Mexicanos '28	2.41 %
Ecopetrol SA '32	2.06 %
YFP SA '31	1.33 %
Yinson Boronia Production BV '42	1.26 %

Local Markets (%, NAV)

Republic of South Africa Government Bond '37	4.91 %
Indonesia Treasury Bond '38	2.73 %
Peruvian Government International Bond '39	2.50 %
Colombian TES '33	2.35 %
Republic of Poland Government Bond '34	1.94 %

Top 3 Long Holdings (%, NAV)

Holding	Weight (absolute)	Weight (relative)	BlueBay ESG Fundamental (Risk) Rating[7]	BlueBay Investment ESG Score[8]
EGYPT (100) JUN-29	6.11%	6.11%	Very High	-1
BRAZIL (100) DEC-29	5.55%	5.55%	Medium	0
SAGB 8 1/2 01/31/37 #2037	4.91%	4.91%	Medium	0

Top and Bottom 3 FX Positions (%, NAV)

Long	
Chilean peso	4.58 %
Turkish lira	4.53 %
South African rand	3.93 %
Shorts	
Chinese yuan	-7.31 %
Indonesian rupiah	-4.97 %
Colombian peso	-3.17 %

Portfolio Managers Comments

Review

Markets continued to trade with a positive tone in February although volatility increased towards month-end. Thematically, trade and geopolitics dominated the narrative. The start of the month was marked by investor angst over potential tariffs on Mexico and Canada, followed by a relief rally when tariffs were ultimately delayed. On the geopolitical front, progress around Russia-Ukraine peace talks lent a positive tone to markets, however the situation remains complex and there have been further setbacks in early March. Regarding economic data, US CPI was higher than expected while the US Federal Reserve (Fed)'s preferred measure of inflation (core PCE) showed a marginally better picture.

In emerging-markets (EM) fixed income, performance was positive across the board. The largest February issuance on record did not derail the strong total returns, as more issuers entered the market to cover external financing needs ahead of an uncertain macro outlook. In the hard currency space, EM debt markets were up +1.51% in corporates and +1.57% in sovereigns with spreads 9 basis points (bps) wider and 12bps wider respectively. In corporates, the real estate and oil & gas sectors outperformed while infrastructure and banks were laggards. In sovereigns, Venezuela and Ukraine outperformed in spread terms although investment-grade (IG) names were the best performers in total return given the rally in core duration.

In the local markets, the index was up +0.66% on the month with local rates delivering +0.78% of return and foreign exchange (FX) marginally detracting (-0.13%). In the FX world, Asia was a clear underperformer with losses of -1% while other regions actually showed positive return. Latin America was the best performer in the rates space, with Colombia a notable outperformer. In equities, the S&P was down -1.3% in what was a decent showing given that the 'Mag 7' lost -8.7% over the month. Over in Europe, the STOXX 600 was an outperformer (+3.4%) with the prospect of higher European defence spending driving related stocks higher, while the German election results at the end of the month added further impetus to this trade.

In EM news, in Ecuador, there was a surprise first round election result where leftist and Correista-aligned candidate Luisa Gonzales came a very close second to the incumbent President Noboa, setting up a critical second round runoff for early April with a binary outcome for investors. In Senegal, a recently released audit for 2023 revealed much higher than expected figures for the fiscal balance (-12.3%) and debt/GDP (100%), causing some investor concern. Finally, in Ukraine, negotiations picked up around a minerals deal with the US which may be one piece of the puzzle as parties search for a workable ceasefire deal that also includes security guarantees.

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

The fund returned +0.41% in February, taking year-to-date returns to +3.51%.

The main driver of positive performance was positioning in local currency where long FX positions in the Kazakhstani tenge, Brazilian real, and Chilean peso along with a short position in the Thai baht all contributed positively. EM rates markets found support from the rally in US rates, and the broadly speaking still relatively benign domestic inflation stories. As such, a received stance in Mexico, South Africa, and Colombia were the key performers.

In credit, longs in Colombia and Mexico were the top performers along with hedges in US rates. A long in Ecuador detracted from returns after an unexpected outcome in the first round of the presidential election, which left the reform story under threat as the perceived non-market-friendly candidate outperformed expectations.

Outlook

March has kicked off with a whirlwind of economic and policy shifts with investors scrambling to keep up. Markets continue to grapple with the Trump agenda that is moving extremely quickly and with predicable unpredictability. Tariffs have frequently been threatened, sometimes levied, and often are reversed almost as quickly as they have been enacted. Geopolitics has also been difficult to read; arms supplies to Ukraine have been stopped overnight after years of American military support for the country, and the US administration is seemingly ceding to Russian propaganda around the origins of the war. While all of this may be designed to extract concessions from friends and foes alike, it creates an environment of significant uncertainty which promotes caution in decision making, ultimately weighing on growth.

