

BlueBay Emerging Market Select Bond Fund

August 2020

FUND PERFORMANCE (%) GROSS OF FEES (USD)¹

	1M	3M	YTD	1YR	3YR ²	5YR ²	10YR ²	SI ^{2,3}
BlueBay Emerging Market Select Bond Fund	-0.14	5.44	-1.50	3.13	1.87	4.87	3.67	5.71
50% JPM EMBI Global Diversified 50% JPM GBI-EM Global Diversified, USD unhedged ⁶	-0.02	5.40	-1.62	2.09	2.46	5.42	3.85	5.42
Alpha	-0.12	0.04	0.12	1.04	-0.59	-0.55	-0.18	0.29

REVIEW & OUTLOOK

Contributors

- The main contributor was our overweight positioning in Argentina, where the government's progress towards a restructuring deal with creditors resulted in bonds moving sharply higher.
- Overweight positioning in high-yielding quasi-sovereign bonds, including Petrobras (Brazil) and Pemex (Mexico), was also positive for performance.
- In local markets, foreign-exchange (FX) exposure was positive for relative returns. Underweight positions in the South African rand, Colombian peso and Turkish lira were the biggest positive drivers of performance.

Detractors

- In a 'risk-on' month for hard-currency sovereigns, our underweight positions in South Africa and Sri Lanka were negative.
- In local rates, we have been running materially long interest-rate duration risk, which was a negative for relative returns over the month, particularly in Brazil, China and Peru.
- In emerging-market (EM) FX, the long position in the Brazilian real was the biggest negative driver of relative returns.

Outlook

- Looking ahead, we continue to see better opportunities to be long risk in the local-market universe versus hard-currency sovereigns. Here, we feel that valuations are less stretched, both in terms of the FX and rates, and we believe there are also a number of idiosyncratic stories where valuations and fundamental anchors hold up well.
- In the hard-currency component of the portfolio, we have material underweights in South Africa, Oman, Bahrain and Russia. We also continue to run a material short position in CDX-EM, where the valuation is stretched, in our opinion, and the risk-reward profile favours a back-up in spreads.
- In local markets, we continue to run a long-duration exposure in EM local rates. The main thematic here is that valuations remain attractive, in our view, in the context of low inflation, low growth and activist central banks. We do not anticipate much more of a backup in US Treasury yields from current levels, but acknowledge that this is a risk to our view.
- In currencies, we have shifted to a modestly constructive view on the EM FX outlook, given that the asset class is at historically cheap levels, and we believe should play catch up if the low volatility, 'risk-on' tone persists, and if the US dollar continues to decline.

INVESTMENT OBJECTIVE

To achieve a total rate of return in excess of a composite index comprised 50% of JP Morgan Emerging Markets Bond Index Global Diversified and 50% JP Morgan Government Bond Index – Emerging Markets Global Diversified (GBI-EM Global Diversified), USD unhedged

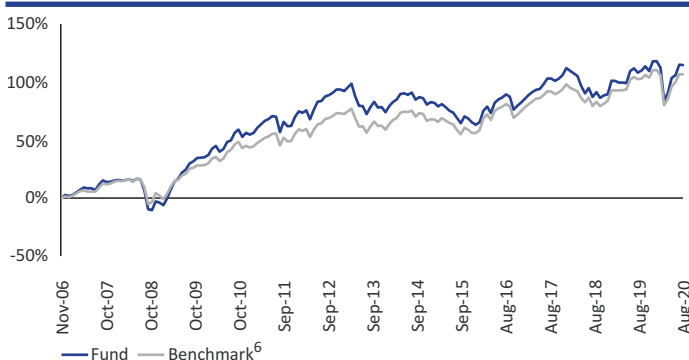
INVESTMENT STRATEGY

- The Fund invests predominantly in fixed income securities issued by emerging market sovereign issuers. The Fund is also permitted to take off-benchmark corporate positions
- The Fund seeks to generate excess returns via superior country and issue selection through an in-depth country and security selection process focusing on value in external credit spreads, local currencies and local interest rates

CALENDAR YEAR PERFORMANCE (%) GROSS OF FEES¹ (USD)

	2019	2018	2017	2016
Fund	15.06	-8.02	14.71	8.67
Benchmark ⁷	14.31	-5.15	12.74	10.16
Alpha	0.74	-2.87	1.97	-1.50

