RBC BlueBay
Asset Management

BlueBay Impact-Aligned Bond Fund

Maintaining momentum

Leveraging public debt markets for a sustainable and resilient future

Sustainability Impact Report
July 2023 - June 2024

Marketing communication

Contents

Where this report references BlueBay, this is referring to the BlueBay global fixed income investment platform.

In this document, references to RBC Global Asset Management (GAM) includes the following affiliates: RBC Global Asset Management Inc. (including Phillips, Hager & North Investment Management), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited (RBC GAM UK), and RBC Global Asset Management (Asia) Limited, which are separate, but affiliated subsidiaries of Royal Bank of Canada (RBC).

In 2022, BlueBay Asset Management LLP (BlueBay LLP) operated as a separate but affiliated legal entity of RBC Global Asset Management. As part of a strategic decision to integrate some of the operating aspects within the asset management business of RBC, effective 1 April 2023, BlueBay and RBC GAM UK consolidated the businesses' UK legal entity structures, with BlueBay transferring its business to RBC GAM UK, including the consolidation and operational integration of the control functions. The RBC GAM UK equity, and BlueBay fixed income investment teams were brought under one structure (RBC GAM UK) while maintaining distinct equity and fixed income platforms. The EMEA APAC regional business is now referred to as RBC BlueBay Asset Management (RBC BlueBay).

A note on ESG information and terminology

ESG information

This report includes both quantitative and qualitative ESG data sourced from third-party ESG providers. The data reported relates to the issuer – even where it refers to investments in ESG-labelled issuances – unless otherwise stated. Summary details of methodologies associated with the metrics reports are included in section 6.2 of the Appendix, with further information available directly from the public disclosures of third-party providers.

The data used in the analysis throughout the report is based on portfolio holdings as at 28 June 2024, unless stated otherwise. Where 'previous' is referenced, this is referring to the data for the previous reference year end (30 June 2023), unless otherwise stated.

The BlueBay Impact-Aligned Bond Fund is an actively managed, total return strategy, which does not have an official benchmark. However, for illustrative purposes, in some instances, we have included a comparison against a broad global investment grade corporates market, the Bloomberg Global Aggregate Corporate Index ("Broad Market Global IG Corps Index"). The index has been selected as it best represents the primary investable universe of the portfolio. We appreciate that this comparison can be helpful to investors despite there being meaningful differences in weightings in certain sectors between the fund and illustrative index.

The climate-related and sustainability-related analysis for the portfolio and index is shown purely for illustrative purposes, and the strategy does not necessarily have an objective or requirement related to specific metrics. However, the analysis provides an illustrative example of one way to consider how investments in the portfolio are performing/contributing to these ESG/sustainability-related characteristics, using a third-party analytical tool. In all instances, both portfolio and index information were calculated for the same reference period stated. Past information and results are not a guide to future performance.

Where specific issuers are named and profiled, these may not have been held in the portfolio during the reference period but may be highlighted as they are relevant to the strategy's investment universe. In other instances, they may relate to issuers which will have been held (or may remain holdings) at some point during the reference period. The information provided is to illustrate the investment process of the Impact-Aligned Bond strategy at BlueBay and should not be deemed a recommendation to buy or sell any security or financial instrument.

Responsible Investment-related activities reported (including analysis and engagements) are provided as illustrative examples and do not necessarily represent a complete list of those carried out during the reference period. Where data is provided on ESG engagement activities, it is likely the data provided may understate our actual instances of ESG engagement, as not all engagements are necessarily documented (e.g. ESG was not a material part of a discussion, or because documentation is conducted on a best-efforts basis). Engagement data reported is related to issuer ESG engagements (related to either bilateral or collaborative efforts) only, although there may have been engagement with other stakeholders during the reference period. The data refers to the number of ESG engagement instances with issuers (of relevance to the investable universe) that were either held or not held in the portfolio during the period. ESG engagements may be tagged under multiple ESG topics.

Where the report references industry affiliations/professional associations, these are not an endorsement by any third-party to invest with RBC GAM (UK) Limited and are not indicative of future performance. Investors should not rely on awards/industry affiliations/professional associations for any purpose and should conduct their own review prior to investing. Some memberships/affiliations require a fee payment and confer benefits to investor members, such as access to resources and support to facilitate ESG incorporation efforts and attendance at convened events. Unless otherwise stated, the signatory/membership status is with RBC GAM and related to the organisation, and is not related to funds. Further information is available upon request (noting that in many instances information will be available directly from public disclosures of the organisation itself).

Glossary of key ESG terms

'Environmental, social and governance' ("ESG") refers to a set of factors – environmental, social and governance-related – that may be considered in investing.

- *Environmental* factors refer to how an issuer interacts with the environment and vice versa. Examples include climate change and natural resource management.
- *Social factors* refer to how an issuer interacts with its employees, customers, and communities. Examples are labour practices and community relations.
- *Governance* factors refer to how the issuer governs itself. Examples include board structure and independence, and bribery and corruption.

ESG integration refers to the ongoing incorporation of material ESG factors into investment decision-making, with the aim of identifying potential risks and opportunities and improving risk-adjusted, long-term returns. On the BlueBay global fixed income investment platform, issuers are assessed using BlueBay's proprietary ESG evaluation framework, which results in the generation of two ESG metrics, the 'Fundamental ESG (Risk) Rating' and the 'Investment ESG Score':

- *Fundamental ESG (Risk) Rating*: this is assigned at an issuer level. Categories range from 'very high' ESG (Risk) Rating to 'very low' ESG (Risk) Rating. It is a function of the ESG risk profile of an issuer and how well it manages these risks.
- *Investment ESG Score*: the Investment ESG Score 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' and indicate the extent to which ESG is material from an investment perspective, 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 the issuer level investment materiality of 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.

Further information is available upon request.

ESG engagement refers to communication between investors and the boards, management teams or other applicable representatives of the issuer, as well as other stakeholder groups (e.g. policymakers, regulators or other investors) of relevance to the issuer.

- Engagement for *'insight'* (i.e. information gathering) usually occurs to better understand a company's approach to material ESG risks or opportunities, where there is not necessarily any objective to encourage change.
- Engagement for *'influence'* is where there is an explicit objective to encourage companies to consider adopting better ESG practices (e.g. seeking better disclosure of material ESG risks and opportunities, or encouraging more effective management of material ESG risks, particularly where these are lagging peers) to help mitigate material ESG risks.

Where there is ESG engagement, a variety of engagement methods may be employed depending on a number of different factors and considerations, with the decision based on what investment teams consider to be most appropriate and effective for their desired engagement objective. The outcome of an engagement is generally not the sole factor in an investment decision. Instead, the information obtained from engagements on material ESG factors helps inform the investment case. Further information is available upon request.

With regard to climate change, **greenhouse gas (GHG) emissions** are gases that absorb infrared radiation in the atmosphere. There are four primary GHGs linked to climate change: carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), and fluorinated gases. In this report, references to carbon emissions refer to CO_2 equivalents (CO_2 eq.), which are inclusive of all GHG emissions. The Greenhouse Gas Protocol, an international accounting tool, categorises GHG emissions into three scopes: **Scope 1, 2 and 3. Scope 1 emissions** refers to direct emissions occurring from sources owned or controlled by an organisation. **Scope 2 emissions** are indirect emissions from the generation of purchased electricity, heat or steam by an organisation. **Scope 3 emissions** are indirect emissions resulting from sources that are not owned or directly controlled by an organisation, but that occur throughout their value chain. Third-party ESG information providers may assess companies against a range of different carbon-related analytical tools and metrics, based on their proprietary methodology. Details are provided in the relevant section of this report.

The **United Nations Sustainable Development Goals (UN SDGs)** outline the areas where action is required by all countries for peace and prosperity, and for people and the planet, now and into the future. More information on UN SDGs is available here. Third-party ESG information providers may assess companies on the alignment of their economic activities with the UN SDGs, based on their proprietary methodologies. Details are provided in the relevant section of this report.

1. Introduction

Welcome to our third sustainability impact report for the BlueBay Impact-Aligned Bond Fund, which covers the 12-month period from July 2023 to June 2024. This period marked a couple of important milestones. The fund now has a three-year track record, having celebrated its anniversary during early May 2024. We also passed the USD100 million AUM threshold during July 2023 and, as of 30 June 2024, the fund's AUM stood at USD156.3 million.

"We have assessed the fund's exposure to nature-related dependencies and impacts for priority sectors."

In terms of the ESG and sustainability characteristics of the fund, in section 2 of this report, we have summarised our theory of change for how we are seeking to have a positive impact and contribution. In section 3, we provide updates on the ESG and sustainability impact characteristics of the portfolio. In our reporting, we show the different impacts achieved by the assets we are invested in (the issuer/issue level) and how our investment activities contribute to achieving the impact (our investor contribution).

New to this year's report, in terms of nature-related risks, we have assessed the fund's exposure to nature-related dependencies and impacts for priority sectors. Additionally there is an exploration of how the portfolio's ESG-labelled issuances perform through a lens focusing at the asset/project level, as opposed to the issuer level, as well as mapping of alignment to the European Union's (EU) taxonomy-related activities.

From a performance perspective, we are pleased to report that during what has been a challenging macro geopolitical and economic environment globally, the fund has continued to hold its own (section 4). With dual goals of attaining positive impact and returns, we ended the reference period with the fund generating 6.87% over the 12 months to the end of June 2024 versus the Broad Market Global IG Corps Index return of 6.25%.

As we look forward (section 5), macro geopolitical and economic headwinds are likely to continue to distract and split the priorities of governments and policymakers around the world. During 2024, almost half of the world's population voted in national elections. Not all of the outcomes of those elections have been favourable for the positive directionality of sustainability. It is clear that the short to medium-term macro environment remains challenging when it comes to sustainability-related priorities.

However, we maintain that there is no denying the long-term structural tailwinds of innovation, which continue to provide a business case for more sustainable technologies, and the need to tackle social and economic inequalities to mitigate the resulting heightening social unrest. These may manifest in mass demonstrations and protests as well as work stoppages and strikes. So for us, it remains a question of 'when' and not 'if' we take further tangible steps to a more sustainable world. As such, we will continue to implement the strategy and work with our investors and other key stakeholders, as we look to invest over the long term.

The BlueBay impact-aligned investment team

Tom Moulds
Managing Director,
Senior Portfolio Manager

My-Linh Ngo
Senior Director
& Impact-Aligned Strategist,
Responsible Investment

Harrison Hill
Portfolio Manager

Robert Lambert
Portfolio Manager

[1] Elections in 2024 and global politics (reuters.com).

2. Approach to making positive impact and contribution

The BlueBay impact-aligned bond strategy seeks to have a positive impact on those in society and the environment, as well as to generate attractive risk-adjusted returns for clients. Our belief is that society will increasingly come to recognise the critical role such investments bring in enabling the sustainability transition and safeguarding economic prosperity, and this will increasingly be reflected in their market value and, accordingly, in the financial performance of the strategy.

2.1 The strategy's theory of change

A theory of change is essentially a description and illustration of how and why a desired change is expected to happen in a particular context[2]. In the case of the impact-aligned bond strategy of the fund, is an outline of how we believe our investment activities will link to the specific positive social and environmental outcomes and impacts we are targeting. Specifically, this means demonstrating how the environmental and social challenges we have identified are being addressed via our seven sustainability themes, which determine what investments we make, as well as the contribution from our investor activities.

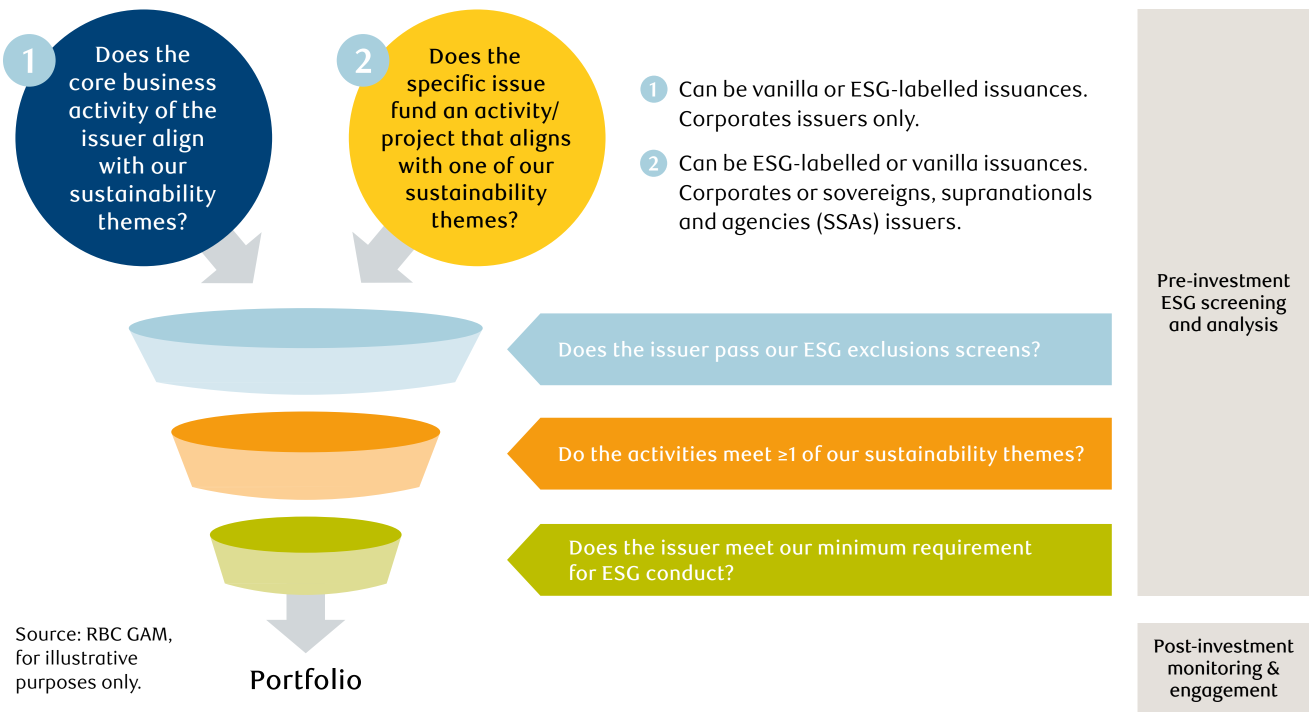
We recognise that the issuers and assets we choose to invest in are directly responsible for generating positive impacts and outcomes, and that our investor contribution to this occurs primarily through our stewardship engagement activities.

More broadly, we are wary of asserting that any specific investment action can be explicitly attributed to any particular positive impact and outcome, and that trying to prove causality – and the extent of this – would be difficult. However, we believe it is reasonable to assert that by directing our capital in the way we do, as a participant in the investment value chain, we are adding to an overall level of activity which facilitates the delivery of positive change.

> "We recognise that the issuers and assets we choose to invest in are directly responsible for generating positive impacts and outcomes."

Furthermore, our stewardship efforts with issuers in the fund and other key stakeholders in the market ecosystem, such as investors and regulators, can add to contributions that have already been made from investors and stakeholders on a particular topic. Collectively, these can potentially lead to changes in market practice, as well as policy and regulatory regimes which promote positive impacts and outcomes. By setting out our intention and showing how this feeds through to issuer selection and ultimately portfolio construction, as well as reporting on stewardship activities, we believe it is possible to see the contribution we are seeking to make or are already making.

How investments qualify – the two routes into the portfolio



Source: RBC GAM, for illustrative purposes only.

[2] [What is Theory of Change? - Theory of Change Community.]

The BlueBay impact-aligned bond strategy's theory of change

Key sustainability challenges

Our sustainability investment themes

- Achieving an inclusive society
- Building knowledge & skills
- Ensuring good health, safety & wellbeing
- Enabling a circular economy
- Promoting clean & safe energy
- Ensuring clean & plentiful water
- Promoting sustainable mobility & infrastructure

ESG & sustainability framework*

- **ESG exclusions** (product-based & norms-based)
- **Analysis of positive impact** of 1) issuer's economic activities or 2) the activities the instrument is funding / supporting
- **Analysis of overall issuer quality, including ESG** (Fundamental ESG (Risk) Rating)

Mechanisms for change available to us

- **Issuer-level investment selection** (inclusion / avoidance / divestment)
- **Security / instrument level investment selection** (e.g. primary (new funding) or secondary market; conventional bond or ESG-labelled debt)
- **Stewardship & engagement** (e.g. issuer / sectoral / policy / thematic level; non-issuer directed e.g. policymakers, regulators, civil society etc.)
- **Market signalling** (adding to overall investor signalling on our views)

Impacts (potential, illustrative)

Issuer and issue-level: e.g.
- Number of patients treated for ill health
- Number of students enrolled / graduated
- Number of people with access to affordable housing

Investor level: e.g.
Engagement efforts create an enabling policy & regulatory environment for issuers / instruments to prosper and realise positive impacts

Issuer and issue-level: e.g.
- Power generation from renewable energy sources
- Volume of waste recycled
- Volume of water saved / treated

Investor level: e.g.
Engagement efforts create an enabling policy regulatory environment for issuers / instruments to prosper and realise positive impacts

Outcomes (potential, illustrative)

High quality of life for people

A healthy natural environment

* Please refer to information in section 6.1 of the Appendix, on the strategy's overall ESG investment framework. Further details are available here: Sustainability related disclosures (RBC BlueBay).

Source: RBC GAM, 2024.

2.2 Issuer/issue-level impacts

The intention behind the strategy is to direct financial capital towards investments which themselves are delivering sustainable solutions. It seeks to do this via two possible routes: through funding issuers whose products and services promote more sustainable activities (our primary focus, and which is centered on companies), or issues where the proceeds are targeting positive activities (this second route allows for investments in either companies or non-company issuers, such as sovereigns or multilateral development banks which would not have qualified through the primary route).

Uniquely for fixed income markets, and as afforded by the strategy, we can provide capital to companies and sovereigns, supranationals, and agencies (SSAs) for specific activities which are aligned to our sustainability investment themes. Given such entities influence the operating environment within which the private sector works (in the case of governments, policymakers and regulators) or have the mandate to promote sustainable economic development (in the case of multilaterals and development banks), being able to direct funding towards such issuers is a critical complement to company funding.

