Five years of Event-Driven Credit

A team built for complexity, capturing opportunity, and delivering through cycles

For Professional Investors Only | Marketing Communication

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As our Event-Driven Credit Fund team notch up a 5-year anniversary, we take a look at the key attributes that lie behind an impressive performance to date. Dedicated to capitalising on the special situations opportunity set within the European mid-market, we share our thoughts on the current portfolio and an exciting investment landscape ahead.

Key takeaways:

- Navigating unprecedented macroeconomic challenges, the team has delivered an impressive 5-year performance track record, uncorrelated with major indices.
- Our success is driven by experience, infrastructure, and a robust investment process, but with discipline and a downside protection mindset in all that we do.
- We see an exciting time for the Fund ahead, with an expected rise in European debt restructuring activity in 1H 2026, framing our current portfolio positioning.

Five years ago, we assembled a dedicated team to capitalise on the special situations opportunity set within the European mid-market – a part of the market where companies are less resilient to macro shocks and are more reliant on the banks, who are less willing to support stressed and distressed companies.

Since then, our Special Situations investment team has navigated unprecedented challenges: from the lingering impacts of the Covid-19 pandemic to supply shocks, the Russia-Ukraine conflict and hyper energy inflation, the rate cycle, and, more recently, US tariff uncertainty.

Despite these headwinds, the Event-Driven Credit Fund has delivered an impressive +92% return (USD, hedged net of fees, performance for 61 months through to 31 October 2025, Chart 1). Crucially, this return has been driven not by market beta but by hard catalysts, negotiated outcomes, and idiosyncratic credit events. The Fund's performance is further validated by its low correlation to major indices as seen in the table.

Our success stems from three key attributes:

1. **Experience:** with an average of 26 years of experience (as of October 2025), our team is one of the most seasoned in European special situations.
2. **Infrastructure:** we leverage the robust RBC BlueBay network to enhance our capabilities.
3. **Investment process:** our deep credit underwriting and collaborative team spirit drive informed, repeatable, and strategic decisions.

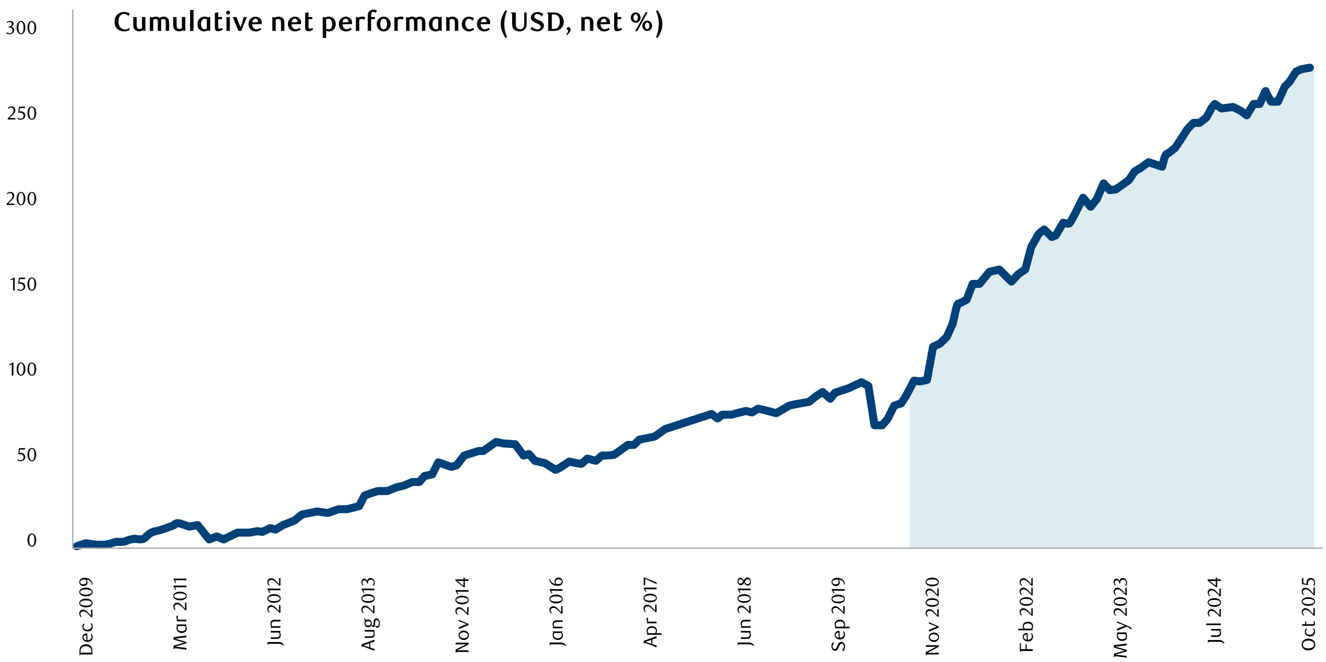
The Fund invests across five sub-strategies including stressed, distressed, event-driven, core income and credits shorts. Our investment philosophy centres on a disciplined approach to embed a downside protection mindset in all that we do, ensuring that the magnitude of our winners far outweighs that of our losers. As illustrated in Chart 2, this is achieved through meticulous credit underwriting, a process that has been refined over the years and is deeply ingrained in our team's DNA. While we typically have a preference for 1st lien or senior secured for defensive purposes, we have the ability to invest right across the capital structure when our investment edge merits the opportunity.

