BlueBay's Multi-Asset Decision Group

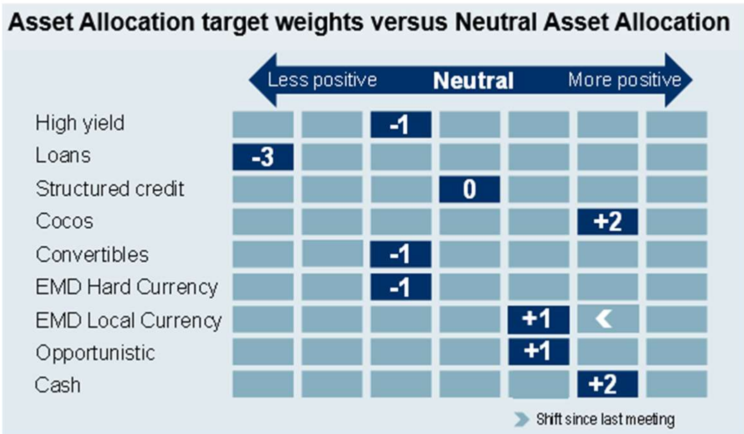
Views as at 31st August 2023

Background: BlueBay's Multi-Asset Decision Group (MADG) determines the allocation between the underlying asset classes as well as capital preservation hedging for the multi-asset credit funds. MADG is headed by Raphael Robelin, Head of Multi-Asset Credit, and takes input from a wide variety of sources to determine market direction and drivers.

Active asset allocation views versus the Neutral Asset Allocation

All of BlueBay's multi-asset funds have a 'Neutral Asset Allocation', which represents a long-term mix of asset class weights that we believe will meet performance and risk targets over a credit cycle. BlueBay calibrates asset class views on a -3 to +3 scale and we would expect to be overweight, versus the Neutral Asset Allocation, asset classes with positive scores, and vice versa.

Meeting summary



Discussions at this month's meeting centred on whether we are witnessing a potential re-assertion of US exceptionalism. Indeed, strong labour market and consumer data continue to indicate that the economy is failing to show signs of weakening despite the staggering levels of policy tightening over the past 18-months. Nonetheless, MADG questioned if growing wage pressures could be a first potential sign of future weakness in the medium to long term.

As we move away from a slower summer period into the final third of 2023 the macro-economic backdrop clearly remains uncertain. While after a likely pause in September, Federal Reserve Chair Powell hinted that additional tightening might be in the cards, the European Central Bank's increased awareness of downside economic risk coupled with softer economic activity and inflation prints suggests that they will adopt a less hawkish stance and that rates may have already peaked. Nevertheless, what has become apparent is that on both sides of the Atlantic policy is very data dependent and that predictions for rate cutting have been pushed back as we expect rates to be higher for longer, sitting at around 3-4%.

In terms of positioning, currently the Strategy's beta (versus the Neutral Asset Allocation) remains around 1, with our key overweight exposures continuing to be our highest conviction asset classes, namely EMD local currency and financial capital (Cocos) bonds. In this context, MADG's discussion revolved around if, given the backdrop outlined above, these investment theses still stand. As a result, the only action taken at the meeting was to hedge a portion of the EM FX overweight exposure, moving the exposure against the EUR (more on that below) and to reduce some of the overweight exposure.