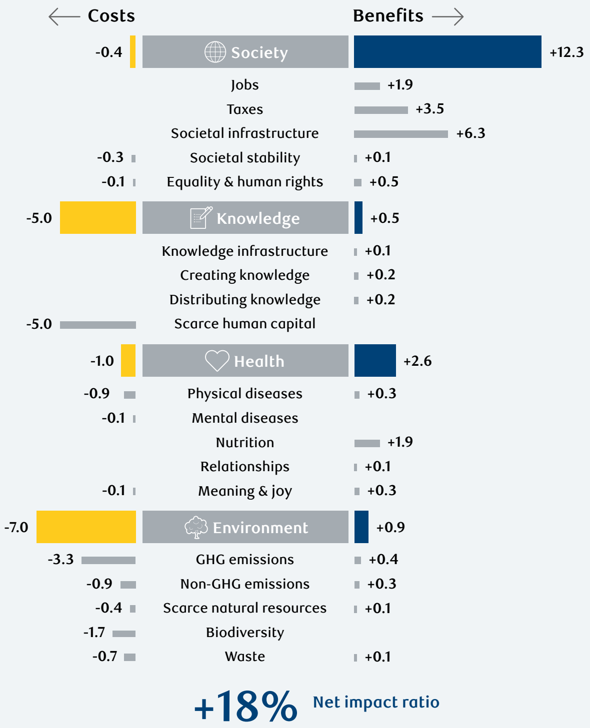
Our sustainability investment themes	**Ways our investments are providing solutions** (illustrative)	**UN SDGs** (illustrative)
Achieving an inclusive society Solutions promoting sustainable communities by ensuring inclusive and equitable access to essential services	▪ Offering affordable housing to facilitate social inclusion ▪ Delivering financial products & services to promote financial inclusion ▪ Providing telecommunication and technology products & services to facilitate digital inclusion ▪ Offering services supporting small-to-medium size and sustainable enterprises to promote vibrant economies	11 Sustainable cities and communities
Building knowledge & skills Solutions promoting empowerment and lifelong learning through education as well as training and development opportunities	▪ Providing solutions for the educational market to improve academic literacy and empower individuals to realise their potential, as well as contribute to society and the economy ▪ Offering vocational training products & services to promote continuous/lifelong learning and development	4 Quality education
Ensuring good health, safety & wellbeing Solutions enhancing health, safety and wellbeing, as well as facilitating healthy lifestyles	▪ Providing products & services to enable medical research to promote improved knowledge and improve the effectiveness and efficiency of healthcare services delivery to maximise patients' access and treatment ▪ Producing drugs, medical devices, and equipment to prevent or treat ill health to save lives and to improve quality of life ▪ Offering products to safeguard against death, ill health, and injuries in the workplace, whilst travelling or in other settings ▪ Providing products & services to promote healthier lifestyles and diet	3 Good health and well-being
Enabling a circular economy Solutions improving the quality of the environment through promoting sustainable consumption, and resource efficiency and stewardship	▪ Providing waste management and recycling services to minimise negative environmental impacts and increase circularity in material usage ▪ Offering products and services to tackle pollution, and conserve nature and biodiversity ▪ Providing environmental consultancy, testing, or monitoring services ▪ Improving the efficiency of processes to minimise environmental degradation ▪ Offering environmentally preferable products made from more sustainable materials which have a reduced environmental footprint	12 Responsible consumption and production
Ensuring clean & plentiful water Solutions promoting sustainable water stewardship as well as good sanitation	▪ Providing water management and sewerage services to enable access to clean and safe water, and promote water recycling services ▪ Offering water equipment & technologies which improve efficiency and promote better water usage	6 Clean water and sanitation
Promoting clean & safe energy Solutions enabling the low carbon transition through adoption of alternative energy solutions	▪ Providing alternative sources of energy, such as renewables, which are low or zero carbon ▪ Reducing the impact of energy generation with cleaner technologies ▪ Offering solutions to transition energy infrastructure towards lower carbon power generation	7 Affordable and clean energy
Promoting sustainable mobility & infrastructure Solutions facilitating shift to more sustainable transportation modes, buildings and infrastructure	▪ Offering products & services which promote mass transport solutions such as bus and rail to improve efficiency and reduce carbon emissions ▪ Providing technologies to reduce pollution from transportation ▪ Producing solutions to enable the shift to electrification to cut carbon emissions from transportation	11 Sustainable cities and communities

Source: RBC GAM, 2024. For information purposes only.

Issuer	
Issuer type	Sovereigns, supranationals and agencies (SSAs)
Qualification route	Route 2: issuance funding / supporting an activity contributing to the theme(s)
Business description	The African Development Bank Group (AfDB) is a multilateral development bank (MDB), promoting the investment of public and private capital in projects and programmes on the African continent.
Rationale – investment	The new sustainable hybrid bond issuance we invested in represented an attractive investment opportunity in an AA-rated instrument with compelling yield. The instrument structure enables AfDB to get full rating agency credit as equity and, as such, boost the lending capacity of the MDB. We believe the bond looked undervalued given the high credit rating of the issuer and high level of equity to assets, the broad sovereign support for AfDB, and its value relative to its seniors and other subordinated instruments.

Net Impact Profile

The AfDB has a net impact ratio (NIR) of +18%, meaning its positive impact is 18% larger than its negative impact, largely driven by the positive societal infrastructure impacts its activities facilitate.



Source: The Upright Project, as at 30 June 2024. The NIR approach is used to evidence investee impact, with such analysis having been conducted post-investment, although it may subsequently potentially input into ongoing investment decision-making.

Rationale – sustainability

Facilitating financial inclusion

The AfDB's mandate is to contribute to sustainable economic development and social progress in the region. Core areas of focus include poverty reduction, climate change, health, access to energy, infrastructure and reducing inequalities such as gender, in line with the United Nations Sustainable Development Goals (UN SDGs).

Key highlights*:

- Whilst Africa accounts for <4% of global greenhouse gas (GHG) emissions, the continent is highly vulnerable to the adverse impacts of climate change, which threaten its economic development and could reverse recent years' progress.
- AfDB's five strategic priorities are intended to help Africa achieve 14 of the 17 SDGs and close to 90% of the SDGs, and are intrinsically linked to the African Union's Agenda 2063.
- The AfDB has been issuing sustainable finance instruments since 2013, focusing on use-of-proceeds issuance such as green bonds, followed by social bonds in 2017, and sustainable bonds in 2023.

*Source: AfDB sustainable bond framework, 2023.

Source: RBC GAM, as at September 2024.
The information provided in this example of a holding is to illustrate the investment process of the strategy at BlueBay and should not be deemed a recommendation to buy or sell any security or financial instrument. Image/logo source: issuer's website.

Issuer

Issuer type
Corporates

Qualification route
Route 1: issuer's economic activities contributing to the theme(s)

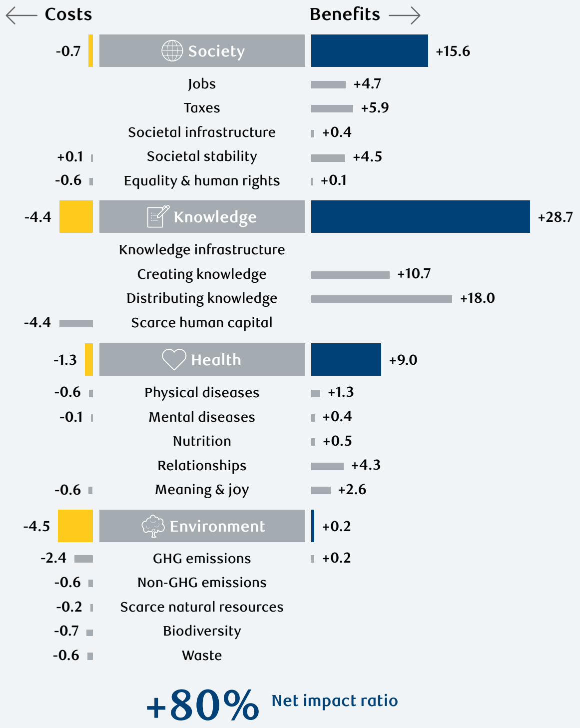
Business description
The George Washington University (GW) is a private US research university in Washington, D.C..
It offers admissions for graduates and undergraduates, academics, online courses, athletics, education, and other related services.

Rationale – investment
GW is a university providing further education to students from 130 countries. It is one of the most defensive credits in the higher education space, reflected in its A1/A+ credit ratings from credit rating agencies (CRAs) such as Moody's and S&P.

We invested in a long-dated USD bond at an attractive spread, to gain exposure to a strong defensive credit and to extend our average maturity in USD paper.

Net Impact Profile

George Washington has a NIR of +80%, meaning its positive impact is 80% larger than its negative impact, largely driven by its positive contribution to promoting knowledge sharing.



Source: The Upright Project, as at 30 June 2024. The NIR approach is used to evidence investee impact, with such analysis having been conducted post-investment, although it may subsequently potentially input into ongoing investment decision-making.

Rationale – sustainability

Providing tertiary education

GW offers degree programmes in 71 disciplines, enrolling around 11,500 undergraduate and 15,000 graduate students. GW also annually hosts numerous political events, including the World Bank and International Monetary Fund's annual meetings.

Key highlights*:

- GW has a focus on diversity. In 2023 it had 58.7% non-white graduates, of whom 12.1% were black, 7.7% Hispanic, 11% Asian and 19% international.
- USD27 million was raised for student scholarships and fellowships, and USD28 million provided for research and innovation.
- In 2023, GW was invited to join the prestigious Association of American Universities (AAU) – recognising GW as a leader in groundbreaking research, teaching and innovation.

*Source: George Washington University Philanthropy Impact Report, 2023.

Source: RBC GAM, as at September 2024.
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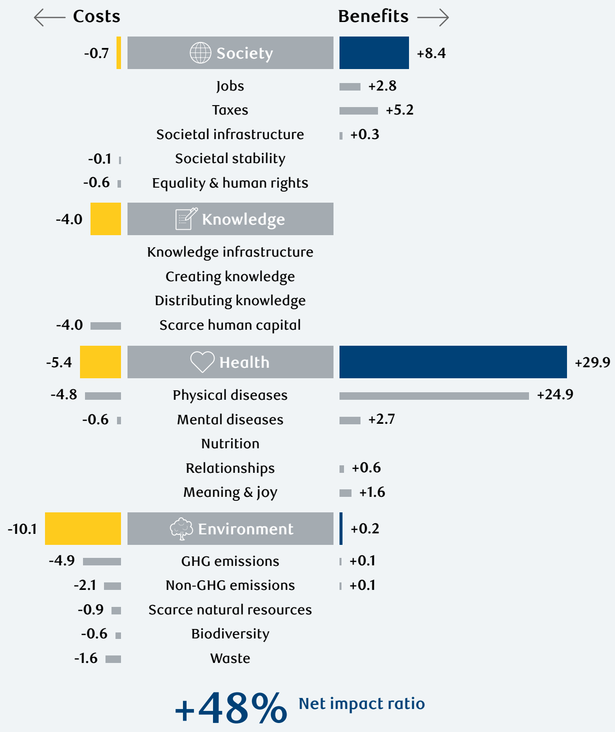
Issuer	
Issuer type	Corporates
Qualification route	Route 1: issuer's economic activities contributing to the theme(s)
Business description	UCB is a global drug company, developing products and solutions for people with neurological and immunology diseases worldwide.
Rationale – investment	UCB came at attractive levels in the primary market at a time when we felt there was an inflection in the credit story with the launch of an expected blockbuster drug (Bimzelx) and a growing contribution from several other successful drugs, translating into strong revenue and cashflow growth. Valuation on the new issue compared well to peers, with the potential for material compression and pricing aided by the discount for being un-rated by CRAs.

Net Impact Profile

UCB has a NIR of +48%, meaning its positive impact is 48% larger than its negative impact, largely driven by its contribution to address physical diseases through the provision of its drug products.



Source: The Upright Project, as at 30 June 2024. The NIR approach is used to evidence investee impact, with such analysis having been conducted post-investment, although it may subsequently potentially input into ongoing investment decision-making.

Rationale – sustainability

Providing drugs to treat medical conditions and diseases

All of UCB's revenues and earnings are generated from sales of medicines to treat various neurological and immunological diseases, specifically epilepsy, psoriasis and related diseases, osteoporosis and myasthenia gravis.

Key highlights*:

- UCB spent ~31% of FY23 revenues on research and development in healthcare innovation, an investment in excess of USD1.6 billion.
- UCB's drugs treated more than 3.2m patients in FY23.
- Has set a carbon emissions reduction target that is aligned with a 1.5°C temperature rise (as per the Paris Agreement), and achieved 74% reduction in Scope 1 and 2 emissions and 39% reduction in Scope 3 emissions (against a 2015 base year).

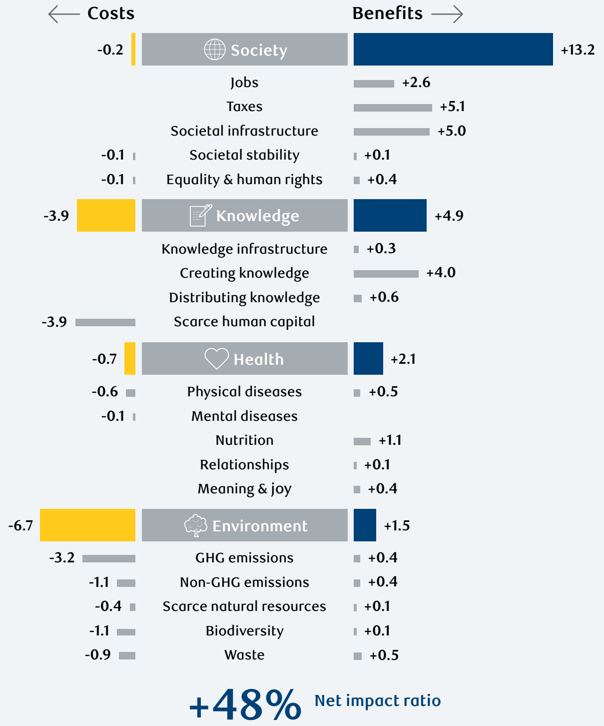
*Source: UCB Annual Report, 2023.

Source: RBC GAM, as at September 2024.
The information provided in this example of a holding is to illustrate the investment process of the strategy at BlueBay and should not be deemed a recommendation to buy or sell any security or financial instrument. Image/logo source: issuer's website.

Issuer	Trimble
Issuer type	Corporates
Qualification route	Route 1: issuer's economic activities contributing to the theme(s)
Business description	Trimble is a leading player in technology solutions to enhance energy and resource process efficiency, particularly focusing on systems for water efficiency. It operates in sectors including construction, geospatial, agriculture, and transportation.
Rationale – investment	We believe the business model is capable of robust top line and margin growth, driving strong cash generation, augmented by increasing exposure to higher-margin software and services following the joint venture with AGCO, which was completed in April 2024. We had been monitoring Trimble for some time and chose a period of weakness, following full year results, to take a position.

Net Impact Profile

Trimble has a NIR of +48%, meaning its positive impact is 48% larger than its negative impact, largely driven by the potential societal infrastructure impacts.



Source: The Upright Project, as at 30 June 2024. The NIR approach is used to evidence investee impact, with such analysis having been conducted post-investment, although it may subsequently potentially input into ongoing investment decision-making.

Rationale – sustainability

Promoting more sustainable use of natural resources and process efficiency

Trimble is a circular economy business, using its technology solutions to help its customers work in new ways to measure, build, grow and move goods around, to improve productivity, quality, safety, transparency and sustainability.

Key highlights*:

- Entered into a five-year USD1.25 billion revolving credit facility that will help drive progress for two of Trimble's sustainability commitments; reducing its carbon emissions footprint (target 50% reduction by 2030) and increasing gender diversity.
- Has mapped 100% of its suppliers to procurement and sustainability goals.
- Trimble has implemented a long-term incentive plan for its board of directors which includes a 'People & Planet' modifier, ensuring compensation is aligned to its climate change and workforce diversity goals.

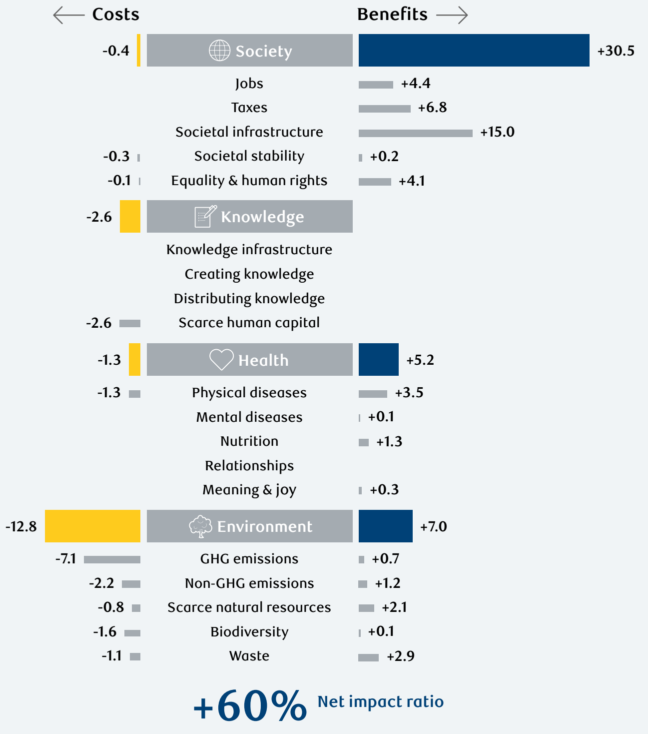
*Source: Trimble Sustainability Review 2022; annual report 2023.

Source: RBC GAM, as at September 2024.
The information provided in this example of a holding is to illustrate the investment process of the strategy at BlueBay and should not be deemed a recommendation to buy or sell any security or financial instrument. Image/logo source: issuer's website.

Issuer	aegea
Issuer type	Corporates
Qualification route	Route 1: issuer's economic activities contributing to the theme(s)
Business description	Aegea Saneamento e Participaco (Aegea) is one of the largest private providers of water and sewage management services in Brazil, with approximately 56% market share of the private sector.
Rationale – investment	Aegea has a long track record of successful growth based on a consistent and relatively high capital intensity that is likely to continue as the company remains focused on growth. The water and sewage sector possesses defensive characteristics with low variability in demand, enhanced in the case of Aegea, since ~89% of the operations focus on households. Despite high leverage, which is typical for the space, Aegea also has well-regarded and committed shareholders who have contributed equity to the business. We invested in a USD8-year sustainability-linked bond, which came in the primary market with an attractive new issue concession.