	5-year correlation
S&P 500	0.15
ICE BofA Global HY	0.13
Bloomberg Global Aggregate	-0.09

Source: Bloomberg, as at 30 September 2025.

Chart 1: Our Fund has delivered impressive performance over the past 5 years.

Past performance is not indicative of future performance.



Notes: Shaded area denotes period 30 September 2020 to 31 October 2025. To provide representative comparison for a typical investor, the performance represents the actual net performance of the USD F Share Class as of Feb 2023 (1.25% management fee and 20% performance fee); Correlation of monthly returns over prior 3 years. The history of the performance is based on the following share classes hedged to USD (assuming a perfect hedge); A Share Class GBP over the period December 2009 to January 2014 and net returns of the C Share Class GBP from February 2014 to July 2015. C shares are not subject to standard management and performance fees. From August 2015 to November 2016 performance figures are based on the net returns of the A Share Class GBP, from December 2016 to January 2023, the net returns of the A Share Class EUR and from February 2023 onwards performance figures on based on the net returns of the USD F share class. Returns may increase or decrease as a result of currency fluctuations.

Source: RBC GAM, as at 31 October 2025

A key example of our approach in action is our investment in BOS, a German mid-market auto parts business which faced challenges due to a weaker and more competitive end-market operating environment, overspending on product development and an upcoming debt maturity. Through our banking network we had the opportunity to purchase bank debt at a significant discount in which we were creating the business at an extremely low multiple.

We were able to solve the upcoming maturity by introducing the company to a boutique Nordic bank to refinance the debt in the Nordic bond market. A successful exit saw our investment taken out at par value, achieving a material return. To our knowledge we were the only secondary creditor in this business, highlighting the differentiated opportunities that investors have exposure to within our Fund.

Chart 2: Investment philosophy and repeatable process

STRESSED

- Intrinsically cheap bank debt or bonds
- Companies do not need to restructure
- Instruments likely to be performing (paying interest/coupons)
- Prices expected to revert to par

- **Hold Period: 3–24 Months**
- **IRR[1]: 12–20% (gross)**

DISTRESSED

- Bank debt or bonds at deep discounts
- Companies need to restructure
- Debt-for-equity swaps
- Active sub-strategy – participation in AHGs or Steering Committees

- **Hold Period: 12–36 Months**
- **IRR[1]: 20–30% (gross)**

EVENT DRIVEN

- Bank debt, bonds and equity positions
- Specific near-term events or catalysts
- Catalysts include: M&A, change of control, asset sales, equity infusion, ratings upgrades or improved performance

- **Hold Period: 3–24 Months**
- **IRR[1]: 15–20% (gross)**

CORE INCOME

- Higher yielding performing credit
- Low levered companies
- Dynamic positioning reflecting view on underlying market
- Focus on both carry and tactical market beta

- **Hold Period: 3–24 Months**
- **IRR[1]: 8–12% (gross)**

CREDIT SHORTS

- Alpha shorts – bonds or CDS
- Over-leverage, cyclical/secular pressures, cost inflation or other operational challenges
- Market hedges inc. iTraxx Crossover + other hedges

- **Hold Period: 3–12 Months**
- **IRR[1]: 15–20% (gross)**

Source: RBC GAM, as at November 2025. For illustrative purposes only. The investment philosophy and example metrics shown are not intended as investment advice, a recommendation or an indication of future performance.

Current portfolio and outlook

Today, our portfolio reflects the evolving landscape of European credit markets (Charts 3 and 4). We have increased our exposure to distressed opportunities, reflecting the investment opportunity set we see today. Whilst equity market levels and credit market spreads remain close to their respective highs and tights, levels of bifurcation remain elevated in Europe.

