

# BlueBay Investment Grade Euro Government Bond Fund

August 2020

## FUND PERFORMANCE (%) GROSS OF FEES (EUR)<sup>1</sup>

|   | 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                    | -0.48 | 1.94 | 2.37  | -0.08 | 5.13             | 5.21             | -                 | 7.20              |
| Bloomberg Barclays Capital Euro Aggregate Treasury Index <sup>4</sup> | -0.66 | 1.40 | 2.41  | -1.00 | 3.39             | 3.00             | -                 | 4.55              |
| Alpha   | 0.18  | 0.54 | -0.04 | 0.92  | 1.74             | 2.21             | -                 | 2.65              |

## REVIEW & OUTLOOK

### Contributors

- Term structure
- Long sovereign beta
- Overweight Italy, Mexico and Estonia

### Detractors

- Long Icelandic krona
- Semi-core market underweights

### Outlook

- We expect central banks to effectively anchor core government yields as a way to sustain accommodative financial conditions. This likely makes for continued low volatility in rates markets.
- However, for sovereign spreads, it seems unlikely that such calm conditions can persist through to the end of the year, as growth estimates in Germany and other countries in the north contrast with further downgrades in southern Europe, where tourism has been severely disrupted.
- While we believe that bond markets in the European periphery are well supported by the financial repression – driving investors towards higher-yielding assets in a world of negative rates – there is scope for increased political risk should the economic recovery fail to lower unemployment relatively quickly.
- We expect issuance to pick up and provide investment opportunities.
- Our strategy is to use any weakness to increase risk and reduce risk into strength.

## 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

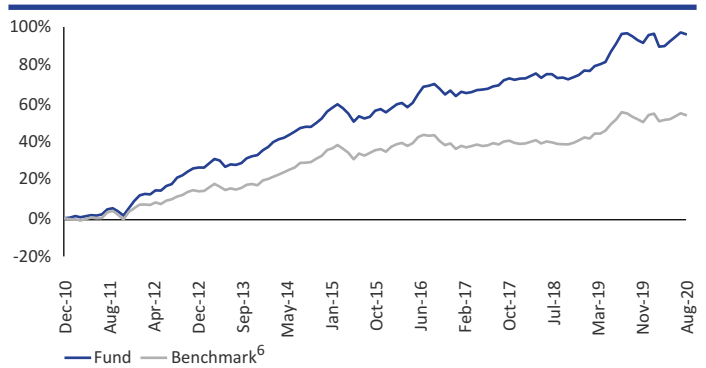
## INVESTMENT STRATEGY

- 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 FEES<sup>1</sup> (EUR)

|           | 2019 | 2018 | 2017 | 2016 |
|-----------|------|------|------|------|
| Fund      | 9.59 | 1.47 | 3.37 | 7.34 |
| Benchmark | 6.77 | 0.98 | 0.17 | 3.23 |
| Alpha     | 2.82 | 0.49 | 3.20 | 4.11 |

## 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) | 8.62 | 8.46                   |
| Weighted spread duration (yrs)        | 7.23 | 7.01                   |
| Weighted yield to worst (%)           | 0.10 | 0.01                   |
| Total no. of issues                   | 70   | 421                    |
| Total no. of issuers                  | 16   | 32                     |
| Weighted rating                       | A+   | A+                     |
| Average position (%)                  | 1.41 | 0.24                   |

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

## RISK STATISTICS<sup>4</sup>

|                    |       |
|--------------------|-------|
| Standard Deviation | 5.06% |
| Tracking Error     | 1.83% |
| Information Ratio  | 1.45  |

## FUND FACTS

|                              |  |
|------------------------------|--|
| Total fund size <sup>5</sup> | EUR 4,212m   |
| 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)

|                                     |      |
|-------------------------------------|------|
| French Republic Government Bond OAT | 2.17 |
| Italy Buoni Poliennali Del Tesoro   | 1.98 |
| Spain Government Bond               | 1.06 |
| Kingdom of Belgium Government Bond  | 0.61 |
| Republic of Austria Government Bond | 0.42 |

## TEAM

|              | Joined BlueBay | Investment industry experience |
|--------------|----------------|--------------------------------|
| Mark Dowding | August 2010    | 27 years                       |
| Kaspar Hense | August 2014    | 15 years                       |

|  |                             |
|--|-----------------------------|
| Size of team                           | 29 investment professionals |
| Average investment industry experience | 17 years                    |

## CONTACT INFORMATION

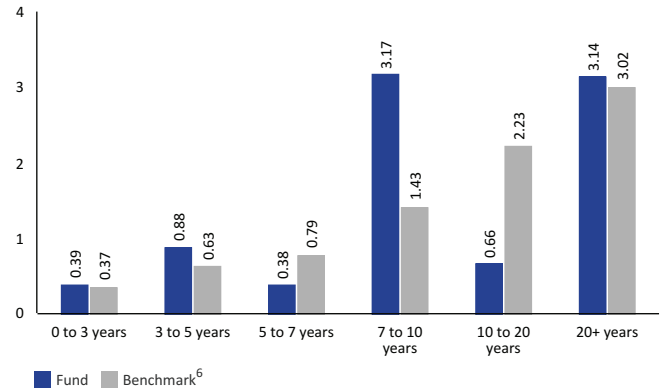
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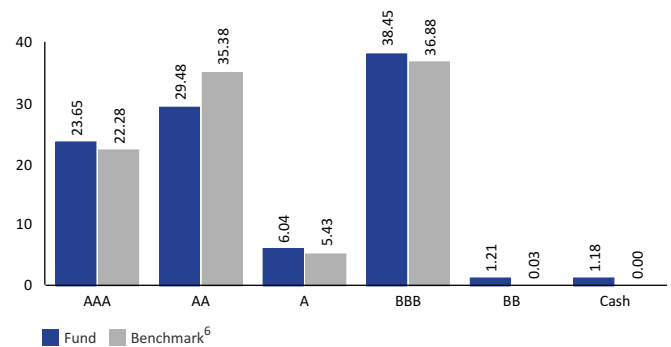
## TOP COUNTRY SPREAD DURATION CONTRIBUTION, RELATIVE TO INDEX (YRS)

| Overweights |      | Underweights |       |
|-------------|------|--------------|-------|
| Italy       | 0.53 | Netherlands  | -0.39 |
| Estonia     | 0.20 | Portugal     | -0.16 |
| Mexico      | 0.15 | Finland      | -0.11 |
| Cyprus      | 0.05 | Slovenia     | -0.04 |
| Slovakia    | 0.03 | France       | -0.03 |

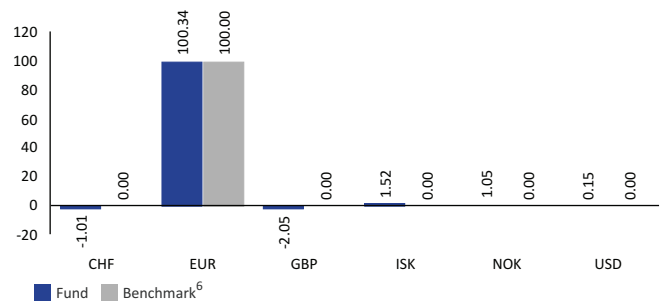
## INTEREST RATE DURATION DISTRIBUTION BY MATURITY (YRS)



## CREDIT QUALITY BREAKDOWN (% NAV)



## CURRENCY BREAKDOWN (BEFORE HEDGING % NAV)



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 Barclays Capital Euro Aggregate Treasury Index

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

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