Net Impact Profile

Aegea has a NIR of +60%, meaning its positive impact is 60% larger than its negative impact, largely driven by the benefits to societal of its water infrastructure.



Source: The Upright Project, as at 30 June 2024. The NIR approach is used to evidence investee impact, with such analysis having been conducted post-investment, although it may subsequently potentially input into ongoing investment decision-making.

Rationale – sustainability

Ensuring access to good sanitation, clean and safe water supplies

Aegea provides water and sewage services to over 30 million people in Brazil. Such offerings contribute to making the world cleaner, safer and healthier.

Key highlights*:

- The company's recent sustainability-linked bond (SLB) issuance is an ESG-labelled issuance, which is linked to specific social and environmental performance targets to be achieved by 2030.
- The specific sustainability performance target associated with the SLB that is environment-related is a reduction in energy consumption by 15%, and water production, distribution and sewage collection and treatment relative to 2021 of 0.39kWh/m^3.
- The social sustainability performance targets attached to the SLB are an increase in the share of leadership positions filled by women by 45% (compared with 32% in 2021) as well as an increase in the share of leadership positions filled by black employees by 27% (compared with 17% in 2021).

*Source: Second-Party Opinion, Sustainalytics, 2023; Aegea saneamento e Participaco annual report, 2023.

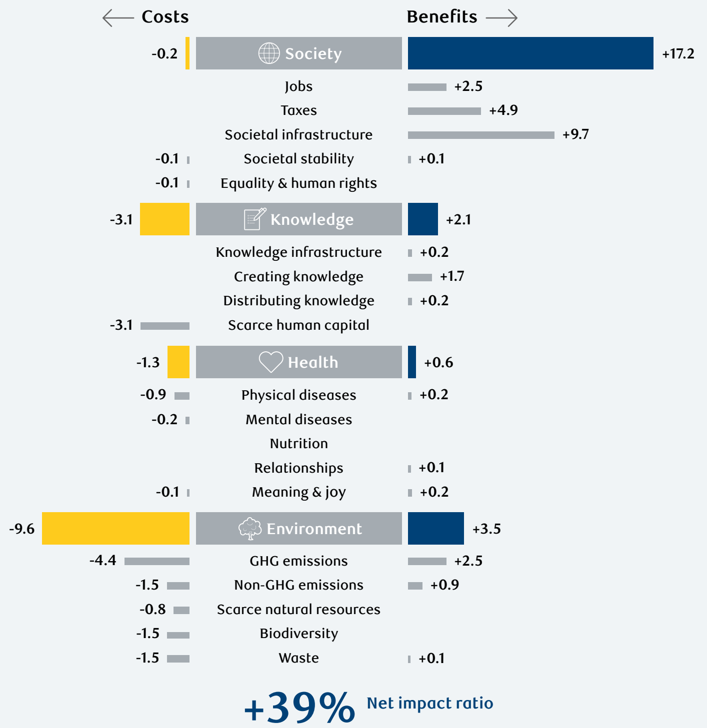
Source: RBC GAM, as at September 2024.
The information provided in this example of a holding is to illustrate the investment process of the strategy at BlueBay and should not be deemed a recommendation to buy or sell any security or financial instrument. Image/logo source: issuer's website.

Issuer amara nzero – Energy Transition Key Partner

Issuer type	Corporates
Qualification route	Route 1: Issuer's economic activities contributing to the theme(s)
Business description	Initially a subsidiary of Iberdrola, Amara NZero (Amara) is focused on decarbonisation, electrification, energy efficiency and digitalisation. Headquartered in Madrid, Amara is a global distributor of products and services used in the energy transition market.
Rationale – investment	Amara operates as an intermediary in the value chain for energy-transition products. It benefits from rising demand for green energy, a well-diversified business profile and a leading market position in the energy-related products distribution, primarily in Spain, and its well-established logistic network. We believe Amara offers exposure to an attractive growth story, while returns are enhanced by an attractive coupon in one of the few green bonds in the high yield investment universe.

Net Impact Profile

Amara has a NIR of +39%, meaning its positive impact is 39% larger than its negative impact, largely driven by its beneficial societal infrastructure impact, coming from its electricity distribution services.



Source: The Upright Project, as at 30 June 2024. The NIR approach is used to evidence investee impact, with such analysis having been conducted post-investment, although it may subsequently potentially input into ongoing investment decision-making.

Rationale – sustainability

Facilitating a low carbon renewables economy

Just under 70% of the company's annual revenue is attributed to the renewables end-market, primarily solar and wind energy. Its electrification activities are focused on smart grids, electrical infrastructure and systems, energy transition services, as well as on logistics services related to the energy transition.

Key highlights*:

- The company's activities are aligned with the European Green Deal to reduce carbon emissions by 55% by 2030 and to meet the targets set in the Paris Agreement on climate change.
- There has been an increase in female representation, as well as an increase in young talent, both of which reflect the company's commitments in these areas.
- Amara is a signatory member of UN Global Compact, a voluntary initiative for organisations committed to adopting responsible practices in the areas of human rights, labour rights, environment and anti-corruption as well as promoting the UN SDGs.

*Source: Amara NZero Sustainability Report 2023.

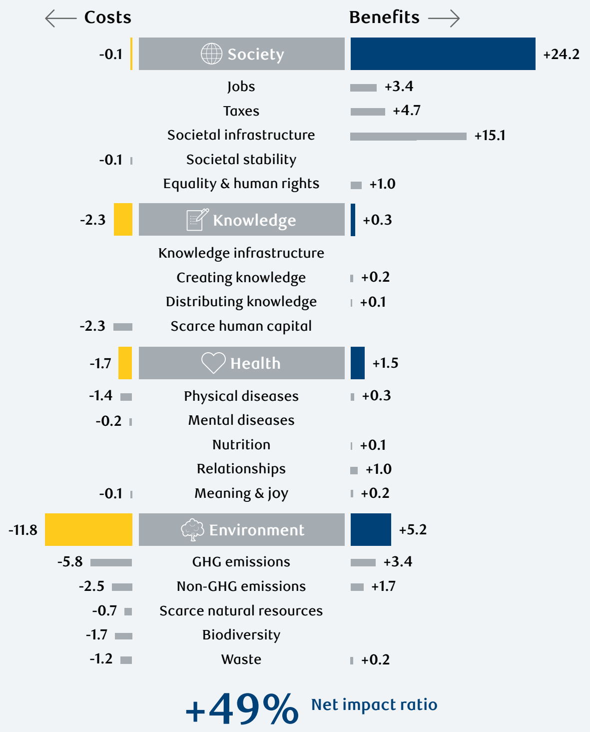
Source: RBC GAM, as at September 2024.
The information provided in this example of a holding is to illustrate the investment process of the strategy at BlueBay and should not be deemed a recommendation to buy or sell any security or financial instrument. Image/logo source: issuer's website.

Issuer ALSTOM

Issuer type	Corporates
Qualification route	Route 1: Issuer's economic activities contributing to the theme(s)
Business description	Alstom develops and markets systems, equipment and services for the transportation sector, particularly the railway industry.
Rationale – investment	Alstom is well positioned to take advantage of the trend for sustainable mobility and infrastructure, with 94% of annual revenues from energy efficient products. Additionally, a EUR2.4 billion recapitalisation (including a EUR1 billion equity raise) has supported the balance sheet and investment grade credit rating through deleveraging. We were keen to invest in the Alstom capital structure and were able to take advantage via the high-yield rated hybrid that it issued as part of its recapitalisation, providing a compelling senior-subordinated pick up in an investment grade issuer.

Net Impact Profile

Alstom has a NIR of +49%, meaning its positive impact is 49% more than its negative impact, largely driven by its positive societal contribution resulting from its products and services, as well as its activities helping to reduce carbon emissions.



Source: The Upright Project, as at 30 June 2024. The NIR approach is used to evidence investee impact, with such analysis having been conducted post-investment, although it may subsequently potentially input into ongoing investment decision-making.

Rationale – sustainability

Promoting sustainable mass transportation

Alstom is a key player in sustainable mobility and infrastructure, with energy-efficient electrical rail solutions at the heart of its portfolio.

Key highlights*:

- Circa 23% of worldwide carbon emissions from energy use comes from transport, with global demand for passenger traffic expected to more than double between 2015 and 2050.
- 87% of the newly developed solutions in Alstom's portfolio are deemed by the company to be eco-designed, with a target of 100% for newly developed solutions with eco-design by 2025.
- The company has set an energy consumption reduction target of 25% by 2025 (compared to 2014). As of March 2024, it achieved a reduction of 24.1%.

*Source: Alstom website.

Source: RBC GAM, as at September 2024.
The information provided in this example of a holding is to illustrate the investment process of the strategy at BlueBay and should not be deemed a recommendation to buy or sell any security or financial instrument. Image/logo source: issuer's website.

2.3 Investor-level contribution

Typically, for our strategy, investor contribution is generally thought of as occurring in two ways:

1. Through our stewardship activities directed at portfolio holdings and other relevant stakeholders to contribute to impacts and outcomes.

While, as lenders, we are not owners of the companies we invest in, given the role of debt financing and the sheer size of assets under management, fixed income investors can, and do, have scope to influence issuers. The continued growth of the ESG-labelled bond market is another way through which fixed income investors can signal their priorities and preferences to issuers. Alongside engaging issuers to promote more sustainable and responsible behaviour and business conduct, we recognise the importance of engaging with other key stakeholders (such as policymakers, regulators and civil society, as well as our clients) to help inform on the wider financial and economic system to support and enable more positive outcomes. This is particularly relevant as many of the sustainability challenges we have identified represent systemic risks, and their solutions lie beyond any single stakeholder group.

As such, our stewardship efforts, while primarily directed at the issuer level, may be complemented by sectoral, regional, or policy-level engagement, to facilitate change at the system level. We may conduct meetings bilaterally but also collaboratively as part of a membership body or specific engagement initiatives, recognising doing so can increase our scope to influence issuers and other key stakeholders. Our engagement efforts may occur reactively (e.g. in response to an incident with an issuer) or proactively (e.g. a strategic engagement work programme).

2. Through influencing access to and/or the cost of capital and/or the bond price for issuers through our investment decisions (e.g. whether we participate or not in new capital raising and/or the type of instrument we choose to fund).

While we fully recognise participation in private (primary) markets is particularly impactful in terms of the additionality of new capital, we still believe the role of investors in public (secondary) markets (where existing debt changes hands between investors) should not be understated. This is because the secondary market comes into its own as issuers outgrow the ability of private markets to help them materially scale up their activities.

> "While, as lenders, we are not owners of the companies we invest in, given the role of debt financing and the sheer size of assets under management, fixed income investors can, and do, have scope to influence issuers."

Our view is that there is a critical need for both private and public markets, with the two playing important but complementary roles in the lifecycle of an issuer and beyond that, helping to maintain liquidity and well-functioning financial and economic systems. Furthermore, it is possible that our investments could capture the attention of other investors, who may decide to provide funding for such investments, thus further supporting the activities of issuers.

RI industry initiatives

Note: these are illustrative examples of where the BlueBay global fixed income investment platform has played an active role. Please refer to our website for a broader list. Logos are protected trademarks of their respective owners and RBC GAM disclaims any association with them and any rights associated with such trademarks.

Source: RBC GAM, as at June 2024. For information purposes only.

3. Fund sustainability performance review

3.1 Sustainability trends and developments

Over the reference period, we have seen short termism and uncertainty in financial markets continue to play out in terms of the stalling or weakening of certain policy or regulatory actions. These would address long-term sustainability challenges globally, such as climate change or social unrest. However, at regional or national levels, the trend may be different.

Sustainability themes that were evident last year and continue to be active include:

- **Continued prevalence of ESG regulations**: with regard to the increasing need for data in order to evidence a portfolio's ESG/sustainability performance, the EU Corporate Sustainability Reporting Directive (CSRD)[3] is positive, as it requires companies to disclose material environment and societal impacts. Investors have continued to refine investment solutions to ensure ongoing compliance with European ESG regulations such as SFDR[4] and, in the UK, the Sustainability Disclosure Requirements (SDR)[5]. Such frameworks, whilst well intentioned, have proven challenging to implement given their limited flexibility. In contrast, the debate and polarisation around ESG and sustainability has intensified in the US. Scrutiny of ESG and sustainability claims ('greenwashing') are now increasingly global in nature.
- **Consolidation and evolution of voluntary ESG/ sustainability standards and frameworks**: a welcome development has been the rationalisation and harmonisation of different standards and frameworks for disclosure on specific ESG issues. The Taskforce on Nature-related Financial Disclosures (TNFD)[6], a framework for nature and biodiversity in the same manner as has been developed for climate change, was also launched.
- **Growing scrutiny of the credibility of initiatives seeking to generate positive impact**: an example is the legitimacy of using voluntary carbon market (VCM) credits as part of a net-zero carbon emissions strategy. Whilst there is evidence[7] to suggest that allowing companies to use such credits to meet a portion of their emission targets could encourage the setting of ambitious climate goals, opposing evidence[8] shows that many carbon credits are largely ineffective in delivering their intended mitigation outcomes. The controversy involving a leading carbon credit certifier appears to show such concerns may be valid[9].
- **Climate and nature remained in focus**: climate change adaptation and mitigation efforts intensified during this period, driven by record breaking temperatures in 2023 and 2024[10]. A growing emphasis on nature conservation has meant biodiversity protection is becoming as much of a priority as addressing climate change. Innovations in VCM present an exciting opportunity, with companies increasingly integrating carbon credits with biodiversity-related initiatives to close the gap between their current emissions and climate goals. This demand was particularly pronounced for high-quality, nature-based removal credits, such as reforestation projects[11], which aligned well with both carbon reduction and biodiversity objectives.
- **Spotlight on artificial intelligence (AI)**: this is emerging as a potentially transformative tool for sustainable development, with predictions suggesting that AI for environmental applications could contribute up to USD30 trillion to the global economy by 2030[12]. For instance, there is increased focus on advanced simulation software empowering eco-design and helping manufacturers optimise product designs to reduce material usage, energy consumption, and overall environmental impact[13]. Companies have also started exploring AI's capabilities for rapid analysis of vast datasets to support fast and accurate decision-making in sustainability-related matters. However along with opportunities, AI also presents potential ethical and social challenges which need to be responsibly managed.

[3] Corporate sustainability reporting - European Commission (europa.eu).
[4] The EU Sustainability-Related Disclosure Regulation: Regulation - 2019/2088 - EN - sfdr - EUR-Lex (europa.eu).
[5] PS23/16: Sustainability Disclosure Requirements (SDR) and investment labels (fca.org.uk).
[6] The Taskforce on Nature-related Financial Disclosures (tnfd.global).
[7] MSCI analysis. According to MSCI Carbon markets, if companies were permitted to use carbon credits to meet 50% of their total emissions gap, across Scope 1, 2, and 3, it was estimated that ~1,000 more companies might set ambitious carbon targets, representing approximately USD10 trillion in market capital. This could potentially reduce the average ITR of companies with climate targets by 0.5C.
[8] The Science Based Target initiative (SBTi) based on analysis conducted (evidence synthesis report here: Evidence Synthesis Report Part 1: Carbon Credits.docx (sciencebasedtargets.org)) has highlighted risks associated with relying on carbon credits for offsetting emissions, suggesting that this approach could hinder broader decarbonisation efforts and reduce climate finance.
[9] Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows (The Guardian).
[10] Global Climate Highlights 2023 | Copernicus.
[11] As cited in the Microsoft report (Microsoft Carbon Removal - Observations from our third year), drawing on insights from another report: 2023 State of the Voluntary Carbon Markets Report - Ecosystem Marketplace.
[12] How AI can enable a sustainable future (pwc.co.uk).
[13] Five Steps to Eco Design (randsim.com).

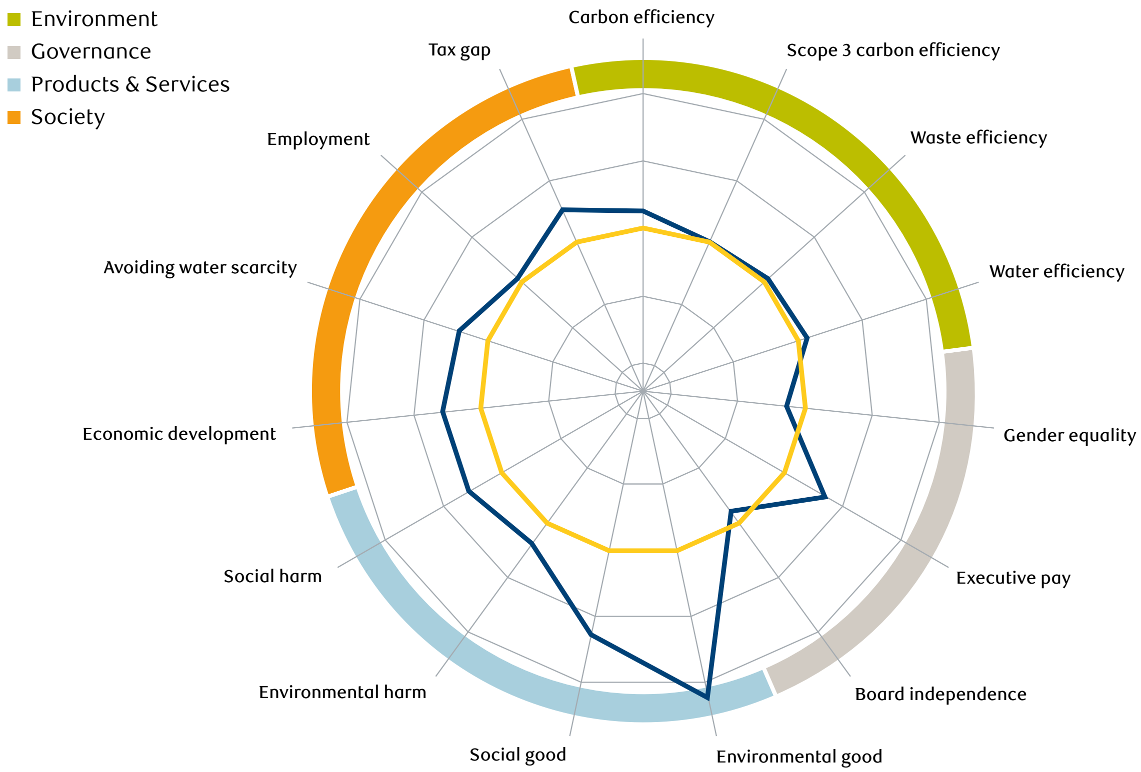
3.2 ESG characteristics

As in last year's report, we have provided information across a number of ESG parameters. Analysis on nature-related risks is new this year. Section 6.2 of the Appendix includes details on the data and methodology reported.

