



Impact-Aligned Bond Fund

BlueBay is an active fixed income specialist, structured to deliver outcomes tailored to our clients' needs. We embody the best of alternative and traditional investment styles, with our 112-strong investment team managing over USD75bn in AuM¹.

Our investment professionals work from the shared philosophy that financial markets are inefficient and can be exploited through active management, with idea generation being fuelled by high-quality proprietary research.

Within emerging markets, we are known as investment innovators, combining our 'mosaic theory' research approach with deep political and ESG analysis to form dynamic and contrarian investment views and launch unique strategies.

Responsible investing – opportunities in bond markets

Impact-led investing is no longer the sole preserve of equity markets. Fixed income is becoming an important part of the responsible investment mix. We believe bond strategies will play a critical role in driving the ESG agenda thanks to the size of the market – at some USD128.3 trillion, the collective power of the fixed income investment universe is almost triple that of equities at USD43.8 trillion.

To-date, bond investors have typically been limited to two choices:

1. **'Pure' impact investing**, which is often associated with illiquid, private market investments where additionality can be more readily evidenced and which either target at or below market-rate returns.
2. **Negative screening/exclusion-based approaches**, where the bonds of issuers that do not meet defined ESG criteria are removed from the investable universe.

Offerings in impact investing in public debt markets have been largely limited to dedicated ESG-labelled strategies, such as green or social bond funds.

A 'supply' gap exists for approaches that can make a positive ESG contribution and have the potential to deliver above market-rate returns by investing in public, liquid debt markets.



¹ Source: BlueBay Asset Management, as at 31 March 2021

Our investment solution: BlueBay Impact-Aligned Bond Fund

- Designed to help investors gain exposure to companies providing vital solutions to the major environmental and social challenges facing the world today
- Strong focus on capital preservation supported by an alpha generation mindset
- Target return of 2-4% (gross of fees) through capital appreciation and income²
- Expected annualised volatility of 2-4%²
- Expected Sharpe ratio of 1²
- Long-only UCITS total return structure – no benchmark
- Invests globally, with a focus on the US and Europe, max. 25% EM allocation
- Invests at least 2/3rd in investment grade bonds, max. 1/3rd in sub-investment grade
- Portfolio size of 50-125 issuers
- Portafoglio composto da 50-125 emittenti
- Classified as Article 9 within the EU Sustainable Finance Disclosure Regulation (SFDR).

BlueBay Impact-Aligned Bond Fund

Our dedicated thematic strategy based on environmental and social themes, leveraging off the extensive experience of BlueBay's ESG specialists and portfolio managers.

The strategy is an alternative to illiquid fixed income impact investment strategies. It goes beyond an ESG labelled approach, aligning with the investment concepts observed in thematic, public-market sustainable equity funds. It is designed for investors looking to align their fixed income allocations with their ESG and investment objectives.

Our analysts will identify assets with long-term outperformance potential on both financial and non-financial metrics, using a sustainability 'lens'. Our portfolio managers and analysts will also monitor and engage with companies to support the realisation of positive impacts.

Our allocations are structured around seven people and planet-orientated sustainability themes, which avoid 'sunset' industries in favour of 'sunrise' opportunities. Each theme has an expected allocation range of 5-20% to ensure balanced portfolio construction.

“We believe there is a gap – and an opportunity – to evolve the definition of what kinds of investment can deliver impact and a financial return within fixed income beyond private markets – hence impact-aligned.”

Tom Moulds
Senior Portfolio Manager



² Source: BlueBay Asset Management, May 2021. Target return should not be relied upon as an indication of actual or projected performance. Actual volatility and returns depend upon a variety of factors. No representation is made that any targets or objectives will be achieved, in whole or in part. Fluctuations in exchange rates may have a positive or an adverse effect on the value of foreign-currency denominated financial instruments. There are significant risks associated with this investment. Please refer to the Risk section of the Prospectus for further information about this.

7 sustainability themes targeting positive contribution and impact



People



Achieving an inclusive society

Solutions promoting sustainable communities by ensuring inclusive and equitable access to essential services



Building knowledge and skills

Solutions promoting empowerment and lifelong learning through education, as well as training and development opportunities



Ensuring good health, safety and wellbeing

Solutions enhancing health, safety and wellbeing, as well as facilitating healthy lifestyles



Planet



Enabling a circular economy

Solutions improving the quality of the environment through promoting sustainable consumption, and resource efficiency and stewardship



Ensuring clean and plentiful water

Solutions promoting sustainable water stewardship as well as good sanitation



Promoting clean and safe energy

Solutions enabling the low carbon transition through adoption of alternative energy sources



Promoting sustainable mobility and infrastructure

Solutions facilitating the shift to more sustainable transportation modes, buildings and infrastructure

Why now?

It's universally recognised that sustainability is crucial and we need to do more to live responsible and sustainable lives. The investment community is ready to go beyond integrating ESG into core products. The next step is a strategy that goes further with a proactive approach.

How is this fund different to other offerings which incorporate ESG?

The fund provides a fresh way of investing, thanks to its core focus of sustainability.

Instead of focusing on negative screening (removing 'bad' industries and companies from the investment universe), the strategy follows a proactive, inclusion-based approach to investing.

We focus on allocating capital to 'solution providers' – companies that are making a difference today by addressing the problems of tomorrow.

“The themes driving the security selection process are indicative of environmental and social megatrends that are transforming the world in which we live.”

My-Linh Ngo
Portfolio Manager,
Head of ESG Investments

Sustainable investing at BlueBay

How ESG shapes our investment process



We're issuer focused. Whether a bond is ESG-labelled or a plain vanilla issue, the core economic activity has to have a positive impact.



We believe bondholders have a key role to play in issuer engagement. We push to facilitate change through direct dialogues, collaborations and partnerships.



Reporting how we're having an impact is crucial. Evidencing impact can be challenging, but we provide ESG strategy level reporting as standard and are committed to adopting a standardised approach to impact reporting.



We are members of the Global Impact Investing Network (GIIN) and Pensions for Purpose.

How ESG influences our mindset and culture



Integrating our ESG specialists within our investment team reinforces the value we place on ESG analysis for alpha generation.



We promote ownership and accountability. ESG is a key performance indicator in the evaluation and remuneration of all our investment professionals.



We're helping to advance best practices through our involvement in industry working groups, constant dialogue with peers and collaboration with others to broaden our understanding of ESG factors and their influence on markets.



We encourage our employees to develop their knowledge through educational opportunities, including the CFA Certificate in ESG Investing.

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