

BlueBay Investment Grade Euro Government Bond Fund

December 2019

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

	1M	3M	YTD	1YR	3YR ²	5YR ²	10YR ²	SI ^{2,3}
BlueBay Investment Grade Euro Government Bond Fund	-0.71	-2.56	9.59	9.59	4.75	4.73	-	7.47
Bloomberg Barclays Capital Euro Aggregate Treasury Index ⁴	-0.96	-2.95	6.77	6.77	2.59	2.53	-	4.61
Alpha	0.25	0.39	2.82	2.82	2.16	2.20	-	2.86

REVIEW & OUTLOOK

Contributors

- Long foreign exchange: the Norwegian krone and sterling
- Long sovereign credit: Greece, Romania, Tunisia and Mexico

Detractors

- Term structure (positioned for flatter yield curves)
- Underweight Portugal with a preference for Greece and Italy
- Short Swiss franc

Outlook

- There is a sense that some of the clouds of uncertainty may be lifting, with business surveys showing signs of stabilisation and a 'phase one' trade deal between the US and China being announced.
- Monetary policy in the major economies looks set to remain on hold, with the Federal Reserve likely to sit on its hands in an election year unless significant new downside risks emerge in the months to come. We see no evidence of the US economy being late cycle or at risk of recession any time soon, based on domestic fundamentals.
- In Europe we would characterise the economy as being in a '1+1' environment, characterised by both growth and inflation of around 1%. Again, the economic cycle here can be extended for a prolonged period, with the European Central Bank keeping rates at -50 basis points and bond purchases of EUR20 billion per month.
- On a longer-term view, we remain sceptical that the relationship between Beijing and Washington is likely to get much better, with more challenging negotiations expected in a phase-two deal.
- There is an underlying risk that EU policymakers, who have been treading a conciliatory line towards the UK in recent months on the hope that the UK would vote to back 'remain', may turn more hostile in coming weeks and thus raise a renewed 'no-deal' risk in late 2020.

INVESTMENT OBJECTIVE

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

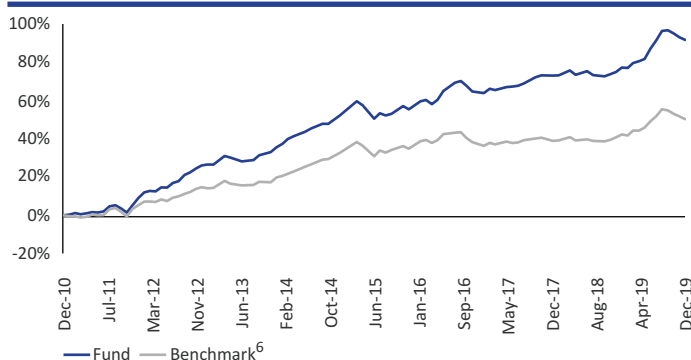
INVESTMENT STRATEGY

- 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

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

	2018	2017	2016	2015
Fund	1.47	3.37	7.34	2.13
Benchmark	0.98	0.17	3.23	1.65
Alpha	0.49	3.20	4.11	0.49

CUMULATIVE RELATIVE PERFORMANCE³ GROSS OF FEES¹ (EUR)



Past performance is not indicative of future results.

FUND CHARACTERISTICS

	Fund	Benchmark ⁶
Weighted interest rate duration (yrs)	8.10	8.17
Weighted spread duration (yrs)	7.76	6.90
Weighted yield to worst (%)	0.54	0.21
Total no. of issues	80	380
Total no. of issuers	18	21
Weighted rating	A	A+
Average position (%)	1.22	0.26

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

RISK STATISTICS⁴

Standard Deviation	4.26%
Tracking Error	1.69%
Information Ratio	1.70

FUND FACTS

Total fund size ⁵	EUR 5,010m
Inception date	22 December 2010
Base currency	EUR
Benchmark	Bloomberg Barclays Capital 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

TOP 5 ISSUERS BY SPREAD DURATION CONTRIBUTION (YRS)

France Government Bond OAT	2.34
Italy Buoni Poliennali Del Tesoro	1.56
Spain Government Bond	1.04
Hellenic Republic Government Bond	0.73
Belgium Government Bond	0.60

TEAM

	Joined BlueBay	Investment industry experience
Mark Dowding	August 2010	26 years
Kaspar Hense	August 2014	14 years
Size of team	27 investment professionals	
Average investment industry experience	17 years	

CONTACT INFORMATION

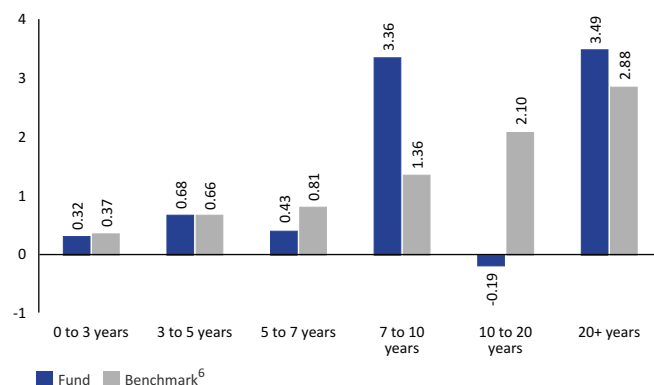
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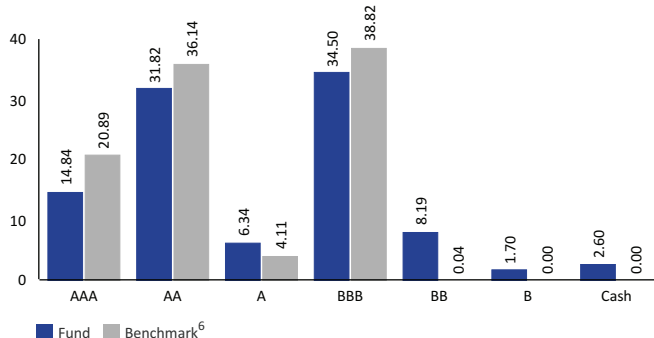
TOP COUNTRY SPREAD DURATION CONTRIBUTION, RELATIVE TO INDEX (YRS)

Overweights		Underweights	
Greece	0.73	Netherlands	-0.37
Italy	0.25	Portugal	-0.16
Romania	0.19	Finland	-0.11
France	0.19	Slovenia	-0.04
Slovakia	0.13	Spain	-0.01

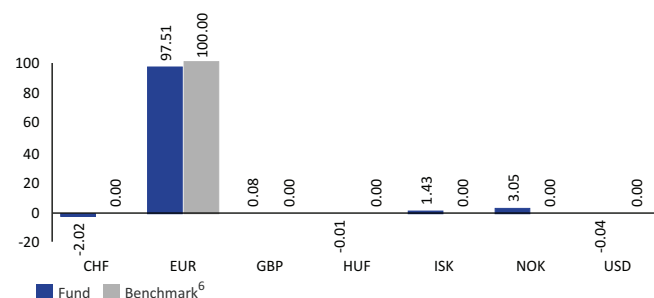
INTEREST RATE DURATION DISTRIBUTION BY MATURITY (YRS)



CREDIT QUALITY BREAKDOWN (% NAV)



CURRENCY BREAKDOWN (BEFORE HEDGING %, NAV)



- 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: Bloomberg Barclays Capital Euro Aggregate Treasury Index

Source: All data unless otherwise specified is sourced from BlueBay Asset Management as at 31 December 2019

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