Europe continues to face challenges, particularly in Germany, UK and France due to anaemic economic growth, the ongoing Russia-Ukraine conflict and its impact on energy costs, in addition to the uncertainty surrounding US President Trump's foreign and fiscal policy agendas. Additionally, the rise of aggressive Liability Management Exercises (LMEs), co-operative agreements, and complex legal rulings in larger structures is adding to the difficulties, making the European mid-market a more attractive and simpler operating environment.

"Whilst equity market levels and credit market spreads remain close to their respective highs and tights, levels of bifurcation remain elevated in Europe."

Restructuring advisers are predicting a rise in European debt restructuring activity during the first half (1H) of 2026, as companies continue to grapple with financial challenges arising from high leverage and interest cost in particular. While the prevalence of amend-and-extend deals in 2025 has provided some temporary relief, the thorny issue of underlying debt burdens remains. Addressing this, in 2026 we expect to see more comprehensive restructuring solutions evolve as companies seek sustainable financial structures (Chart 5).

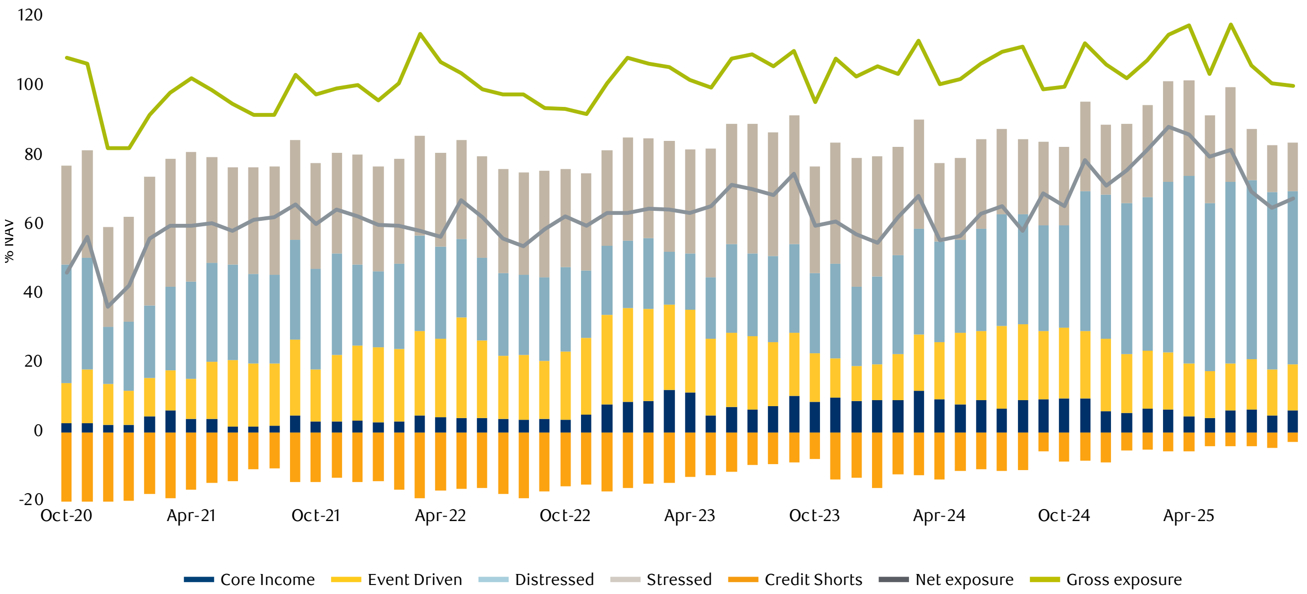
[1] IRR values are targets only and based on certain facts and assumptions. No representation is being made that the Fund will or is likely to achieve profits or losses similar to those shown.

Finally, we believe that private credit and private equity could become an even bigger source of opportunity. Whilst we have seen the first signs of stress and distress in the US with First Brands and Tricolor's demise, we are yet to see this in Europe. The growth of continuation funds and NAV lending highlights the challenges of exiting investments in the current market environment, and we believe we could become a beneficiary of this as more private equity investments unwind and as the fallout from private credit accelerates.

As we move forward, our team remains focused on our core strengths: experience, infrastructure, and a robust investment process. We are confident that our approach will continue to deliver strong risk-adjusted returns for our investors, even in the face of market complexities and uncertainties.