Asset class views

High Yield	▪ MADG remain underweight high yield. ▪ High yield has been remarkably stable in the face of decelerating data. Yields have traded within a much tighter range than the 20-year average range. MADG observed that credit fundamentals are only deteriorating slowly and from a solid base. Nonetheless, we remain vigilant around the longer-term effects of tougher credit conditions, which historically have been negative for high yield spreads and anticipate a slow and steady rise in default rates due to the low level of near-term maturities and the absence of a large problematic sector.
Bank Loans	▪ MADG hold no exposure to bank loans. ▪ MADG are consciously aware of the refinancing risk growing in the market. That is to say, the relative cost of debt has increased given the movements higher in rates and we expect a growing number of companies to struggle to comfortably meet their new, higher coupon payments after refinancing. When this factor is combined with MADG's expectation for a challenging environment ahead for weaker, highly leveraged companies, we expect a difficult period ahead for leveraged loans.
Structured Credit	▪ MADG hold a neutral exposure to securitized credit. ▪ Following a strong first half of the year, MADG now feel the asset class is fairly priced. As a result, we have begun reducing exposure to BBB opportunistically, rotating up the capital structure and adding more exposure to AAA in both Europe and the US. This provides us flexibility to potentially re-engage should we see weakness in the future, but without giving up carry in the short term.
Convertible Bonds	▪ MADG remain underweight in convertibles. ▪ Although convertible bonds performance proved disappointing in comparison to global equity markets market sentiment remained firm with embedded options valuations richened in a higher volatility environment and the primary market was met by strong demand. ▪ Overall, risk premia are generally too low for equities, credit, and bonds. There seems to be a large disconnect between the low level of equity volatility and the degree of economic uncertainty. We also note that bond markets with inverted yield curves continue to price a recession whilst other assets are pricing in a much rosier economic outcome.
Financial Capital Bonds/Cocos	▪ MADG continue to hold an overweight in cocos. ▪ We continue to be encouraged by the strength of the banking sectors underlying fundamental strength, particularly as European banks remain well provisioned and should continue to benefit from the high-rate environment. The Q2 results should again be a clear signal to markets that banks remain somewhat mispriced following the events of SVB and Credit Suisse earlier in the year. ▪ MADG's view is that the fundamental resilience of banks is not being fully reflected in valuations, which continues to be a frustration, but one we are confident should correct over time. Even in light of a possible recession, the sector will be coming into the economic downturn from a position of strength. Furthermore, our focus on national champions and superior bond structures should outperform should more challenging times materialize.

Emerging Market Debt (EMD)

- **EMD Hard Currency:** MADG remain underweight EMD hard currency. At the asset classes level, MADG continue to have a bias towards sovereigns over corporates, especially with regards to corporates that are operating in a high domestic rates environment. MADG note the success of our bias towards more idiosyncratic issuers this year and remain confident in that trade. Additionally, given meaningfully inverted interest rate curves, we've began to find interesting opportunities in the shorter end, where risk-adjusted returns looks attractive.
- **EMD Local Currency:** MADG have reduced their overweight exposure.
- Local currency EMD has been for the first part of the year MADG's core conduit for expressing their view on the direction of inflation and growth. That said, with the potential return of US exceptionalism and question marks around global growth, this thesis appears challenged. As such, we have made the decision to halve our overweight to local currency.
- At the asset class level, we continue to favor the rates component. With meaningfully position real rates across EM countries, the scope for EM central banks to cut rates should provide a tailwind to local rates as inflation cools further. On the FX side, taking into account some renewed dollar strength, MADG has decided to tactically move a portion of our exposure from against the US dollar to against the Euro via an overlay hedge.