ESG profile

Figure 1: ESG profile of fund and Broad Market Global IG Corps Index across a range of ESG exposure factors

- The fund allocates a larger proportion of its active positions to companies that have a better 'impact' than the index – the 'Net Impact'* being 3 basis points (bps) of ex-ante tracking error.
- Across the 15 exposure areas assessed, the fund generally performs better than the Broad Market Global IG Corps Index in terms of either generating more positive ESG performance*, and less negative performance.



Note: the yellow circle is the Broad Market Global IG Corps Index's value, and the blue circle line is the standard deviation of the fund's exposure to that factor. Where the fund line is outside the index, the fund is having an outsized impact for that factor. Where the fund's line is inside the index line, the fund is underperforming the index. Analysis only covers corporate fixed income investments.

- **Net Impact*:** 30bps of tracking error accounting for 16.6% out of 180bps total tracking error (i.e. how much the fund deviates from the Broad Market Global IG Corps Index on its 15 ESG and impact exposure factors, measured in basis points).
- **Performance relative to fund peers:** top quartile (the fund is in the 100th percentile compared with a peer group of 82 corporate bond funds).
- **Data coverage:** Fund: 61%, Broad Market Global IG Corps Index: 89%.

The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes.

*The vendor refers to the metric as a 'Net Impact' number, but whilst we have maintained the terminology, we consider the scope of the analysis to be more 'ESG' than 'impact', hence including it in this 'ESG Profile' section of the review.

Source: Impact Cubed, as at 28 June 2024.

Figure 2: ESG profile of fund and Broad Market Global IG Corps Index – summary performance metric across a range of ESG exposure factors

	Fund			Broad Market Global IG Corp Index	
	Performance	% data estimated	Based on company reported	Performance	% data estimated
Carbon efficiency (Scope 1 & 2)	107.10	18	tCO_2e/USD1m revenue	218.85	19
Scope 3 carbon efficiency	753.09	42	tCO_2e/USD1m revenue	815.49	34
Waste efficiency	55.72	47	t/USD1m revenue	244.12	44
Water efficiency	6.85	33	m^3 of fresh water/USD1m revenue	22.89	39
Gender equality	27.10%	11	% of women on boards and top management	28.49%	3
Executive pay	60. 8	25	ratio of executive pay to average employee pay	81.3	20
Board independence	73.34%	29	% independent board members	75.52%	27
Environmental good (revenues allocated)	32.93%	0	% of portfolio invested in environmental solutions	7.27%	0
Social good (revenues allocated)	25.71%	0	% of portfolio invested to help alleviate social issues, as defined by the SDGs	8.84%	0
Environmental harm	3.11%	0	% portfolio invested in environmentally destructive industries	8.41%	0
Social harm	0.00%	0	% portfolio invested in industries aggravating social issues	4.44%	0
Economic development	USD50,800	0	Median income of portfolio weighted geography of economic activity *Note: a lower value is considered 'better' as it shows the fund is more exposed to activities in lower income communities*	US$56,500	0
Avoiding water scarcity	2.2	0	Geographical water use *Note: a lower value is considered 'better' as it shows the fund is less exposed to areas where water is scarce*	2.4	0
Employment	4.55%	0	Unemployment in portfolio weighted area of economic activity *Note: a higher value is considered 'better' as it shows the fund is more exposed to activities in communities suffering from higher unemployment*	4.50%	0
Tax gap	2.50%	0	Estimated % of tax avoided by corporate tax mitigation schemes	3.35%	0

The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes.
*The vendor refers to the metric as a 'Net Impact' number, but whilst we have maintained the terminology, we consider the scope of the analysis to be more 'ESG' than 'impact', hence including it in this 'ESG Profile' section of the review. Note: analysis only covers corporate fixed income investments.

Source: Impact Cubed, as at 28 June 2024.

Carbon analytics

Portfolio measurement (current profile): carbon emissions and carbon emissions reduction targets

Carbon emissions analysis looks at how a portfolio is contributing to climate change in terms of its current emissions profile, which may be referred to as 'financed emissions'. These may be absolute-or intensity-based metrics that identify a portfolio's GHG emissions, which can help understand its exposure to climate transition risks. Additionally, showing exposure to issuers with carbon emissions reduction targets (as well as those that are science-based and approved by the Science Based Targets initiative (SBTi)) is another way understand how a portfolio's issuers are positioned to respond to the transition risks that will arise from efforts to limit the global temperature rise in line with the Paris Agreement.

Figure 3: Fund and Broad Market Global IG Corps Index carbon emissions metrics

- The fund's weighted average carbon intensity (WACI) for Scope 1 and 2 emissions is 52.2% less than the Broad Market Global IG Corps Index.
- The carbon footprint of the fund, compared with the Broad Market Global IG Corps Index, has improved over the last year.

		Fund – performance	Broad Market Global IG Corps Index – performance	Fund – performance	Fund – data coverage (%)	Broad Market Global IG Corps Index – data coverage (%)
Carbon footprint or 'emissions / $M invested' (tons CO_2e / $M invested) *"How many emissions are generated for every $M invested?"*	Scope 1 & 2	25.7 (previous: 29)	59.2 (previous: 64.8)	**-56.7%** (previous: 55.3%)	62.2% (previous: 64.1%)	86.7% (previous: 86.8%)
	Scope 3 upstream	108.3 (previous: 115.2)	105.3 (previous: 112.4)	**2.8%** (previous: 2.5%)		
	Scope 3 downstream	116.4 (previous: 91)	239 (previous: 286.8)	**-51.3%** (previous: 68.3%)		
Total financed emissions (tons CO_2e) *"What are the absolute GHG emissions associated with the portfolio?"*	Scope 1 & 2	4,011 (previous: 2,797)	N/A	**N/A**		
	Scope 3 upstream	16,929.8 (previous: 11,120.2)	N/A	**N/A**		
	Scope 3 downstream	18,195.7 (previous: 8,788.7)	N/A	**N/A**		
Carbon intensity (tons CO_2e / $M sales) *"How efficient is my portfolio in terms of carbon emissions per unit of output?"*	Scope 1 & 2	75.9 (previous: 84.8)	146.8 (previous: 159.6)	**-48.3%** (previous: 46.9%)		
	Scope 3 upstream	320.5 (previous: 337.1)	261.1 (previous: 277.2)	**22.8%** (previous: 21.6%)		
	Scope 3 downstream	344.4 (previous: 266.4)	592.4 (previous: 707.3)	**-41.9%** (previous: 62.3%)		
Weighted average carbon intensity (WACI) (tons CO_2e / $M sales) *"What is my portfolio's exposure to carbon intensive companies?"*	Scope 1 & 2	93 (previous: 109.7)	194.6 (previous: 214.7)	**-52.2%** (previous: 48.9%)	92.8% (previous: 92.5%)	97.4% (previous: 97.5%)
	Scope 3 upstream	263.7 (previous: 249.4)	234.1 (previous: 233.5)	**12.7%** (previous: 6.8%)	92.8% (previous: 92.3%)	97.4% (previous 96.7%)
	Scope 3 downstream	246.9 (previous: 269.6)	465.3 (previous: 511.1)	**-47%** (previous: 47.2%)		86.7% (previous 86.8%)

The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes.

Note: references to carbon emissions refer to tons of CO_2 equivalents (tCO_2e), which is inclusive of all GHG emissions. Where 'previous' data value provided, this refers to the previous reference year end period of 30 June 2023. **Analysis only covers corporate fixed income investments**.

- Carbon footprint or "emissions/USDm invested": measures the carbon emissions, for which an investor is responsible, per USD1 million invested, by their total overall financing. Emissions are apportioned across all outstanding shares and bonds (% Enterprise Value including cash, EVIC);
- Total financed emissions: measures the carbon emissions for which an investor is responsible by their total overall financing. Emissions are apportioned across all outstanding shares and bonds (% EVIC);
- Carbon intensity: measures the carbon efficiency of a portfolio, defined as the ratio of carbon emissions for which an investor is responsible to the sales for which an investor has a claim by their total overall financing. Emissions and sales are apportioned across all outstanding shares and bonds (% EVIC);
- Weighted Average Carbon Intensity – corporate constituents make up the majority of the portfolio (1.77% of portfolio by NAV are non-corporates e.g. SSAs): measures a portfolio's exposure to carbon-intensive companies, defined as the portfolio weighted average of companies' carbon intensity (emissions/sales).

Source: calculated on MSCI Analytics, RBC GAM, as at 28 June 2024, using EVIC as the investor allocation base for the footprint metrics.

Figure 4: Companies' emissions reduction targets – fund and Broad Market Global IG Corps Index

Companies' transition plans	Fund	Broad Market Global IG Corp Index	Fund active exposure	Fund Δ YoY
Companies with GHG emission reduction targets	74.2%	89.5%	-15.3%	-7%
Companies with targets across all scopes	49.4%	58.6%	-9.2%	+32%
Companies with SBTi approved targets	47.6%	33.6%	14.0%	+33%
Companies with top quartile carbon management scores	55.0%	60.1%	-5.0%	-6%

Data coverage: Fund: 87.4%, Broad Market Global IG Corps Index: 97%. **The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes.** Note: analysis only covers corporate fixed income investments.

Source: calculated on MSCI Analytics, RBC GAM, as at 28 June 2024.

Portfolio level alignment to a net-zero trajectory

Alongside an understanding of current climate change exposure, it is helpful to have a sense of the fund's alignment with a net-zero trajectory (under a less than 2°C (the goal of the Paris Agreement), and a <1.5°C scenario (the ambition of the Paris Agreement). The Implied Temperature Rise (ITR) metric, reported in °C, is a modelled, forward-looking metric that indicates what the global average temperate increase would be in 2100 relative to pre-industrial times, if the global economy had the same carbon budget profile as the issuer or portfolio. The ITR is inclusive of Scope 1, 2 and 3 emissions.

Figure 5: Fund and Broad Market Broad Market Global IG Corps Index alignment to a net-zero trajectory

Fund
1.8 °C

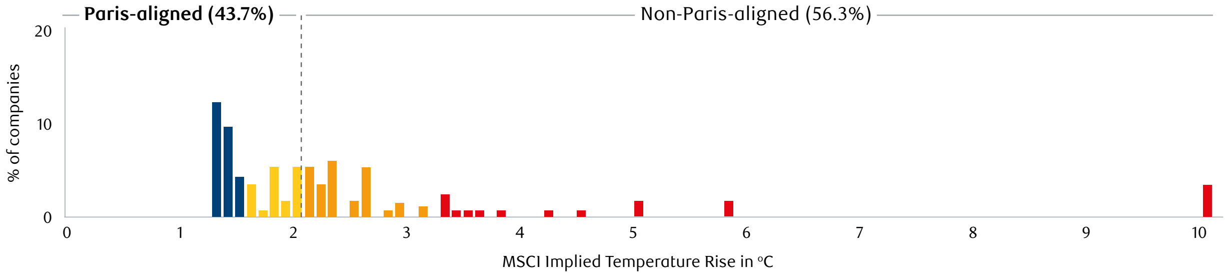
Data coverage: 83.1% (previous: 79.2%)
Δ YoY fund: -0.1°C (2023: 1.9°C)

Broad Market Global IG Corps Index
2.3 °C

Data coverage: 92.8%
Δ YoY Broad Market Global IG Corp Index -0.1°C (previous: 2.4 °C)

"The fund continues to have a better net-zero temperature alignment that the Broad Market Global IG Corps Index, with a better alignment this year than the previous year."

Fund Implied Temperate Rise (ITR) distribution



ITR categories		Companies in category (%)	Δ YoY*
1.5°C aligned	≤ 1.5°C	26.80%	-18.29%
2°C aligned	> 1.5°C - 2 °C	17%	-31.45%
Misaligned	> 2.0 - 3.2°C	24.10%	+31%
Strongly misaligned	> 3.2°C	15.20%	+375%

The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes. *During 2024, MSCI ESG Research materially revised its ITR methodology, and as such, a direct comparison of performance to the previous reference period may not be appropriate.

Note: the key to understanding ITR is the concept of a carbon budget i.e. how much the world can emit so that global warming does not exceed 1.5°C by 2100 and, by extension, how much a company can emit to take its fair share of global decarbonisation. For example, an ITR of 2.5°C indicates the company is exceeding its fair share of the remaining 1.5°C global carbon budget. If the whole economy exceeded the global budget by a similar proportion, the ITR methodology computes a global warming level of 2.5°C. Further information on the methodology applied is available here.
The allocation base used to define ownership is EVIC, to enable the analysis of equity and corporate bond portfolios. Analysis only covers corporate fixed income investments. Where the 'previous' data value is provided, this refers to the previous reference year end period of 30 June 2023.

Source: calculated on MSCI Analytics, RBC GAM, as at 28 June 2024.

Nature-related risks

For the first time we have assessed the exposure of the fund's corporate fixed income investments to nature-related dependencies and impacts for the Taskforce on Nature-Related Financial Disclosures (TNFD) defined priority sectors (see section 6.2 for details), which is a core metric for asset managers recommended by the TNFD. The TNFD is a voluntary framework and sector-specific guidance for the disclosure of nature-related dependencies, impacts, risks, and opportunities[13].

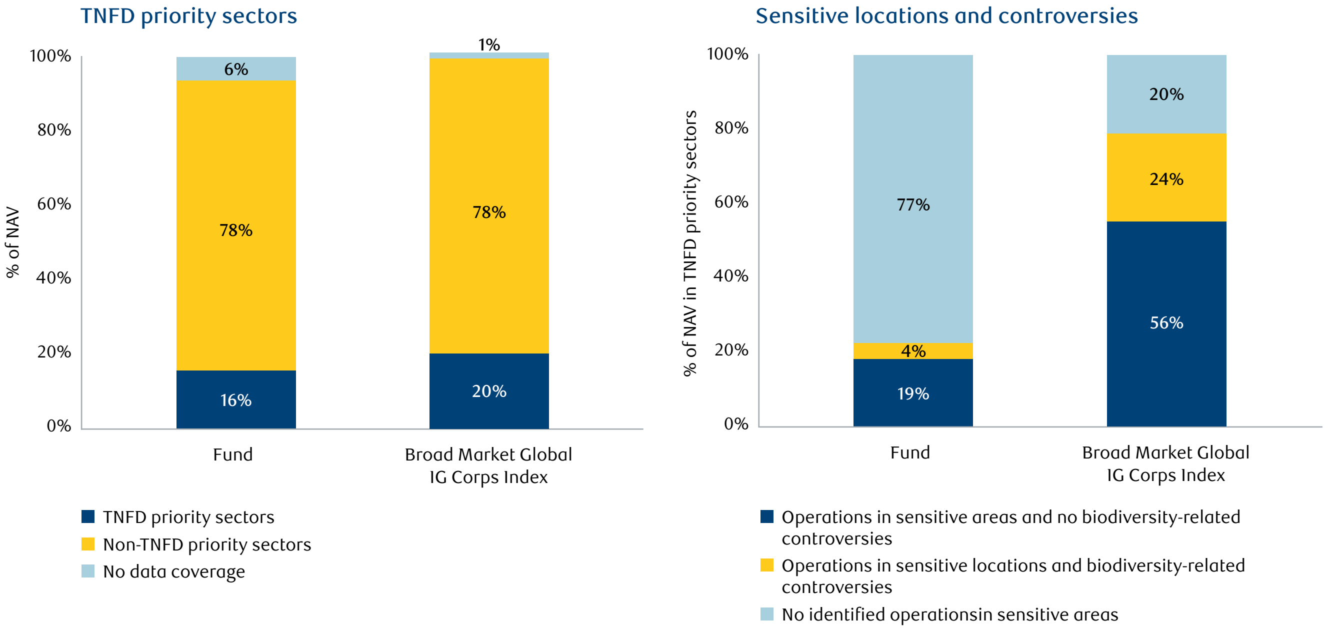
The analysis shows that 16% (USD25m billion) of the fund's assets in corporate bond holdings are in TNFD priority sectors. However, exposure to such a sector is not necessarily indicative of the potential risk that issuers in that sector may face. As such, we have also assessed whether issuers in these sectors have operations in sensitive locations and/or biodiversity-related controversies (see section 6.2 for details).

For the proportion of the fund's assets invested in TNFD priority sectors, only 23% of these may have operations in sensitive locations, which maps to six companies. Drilling down further within the 23% of TNFD priority sectors which may have operations in the sensitive locations category, only 4% relates to companies which have actually been involved in biodiversity-related controversies, which maps to one company.

"Exposure to such a sector is not necessarily indicative of the potential risk that issuers in that sector may face."

In contrast, the data shows that Broad Market Global IG Corps Index has higher exposure to TNFD priority sectors, and particularly in terms of exposure to issuers in these sectors having operations in sensitive locations or having been involved in biodiversity-related controversies.

Figure 6: Fund and Broad Market Global IG Corps Index exposure in TNFD priority sectors, and operations in sensitive locations and/or with biodiversity-related controversies



The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes.
Note: analysis only covers corporate fixed income investments.

Source: calculated on MSCI Analytics, RBC GAM, as at 28 June 2024.

To better understand the materiality of nature-related dependencies and impacts for investments in priority sectors, we used the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) tool[14]. Based on the ENCORE outputs, the most significant nature-related impact across all TNFD sectors is related to pollution, and the most significant dependency is on water quality and availability.

[13] The TNFD Recommendations and Additional Guidance for corporates and financial institutions is available here.
[14] The ENCORE tool is maintained and updated by Global Canopy, UNEP FI and UNEP-WCMC. Accessed 7 February 2024 and available here.

3.3 Positive issuer-level impact and investor contribution characteristics

In this section, we continue to report metrics demonstrating the positive impacts our portfolio holdings are generating, as well as the contributions we as investors are making, due to our activities. New information on portfolio investment impact includes analysis of project-level impacts for use-of-proceeds (UoP) ESG-labelled bonds[15], as well as portfolio-level EU taxonomy alignment. Section 6.2 of the Appendix includes details on the data and methodology.

Issuer-level impacts

Sustainable impact solutions

A sustainable impact solutions analysis could be viewed as a form of impact attribution as it breaks down companies' sustainable impact revenue contributions to a range of factors. We have re-categorised the 13 impact factors defined by our third-party vendor into our seven 'People' and 'Planet' themes.

