

# BlueBay Investment Grade Euro Government Bond Fund

February 2022

## Fund Performance (%) Gross of Fees (EUR)<sup>1</sup>

For Professional Investors Only

|  | 1M    | 3M    | YTD   | 1YR   | 3YR <sup>2</sup> | 5YR <sup>2</sup> | 10YR <sup>2</sup> | SI <sup>2,3</sup> |
|--|-------|-------|-------|-------|------------------|------------------|-------------------|-------------------|
| BlueBay Investment Grade Euro Government Bond Fund   | -2.00 | -3.65 | -2.59 | -4.28 | 2.56             | 2.82             | 5.49              | 5.95              |
| Bloomberg Euro Aggregate Treasury Index <sup>6</sup> | -1.95 | -4.56 | -3.00 | -3.97 | 1.39             | 1.39             | 3.27              | 3.55              |
| Alpha  | -0.05 | 0.91  | 0.41  | -0.31 | 1.17             | 1.43             | 2.22              | 2.40              |

## Review & Outlook

### Contributors

- Short US duration
- Sovereign beta
- Sovereign underweights: Spain, Portugal, France
- Short Czech koruna

### Detractors

- Sovereign overweights: Romania, Mexico & EU bonds
- Foreign exchange: closed long US dollar

### Outlook

- It is difficult to be too predictive about what comes next in terms of the Russia/Ukraine conflict. However, if President Vladimir Putin forces regime change on Ukraine, then the new administration in Kyiv would be a pariah in the West, in our opinion. If it is a new treaty, this is likely to create social and political instability in Ukraine. Either way, sanctions are likely to persist for some time – as will elevated energy prices.
- The sense of shock in Europe has acted as a catalyst for the EU to unite behind a comprehensive set of sanctions, in concert with other countries, which are already having a crippling effect on the Russian economy.
- In our view, the impact on growth may come from three distinct channels. First, through supply-chain disruptions from cutting off Russia. Second, via the hit to incomes from rising commodity prices, notably oil. The third channel would come from a tightening of financial conditions in the wake of adverse market performance.
- In each of these regards, we see the US economy as relatively insulated and the eurozone as more exposed.
- We expect: a material rise in fiscal spending in defence; strong policy initiatives to ramp up energy infrastructure in order to limit dependence on Russian oil; and support packages to help deal with the large flow of refugees.
- We still envisage six hikes from the US Federal Reserve in 2022, as inflation remains a problem. We feel the economic backdrop is robust and there is little slack in the economy. In the eurozone, we expect asset purchases to cease at the end of this year and for interest rates to rise to 0% by March 2023.

## Investment Objective

To achieve a total return in excess of the Bloomberg Euro Aggregate Treasury Index from a portfolio of investment grade-rated fixed income securities

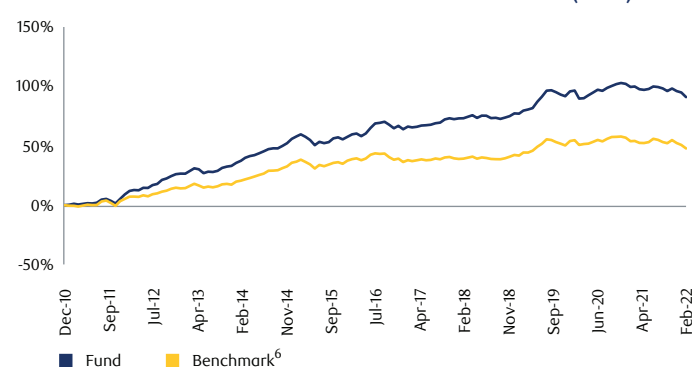
## Investment Strategy

- The Fund seeks to exploit different sources of alpha in order to generate an annual return in excess of its benchmark
- Active overweights and underweights are taken relative to the index within permitted exposure limits, in order to produce a well diversified portfolio of fixed income securities
- Taking advantage of a broad investment universe the Fund is permitted to take positions off-index, consistent with target exposure limits versus the benchmark
- 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 of the Fund's ESG framework are available online [www.bluebay.com/en/investment-expertise/esg/approach/](http://www.bluebay.com/en/investment-expertise/esg/approach/)