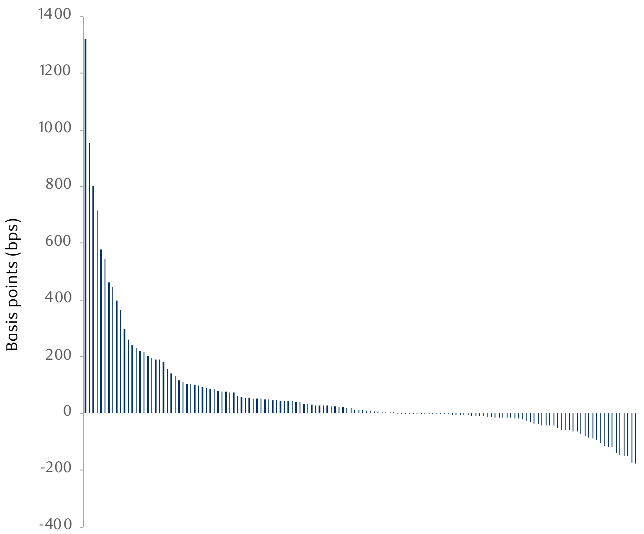
> **"We are confident that our approach will continue to deliver strong risk-adjusted returns."**

Chart 3: Evolution of sub-strategy exposures since October 2020



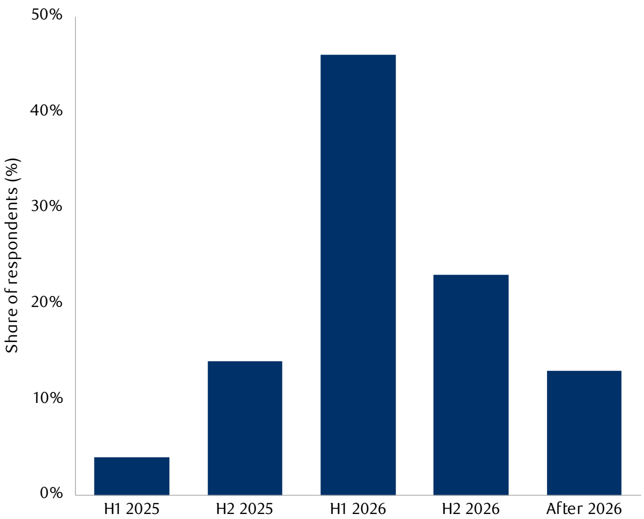
Source: RBC GAM, as at 31 October 2025. The strategy exposure figures provided above reflect BlueBay's computation of the allocation to each strategy identified. They do not include the application of fees and expenses. Portfolio normally 80% long and 20% short; sub-strategy allocations based on bottom-up opportunities.

Chart 4: Contribution by issuer since October 2020



Source: RBC GAM, as at 30 September 2025.

Chart 5: Restructuring activity expected to peak in 1H 2026



Source: Bloomberg, as at 13 November 2025.
Share of respondents according to EY-Parthenon.

Key Risks associated with this Fund

For further terms related to the objective, investment policy and overall risk and reward profile please refer to the prospectus.

Nature of Investments Risk:
The Fund may invest in sub-Investment Grade corporate debt securities. The lower rating attached to sub-Investment Grade securities reflects a greater probability that adverse changes in the financial condition of the issuer may impair the ability of the issuer to make payments of principal and interest.

Investment in Unlisted Securities:
The Fund may invest in unlisted securities. Because of the absence of any trading market for these investments, it may take longer, or may not be possible, to liquidate these positions. Accordingly, the ability of the Fund to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments.

Derivatives Risk:
The Fund may utilize both exchange-traded and OTC derivatives, including, but not limited to, Total Return Swaps, futures, forwards, swaps, options and contracts for differences. These instruments can be highly volatile and expose investors to a high risk of loss, and particularly so to the extent uncleared.

Liquidity Risk:
Reduced market activity or participation and increased market restrictions or impediments may result in greater liquidity risk. During extreme market conditions securities that would normally be liquid may become more illiquid. It may be difficult for Shareholders to collect redemption proceeds in a timely manner.

Short selling Risk:
A short sale creates the risk of an unlimited loss. There can be no assurance that the security necessary to cover the short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Capital at risk. The value of investments can fall and you may not get back the amount originally invested.

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Net performance figures reflect the reinvestment of all dividends and earnings, and the deduction of investment management and performance fees. In addition, the typical fees and expenses charged to a fund will offset the fund's trading profits. The specific fee structure is detailed in the fund's offering materials and/or prospectus.

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