Figure 7: Fund and Broad Market Global IG Corps Index exposure to sustainable impact solutions

The fund continues to have greater exposure to investments considered to deliver sustainable impact solutions than the Broad Market Global IG Corps Index. This has increased by 33.6% from 22.6% to 28.2%, resulting in a 'very high' sustainable impact classification, as was the case previously for the fund.

	Fund	Broad Market Global IG Corp Index	Fund active exposure	Δ YoY
People-related themes - total %	**7.4%**	**1.7%**	**+5.6%**	**-4.3%**
Achieving an inclusive society	3.7%	0.7%	3.0%	+30.3%
Building knowledge & skills	1.9%	0.0%	1.9%	-25.3%
Ensuring good health, safety & wellbeing	1.7%	1.0%	0.7%	-29.1%
Planet-related themes - total %	**20.8%**	**2.2%**	**+18.7%**	**+51.7%**
Enabling a circular economy	7.5%	0.9%	6.6%	+19.9%
Ensuring clean & plentiful water	1.6%	0.1%	1.5%	-22.7%
Promoting clean & renewable energy	8.9%	0.5%	8.4%	+171.2%
Promoting sustainable mobility & infrastructure	2.8%	0.7%	2.1%	+17.3%
Total revenue exposure	**28.2%**	**3.9%**	**24.3%**	**+33.6%**
	'Very high' SI assessment			

Data coverage (% by market value, (% covered securities)): **Fund:** 93.5% (92%) **Broad Market Global IG Corps Index:** 97.3% (95.8%)
The above Index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes.

Classification		Exposure
Very high	●●●●	>20%
High	●●●○	>10% and <=20%
Moderate	●●○○	>5% and <=10%
Low	●○○○	>1% and <=5%
Negligible	○○○○	<=1%

Note: revenue exposure to Sustainable Impact Solutions reflects the extent to which company revenues are exposed to products and services with positive impact on the environment or society based on a third-party assessment.

Note: analysis only covers corporate fixed income investments.

Source: calculated on MSCI Analytics, RBC GAM, as at 28 June 2024.

Additionally, we have continued to generate information on actual dollar (USD) figures between a USD1 million investment in the fund and the Broad Market Global IG Corps Index as a proxy for the general credit market. Based on this approach, it remains the case this year that across all seven of our People and Planet themes, our investments contributed more per year in monetary value than the Broad Market Global IG Corps Index to sustainable impact solutions.

[15] Use-of-proceeds (UoP) instruments such as green, social or sustainability (GSS) bonds are where funding is directed towards specific green, social projects or those that may comprise either green and social.

Figure 8: Fund and Broad Market Global IG Corps Index sustainable impact solutions snapshot

Estimated annual revenue generated by companies from products & services providing sustainable impact solutions.

People-related themes			
Social Impact Solutions	**Achieving an inclusive society**	**Building knowledge & skills**	**Ensuring good health, safety & wellbeing**
Fund: USD20,245 (-28.8%, previous value: USD28,439)	**USD2,289** (previous: USD2,071)	**USD9,782** (previous: USD19,724)	**USD8,174** (previous: USD6,644)
Broad Market Global IG Corps Index: USD3,948 (-20.4%, previous value: USD4,960)	**USD822** (previous: USD878)	**USD24** (previous: USD39)	**USD3,103** (previous: USD4,043)

Planet-related themes				
Environmental Impact Solutions	**Enabling a circular economy**	**Ensuring clean & plentiful water**	**Promoting clean & renewable energy**	**Promoting sustainable mobility & infrastructure**
Fund: USD104,833 (+7.2%, previous value: USD97,789)	**USD67,386** (previous: USD28,262)	**USD2,057** (previous: USD5,538)	**USD24,666** (previous: USD2,865	**USD10,724** (previous: USD3,908)
Broad Market Global IG Corps Index: USD7,099 (-26.7%, previous value: USD9,691)	**USD4,095** (previous: USD6,149)	**USD345** (previous: USD481)	**USD1,483** (previous: USD1,933)	**USD1,175** (previous: USD1,128)

The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes.
Note: as with the previous year, we adapted the third-party vendor's methodology for allocation of sustainable impact revenues by using percentage of enterprise value including cash (EVIC) as the basis of ownership, rather than the traditional percentage ownership of market capitalisation. We calculate the portfolio's delta to be just shy of 1% down over the year compared with a drop of 25% in impactful revenues for the investable universe. Where 'previous' data value provided, this refers to the previous reference year end period of 30 June 2023. Analysis only covers corporate fixed income investments.

Source: calculated on MSCI Analytics, RBC GAM, as at 28 June 2024.

Figure 9 looks at the fund's impact as investment equivalents in real terms when compared against the Broad Market Global IG Corp Index.

Figure 9: Fund impact investment equivalents in real terms compared to the Broad Market Global IG Corps Index (per USD1 million invested)

	Fund	Real world equivalent	SDG relevance
Carbon efficiency	77.73	Fewer tonnes of Scope 1 & 2 carbon emissions	1, 2, 3, 6, 7, 8, 9, 11, 12, 13, 14, 15
Scope 3 carbon efficiency	265.52	More tonnes of Scope 3 carbon emissions	1, 2, 3, 6, 7, 8, 9, 11, 12, 13, 14, 15
Waste efficiency	142.07	Fewer tonnes of waste generated	3, 6, 8, 11, 12, 14, 15
Water efficiency	5.63	Fewer thousand cubic metres fresh water used	3, 6, 8, 9, 11, 12, 15
Gender equality	1.4%	More women in top management	4, 5, 10, 16
Executive pay	20.6	Fewer multiples of average employee pay paid to top executives	5, 8, 10
Board independence	2.2%	Less independent board members	8, 10, 16
Environmental good	25.7%	More invested in industries contributing to solving environmental issues	N/A
Social good	16.9%	More invested in industries helping alleviate social issues	N/A
Environmental harm	5.3%	Less invested in industries aggravating environmental issues	N/A
Social harm	4.4%	Less invested in industries aggravating social issues	N/A
Economic development	$5,700	More economic activity in less developed economies	1, 3, 4, 8, 9, 10, 11, 13, 16, 17
Avoiding water scarcity	0.20	Less water use in water scarce localities (World Resource Insittute)	1, 2, 3, 6, 8, 11, 12, 13, 15, 16
Employment	0.1%	More economic activity in high unemployment geographies	1, 2, 3, 4, 8, 9, 10, 11, 16
Tax gap	0.84%	More tax paid	1, 3, 4, 8, 9, 10, 11, 16, 17

The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes.
Note: analysis only covers corporate fixed income investments.

Source: Impact Cubed, as at 28 June 2024.

Whilst the preceding sustainable impacts analysis is useful, it fails to recognise that across a range of environmental and social parameters, the footprint of a company is likely to be mixed. Hence the concept of a 'net' sustainable impact is maybe more appropriate, whereby such a metric measures, in relative terms, the net sum of the costs ('negative') and benefits ('positive') that a company creates from the products and services it offers.

Figure 10: Fund Net Impact Ratio (NIR) assessment

The fund continues (when compared with the previous year) to have a positive NIR of +45%, meaning its positive impact is 45% larger than its negative. This indicates that even with changes to positioning within the fund and investee entities, the investment focus has stayed consistent and positional changes have had a negligible net effect.

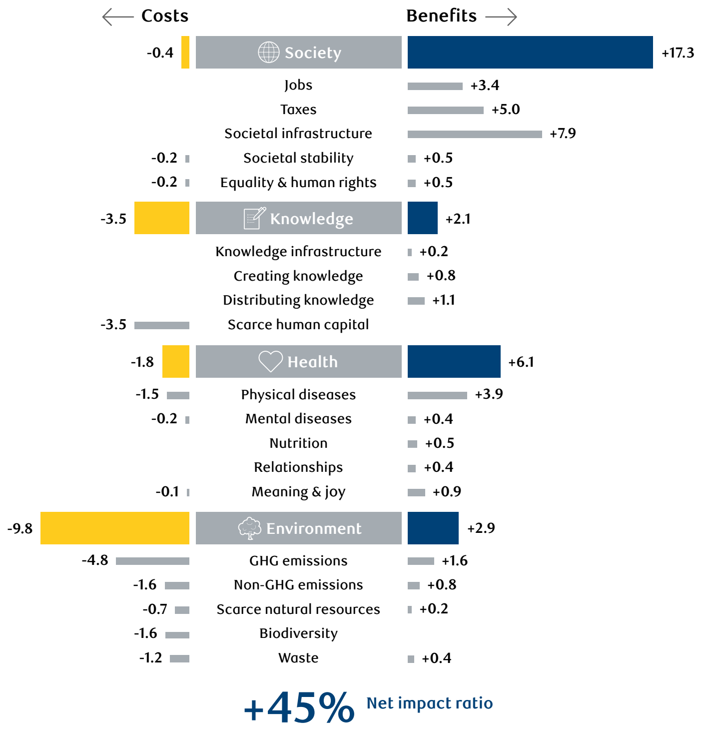
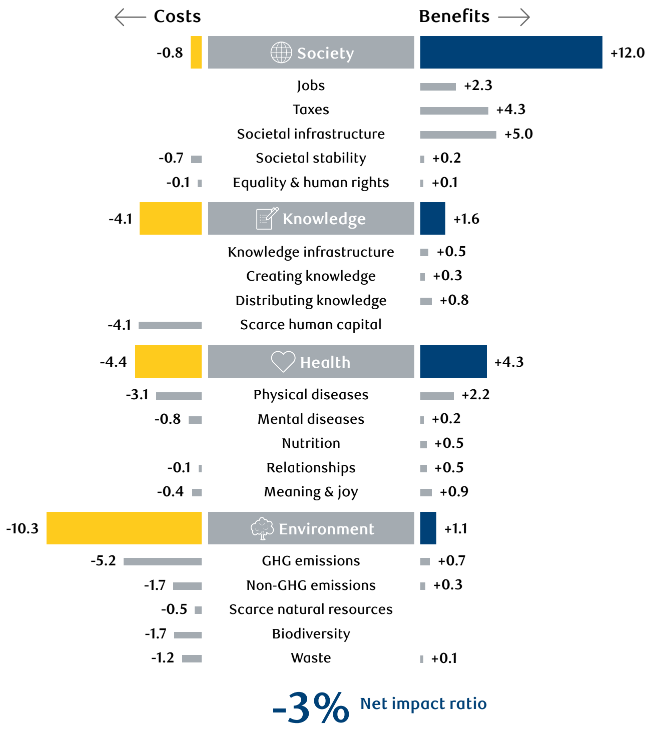


Figure 11: Broad Market Global IG Corps Index Net Impact Ratio (NIR) assessment

In contrast, the Broad Market Global IG Corps Index a negative NIR of -3%, meaning its negative impact is 3% larger than its positive, although this has improved slightly from the previous year (-5%).



The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes. Note: the maximum value for a NIR of a company is 100%, representing a theoretical company with no negative impacts. A company's contribution to the portfolio NIR is affected by its share of the portfolio and score for the impact in question. The impact estimates created by the model are presented as relative and absolute impact scores. Absolute impact scores capture the absolute value of the impacts of a company, while relative scores relate to the absolute value of each impact on the size of the company. The analysis is conducted at issuer level, even where ESG-labelled bonds are held.

Key drivers on the positive side for the fund come primarily from the 'society', 'knowledge' and 'health' impact dimensions:

- **Society**: top positive impact on the social infrastructure side comes from **Unite Group, London & Quadrant Housing** and **Sovereign Housing Capital**, due to their contributions to affordable housing and student housing; power utility companies such as **Transmission Capital Partners** and **Iberdola**; and waste and water infrastructure providers including **Severn Trent** and **American Water Capital Corp**, as well as transportation providers **East Japan Railway** and **Motability Operations**. Societal stability was enhanced by education companies such as **Pearson**, **George Washington University**, and **Sanoma**.
- **Health:** naturally the main drivers of positive impact are pharmaceutical and healthcare companies. Examples include **UCB**, **HCA**, **Becton Dickinson** and **Bupa**. Negative impact comes from various activities and companies such as **Aptiv** (air pollution from transportation).
- **Knowledge:** the most impact is derived from companies that produce products that themselves create new knowledge, or those that help distribute knowledge. Here the top contributors include **Eurofins Scientific**, educational material companies like Pearson; and the data and software companies of **RELX** and **Autodesk**.
- **Environment:** companies whose products and activities facilitate the shift to non-fossil fuel-based energy generation score favourably on impact. These include **Orsted**, **Contemporary Ampterex technology**, **Continuum Green Energy**, and **TC Dudgeon**. Conversely, negative impact is predominantly driven by fossil fuel use or exposure to heavy industries. Main contributors to this are **Aptiv PLC** (fossil fuels in road traffic), and SSE (use of fossil fuels in energy production).

Source: The Upright Project, as at 28 June 2024.

Understanding project and issuer level impacts for investments in ESG-labelled bonds

Within this report, and in the industry in general, the focus of impact analysis has typically at the issuer level. However, with the emergence of the ESG-labelled bond market, specifically, UoP instruments such as green, social or sustainability (GSS) bonds, it raises the question of whether such analysis should be done at the project level, rather than at the issuer level.

Project-level versus issuer-level impact analysis: some key considerations

Project-level analysis	Issuer-level analysis
Strengths ▪ Provides transparency on how capital is being deployed, as criteria for eligible projects are pre-defined. ▪ Allows investors to signal their priorities to issuers as they can differentiate which bond they will support. ▪ Post-issuance impact reporting allows investors to track how much capital has been spent, on what projects, and what impacts have been realised. **Weaknesses** ▪ Potential delay in capital deployment (so delaying the impact to be gained) as project criteria have to be met. ▪ Impact assessments maybe resource intensive, requiring detailed data collection and analysis, so could disadvantage smaller sized issuers with more limited resources. ▪ Uniqueness of projects and/or differences in impact measurement methodologies and metrics reported can limit benchmarking efforts. ▪ Potential risk issuers prioritise projects with nearer term positive impacts so they can report these sooner, so detracting focus from projects which may be more impactful in the long term.	**Strengths** ▪ Provides a more holistic perspective on the issuer's overall sustainability strategy and performance. ▪ Less resource intensive as assessments can simplify reporting processes as data is aggregated across multiple projects. ▪ Evaluating impact at this level allows investors to assess how well the issuer's operations align with their targets, beyond just the funds from a specific UoP bond. **Weaknesses** ▪ Lacks visibility on the direct impact of individual projects. Risk that issuers might engage in 'greenwashing', where overall sustainability claims do not reflect the actual impact of specific projects. *Note: the information provides is not intended to be a comprehensive outline of matters, rather it is illustrative.*

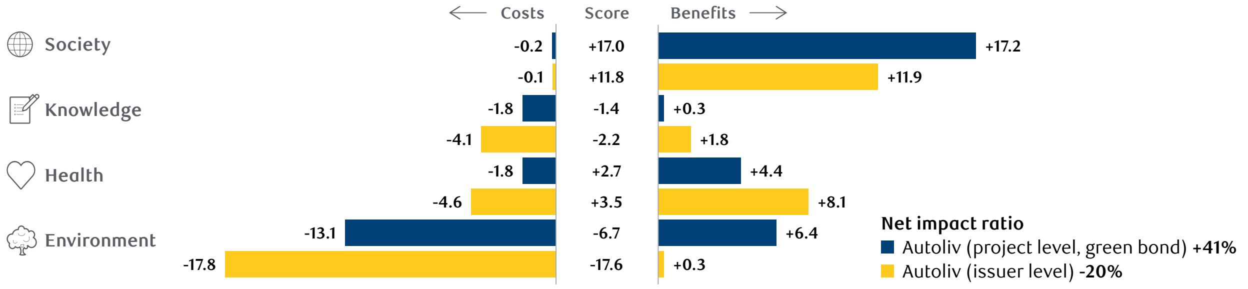
As each approach offers different advantages and disadvantages, arguably, there is a case for performing impact analysis at both issuer and project level, where possible, to ensure full transparency. However, doing so can also present a risk of double counting which would lead to an inflation of impact numbers, unintentionally misleading the end investor about the genuine environmental or social benefits derived.

Another nuance is understanding how much impact is possible, something which is important when considering the extent to which refinancing of existing rather than new projects is a feature of the UoP bond framework. So, whilst investors might expect their capital to support new projects, in reality, in such instances the bonds may be supporting pre-existing projects instead. The fund offers two possible routes for entry into the portfolio and enables investments in either vanilla or ESG-labelled bonds. However, to date (largely for data-related issues), our impact analysis has all been at the issuer level for all portfolio investments, even for ESG-labelled investments.

However, to date (largely for data-related issues), our impact analysis has all been at the issuer level for all portfolio investments, even for ESG-labelled investments. But with improving data and analytics, shifting impact analysis to project level is becoming more of a possibility, although caution is still needed in interpreting any results. For example, if we were to analyse the impact of the UoP bonds we have at the project level, while maintaining analysis at the issuer level for all other investments (in vanilla bonds), the NIR of the portfolio increases from +45% to +49%.

Considering the relatively low proportion of such bonds we hold (circa 29%), this is a meaningful uptick. Taking that to an individual investment level, if we look at an example of the uptick of the NIR value as a result of focusing on project-level impacts rather than at issuer level (Figure 12), then a company like **Autoliv** goes from a -20% NIR (linked to fossil fuels in road traffic), to a +41% as the proceeds of the green bond target parts for electric vehicles specifically. The reality is, most likely, the NIR is somewhere in between.

Figure 12: NIR assessment comparison for Autoliv's green bond: project level versus issuer level



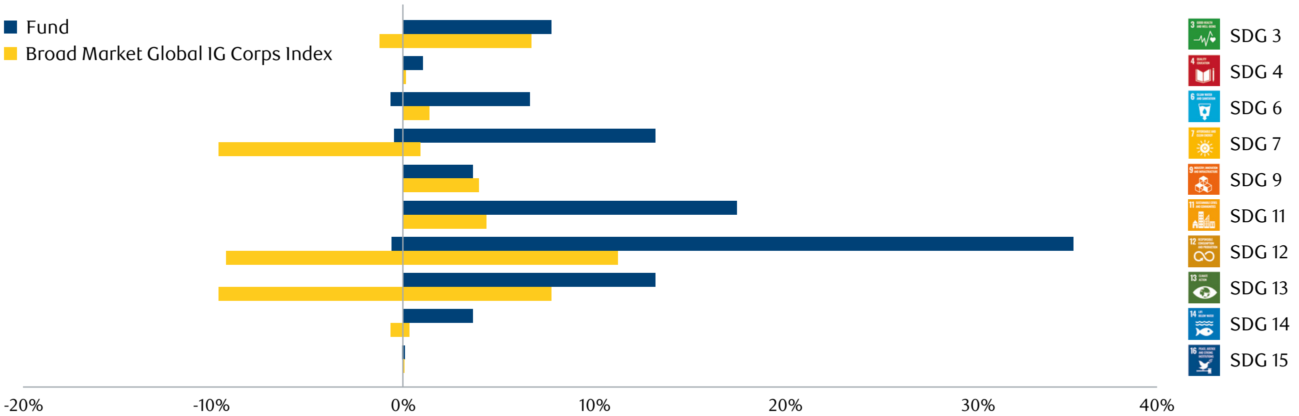
Source: The Upright Project, as at 28 June 2024.

