The Emerging Market Unconstrained Bond Fund

October 2025

Fund Performance (%) Gross of Fees (USD) [2]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	3.08	0.41	-1.59	0.70	1.23	3.52	-0.22	1.96	1.14	1.41			12.16
2024	-0.01	1.67	3.02	-1.92	0.80	-0.72	3.31	3.13	2.12	-0.19	2.16	-0.78	13.15
2023	5.13	-1.76	0.68	-0.18	2.08	5.18	2.12	-1.95	-2.79	-0.07	5.77	4.37	19.68
2022	-0.67	0.34	2.53	-1.42	-0.15	-8.86	-0.79	0.41	-3.91	-0.90	5.11	1.35	-7.36
2021	-0.15	-1.34	-3.73	3.28	1.54	-0.69	-1.36	1.47	-3.24	-2.01	-5.75	2.68	-9.29
2020	1.53	-1.91	-10.68	6.00	8.53	2.40	2.37	1.14	-1.80	-1.23	6.81	5.89	19.01
2019	5.86	-0.29	-0.68	-0.29	0.10	3.58	2.27	-4.86	4.41	2.55	-0.67	3.30	15.88
2018	2.04	0.91	0.84	0.08	-3.05	-1.98	1.91	-1.97	0.62	-0.67	-0.22	0.58	-1.06
2017	-0.09	1.37	0.77	1.21	0.11	0.96	1.01	2.41	0.43	1.08	0.59	0.38	10.69
2016	-1.21	1.08	0.85	3.41	-0.75	3.55	2.01	1.48	0.70	0.47	-1.67	0.29	10.52
2015	-0.62	1.23	-0.43	1.76	-0.83	-2.60	-0.89	-0.06	-3.86	4.45	0.90	-3.46	-4.62
2014	-1.32	2.61	0.28	0.99	1.01	0.87	0.08	0.90	-2.13	0.66	-1.79	-2.12	-0.09
2013	-0.95	-0.70	-1.22	3.16	-0.96	-1.11	-0.44	-0.86	1.49	0.77	-1.09	0.60	-1.38
2012	1.99	2.36	-0.72	0.50	-0.66	2.61	1.59	0.88	1.36	0.15	1.38	1.01	13.11
2011	-0.39	0.29	2.34	2.04	0.99	0.85	1.43	-1.03	-3.47	2.99	-0.90	0.55	5.66
2010	–	–	–	–	–	–	1.26*	1.88	1.83	1.39	-1.35	1.29	6.43

Past performance does not predict future returns. The return of your investment may increase or decrease as a result of currency fluctuations if your investment is made in a currency other than that used in the past performance calculation. Fees and other expenses will have a negative effect on investment returns.
* Partial performance since inception 20 July 2010

Performance Analysis[2,3] (Gross of fees)

Annualised return (%)	6.31
Annualised standard deviation (%)	8.41
Sharpe ratio	0.57
Positive months (%)	60.87
Worst drawdown (%)	-21.12
Recovery time (months)	14

Portfolio Characteristics

Weighted interest rate duration (yrs)	6.43
Weighted spread duration (yrs)	2.84
Local interest rate duration (yrs)	2.96
Weighted yield to maturity (%) [6]	10.22
FX Delta (+1%)	45.32

	Long	Short	Net	Gross
Leverage [4]	1.53x	-0.49x	1.04x	2.02x
No of positions	104	16	120	

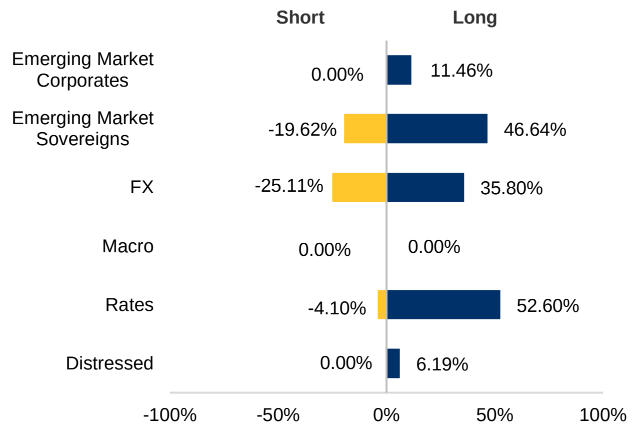
Fund Facts

Total Fund size [5]	USD 851m
Inception date	20 July 2010
Base currency	USD
SFDR	Article 8
Subscription/redemption	Daily
Fund legal name	BlueBay Emerging Market Unconstrained Bond Fund
Share classes	Information on available Share Classes and eligibility for this Fund are detailed in the BlueBay Funds Prospectus and Application Form
ISIN	LU1278659575
Class	Class M – EUR Shares
Bloomberg	BBEMAME LX
Structure	UCITS
Domicile	Luxembourg