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)	7.21	6.66
Weighted coupon (%)	3.93	5.53
Weighted Yield to maturity (%)	7.54	4.53
Total no. of issues	138	1,060
Total no. of issuers	62	184
Weighted rating	BBB	BBB-
Average position (%)	0.65	0.09

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

RISK STATISTICS⁴

Standard Deviation	9.77%
Tracking Error	2.61%
Information Ratio	0.11

FUND FACTS

Total fund size ⁵	USD 375m
Inception date	30 November 2006
Base currency	USD
Benchmark	50% JPM EMBI Global Diversified 50% JPM GBI-EM Global Diversified, USD unhedged
Fund legal name	BlueBay Funds - BlueBay Emerging Market Select 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

TOP 5 HOLDINGS (%)⁸

South African Govt. Bond 10 ^{1/2} % 12/21/26	6.02
Malaysian Government Bond 3.885% 08/15/29	3.87
Peruvian 6.9% 08/37 REGS	3.69
Poland Govt. Bond 2 ^{1/2} % 07/25/26	2.49
Russia Government Bond 7 ^{3/4} % 09/16/26	2.13

TEAM

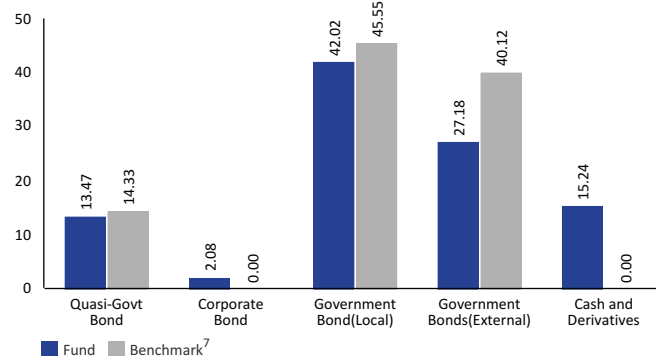
	Joined BlueBay	Investment industry experience
Russel Matthews	September 2010	21 years
Gautam Kalani	July 2018	7 years
Size of team	34 investment professionals	
Average investment industry experience	15 years	

CONTACT INFORMATION

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ASSET TYPE BREAKDOWN (% , NAV)



TOP EMERGING MARKET COUNTRIES: HARD CURRENCY (INTEREST RATE DURATION, YEARS)

Overweights		Underweights	
Mexico	0.38	Panama	-0.18
Paraguay	0.09	Uruguay	-0.17
Ecuador	0.07	Russia	-0.15
Dominican Republic	0.07	Kazakhstan	-0.13
Croatia	0.07	Chile	-0.09

TOP EMERGING MARKET COUNTRIES: LOCAL CURRENCY (INTEREST RATE DURATION, YEARS)

Overweights		Underweights	
Peru	0.36	Chile	-0.11
China	0.34	Romania	-0.06
Brazil	0.23	Turkey	-0.03
Colombia	0.20	Russia	-0.02
Malaysia	0.17	Thailand	-0.01

TOP LOCAL CURRENCY FX POSITIONS (% , NAV)

Overweights		Underweights	
Peruvian nuevo sol	4.07	Omani rial	-4.49
Indonesian rupiah	3.99	South Africa Rand	-4.06
Egyptian pound	3.88	Thai baht	-3.54
Mexican peso	2.55	Hong Kong SAR dollar	-2.02
Brazilian real	2.04	Czech koruna	-0.25

- 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.
- Performance shown for 1yr periods onwards are annualised figures.
- Since Inception
- 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.
- The Fund AUM is stated on a T+1 basis and includes non-fee earning assets.
- Benchmark: 50% JPM EMBI Global Diversified 50% JPM GBI-EM Global Diversified, USD unhedged
- The benchmark for the BlueBay Emerging Market Select Bond Fund changed from 50% JPM EMBI Global Diversified Index and 50% JPM GBI-EM Broad Diversified index unhedged to 50% JPM EMBI Global Diversified Index and 50% JPM GBI-EM Global Diversified index unhedged as at 03 Aug 2015.
- The reported exposures are solely emerging market positions. All duration hedges including US Treasury and EUR have been excluded.

Source: All data unless otherwise specified is sourced from BlueBay Asset Management as at 28 August 2020

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