## Calendar Year Performance (%) Gross of Fees<sup>1</sup> (EUR)

|           | 2021  | 2020 | 2019 | 2018 |
|-----------|-------|------|------|------|
| Fund      | -3.35 | 5.82 | 9.59 | 1.47 |
| Benchmark | -3.46 | 4.99 | 6.77 | 0.98 |
| Alpha     | 0.10  | 0.83 | 2.82 | 0.49 |

## Cumulative Relative Performance<sup>3</sup> Gross of Fees<sup>1</sup> (EUR)



Past performance is not indicative of future results.

## Fund Characteristics

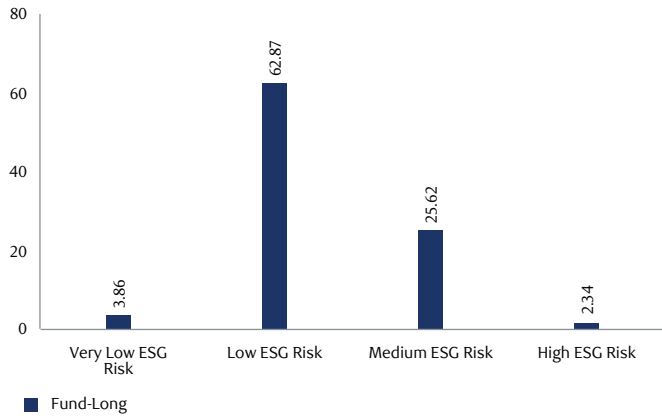
|                                       | Fund | Benchmark <sup>6</sup> |
|---------------------------------------|------|------------------------|
| Weighted interest rate duration (yrs) | 8.39 | 8.35                   |
| Weighted spread duration (yrs)        | 6.38 | 6.86                   |
| Weighted yield to worst (%)           | 0.40 | 0.48                   |
| Total no. of issues                   | 69   | 466                    |
| Total no. of issuers                  | 13   | 20                     |
| Weighted rating                       | A+   | A+                     |
| Average position (%)                  | 1.33 | 0.21                   |

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

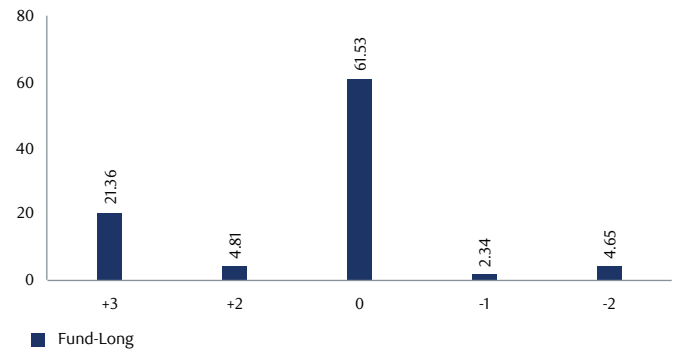
## Risk Statistics<sup>4</sup>

|                    |       |
|--------------------|-------|
| Standard Deviation | 4.49% |
| Tracking Error     | 1.67% |
| Information Ratio  | 1.44  |

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



## BlueBay: Security Investment ESG Scores (% , NAV)



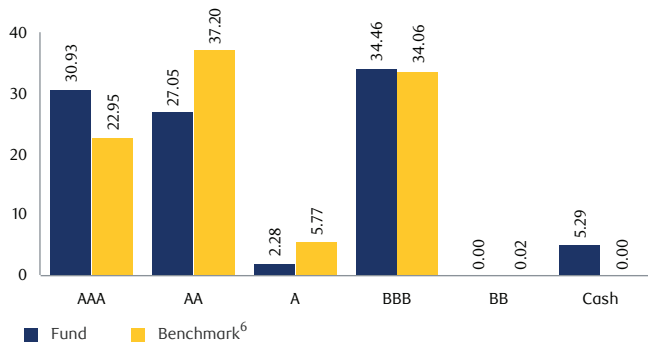
## Top 5 Issuers by Spread Duration Contribution (Yrs)