Alignment to UN SDGs

Whilst we do not explicitly use the SDGs as an investment filter, we do report on how our investments may be aligned to these global goals. Given our focus is primarily on issuers whose economic activities and/or bond issuance is funding or supporting activities, in our analysis of SDG alignment, the mapping to those goals is limited to instances where this can be linked to revenues.

Figure 13: Fund and Broad Market Global IG Corps Index exposure alignment to the UN SDGs

The results still continue to show the fund as having a greater degree of alignment to the majority of SDGs than the Broad Market Global IG Corps Index. Specifically, the fund's exposure relative to the index is greater for SDG goals 6 (Clean Water and Sanitation), 7 (Affordable & Clean Energy), 12 (Responsible Consumption and Production) and 13 (Climate Action).



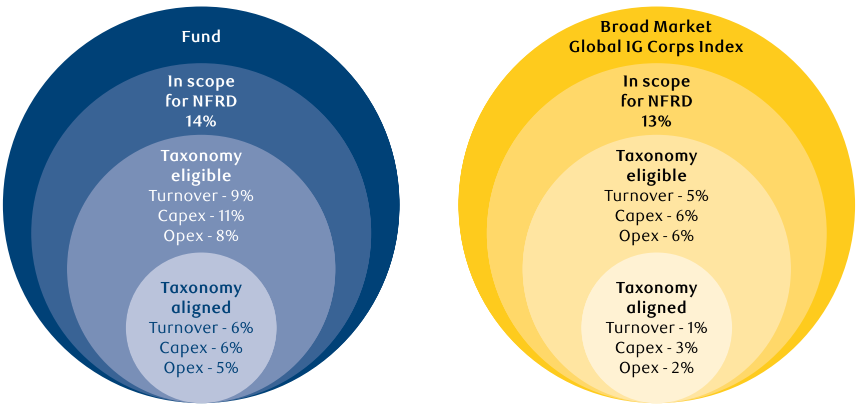
The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes. Note: cash positions are excluded from the analysis. Maps to issuers where the company revenues from the qualifying activities which align to the specific SDGs.

Source: calculated on MSCI Analytics, RBC GAM, as at 28 June 2024.

EU taxonomy alignment

The EU Taxonomy regulation[16], adopted in July 2020, aims to establish a common language that investors can use when investing in projects and economic activities that have a substantial positive impact on the climate and environment. Other EU regulations, the Non-Financial Reporting Directive (NFRD)[17] and CSRD[18] place a mandatory obligation on companies in scope, to disclose alignment of their activities or investments with the criteria set out in the taxonomy. Figure 14 provides information on the fund and Broad Market Global IG Corps Index's exposure to corporate issuers, and investments in taxonomy-eligible and taxonomy-aligned activities by a number of different metrics (turnover, CapEx and OpEx).

Figure 14: Fund and Broad Market Global IG Corps Index exposure (of total NAV) alignment to the EU taxonomy



The above index is not a benchmark for the BlueBay Impact-Aligned Bond Fund and is purely for illustrative purposes.

Source: calculated on MSCI Analytics, RBC GAM, as at 28 June 2024.

[16] Further information on the Taxonomy Regulation from the EU is available here.
[17] Further information on the NRFD Regulation from the EU is available here.
[19] Further information on the CSRD regulation from the EU is available here.

Investor contributions

Assets deployed by the fund towards issuers making positive impacts

Figure 15: Fund capital available to deploy

Assets under management (USD)	As at 28 June 2024	As at 30 June 2023	Δ YoY
Fund – total assets	USD156.3m	USD96.5m	+USD59.8m
Fund - % deployed (NAV)	95.5%	89.3%	+6.9%

Source: RBC GAM, as at 28 June 2024.

Figure 16: Fund investment – primary & secondary issuance financing

% NAV	As at 28 June 2024	As at 30 June 2023	Δ YoY
Fund – primary issuance participation	58.1%	40.9%	+42.1%
Fund – secondary issuance participation	37.4%	48.5%	-22.9%

Source: RBC GAM, as at 28 June 2024.

Active stewardship activities to promote favourable outcomes to support investees achieving impact

We consider engagement activities (usually with issuers we invest in) to be those which are either aimed at generating investment-relevant and decision-useful insights, or where we may have a clear objective to address a material ESG matter and are seeking for an issuer to consider taking action, to mitigate the risks or maximise the opportunities.

For the reference period, there were 35 issuer-directed engagement activities, which relates to 24 different issuers, mainly corporates, although this also includes a developmental financial institution. Of these, the majority (over 85%) were engagements for information-gathering purposes, while the remainder were sought to encourage issuers to consider certain ESG actions or involved a combination of both these activities.

The balance of engagement being tilted more towards information gathering should not be surprising, given we focus our efforts on identifying quality issuers to invest in. As such, we have established a good base level of comfort with those we hold, without needing to push for change. In terms of the topics discussed during these interactions, environment was the most discussed (with climate change, natural resource use and pollution being most common), followed by governance (where board structures and control measures, and ESG strategy and disclosure featured the most) and the balance falling into the social aspects (including health & safety, and access and affordability topics). In instances where we sought to encourage progress in a specific material ESG area, in most cases there was partial achievement of objectives, and in other instances, no change had yet to occur.

Issuer/issue focused

Issue THE WORLD BANK

International Bank for Reconstruction & Development (IBRD)
World Bank – Wildlife Conservation Bond (WCB)

Theme
Enabling a circular economy

Engagement summary

- The IBRD is an international financial institution and the lending arm of the World Bank Group, which makes loans to middle income developing countries that support sustainable development activities.
- More recently, it has been developing Outcome Bonds, instruments which provide investors with an opportunity to support specific positive projects and outcomes.
- One example is its Wildlife Conservation Bond (WCB) – otherwise known as the 'rhino bond' – which the fund has exposure to. Rhinos are considered a threatened species, due to a variety of factors including poaching and habitat loss. The proceeds of the bond finances eligible environmental and social projects and programmes globally[19].
- During Q2 2024, we attended an annual investor call to hear about implementation status and results of the bond. Good progress has been made across a range of areas; approximately 60% of the total project funds have been disbursed to date on conservation investment, while key project staff are now in place and are sufficiently trained, as are the necessary tracking/monitoring instrumentation in the required locations.
- Investors were informed that regarding the rhino population growth rate since 2022 (the base reference year), all KPIs were on track towards the bond delivering on its goals, as the growth rate is currently at 7.65% two years into the five-year period, ahead of the required figure of 4% increase in order to secure the top payout[20].
- The bond also generates co-benefits such as job creation, tourism, and a decrease in poaching. Such benefits are expected to be pervasive, meaning they are likely to outlast the maturity of the bond.

Issuer Orsted

Theme
Promoting clean & safe energy

Engagement summary

- Orsted is a leading Danish renewable energy firm, which includes wind energy, battery storage and solar projects. The UK is the company's largest offshore wind market with 5.6GW of installed capacity which is enough energy to power over 6 million UK homes a year[21].
- In June 2024, the company held an investor trip to its Burbo Bank Extension offshore wind farm, located 8km off the British coast in Liverpool Bay, which we attended. The wind farm has a total capacity of 258MW, generating enough electricity to power over 230,000 UK homes[22].
- Discussions covered a variety of topics including the impact of UK and US elections on the policy and regulatory environment and so the company's business strategy, supply chain sourcing of wind turbines, as well as human resourcing plans to support its growth strategy.
- Overall, the company is constructive on the policy and regulatory outlook in these markets, given continued commitment to increasing offshore wind to decarbonise the power sector. More of a challenge to UK market growth is likely to come from limitations due to an ageing power grid infrastructure and supply chain constraints, as well as a shortage of skilled workforce like electrical engineers.
- Overall, the site visit provided us with tangible and practical insights into offshore wind generation, as well as how the company is navigating key challenges and opportunities. The investment team remains constructive on the Orsted credit story.

[19] Issued in March 2022, the bond does not pay a coupon to investors, but instead uses coupons to make 'conservation investment payments' to finance two priority sites in South Africa for black rhino conservation activities. The UN-based Global Environment Facility (GEF) will pay investors at maturity (March 2027) of the bond, with the amount dependent on the level of success outcome (as measured by the net 'growth rate' of the rhino population over 5 years), with the maximum payment representing a 1.83% annual return. The outcomes will be verified by the Zoological Society of London (ZSL). More information is available here.

[20] The key target, linked to the financial payout for investors at the end of the bond, is the percentage increase of black rhinos in target sites (CAGR) which needs to achieve a 4% increase in order to secure the top payout. More information is available here.

[21] According to data cited by Orsted (based on an average household electricity consultation of 3.689MWh and a load factor for offshore wind of 48%).

[22] Orsted, June 2024.

Thematic focused

Topic/issue **Advancing positive real-world nature outcomes through partnership and collaboration**

Theme: Enabling a circular economy

Engagement summary

Whilst it is recognised that certain economic activities and practices are conducive to a more sustainable world, the policy and regulatory operating environment needed for these issuers to be successful may not necessarily be in place. Alternatively, we may find that there is not a sufficient pipeline or supply of the right investment instruments (in either structure or quality) that the fund can invest in from a financial returns perspective, even if they tick the box on positive impact. As such, alongside engaging with issuers, we spend time in dialogue with other stakeholders in the investment value chain, and we engage in mutual learning and knowledge sharing around key challenges and opportunities, to unlock investment potential. Some examples of our stakeholder engagements and activities include:

- Speaking with the syndication desks of investment banks which help issuers with deal origination, to inform at the early stage of bond design and help maximise the likelihood of successful uptake when these are issued in the market. In particular, engagements have been on the topic of sovereign debt-for-nature swap instruments (financial transitions in which a portion of a country's foreign debt is forgiven in exchange for local investments in environmental conservation measures). This is because this has been one area we have struggled to get comfortable with, as the often-complex investment structures and governance, or the returns profile despite the positive nature impacts, are evident.
- Engaging with multilateral development banks (MDBs) or development financial institutions (DFIs) such as the World Bank Group. Such stakeholders can play an important role in advancing the growth of the sustainable finance (or ESG-labelled debt issuance) market as they can provide credit guarantees and or political risk insurance that help make such investments viable for investors. We have continued to meet with and share feedback to the World Bank on their Outcome Bonds programme, where it has been working to design innovative market-based solutions that mobilise additional private capital for development by offering front-load financing for projects/activities, and in managing risks in different forms. The fund is invested in one of these structures – the Wildlife Conservation Bond ('rhino' bond), and we have been exploring another upcoming investment opportunity.
- Supporting the work of not-for-profit organisations such as the Blue Marine Foundation, which is raising awareness of the importance of marine conservation. The foundation is funded through the RBC Tech for Nature initiative which seeks to partner with organisations addressing protection of natural ecosystems to conduct innovative research focused on solving environmental challenges.

External recognition for the impact-aligned bond strategy

LuxFLAG – ESG Label

The BlueBay Impact-Aligned Bond Fund has been granted the use of LuxFLAG ESG Label for a period of another one year, starting 1 October 2023 and ending on 30 September 2024. Launched in May 2014, the LuxFLAG ESG Label is a voluntary mark for an investment product which signals that it incorporates ESG criteria throughout the investment process, while screening portfolios according to one of the ESG strategies and standards recognised by LuxFLAG.

Note: a fee has been paid for the use of the logo upon successful application for the Label. No fee is payable if the Label has not been awarded. There will be no re-application for the label upon expiry on 30 September 2024.

ESG
LUXFLAG Label

Valid for the period
1 Oct 2003-30 Sep 2024

Commitment to responsible investing practices and disclosure

RBC GAM is a signatory to the UK Stewardship Code 2020

The UK Stewardship Code 2020 (Code) sets out good stewardship practice for asset managers, asset owners and service providers when engaging with investee companies. It is a voluntary initiative.

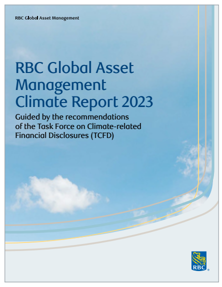
RRBC GAM of which the BlueBay fixed income investment platform is part of, is committed to the Code. RBC GAM's 2023 Annual Stewardship Report met the expected standard of reporting of the Financial Reporting Council (FRC) to be accepted as a signatory of the 2020 Code for the fourth consecutive year.

Note: BlueBay's stewardship activities are incorporated in RBC GAM's 2023 Annual Stewardship Report.

RBC GAM climate change/TCFD reporting

RBC GAM has committed to publishing an annual climate report, guided by the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the latest being the 2023 RBC GAM Climate Report.

Note: the 2023 RBC GAM Climate Report was published in line with the regulatory requirements of the UK Financial Conduct Authority (FCA) ESG Sourcebook. RBC GAM entities that are in scope of this report are RBC GAM UK and BlueBay. These in-scope entities are relying on this RBC GAM group-level Report, prepared by RBC GAM, to meet FCA regulatory requirement.



Ratings, rankings and awards shown herein should not be construed as a guarantee and are not indicative of investment performance, or any future investment performance or sustainability accomplishments.

4. Fund financial performance review

4.1 Market review

The 12-month period from July 2023 to the end of June 2024 was characterised by much calmer financial markets than in the few preceding years, in which we published our first two sustainability impact reports. During those years, the market environment was punctuated by periods of extreme volatility. There were large swings in markets in 2022, driven by increasing inflation, central bank policy, the Russia-Ukraine conflict, and then early 2023 saw the failure of Silicon Valley Bank (SVB) and Credit Suisse, on both sides of the Atlantic.

In this reporting period, risky assets have been more robust, and markets have mostly been driven by macro fundamentals – inflation trajectory, central bank policy and growth expectations. We have seen interest rate hikes and, in some cases, subsequent cuts by key developed market central banks, indicating that the long-awaited inflection point in central bank policy had arrived.

While risky assets (equities and credit spreads) have performed strongly, fixed income markets in general have been more mixed. 10-year developed market government bond yields fell through the last six months of 2023, as markets became more confident in a central bank ‘pivot’, which was also fuelled by signs in the data that growth and inflation were beginning to slow.

However, the first six months of 2024 saw significantly higher yields on the back of the familiar sight of resilient growth and inflation data. The interest rate market had priced in far too many cuts for 2024 and the fixed income market had much recalibration to do. Inflation data continued to move in the right direction throughout the year but did not decline fast enough for more forceful central bank action. The labour market has remained stubbornly strong, along with other key growth indicators, including GDP.

“The first six months of 2024 saw significantly higher yields on the back of the familiar sight of resilient growth and inflation data.”

We ended the period having seen decent fixed income returns, comprising strong credit performance and somewhat underwhelming returns from term structure. Equity and credit valuations have reached lofty levels and investors face the difficult decision of whether to stay fully invested at these more expensive valuations or take some ‘chips off the table’. Essentially, they are deciding whether the ‘goldilocks’ environment markets have recently enjoyed will continue and if central banks will be able to engineer the soft landing that financial markets are anticipating.

4.2 Performance

Looking at returns across global credit asset classes for the period 1 July 2023 – 28 June 2024, High Yield has been the stand-out performer, but Euro Investment Grade also performed well, driven by more stable, long-term interest rate markets and an outperformance in credit. US Investment Grade has somewhat lagged due to a combination of higher treasury yields and slightly weaker spread performance in credit (Figure 17).

The fund performed well during the period, delivering 6.87% gross of fees (Figure 18), outperforming the most closely aligned credit index, Global Investment Grade, which returned 6.25%. Performance predominantly came from credit, where spreads were significantly tighter. By contrast, core government bond yields rose, making the contribution from term structure relatively small. It is gratifying that we continue to deliver on our dual mandate for the BlueBay Impact-Aligned Bond Fund, which is to generate above-market returns by investing along sustainable themes from global issuers.

Figure 17: Performance of fund and corporate bond markets (since inception to 28 June 2024)

USD hedged	**2021** 04/05/21 – 31/12/21	**2022** 31/12/21 – 30/12/22	**2023** 31/12/22 – 31/12/23	**12 months** 30/06/23 – 30/06/24	**Annualised since inception** 04/05/21 – 28/06/24
Euro Investment Grade	0.05	-11.92	10.43	8.33%	-0.45
US Investment Grade	2.17	-15.44	8.40	5.04%	-2.05
Global High Yield	1.18	-11.39	12.97	11.46%	1.51
Global Investment Grade	1.48	-14.06	8.98	6.25%	-1.48
BlueBay Impact-Aligned Bond Fund	1.98	-12.07	7.44	6.87%	-0.68

The above indices are not a benchmark for the BlueBay Impact-Aligned Bond Fund and are purely for illustrative purposes.

Euro IG = ICE BofA Euro Corporate Index (ER00); US IG = ICE BofA US Corporate Index (C0A0); Global HY = BofA Global High Yield Index (HW00); Global IG = ICE BofA Global Corporate Index (G0BC). Fund performance is shown gross of fees.

Source: RBC GAM, Bloomberg, BofA, as at 28 June 2024.

Figure 18: Fund monthly performance (USD, gross of fees, July 2023 – June 2024)

Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	**H2 2023**	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 20234	**H1 2024**	**12M Total**
0.65%	-0.50%	-2.04%	-1.25%	4.29%	4.12%	**5.20%**	0.14%	-0.49%	1.47%	-1.95%	1.52%	0.94%	**1.59%**	**6.87%**

Past performance is not indicative of future results.

The return on 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. 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).

Source: RBC GAM, as at 28 June 2024.