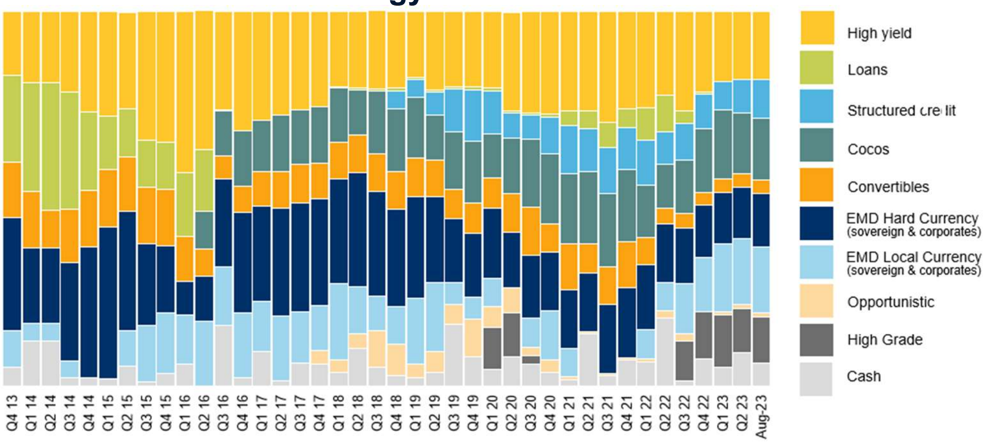
High Grade

- MADG continue to hold an allocation to high quality developed market investment grade names. This is exclusively coming via the primary market at attractive concessions from fundamentally strong issuers. With the expectation for a more challenging period ahead, this exposure affords MADG the ability to increase the Strategy's quality and liquidity profile, without sacrificing yield meaningfully. We expect record levels of issuance in September and as such will be looking out for further opportunities to add here.

Hedges

- MADG continue to hold a short position in Japanese government bond futures given our previously flagged expectation for further yield curve control tweaks. A iTraxx Crossover position is also still held to protect the Fund should European corporate spreads widen; a growing concern of MADG given the renewed Chinese economic weakness, energy concerns and lack of Russia-Ukraine clarity.

BlueBay Total Return Credit Strategy – evolution of asset allocation



Source: RBC Global Asset Management, as at 31 August 2023. There is no assurance that any of the trends depicted or described herein will continue.

Fund risks At times, the market for emerging market bonds, high yield bonds or convertible 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 high yield bonds offer 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
- 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

A summary of investor rights can be obtained in English on www.bluebay.com/investorrights. It is important to note that the Fund Management Company may terminate arrangements for marketing under new Cross-border Distribution Directive denotification process. Recipients are strongly advised to make an independent review with their own advisors and reach their own conclusions regarding the investment merits and risks, legal, credit, tax and accounting aspects of all transactions. Please refer to the prospectus of the UCITS/ AIF and to the KIID, if applicable, before making any final investment decisions.