| Issuer                                 | Years (absolute) | Years (relative) | BlueBay ESG Fundamental (Risk) Rating <sup>7</sup> | BlueBay Investment ESG score <sup>8</sup> |
|--|------------------|------------------|--|---|
| French Republic Government Bond OAT    | 1.76             | -0.40            | Low ESG Risk                                       | 3   |
| Italy Buoni Poliennali Del Tesoro      | 1.44             | -0.14            | Medium ESG Risk                                    | 0   |
| Romanian Government International Bond | 0.56             | 0.56             | Medium ESG Risk                                    | -1  |
| Mexico Government International Bond   | 0.50             | 0.50             | High ESG Risk                                      | -2  |
| European Union                         | 0.49             | 0.49             | Very Low ESG Risk                                  | 3   |

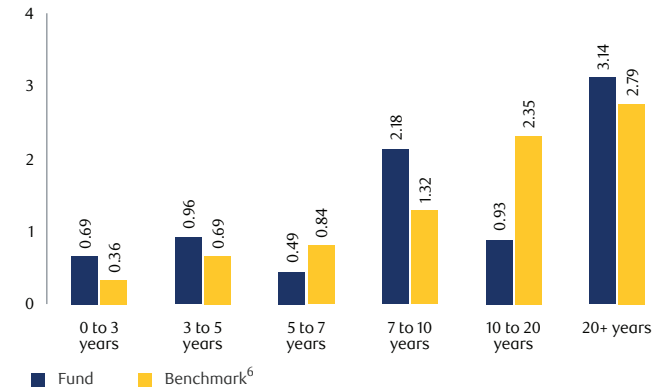
## Top Country Spread Duration Contribution, Relative to Index (Yrs)

| Overweights    |      | Underweights |       |
|----------------|------|--------------|-------|
| Romania        | 0.56 | Spain        | -0.65 |
| Mexico         | 0.50 | Netherlands  | -0.43 |
| Supra National | 0.49 | Italy        | -0.19 |
| France         | 0.02 | Portugal     | -0.16 |
|                |      | Belgium      | -0.16 |

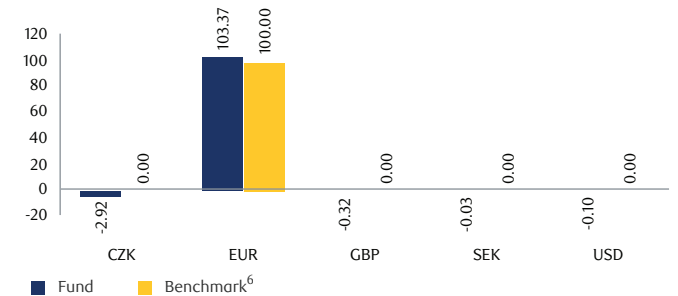
## Credit Quality Breakdown (% , NAV)



## Interest Rate Duration Distribution by Maturity (Yrs)



## Currency Breakdown (Before Hedging % , NAV)



### Fund Facts

|                              |  |
|------------------------------|--|
| Total fund size <sup>5</sup> | EUR 3,549m   |
| Inception date               | 22 December 2010   |
| Base currency                | EUR  |
| Benchmark                    | Bloomberg Euro Aggregate Treasury Index  |
| Fund legal name              | BlueBay Funds - BlueBay Investment Grade Euro Government 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 |
|--|----------------|--------------------------------|
| Mark Dowding                           | August 2010    | 28 years                       |
| Kaspar Hense                           | August 2014    | 17 years                       |
| Size of team                           |                | 32 investment professionals    |
| Average investment industry experience |                | 19 years                       |

### Contact Information

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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: Bloomberg Euro Aggregate Treasury Index
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).

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