Figure 19: Fund top & bottom credit returns by issuer (July 2023 – June 2024)

Issuer (top contributors)	Contribution to credit excess return (bps)	Theme	Fundamental ESG (Risk) Rating
British United Provident Assoc	+35	Ensuring good health, safety & wellbeing	Low
Cooperatieve Rabobank UA	+24	Achieving an inclusive society	Medium
Eurofins Scientific SE	+18	Ensuring good health, safety & wellbeing	Medium
UNITE Group PLC/The	+17	Buildings knowledge and skills	Low
Banque Federative du Credit Mutuel SA	+16	Achieving an inclusive society	Medium

Issuer (top detractors)	Contribution to credit excess return (bps)	Theme	Fundamental ESG (Risk) Rating
Clariane SE	-85	Ensuring good health, safety & wellbeing	Medium
Samhallsbyggnadsbolaget i Norden AB	-2	Achieving an inclusive society	High
Voyage Holdings Ltd	-1	Ensuring good health, safety & wellbeing	Medium
World Bank Group/The	-1	Enabling circular economy	Very low
National Central Cooling Co PJSC	+0	Ensuring clean & plentiful water	Medium

Source: RBC GAM, as at 28 June 2024.

As the reporting period was strong in credit, there have been very few detractors, with one notable exception – **Clariane** (Figure 19). This issuer largely operates nursing homes and homecare outpatient services for the elderly in six European countries – Belgium, Germany, France, Italy, Spain and the UK, with the majority of its revenues generated from its operations in France. These are highly regulated markets, especially in relation to the operation of nursing homes. In June 2023, Clariane became a purpose-driven company and added to its bylaws a new corporate purpose, common to all its activities: "To take care of each person's humanity in times of vulnerability", and hence it fits into our 'Ensuring good health safety & wellbeing' theme. The company suffered a severe deterioration in its equity and bond prices following the impact of increasing funding costs, inhibiting its ability to access financing and de-lever its balance sheet. This caused a chain reaction which spooked the investors the company had co-ordinated to refinance some of its real estate assets. We took the difficult decision to close this position, despite the large drawdown, since we felt the execution risks of refinancing had become too high. We have reflected on this position and used it to help us avoid being in a similar situation going forward.

On the positive side, we had many strong contributors and it's notable that the largest contributors came from the 'Ensuring good health & wellbeing' and 'Achieving an inclusive society' themes. The top outperformer was **Bupa Finance Plc**, a global health insurance and healthcare provider. Its bonds had been quite weak through 2022 and at the start of 2023, and we added to this position during the weakness. This paid off well over the last few quarters, as it became a significant outperformer.

Both **Rabobank** and **Banque Federative du Credit Mutuel (BFCM)** did extremely well through the period. This was driven partly by the outperformance of financials after the volatility and elevated spread levels caused by the failure of Credit Suisse in the first half of 2023. **Eurofins** is a leading laboratory testing services provider, providing safety and testing services to a range of industries, including healthcare, food and environmental, which also contributed strongly over the twelve months. **Unite Group** has had great performance from lofty spread levels as a real estate issuer supporting accommodation in higher education.

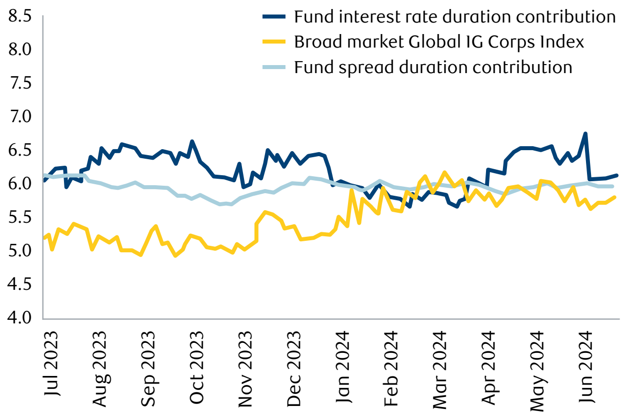
4.3 Positioning

The following tables and charts show our positioning as at the end of June 2024, and how positioning has evolved over the year. Figure 20 shows the evolution of the fund's interest rate and spread duration positioning. Over the 12-month reporting period, interest rate duration has ranged between 5.5 and 6.75 years. We reduced duration towards the end of 2023, as yields moved lower, and increased during the first half of 2024, as yields moved higher again. These tactical shifts have helped performance.

Figure 21 gives a snapshot of where the fund stands at the end of June 2024. The current duration of the fund is where we would consider roughly neutral.

We hold nearly 30% of the portfolio in 'labelled' bonds and the weighted average rating of the fund is BBB. Despite plenty of rotation during the year, the number of issuers has remained relatively constant at 91. Figure 22 details our top five positions in the fund as it stands at the end of the reference period.

Figure 20: Evolution of fund duration (July 2023 – June 2024)



Source: RBC GAM, as at 28 June 2024.

Figure 21: Fund characteristics

	Expected range	Strategy
Average Mty	5–10yrs	8.37
Average Rating	IG	BBB
Average Mod Duration	4–8yrs	6.16
Number issues	50–200	113
Number issuers	50–125	91
Green Bonds		17.43%
Social Bonds		5.79%
Sustainability Bonds		5.35%

Source: RBC GAM, as at 28 June 2024.

Figure 22: Fund top 5 holdings by % NAV

Holding	Impact theme	% of NAV	Contribution to credit excess return (bps)	Fundamental ESG (Risk) Rating
Motability Operations Group PLC	Achieving an inclusive society	2.67	+12	Low
Cooperative Rabobank UA	Achieving an inclusive society	2.56	+24	Medium
UCB SA	Ensuring good health, safety & wellbeing	2.50	+3	Medium
Becton Dickinson Euro Finance Sarl	Ensuring good health, safety & wellbeing	2.43	+0	High
UNITE Group PLC/The	Building knowledge & skills	2.41	+17	Low

Source: RBC GAM, as at 28 June 2024.

Figure 23 demonstrates the rotation mentioned above. It has been a particularly busy period for primary market activity and for credit spreads, so we took advantage of participating in new issues while using market strength to reduce or close bond positions that performed well.

Figure 23: Fund positions added and divested (July 2023 – July 2024)

Additions	Theme
African Development Bank	Achieving an inclusive society
CTP NV	Achieving an inclusive society
Sovereign Housing Capital PLC	Achieving an inclusive society
Telefonica Celular del Paraguay S.A.	Achieving an inclusive society
HCA Healthcare Inc.	Building knowledge & skills
ABB Finance BV	Enabling a circular economy
Carrier Global	Enabling a circular economy
DS Smith	Enabling a circular economy
LKQ Dutch Bond BV	Enabling a circular economy
ProGroup AG	Enabling a circular economy
Siemens AG	Enabling a circular economy
American Water Capital Corp	Ensuring clean & plentiful water
Veralto	Ensuring clean & plentiful water
Alexandria Real Estate Equities Inc.	Ensuring good health, safety & wellbeing
Becton Dickinson and Co	Ensuring good health, safety & wellbeing
Icon PLC	Ensuring good health, safety & wellbeing
Molnlycke Holding AB	Ensuring good health, safety & wellbeing
Sartorius AG	Ensuring good health, safety & wellbeing
UCB SA	Ensuring good health, safety & wellbeing
Acciona Energia Financiacion Filiales SA	Promoting clean & safe energy
Continuum Energy	Promoting clean & safe energy
Eaton Capital	Promoting clean & safe energy
ERG SpA	Promoting clean & safe energy
Green Bidco – Amaraz	Promoting clean & safe energy
Red Electrica Corp	Promoting clean & safe energy
Alstom SA	Promoting sustainable mobility & infrastructure
Autoliv Inc	Promoting sustainable mobility & infrastructure
Elia Transmission Belgium SA	Promoting sustainable mobility & infrastructure
LG Energy	Promoting sustainable mobility & infrastructure
Proximus SA	Promoting sustainable mobility & infrastructure

Divestments	Theme
Anchor Hanover Group	Achieving an inclusive society
Inter-American Development Bank	Achieving an inclusive society
SBB	Achieving an inclusive society
University College London	Building knowledge & skills
Constellium SE	Enabling a circular economy
DS Smith PLC	Enabling a circular economy
Eco Material Tech Inc	Enabling a circular economy
Graphic Packaging Holding Co	Enabling a circular economy
Infineon Technologies	Enabling a circular economy
National Central Cooling Co	Enabling a circular economy
Trane Technologies	Enabling a circular economy
Aegea Finance	Ensuring clean & plentiful water
Xylem Inc	Ensuring clean & plentiful water
Clariane SE	Ensuring good health, safety & wellbeing
EM BV for Firmenich International SA	Ensuring good health, safety & wellbeing
Gilead Sciences Inc	Ensuring good health, safety & wellbeing
Grifols	Ensuring good health, safety & wellbeing
IFFIM	Ensuring good health, safety & wellbeing
Kerry Group	Ensuring good health, safety & wellbeing
Voyage Care	Ensuring good health, safety & wellbeing
MTR Corp Ltd	Promoting clean & safe energy
Pattern Energy Group	Promoting clean & safe energy
Verbund	Promoting clean & safe energy
Elia Transmission Belgium SA	Promoting sustainable mobility & infrastructure
HTA Group	Promoting sustainable mobility & infrastructure

Source: RBC GAM, as of 30 June 2024.

5. Looking ahead

5.1 Market outlook

As we headed towards the end of the third quarter and the September FOMC meeting, the 12-month market outlook for fixed income was shaped by the anticipation of the Federal Reserve's first rate cut, which was largely expected to happen in September 2024, and did so. This shift in monetary policy will have significant implications for bond markets, including yields, spreads, and investor sentiment. It's interesting to observe that, as we have entered this period of inflection in interest rates, the market reaction function shifted somewhat through the middle of 2024.

For some time, markets have behaved according to the phrase 'bad news is good news', where weaker data has been met with positive reactions in risky assets due to the expectation that it will accelerate the central bank pivot to looser monetary policy. Now that it's clearer that interest rates have peaked, with inflation subsiding and signs of the labour market weakening, markets are shifting to the more rational reaction of 'bad news is bad news', where weaker data sparks fears of recession and more difficult times ahead.

The performance of credit markets, in particular, relies on the pace of weakening economic data. For now, the combination of slowing inflation and only mildly weakening growth and labour market data, has led markets to price a 'soft landing', and we see no reason at present to question this narrative. Examining bottom-up data from companies, along with our macro research, leads us to believe that data will slow but not dramatically, and inflation will fall but not so fast as to allow central banks to cut rates rapidly. As a result, we expect fixed income markets to be relatively well behaved and that yields on offer will sustain investor demand.

However, we are cognisant that credit spreads are less attractive and that the next episode of weakness and volatility will likely be caused by weaker growth and fears of recession. Therefore, we remain poised to conservatively shift our positioning to focus more on higher quality credit, if we become increasingly concerned. Overall, our outlook for investment grade fixed income returns remains very optimistic since, even if we do see slower growth and slightly wider spreads, this will almost certainly be compensated for by lower core government bond yields driven by more reactive central bank action.

"Overall, our outlook for investment grade fixed income returns remains very optimistic."

Within investment grade credit, one trend we were looking for last year was the compression of spreads between EUR and USD denominated credit. We saw this compression finally start to happen through the first half of 2024, but we still think it has further to run and we look for it to play out in the coming quarters. Another trend we experienced, particularly in 2023, was the underperformance of certain areas of credit associated with sustainable investing e.g. renewable power. Looking ahead we feel the dampened sentiment of last year will reverse and we saw signs of this turnaround in the first half of this year.

We believe that investors will continue to seek an option to invest for both impact and returns in public fixed income and, as such, this will likely continue to ensure ongoing capital allocation to sustainably-oriented products and to services and companies that provide these, as time goes on.

5.2 Sustainability outlook

Whilst from an investment perspective we are looking to the future with cautious optimism, this is not matched when using an ESG and sustainability lens. Instead, whilst we continue to believe structural tailwinds exist and will materialise, the space and scale needed for an orderly transition is uncertain, as geopolitical tensions, challenging economic growth dynamics and the resulting cost of living challenges weigh against sustainability advances. The following developments for the rest of 2024 and 2025 will be key to setting the tone for the speed and scale of the sustainability transition:

- The extent to which governments show political will to commit to and enact policy to help avoid the worst impacts resulting from systemic risks, such as climate change or societal unrest, will depend on who is in power. With 2024 the 'year of the election', the countries still due to vote post June include the US. A second Trump presidency could see some of the positive sustainability progress made by President Biden reversed, and ongoing polarisation and anti-ESG sentiment even strengthen. Looking at elections which have taken place, right-wing populists have made gains, which increases the challenge to continued implementation of sustainability policy and regulation. The biodiversity conference (CBD COP 16[23]) in October 2024, and the climate conference (UNFCCC COP 29[24]) in November are key.

- ESG and sustainable finance regulations will likely continue to be a double-edged sword. On one hand, increased regulation requiring greater transparency and accountability should help differentiate the companies and investors contributing positively to the sustainability transition. On the other hand, the process of implementation, and the frequent prescriptive, complex and non-harmonised approaches taken by regulators across geographies (shaped by different cultural learnings and political agendas) means they risk being a short-term diversion of limited resources, at a time when speed is paramount. Regulators are evidently well intended, and market participants recognise the need to ensure confidence in capital markets and for financial markets to manage systemic sustainability risks, but there remains scope for rules and requirements to be better informed by a sound knowledge of investing and to leave room for innovation. It remains to be seen how the UK's SDR and investment labels will shape the retail investment landscape, and if the European Commission's SFDR will evolve from a transparency regime to product labelling. As we look ahead, how sustainability related regulations develop will determine the pace of change.

- One area for optimism is the continued business case for sustainability. We believe this will continue to spur the private sector to adopt more environmentally sustainable activities as the economic argument grows (e.g. the case for renewable energy and energy efficiency), and to adopt more progressive solutions as it sees increasing reputational and litigation risks of not acting responsibly. The investment industry continues to see growth in sustainable finance, and the debt market especially has seen increased growth in the ESG-labelled bond market and continued innovation in solutions to meet the public sector funding gap.

- Another key factor which could encourage governments, regulators, companies and the public to double down on sustainability efforts will be how the impacts of climate change and biodiversity and natural capital continue to play out over the next 12 months, such as in public health, business continuity, and ultimately geopolitical and economic stability.

In summary, the road ahead has potential to deliver a more environmentally sustainable and socially responsible society. However, not letting short-term challenges distract from the ultimate destination is key. As such, we seek to maintain momentum, continuing to believe that our strategy remains relevant and well placed to seize the opportunities that lie ahead and contribute towards a sustainable tomorrow.

[23] CBD COP 16 refers to the 2024 United Nations Biodiversity Conference, occurring in Cali, Colombia, from 21 October to 1 November. Governments will be tasked with reviewing the state of implementation of the Kunming-Montreal Global Biodiversity Framework agreed at the 2023 conference. More information is available here.

[24] UNFCCC COP 29 refers to the 2024 UN Climate Change Conference, which takes place in Baku, Azerbaijan, 11-22 November. More information is available here.

6. Appendix

6.1 Strategy overview

Key features	
Strategy	A predominantly investment grade corporate bond fund, investing globally in public markets. The sustainability themes developed target positive contribution to people and to the planet, through selecting issuers whose core economic activities offer investment opportunities and contribute to addressing environmental and social challenges.
Objective	Capital appreciation and income, investing in sustainable investments
Benchmark	None/Total return strategy
Investment policy/ strategy constraints	▪ Minimum 2/3rd investment grade ▪ Maximum 1/3rd sub-investment grade ▪ Maximum issuer exposure 5% ▪ Maximum 25% emerging markets
ESG approach	**Thematic:** CORPORATES/SSAs – two potential qualification routes: core business activity fulfils sustainability theme(s) or activity being funded / supported by the issue fulfils sustainability theme(s). Themes being: Achieving an inclusive society; Building knowledge & skills; Ensuring good health, safety & wellbeing; Enabling a circular economy; Ensuring clean & plentiful water; Promoting clean & safe energy, and Promoting sustainable mobility & infrastructure[1] **Exclusions:** CORPORATES[2,3] – product based: adult entertainment, alcohol, controversial weapons, conventional weapons, fossil fuels related (various), gambling, nuclear energy, tobacco; conduct based: UN Global Compact status, ESG controversies status / SOVEREIGNS[2,4] – controversial jurisdictions status (Financial Action Task Force, UN Security Council Sanctions), Freedom House Index status, UN conventions and treaties status (corruption convention, torture and punishment convention, Paris Agreement) **Integration[5]:** resulting in exclusions of the worst ESG-rated issuers[6] **Stewardship:** including engagement[7] and proxy[8] (where applicable)
Regional/national ESG classifications	EU SFDR – Article 9[9] / French ESG (AMF Doctrine) – category 1[10]/ German ESG (BVI) – Q[11] / fund ESG labels[12] – LuxFLAG[12, 13] (1st Oct 2023 – 30th Sep 2024)
Liquidity	Daily
Base currency	USD
Typical number of issuers	50–125
Investment team	Tom Moulds, My-Linh Ngo[14], Harrison Hill, Robert Lambert
Fund risks	▪ At times, the market for investment grade 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 when 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. ▪ BlueBay's analysis of sustainability factors can rely on input from external providers. Such data may be inaccurate, incomplete or unavailable and BlueBay could assess the sustainability risks of securities held incorrectly. ▪ 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.

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.

Notes: [1] For further information on the sustainability themes, refer to the earlier sections in this report; [2] As determined by our third-party ESG information provider, MSCI ESG Research. Further information is available from MSCI ESG Research; [3] As determined by the Norwegian Government Pension Fund Global/NBIM ESG Ethical Guidelines. Further information is available from NBIM; [4] As determined internally by Investment Compliance. Further information is available upon request; [5] As determined by an internally-derived issuer ESG evaluation framework. Fundamental ESG (Risk) Rating is assigned at an issuer level. This relates to an assessment of the extent to which the issuer is effectively managing the key ESG risks it faces. 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. Further information is available upon request; [6] Excludes issuers with 'very high' Fundamental ESG (Risk) Rating and excludes issuers with 'high' Fundamental ESG (Risk) Rating (case by case); [7] In certain instances, including but not limited to those involving quantitative investment, passive and certain third-party sub-advised strategies, there is no engagement with issuer; [8] Generally not applicable to fixed income, but in the limited instances it does occur, we will act accordingly. *Exceptions permitted in specific instances for power utility companies in the case of transmission/distribution/capacity thresholds. Further information is available upon request; [9] This Article designation is a self-classification by RBC GAM (UK) Limited, and effective from April 2021. Full details of the fund's ESG framework are available online here; [10] French rule setting requirements for in-scope funds incorporating an ESG approach to ensure that the level ESG information provided is proportionate to the actual consideration of ESG factors when marketing in France. Details available here; [11] The German fund industry association (BVI) product classification for defining the ESG target market concept a product is targeting; [12] A fee has been paid for the use of the logo upon successful application for the label. No fee is payable if the label has not been awarded; [13] A fee has been paid for the use of the logo upon successful application for the label. No fee is payable if the label has not been awarded. There will be no re-application for the label upon expiry on 30 September 2024; [14] My-Linh Ngo is Senior Director, Impact-Aligned Strategist in RBC GAM's Responsible Investment (RI) team. She is part of the Impact-Aligned investment team. Source: RBC GAM, as at September 2024.