This document was prepared by RBC Global Asset Management (UK) Limited (RBC GAM UK), authorised and regulated by the UK Financial Conduct Authority (FCA), registered with theUS Securities and Exchange Commission (SEC) and a member of the National Futures Association (NFA) as authorised by the US Commodity Futures Trading Commission (CFTC).In the United States, this document may also be provided by RBC Global Asset Management (U.S.) Inc. ("RBC GAM-US"), a SEC registered investment adviser. The entities noted aboveare collectively referred to as “RBC BlueBay” within this document. The registrations and memberships noted should not be interpreted as an endorsement or approval of RBC BlueBay bythe respective licensing or registering authorities.With respect to the investment performance presented, past performance is not indicative of future performance. Actual account performance may or will vary from the performance shownbecause of differences in market conditions; client-imposed investment restrictions; the time of client investments and withdrawals; tax considerations; economies of scale; portfolioturnover; the number, type, availability, and diversity of securities that can be purchased at a given time; differences in the underlying currency of the assets in the account, and otherfactors. Client assets managed using these strategies in separate accounts or different vehicles may be subject to restrictions, fees or expenses that are materially different than thosefound in the non-US funds.This document is confidential and, without RBC BlueBay’s consent, may not be (i) copied, photocopied or duplicated in any form by any means or (ii) distributed to any person that is notan employee, officer, director or authorized agent of the recipient.Information herein is believed to be reliable but RBC BlueBay does not warrant its completeness or accuracy. This document contains information collected from independent third-partysources. For purposes of providing these materials to you, neither RBC BlueBay nor any of its affiliates, subsidiaries, directors, officers, or employees, has independently verified theaccuracy or completeness of the third-party information contained herein.The information contained herein does not constitute investment, tax, accounting or legal advice. Recipients are strongly advised to make an independent review with their own advisorsand reach their own conclusions regarding the investment merits and risks, legal, credit, tax and accounting aspects of all transactions. Any risk management processes discussed refer toefforts to monitor and manage risk but should not be confused with and do not imply no or low risk. No chart, graph, or other figure provided should be used to determine which strategiesto implement or which securities to buy or sell. RBC Global Asset Management (RBC GAM) is the asset management division of Royal Bank of Canada which includes RBC Global Asset Management(U.S.) Inc. (RBC GAM-US), RBC Global Asset Management Inc., RBC Global Asset Management (UK) Limited and RBC Global Asset Management (Asia) Limited, which are separate,but affiliated corporate entities. ® / Registered trademark(s) of Royal Bank of Canada and BlueBay Asset Management (Services) Ltd. Used under licence. RBC Global AssetManagement (UK) Limited, registered office 77 Grosvenor Street, London W1K 3JR, registered in England and Wales number 03647343. The investment products described herein may be private investment funds, registered funds, and/or managed accounts, collectively referred to as “Alternative Investments.” Suchinvestments may invest and trade in many different markets, instruments or may utilize different strategies than used by traditional investments. Such trading methodologies are dependentupon their Alternative Investment’s investment objectives. These are NOT subject to the same regulatory requirements as mutual funds, including such funds’ requirement to providecertain periodic and standardized pricing and valuation information to investors. There are substantial risks with investing in Alternative Investments. Each Fund’s Offering Documentscontain important information concerning risk factors, including a more comprehensive description of the risks and other material aspects of the investment (including a Fund’s investmentprogram and applicable fees and expenses), and should be read carefully before any decision to invest is made by you.You should carefully note the following:• An Alternative Investment represents a speculative investment and involves a high degree of risk. Investors must have the financial ability, sophistication, experience and willingnessto bear the risks of an investment in an Alternative Investment. An investor could lose all or a substantial portion of his/her/its investment.• An investment in an Alternative Investment should be discretionary capital set aside strictly for speculative purposes.• An investment in an Alternative Investment is not suitable for all investors. Only qualified eligible investors may invest in an Alternative Investment.• An Alternative Investment’s offering documents are not reviewed or approved by federal or state regulators and its privately placed interests are not federally or state registered.• An investment in and Alternative Investment may be illiquid and there are significant restrictions on transferring or redeeming interests in an Alternative Investment. There is nosecondary market for an investor’s investment in an alternative investment and none is expected to develop. Substantial redemptions by shareholders within a limited period of timecould compel an Alternative Investment to liquidate its positions more rapidly than otherwise would be desirable, which could adversely affect the value of the distribution proceedsand the value of the remaining interests in an Alternative Investment.• The net asset value of an Alternative Investment may be determined by its administrator in consultation with its manager or advisor in certain cases. Certain portfolio assets may beilliquid and without a readily ascertainable market value. Since the value assigned to portfolio investments affects a manager’s or advisor’s compensation, the manager’s or advisor’sinvolvement in the valuation process creates a potential conflict of interest. The value assigned to such portfolio investments may differ from the value an Alternative Investment isable to realize.• An Alternative Investment’s manager or advisor has total trading authority over the Alternative Investment. The death or disability of the manager or advisor, or their departure, mayhave a material adverse effect on an Alternative Investment. The use of a single advisor applying generally similar trading programs could mean lack of diversification and,consequentially, higher risk.• An Alternative Investment may use a complex tax structure, which should be reviewed, and may involve structures or strategies that may cause delays in important tax informationbeing sent to investors.• The Alternative Investment’s fees and expenses which may be substantial regardless of any positive return will offset such Alternative Investment’s trading profits. If an AlternativeInvestment’s investments are not successful, these payments are expenses may, over a period of time, deplete the net asset value of an Alternative Investment.• An Alternative Investment and its managers/advisors may be subject to various conflicts of interest.• The fund may be leveraged.• The fund's performance can be volatile.• A substantial portion of the trades executed for the fund takes place on foreign exchangesThe above summary is not a complete list of the risks, tax considerations and other important disclosures involved in investing in a Private Fund and is subject to the more completedisclosures in such Fund’s offering documents, which must be reviewed carefully prior to making an investment. For a copy of the fund’s offering documents, please contact please contactrbcgamusinfo@rbc.com.RBC Global Asset Management (U.S.) Inc.,50 South Sixth Street, Suite 2350,Minneapolis, MN55402. An affiliate of RBC Capital Markets, LLC.