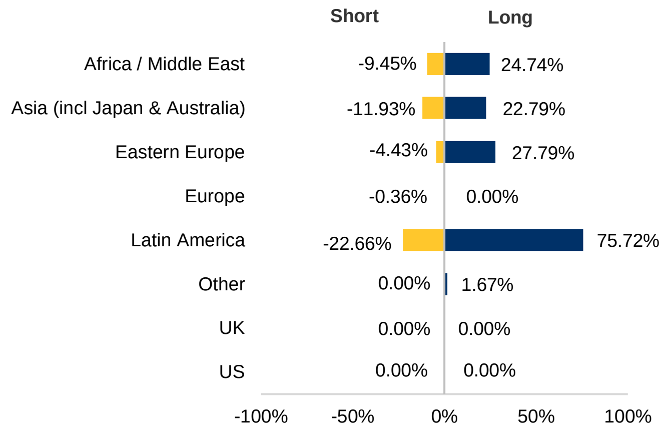
The Fund meets the conditions set out in Article 8 of the Sustainable Finance Disclosure Regulation as it promotes environmental/social characteristics through binding requirements as a key feature. Full details available online https://www.rbcbluebay.com/en-gb/institutional/what-we-do/funds/sustainability-related-disclosures/

NOTE: This article designation is a self-classification by RBC Global Asset Management (UK) Limited and effective from 01/04/2022.

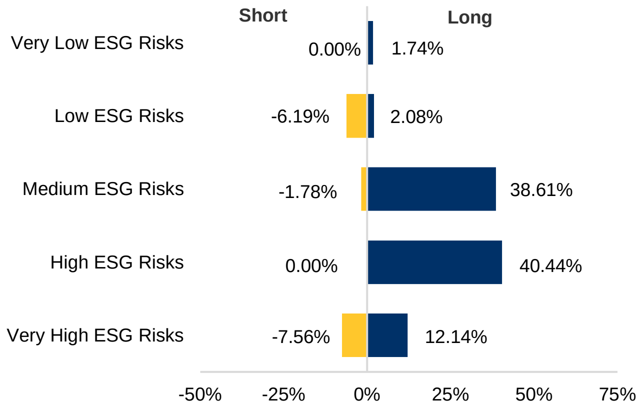
Strategy Breakdown (Exposure, % of NAV)[4]



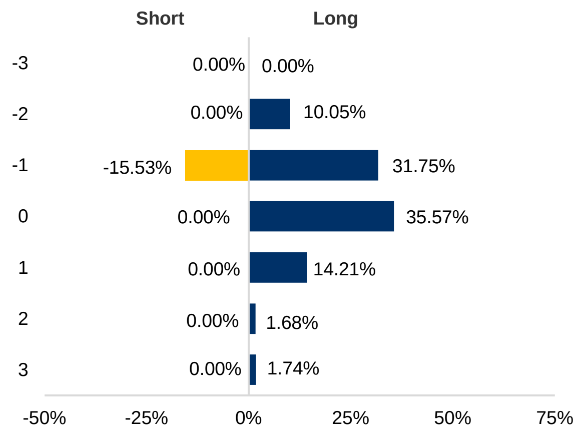
Regional Breakdown (Exposure, % of NAV)[4]



BlueBay: Issuer Fundamental ESG (risk) ratings (ESG Risk Ratings) [8]



BlueBay: Security Investment ESG Scores (ESG Scores) [9]



Top Sovereign Debt Issuers (External) (Spread Duration, years)

Columbia Government International Bond	0.37
Turkiye Government International Bond	0.34
Romanian Government International Bond	0.27
El Salvador Government International Bond	0.25
Egypt Government International Bond	0.22