Over the last few days, there has also been a seismic shift in fiscal policy in Europe. In particular, the German government has made significant changes, agreeing to setup a EUR 500bn Special Purpose Vehicle (SPV) for infrastructure investment and to exempt defence spending above 1% of GDP from the debt brake. The EU has also announced proposals that would allow member states to increase defence spending without triggering EU deficit rules, along with proposing EUR 150bn of loans for defence spending. This news juxtaposes with the negative sentiment around the US in light of the unpredictable policymaking from the Trump administration, which is clearly weighing on consumer sentiment in addition to company decisions around planning and capex. These moves have pushed up Bund yields, along with other European rates markets, as well as driving a significant move higher in EUR/USD, while the size of these packages indicate that these market moves have strong momentum that is likely to continue.

Amidst the uncertainty, EM fixed income has been supported by the increased pricing of Fed cuts and a more stable US Treasury curve as markets have started to price in a more conservative fiscal stance in the US as well as a fading of the US exceptionalism theme. Large shifts in the European fiscal stance have also begun to support EM FX vs the USD; there is a knock on impact to growth, and policy uncertainty in the US is pushing the market towards a more dovish pricing of the Fed. As we look ahead, while we expect market volatility to be elevated given the unpredictable policy mix, we do expect that EM fixed income performance will be supported by solid fundamental anchors and healthy relative valuations with all-in yields remaining attractive relative to peers.

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
- RBC BlueBay's analysis of ESG/Sustainability factors can rely on input from external providers. Such data may be inaccurate or incomplete or unavailable and RBC BlueBay could assess the ESG/Sustainability risks of securities held incorrectly.

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.

Team Info

Anthony Kettle, Senior Portfolio Manager
Joined BlueBay in March 2006 and has 24 years of investment experience

Polina Kurdyavko, Head of Emerging Markets
Joined BlueBay in July 2005 and has 24 years of investment experience

Brent David, Senior Portfolio Manager
Joined BlueBay in March 2014 and has 22 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

Key Terms

Article 6 (SFDR): Financial products, not falling into either the Article 8 or 9 category. Where such products deem sustainability risks to be relevant to the returns of the product, the regulation requires transparency of the integration of sustainability risks. Where such risks are not deemed relevant, the regulation requires an explanation of the reasons. Such products are not subject to any of the additional transparency required for Article 8 or 9 products.

Article 8 (SFDR): Financial products where sustainable investment is not the objective, but they are promoting environmental or social characteristics (or a combination of those characteristics), provided that the companies in which the investments are made follow good governance practices. The regulation requires such products to have additional transparency on the promotion of environmental or characteristics.

Article 9 (SFDR): Financial products with sustainable investment as its objective. The regulation requires such products to have additional transparency of sustainable investments.

Environmental, social & governance (ESG): A set of aspects, environmental, social and governance related, that may be considered in investment. How ESG considerations are taken into account will differ for each fund. ESG integration is the incorporation of material ESG factors into investment decision making with an aim to identify potential risks and opportunities and improve long-term, risk-adjusted returns. Note: Certain exposure and security types do not integrate ESG factors, including but not limited to certain currency or derivative instruments. Please read a fund's prospectus for further details.

SFDR: An EU regulation on sustainability-related disclosures. It sets out rules for financial market participants and financial advisers on transparency with regulation to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products.

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: ESG evaluations generate two ESG metrics, with both metrics are derived from a proprietary framework applied by the BlueBay fixed income platform. One being the Fundamental ESG (Risk) Rating, which is assigned at an issuer level. Categories range from 'very high' ESG (Risk) Rating 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. ESG evaluations are only completed for in scope strategies, for specific issuer and security/instrument types and certain investment exposures.
8 Investment ESG Score: ESG evaluations generate two ESG metrics, with both metrics are derived from a proprietary ESG framework applied by the BlueBay fixed income platform. One being the Investment ESG Score, which refers to the extent to which the ESG risk factors the issuer is exposed to are considered to have any financial/investment relevance and materiality. Scores range from '+3' through to '-3' indicates the extent to which ESG is considered investment material, as well as the nature and likely magnitude of the investment impact. An 'Indicative' Investment ESG Score is the assigned score at the time of initial ESG analysis and is more reflective of issuer level investment materiality of the ESG risks as there is not necessarily a specific security being considered for investment. For this reason, the actual 'security' level Investment ESG Score assigned for a specific investment may be different from the indicative one assigned, as that is more reflective of the view of ESG risks at an issue/instrument level**.** ESG evaluations are only completed for in scope strategies, for specific issuer and security/instrument types and certain investment exposures.

Source: All data unless otherwise specified is sourced from RBC Global Asset Management, as at 28th February 2025