

BlueBay Investment Grade Euro Government Bond Fund

March 2018

Fund performance (%) gross of fees ¹ (EUR)	1M	3M	YTD	1YR	3YR ²	5YR ²	SI ^{2,3}
BlueBay Investment Grade Euro Government Bond Fund	1.63	2.08	2.08	6.36	3.31	6.78	8.08
Barclays Euro Aggregate Treasury Index	1.60	1.43	1.43	3.15	0.73	4.20	4.87
Alpha	0.03	0.65	0.65	3.21	2.58	2.58	3.21

Review & outlook

Contributors

- Euro duration
- Long Catalonia and Greece
- Long Iceland local bonds and currency

Detractors

- Underweight Portugal
- Small detractor from Long CEE/EM sovereigns

Outlook

- Looking ahead, we expect market turbulence to abate, though it seems clear that volatility is not going to return to 2017 levels any time soon
- We have seen some recent evidence that growth is softening but we would highlight that this is a correction from super-elevated levels and that both underlying global economic growth and accommodative fiscal and monetary policies should reassure investors
- Inflation in the eurozone remains below ECB target and a steep yield curve with negative cash rates is likely to mean that Bund yields remain well anchored for the foreseeable future. Under this scenario sovereign credit should benefit, along with ECB buying and reduced political risk
- We have seen evidence of a more challenging technical backdrop in corporates due to recent supply. However, we expect issuance may well underwhelm later in the year
- More generally, we feel that notwithstanding equity market volatility, daily performance moves have been relatively modest and we remain comfortable with the risk we are running

Investment objective

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

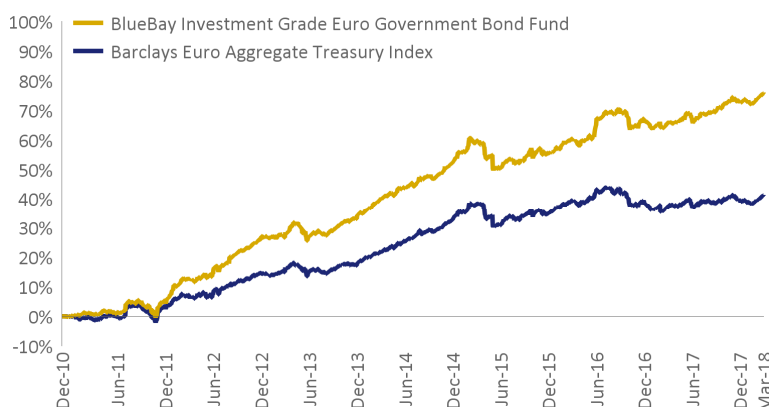
Investment strategy

- 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)

	2017	2016	2015	2014
Fund	3.37	7.34	2.13	14.38
Benchmark	0.17	3.23	1.65	13.13
Alpha	3.20	4.11	0.49	1.25

Cumulative relative performance³ gross of fees¹ (EUR)



Past performance is not indicative of future results.

Fund characteristics

	Fund	Index
Weighted interest rate duration (yrs)	7.23	7.55
Weighted spread duration (yrs)	7.11	6.34
Weighted yield to worst (%)	1.14	0.53
Total no. of issues	67	373
Total no. of issuers	21	21
Weighted rating	A	A-
Average position (%)	1.45	0.27

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

Risk statistics⁴

Standard deviation	4.39%
Tracking error	1.76%
Information ratio	1.82

Fund facts	
Total fund size ⁵	EUR 2,416m
Inception date	22 December 2010
Base currency	EUR
Benchmark	Barclays 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	2.17
Italy Buoni Poliennali Del Tesoro	1.65
Spain Government Bond	0.97
Belgium Government Bond	0.59
Hellenic Republic Government Bond	0.42

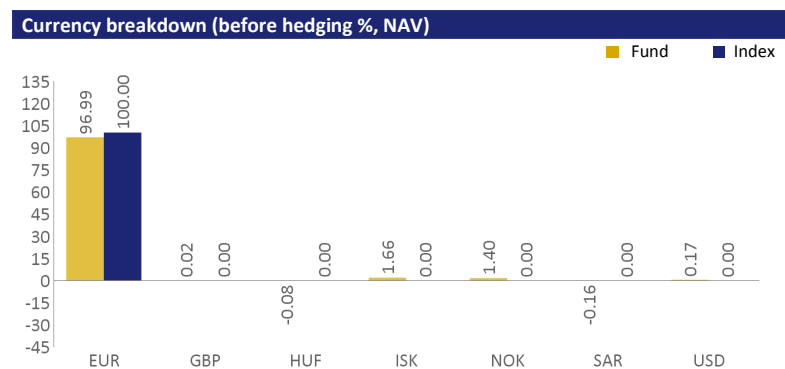
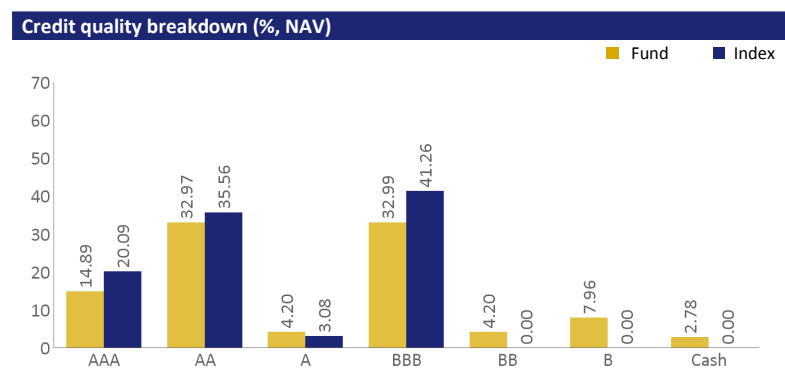
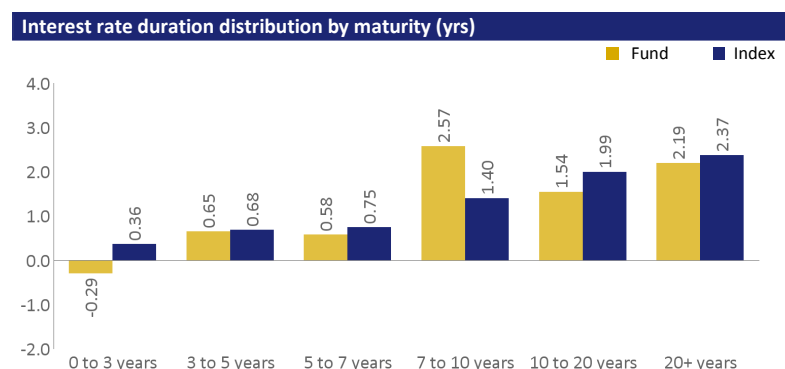
Team		
	Joined BlueBay	Investment industry experience
Mark Dowding	August 2010	24 years
Mark Bathgate	August 2016	22 years
Russel Matthews	September 2010	18 years
Size of team	28 investment professionals	
Average investment industry experience	16 years	

Contact information
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- 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.

Source: All data unless otherwise specified is sourced from BlueBay Asset Management as at 29 March 2018

Top country spread duration contribution, relative to index (yrs)			
Overweights		Underweights	
Greece	0.42	Netherlands	-0.34
France	0.24	Portugal	-0.14
Slovakia	0.18	Ireland	-0.13
Italy	0.14	Finland	-0.11
Mexico	0.11	Lithuania	-0.01



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