Top Corporate / Quasi-Sovereign Debt Issuers (External) (Spread Duration, years)

Provincia de Buenos Aires / Government Bonds	0.17
Petroleos Mexicanos	0.14
Yinson Boronia Production BV	0.10
Ecopetrol SA	0.08
Turkiye Varlik Fonu Yonetimi AS	0.05

Top Local Markets (Interest Rate Duration, years)

Colombia	0.56
Peru	0.35
Malaysia	0.26
South Africa	0.25
Indonesia	0.22

Top 3 Long Holdings (%, NAV)

Holding	Weight (absolute)	Weight (relative)	BlueBay ESG Fundamental (Risk) Rating[7]	BlueBay Investment ESG Score[8]
COLOM 7 3/4 11/07/36	4.23%	4.23%	Medium	0
BUENOS 6 5/8 09/37 REGS	4.08%	4.08%	Medium	-1
COLTES 13 1/4 02/09/33	4.00%	4.00%	Medium	0

Top and Bottom 3 FX Positions (%, NAV)

Long	
Chilean peso	7.55 %
South Korean won	6.84 %
Mexican peso	5.83 %
Shorts	
Peruvian sol	-4.92 %
Indonesian rupiah	-2.86 %
Euro	-0.23 %

Portfolio Managers Comments

Review

The US government shutdown dominated headlines, leaving markets in a data vacuum with no fresh economic indicators. The delayed Consumer Price Index (CPI) print showed core inflation at 3%, slightly below expectations. In the absence of Non-Farms Payrolls data, ADP's weekly jobs report was the key employment indicator, revealing 56,000 private sector jobs were added, helping to ease concerns about unemployment. Meanwhile, as expected, the US Federal Reserve (Fed) implemented a 25 basis points (bps) rate cut and concluded its quantitative tightening programme. President Trump's threat of 100% tariffs on China initially rattled markets, but a 12-month trade truce with President Xi Jinping calmed tensions. In Europe, French Prime Minister Sébastien Lecornu's resignation and subsequent return, along with the scrapping of President Macron's controversial pension reforms, are expected to facilitate a budget agreement and potentially stabilise French credit spreads. In Japan, Sanae Takaichi's unexpected victory in Japan's Liberal Democratic Party leadership election led to weakness in Japanese government bonds and the yen. This reaction stemmed from her stance on looser fiscal and monetary policy, an approach seemingly contradictory to her inflation reduction goals.

In emerging markets (EM) credit markets, corporates gained +0.43% and sovereigns +2.13%. Credit spreads widened 5bps for corporates but tightened 21bps for sovereigns. Within corporates, the real estate, utilities and diversified sectors outperformed, while industrials lagged. In sovereigns, Latin America was the top-performing region. Local markets also posted positive returns, with the index rising +0.46% for the month. This was primarily driven by positive performance in rates, which returned +0.78%, while foreign exchange (FX) underperformed with a return of -0.33%. At the country level, Peru, Chile, Indonesia, and South Africa were positive contributors. However, European currencies diverged from the general trend, weakening slightly against the US dollar during the month.

In Argentina, midterm elections concluded with the government securing approximately a 10% vote share advantage at the national level. Notably, the government achieved a surprising victory in the Province of Buenos Aires, despite the political challenges faced by the Milei administration in the weeks prior to the elections. President Javier Milei's post-election speech struck a positive tone, calling for unity and structural reforms. With a focus on fostering long-term growth, the President aims to work with Congress to pass legislation. This is expected to significantly boost investor confidence, with post-election returns on Argentina's sovereign bonds already reaching the 15-20% range and potential for further gains ahead. The Argentine peso is expected to stabilise, while the Central Bank may rebuild its reserves. The key focus now shifts to policy continuity and the government's ability to pass reforms, with next year's budget serving as a critical test. Additionally, access to capital markets this year could provide another significant positive catalyst.

An agreement was reached between Presidents Trump and Xi Jinping, representing a temporary de-escalation of the US-China trade war, with both sides making concessions. China agreed to resume soybean purchases, ensure access to rare earth minerals, and address fentanyl production. In return, the US will not impose new tariffs and will reduce existing ones to 47%, while also providing China with access to American AI-related computer chips. However, the deal is only a one-year truce, leaving potential for renewed tensions.

In Turkey, the Central Bank of the Republic of Türkiye reduced its policy interest rate by 100bps to 39.5% on 23 October, indicating a slower pace of monetary easing. This decision came as inflation rose to approximately 33.3% annually in September, with the bank cautioning about a slowing disinflation process.

Meanwhile, in India, the International Monetary Fund (IMF) has revised the country's growth forecast for fiscal year 2025-26 upwards to 6.6%, citing strong private-sector resilience and export performance. This positive outlook comes despite challenges from elevated US tariffs on Indian goods, demonstrating India's ability to withstand external economic pressures.

Global investors reassessed credit risk in Brazil amid a softer commodity backdrop and tighter global liquidity, resulting in broader weakness across corporate debt. Raízen, the Brazilian biofuel and energy company, saw its US-dollar-denominated bonds plunge sharply, falling about 14 cents to around 68 cents on the dollar. This sell-off was triggered by growing investor concerns over Raízen's increasing leverage and slowing cash generation, attributed to its aggressive expansion strategy. Although no new fundamental news emerged, the initial price movement prompted further selling as leveraged structured products holding the bonds were liquidated. This resulted in sell-offs similar to those seen in other Brazilian companies, such as Ambipar and Braskem.

Performance **[Fund performance is gross of fees. Past performance is not indicative of future results]**

The fund returned +1.41% in October, bringing year-to-date returns to +12.16%. In credit, a basis trade in Argentina was the largest contributor to returns, while longs in Ecuador, El Salvador, and Egypt also positively impacted performance. In Argentina, a positive risk outcome in the midterm elections improved the outlook for President Javier Milei's governability and reform drive. Furthermore, it strengthened his prospects of winning the next presidential election in 2027, which led to a large rally in Argentine assets.

Looking to local markets, receivers in Indonesia and South Africa were top contributors, whereas local bonds in Colombia and the Dominican Republic detracted from performance. Turkey local was also a small detractor. We remain constructive on local rates. Elevated real rates, contained inflation, central banks that have significant room to ease, and currency stability, along with inflows into the asset class, are all creating a virtuous cycle, which we expect to continue.

Outlook

Risk markets are poised to maintain a positive trajectory as we approach the end of the year, supported by several key factors. The easing of US-China trade tensions has created a favourable environment, while robust corporate earnings releases have further bolstered market sentiment. Additionally, the Federal Reserve's recent actions have contributed to this optimistic outlook, delivering a widely anticipated 25bps interest rate cut in October and announcing the conclusion of its quantitative tightening policy, effective 1 December.

Emerging market (EM) fixed income has been a standout performer this year, benefitting from a confluence of favourable events. A series of developments led to a weakening of the US dollar, coinciding with strengthened EM fundamentals. This was underpinned by responsible monetary policy decisions in the post-Covid era and a period of defaults that significantly reduced leverage within the asset class. These improvements have translated into robust performance at the index level, particularly within local markets that had previously been overlooked.

With the conclusion of key risk events, such as the elections in Argentina and the Ivory Coast, both of which yielded positive outcomes, EM assets are well-positioned to maintain their tightening trend through year-end. The alignment of these factors suggests a continued favourable environment for EM fixed income investors as we move into the new year.

Risk Considerations

- At times, the market for emerging market bonds may dry up, which could make it difficult to sell these bonds, or the fund may only be able to sell them at a discount
- There may be cases where an organisation with which we trade assets or derivatives (usually a financial institution such as a bank) may be unable to fulfil its obligations, which could cause losses to the fund
- Investing in emerging market bonds offers you the chance to gain higher returns through growing your capital and generating income. Nevertheless, there is a greater risk that the organisation which issued the bond will fail, which would result in a loss of income to the fund along with its initial investment
- Emerging markets may be more volatile and it could be harder to sell or trade these bonds. There is also a greater risk of less government supervision, legal regulation and less well-defined tax laws and procedures than in countries with more developed trading markets. Emerging markets can be particularly sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses
- RBC BlueBay could suffer from a failure of its processes, systems and controls – or from such a failure at an organisation on which we rely in order to deliver our services – which could lead to losses for the fund
- RBC BlueBay's analysis of ESG/Sustainability factors can rely on input from external providers. Such data may be inaccurate or incomplete or unavailable and RBC BlueBay could assess the ESG/Sustainability risks of securities held incorrectly.

Investment Strategy

- To achieve a total return from a portfolio of fixed income securities predominantly issued by Emerging Market Issuers and denominated in any currency, as well as making investments linked directly or indirectly to currencies and/or interest rates of Emerging Market Countries.

Team Info

Anthony Kettle, Senior Portfolio Manager
Joined BlueBay in March 2006 and has 25 years of investment experience

Polina Kurdyavko, Head of Emerging Markets
Joined BlueBay in July 2005 and has 25 years of investment experience

Brent David, Senior Portfolio Manager
Joined BlueBay in March 2014 and has 23 years of investment experience

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Key Terms

Article 6 (SFDR): Financial products, not falling into either the Article 8 or 9 category. Where such products deem sustainability risks to be relevant to the returns of the product, the regulation requires transparency of the integration of sustainability risks. Where such risks are not deemed relevant, the regulation requires an explanation of the reasons. Such products are not subject to any of the additional transparency required for Article 8 or 9 products.

Article 8 (SFDR): Financial products where sustainable investment is not the objective, but they are promoting environmental or social characteristics (or a combination of those characteristics), provided that the companies in which the investments are made follow good governance practices. The regulation requires such products to have additional transparency on the promotion of environmental or characteristics.

Article 9 (SFDR): Financial products with sustainable investment as its objective. The regulation requires such products to have additional transparency of sustainable investments.

Environmental, social & governance (ESG): A set of aspects, environmental, social and governance related, that may be considered in investment. How ESG considerations are taken into account will differ for each fund. ESG integration is the incorporation of material ESG factors into investment decision making with an aim to identify potential risks and opportunities and improve long-term, risk-adjusted returns. Note: Certain exposure and security types do not integrate ESG factors, including but not limited to certain currency or derivative instruments. Please read a fund's prospectus for further details.

SFDR: An EU regulation on sustainability-related disclosures. It sets out rules for financial market participants and financial advisers on transparency with regulation to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products.

Notes:
1 Fund name changed from BlueBay Emerging Market Absolute Return Bond Fund on 17/09/2018.
2 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
3 As at 31 May 2025, the frequency for risk statistics was changed from using weekly to monthly data points as the basis for calculation. Risk statistics are annualized and calculated using weekly data points since inception. Risk statistics will be produced once there are 12 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 annualized in accordance with current industry standard reporting practices
4 Exposure is calculated by dividing positions (gross long, gross short, net) by NAV, with exposure measured by market value for cash products, ten year bond equivalents for interest rate derivatives and delta adjusted notionals for other derivatives
5 The Fund AuM is stated on a T+1 basis and includes non-fee earning assets
6 Weighted Yield to Maturity (%) excludes distressed names.
7 Fundamental ESG (Risk) Rating: ESG evaluations generate two ESG metrics, with both metrics are derived from a proprietary framework applied by the BlueBay fixed income platform. One being the Fundamental ESG (Risk) Rating, which is assigned at an issuer level. Categories range from 'very high' ESG (Risk) Rating to 'very low' ESG (Risk) Rating and is a function of the ESG risk profile of an issuer and how well it manages these risks. ESG evaluations are only completed for in scope strategies, for specific issuer and security/instrument types and certain investment exposures.
8 Investment ESG Score: ESG evaluations generate two ESG metrics, with both metrics are derived from a proprietary ESG framework applied by the BlueBay fixed income platform. One being the Investment ESG Score, which refers to the extent to which the ESG risk factors the issuer is exposed to are considered to have any financial/investment relevance and materiality. Scores range from '+3' through to '-3' indicates the extent to which ESG is considered investment material, as well as the nature and likely magnitude of the investment impact. An 'Indicative' Investment ESG Score is the assigned score at the time of initial ESG analysis and is more reflective of issuer level investment materiality of the ESG risks as there is not necessarily a specific security being considered for investment. For this reason, the actual 'security' level Investment ESG Score assigned for a specific investment may be different from the indicative one assigned, as that is more reflective of the view of ESG risks at an issue/instrument level**.** ESG evaluations are only completed for in scope strategies, for specific issuer and security/instrument types and certain investment exposures.

Source: All data unless otherwise specified is sourced from RBC Global Asset Management, as at 31st October 2025