6.2 ESG and sustainability analysis methodologies

A high-level summary is provided of the methodology for the data reported, in particularly showing where these have changed in comparison to the previous reference period. Further information is available from the respective vendors and can typically be found on their websites.

ESG characteristics

ESG profile

We have continued to work with Impact Cubed to report on the ESG profile of portfolio companies using their data (Figures 1, 2 and 10). ESG issues relate primarily to challenges associated with a company's operations, although also include a company's economic activities. The snapshot of the portfolio is across 15 ESG and impact exposure factors, spanning governance, society, the environment, and products & services. Impact Cubed fills in gaps in company reporting with data from proprietary estimation models. The company has switched the basis for calculations from market capitalisation to EVIC, where possible, for the analysis featured in this report (i.e. where an EVIC number is available), which is widely accepted to be the industry standard for fixed income.

The spider graph compares the ESG profile for the fund (the navy blue line shows the fund's factor exposures relative to the illustrative index values on each factor) and the Broad Market Global IG Corps Index (yellow symmetrical circle/line in the middle of the graph), and where the closer lines reach to the outside of the spider graph, the better the performance. If the two lines are the same, this means the fund is tracking the Broad Market Global IG Corps Index closely on every factor. When the fund's positioning is outside the index circle, that indicates a positive active exposure. The further the fund's datapoints are outside the index circle, the larger the active exposure of the fund to that particular factor. When the fund's datapoints are inside the Broad Market Global IG Corps Index circle, this indicates that it has negative active exposure to a factor.

The Net Impact number (measured in bps) shows how much the fund deviates from the Broad Market Global IG Corps Index on its 15 ESG and impact exposures. It shows how well a fund uses its active shares (traditional tracking error (TE), measured in bps) to create impact. A higher positive number is better, as the fund's active positions are in companies that have better impact. Net Impact is tallied as the sum of the positive and negative factor exposures. It can be negative if the fund has more negative ESG and impact exposures than positive. It will always fall between the total TE and its negative. For example, if a fund has 100bps TE, its impact will fall between -100 and 100.

During 2024, some methodology updates have been made in terms of Product and Services mapping which have largely moved activities to a neutral tagging, while updates to estimation methodologies to improve models have resulted in some changes to carbon estimates, as well as water and waste efficiency estimation models. As such, a direct comparison of performance of the previous reference period may not be appropriate.

Carbon analytics

Portfolio measurement (current profile): Carbon emissions

Carbon emissions analysis (Figure 3) looks at a fund's contribution to climate change in terms of its current emissions profile, which may be referred to as 'financed emissions'. Carbon emissions may be calculated based on absolute emissions (financed emissions) or an intensity-based metric.

Carbon emissions data, metrics and analysis reported come from MSCI ESG Research, for both the fund and the Broad Market Global IG Corps Index.

A note on the data reported:

- As this is a fixed income portfolio, the investor allocation base we have used for the metrics is EVIC (in the calculation), as opposed to using market capitalisation (which tends to be the measure for equity portfolios). In addition, the WACI metric we have used is also more appropriate for fixed income portfolios.
- We have reported both 'disclosed' and 'estimated' data supplied by MSCI ESG Research, as well as applied subsidiary mapping to the investment universe. Estimated data is based on MSCI ESG Research's proprietary Scope 1+2 carbon emissions estimation model, with Scope 3 data also based on its own estimation model.
- For the calculations, derivatives such as options, non-corporate issuers or companies outside of our vendor's coverage are excluded from the analysis, with the weights of the remaining companies rebalanced such that the 'covered' portfolio weight equals 100%.

Portfolio measurement (current profile): Issuers with carbon emissions reductions targets

Understanding current climate risks and opportunities within the fund can be gained by knowing how the issuers in the portfolio are positioned to respond to the transition risks that will arise from efforts to limit climate change in line with the Paris Agreement. We have reported the exposure to companies that are addressing climate change by adopting carbon reduction targets, and those which are validated by the SBTI for the fund and the Broad Market Global IG Corps Index (Figure 4). This information is sourced from MSCI ESG Research.

Portfolio alignment to a net-zero trajectory (ITR)

Considering metrics and analytics which enable an understanding of a portfolio's alignment with a net-zero trajectory is helpful to understanding the portfolio's direction of travel on a forward-looking basis. We have reported data from MSCI ESG Research, to consider the portfolio's temperature alignment (Figure 5).

The ITR metric, reported in °C, is a modelled, forward-looking metric that indicates what the global average temperature increase would be in 2100, relative to pre-industrial times, if the global economy had the same carbon profile as the issuer or portfolio. The ITR is inclusive of Scope 1, 2 and 3 emissions. The ITR considers both the current emissions of issuers and their expected reduction in emissions, due to published emissions reduction targets. It provides an indication of the alignment of an issuer or portfolio to a particular temperature pathway.

During 2024, MSCI ESG Research materially revised its ITR methodology, including making changes to its main ITR outputs, the addition of circa 50 new datapoints, providing more transparency into projected emissions (with or without target) and budget time series. A new element has been introducing target credibility weights. As such, a direct comparison of performance to the previous reference period may not be appropriate.

Some things to note:

- The net-zero 2050 budget over- or undershoot is calculated by companies being allocated an initial absolute carbon budget for the time frame 2020-2050 based on sectoral decarbonisation pathways, then converting those into company-level budgets, using revenue or investment values as a proxy for fair-share budget allocations, leveraging of NGFS's net-zero 2050 scenario and sectoral carbon intensities. This initial carbon budget is rolled over to the following years by subtracting realized emissions for those years and adjusting for market share. The IPCC Special Report on 1.5°C provides the remaining global carbon budget for different temperature rises and probabilities. Details are available here.
- Transient Climate Response to Cumulative Carbon emissions (TCRE) factor of 0.000545°C warming per Gt CO_2 is used, based on the IPCC Physical Science Basis report (2013), and the report is available here. The TCRE provides a relationship that links each additional unit of emissions emitted beyond the available remaining global 2°C carbon budget to degrees of additional warming. This value is used to convert a portfolio's allocated carbon budget over/undershoot into a degree of warming.

Nature-related risks

Nature-derived services, including food, clean water, soil formation, climate regulation, air purification, and cultural services, such as recreation and tourism, are important for the global economy. The final recommendations in September 2023 by the TNFD provide a voluntary framework and sector-specific guidance for the disclosure of nature-related dependencies, impacts, risks, and opportunities. The TNFD defines nature-related risks as potential threats posed to an organisation, linked to their (and wider society's) dependencies and impacts on nature.

These can derive from physical, transition, and systemic risks, which may create a disruption in an issuer's activities or value chains, volatility in raw materials prices, adaptation costs, stranded assets, or capital destruction, amongst others. There are also nature-related opportunities, which create positive outcomes for organisations and nature by creating positive impacts on nature or mitigating negative impacts on nature. For example, activities that avoid, reduce, mitigate, or manage nature-related risks, or that actively work to reverse the loss of nature, including through restoration or regeneration of nature, and implementation of nature-based solutions.

Figure 6 shows portfolio level (for the fund and the Broad Market Global IG Corp Index) exposure to nature-related dependencies and impacts for priority sectors, which is a core metric for asset managers recommended by the TNFD. The analysis was conducted using company data sourced from MSCI ESG Research. We have categorised our corporate holdings into 16 TNFD priority sectors, based on the corporate entity's Nomenclature of Economic Activities (NACE) Class Code for the highest revenue earning activity. Identification of sensitive locations is based on MSCI biodiversity sensitive areas and deforestation screening metrics, which identify companies with operations in ecologically sensitive areas or with exposure to potential direct and indirect involvement in deforestation, using location-based data (please see further information here).

Operations in sensitive areas are defined as companies with three or more known physical assets in biodiversity sensitive areas, denoted as either healthy forests, intact biodiversity areas, prime areas for conservation or deforestation fronts. Operations in sensitive locations and biodiversity related controversies are defined as companies that report having operations located in or near to biodiversity sensitive areas and have been implicated in controversies with a severe or very severe adverse impact on the environment.

Nature-related impacts and dependencies are defined as per ENCORE data but grouped based on our analysis. We leverage RBC GAM's groupings (with ENCORE categories in parenthesis) as follows:

- *For nature-related impacts*: climate change (GHG emissions), land and water use (freshwater ecosystem use, marine ecosystem use, terrestrial ecosystem use), natural resource use (water use, other resource use), pollution (disturbances, non-GHG air pollutants, solid pollutants, solid waste, water pollutants).
- For nature-related dependencies: climate and air quality (climate regulation, filtration, ventilation), raw materials (animal-based energy, fibres and other materials), pollution and erosion control (buffering and attenuation of mass flows, bio-remediation, dilution of atmosphere and ecosystems, mediation of sensory impacts, flood and storm protection, mass stabilisation and erosion control), water quality and availability (ground water, surface water, water flow maintenance, water quality), habitat and biodiversity (genetic materials, pollination, disease control, pest control, maintain nursery habitats, and soil quality).

Positive impact profile: issuer-level impact

Sustainable Impact Solutions

This analysis (Figure 8) looks at positive impact on the environment or society generated by companies in the fund associated with specific sustainability themes, based on revenue exposure. By breaking down companies' sustainable impactful revenue contributions to a range of factors, MSCI ESG Research has provided the building blocks for impact attribution.

The metrics are based on disclosed activities, disclosed revenues and estimates of revenues that are extrapolated from company disclosures and eligible sources (such as NGOs). It is calculated as a weighted average of each company's percent of revenue generated by sustainable impact solutions goods and services. To avoid the possibility of overstating revenue exposure, companies outside of the coverage universe are treated as having 0% revenue from Sustainable Impact Solutions. Portfolio-level results for Sustainable Impact categories may not equal the sum of results for underlying categories due to the existence of revenue associated with multiple categories.

The 13 impact solutions are grouped within four broad categories: basic needs (nutrition, affordable real estate, major disease treatment, sanitation), empowerment (small and medium-sized enterprises finance, education, connectivity), climate change (alternative energy, energy efficiency, green building), and natural capital (sustainable water, pollution prevention, sustainable agriculture). Utilising the 13 impact factors defined by our vendor, we then re-categorised these to align with our seven impact-aligned 'People' and 'Planet' themes. Additionally, to be eligible to contribute, an issuer also must maintain minimum ESG standards of conduct, which has been defined as companies with very severe and severe controversies, with their worst ESG Ratings of 'CCC' and 'B', direct involvement in predatory lending, involvement in controversial weapons, >5% revenue from conventional weapons or firearms, and >10% revenue from alcohol or tobacco production).

A further analysis using the impact revenue metric (Figure 9) shows the difference in actual dollar (USD) figures between a USD1 million investment in the fund and the Broad Market Global IG Corps Index as a proxy for the general credit market. Looking at data analysis from a fixed income perspective, we determined how to apportion those impactful revenues between debt, as compared to equity holders. We have worked with our vendor to apply a methodology for allocation of impactful revenues by using percentage of EVIC as the basis for ownership, rather than the traditional percentage ownership of market capitalisation.

Net Impact Ratio (NIR)

We have reported on data from The Upright Project throughout the report for issuers as well as at portfolio level (Figure 11, 12 and 13), which is based on a net impact model that measures in relative terms, the net sum of the costs ('negative') and benefits ('positive') that a company creates from the products and services it offers. Since net impact is a measure of the costs and benefits, it can also be thought of as net value creation of a company. Net impact can be aggregated with a metric called NIR, which is calculated as (positive impacts - negative impacts)/positive impacts. The logic of the metric is similar to net profit ratio.

The net impact model produces quantitative estimates of the costs and benefits related to each product and service in each of the various impact categories that form four impact dimensions (environment, health, knowledge and society) as they occur within a company, as well as upstream and downstream in the value chain.

Utilising AI and machine learning, the model collects information from scientific literature and public statistical databases, combines it with the product information to arrive at impact estimates of each product or service, and allocates a proportion of the global budget for each of the impact categories to enable aggregation up to a portfolio level. The maximum value for the NIR of a company is 100%, representing a theoretical company with no negative impacts. A company's contribution to the portfolio NIR is affected by its share of the portfolio and score for the impact in question. Values for each impact category are expressed as impact cents per dollar of revenue. Impact cents represent the impact a company or portfolio has in a particular category relative to the size of the company. Impact cents are designed to be comparable between impact categories, as well as between companies or portfolios, regardless of their size.

Alignment to the UN SDGs

Reporting of portfolio alignment to the UN SDGs (Figure 14) is done using analytics from MSCI ESG Research. Specifically, it focuses on the SDG product alignment analysis, which comprises scores and assessment measuring the net impact of a company's products and services on achieving targets associated with each of the 17 SDGs. The MSCI SDG alignment methodology is designed to use qualitative and quantitative inputs to evaluate companies' alignment with specific SDGs. Estimated revenue from products and services that contribute positively to addressing an SDG are scored based on revenue ranges (0%-100%), and estimated revenue from products and services that are negatively aligned with an SDG are scored (0-10) based on revenue ranges of the same scoring range.

Instead of using direct conversion from revenue percentages for the positive and negative alignment scores, MSCI ESG Research applies scoring ranges to account for revenue estimation. For example, where between 25-50% of a company's revenue comes from products with positive impact, the result is a positive alignment score of 7. A resulting SDG product alignment score is calculated as the sum of a company's positive alignment score and negative alignment score for that SDG.

Alignment to EU taxonomy

The EU Taxonomy regulation aims to establish a common language that investors can use when investing in projects and economic activities that have a substantial positive impact on climate and the environment. This taxonomy translates the EU's environmental objectives into a classification system for environmentally sustainable economic activities making a substantial contribution to those objectives.

There are four tests when considering taxonomy criteria. For economic activity to be taxonomy eligible, it must pass the first test; 1) making a substantial contribution to at least one of the environmental objectives. To be considered taxonomy aligned, it must also pass three remaining tests, 2) doing no significant harm to any of the other five environmental objectives, 3) complying with minimum safeguards, and 4) complying with the technical screening criteria.

The taxonomy complements the EU's NFRD and CSRD, as companies that fall under these scopes have a mandatory obligation to disclose alignment of their activities or investments with the criteria set out in the taxonomy.

To determine the taxonomy alignment of the portfolio (Figure 15), we conducted a number of steps to provide figures:

- Firstly, corporate issuers in scope of NFRD or CSRD disclose their taxonomy alignment in their annual disclosures. We used MSCI ESG Research to obtain taxonomy data from corporate issuers held in the portfolio.

- The alignment of issuers within the fund is then weighted at portfolio level based on investment exposure as a proportion of total investments. For example, if a portfolio has two issuers, each with 50% portfolio weighting, and one of the issuers has a 30% taxonomy alignment (with the other issuer having zero alignment), our portfolio alignment would be 15%.

6.3 Fund holdings

Figure 24: List of fund holdings (issuers)

Issuer	Theme
African Development Bank	Achieving an inclusive society
Banque Federative du Credit Mutuel SA	Achieving an inclusive society
CoBank ACB	Achieving an inclusive society
Cooperatieve Rabobank UA	Achieving an inclusive society
CTP NV	Achieving an inclusive society
IHS Holding Ltd	Achieving an inclusive society
IHS Netherlands Holdco BV	Achieving an inclusive society
La Banque Postale SA	Achieving an inclusive society
London & Quadrant Housing Trust	Achieving an inclusive society
Millicom International Cellular SA	Achieving an inclusive society
Motability Operations Group PLC	Achieving an inclusive society
Nationwide Building Society	Achieving an inclusive society
NatWest Group PLC	Achieving an inclusive society
OneMain Finance Corp	Achieving an inclusive society
Sovereign Housing Capital PLC	Achieving an inclusive society
Telefonica Celular del Paraguay SA	Achieving an inclusive society
GEMS MENASA Cayman Ltd / GEMS Education Delaware LLC	Building knowledge & skills
George Washington University/The	Building knowledge & skills
HCA Inc	Building knowledge & skills
Pearson Funding PLC	Building knowledge & skills
RELX Finance BV	Building knowledge & skills
Sanoma Oyj	Building knowledge & skills
SLM Corp	Building knowledge & skills
UNITE Group PLC/The	Building knowledge & skills
Wolters Kluwer NV	Building knowledge & skills
ABB Finance BV	Enabling a circular economy
Carrier Global Corp	Enabling a circular economy
Darling Ingredients Inc	Enabling a circular economy
FCC Servicios Medio Ambiente Holding SAU	Enabling a circular economy
Interface Inc	Enabling a circular economy
International Bank for Reconstruction & Development	Enabling a circular economy
Johnson Controls International plc	Enabling a circular economy
LKQ Dutch Bond BV	Enabling a circular economy
ProGroup AG	Enabling a circular economy
Renewi PLC	Enabling a circular economy
Siemens Financieringsmaatschappij NV	Enabling a circular economy
Smurfit Kappa Treasury ULC	Enabling a circular economy
Trimble Inc	Enabling a circular economy
Aegea Finance Sarl	Ensuring clean & plentiful water
American Water Capital Corp	Ensuring clean & plentiful water
Ecolab Inc	Ensuring clean & plentiful water
Holding d'Infrastructures des Metiers de l'Environnement	Ensuring clean & plentiful water
Northumbrian Water Finance PLC	Ensuring clean & plentiful water
Severn Trent Utilities Finance PLC	Ensuring clean & plentiful water
Suez SACA	Ensuring clean & plentiful water
Veralto Corp	Ensuring clean & plentiful water

Figure 24: List of portfolio holdings (issuers) (cont'd)

Issuer	Theme
Alexandria Real Estate Equities Inc	Ensuring good health, safety & wellbeing
Becton Dickinson Euro Finance Sarl	Ensuring good health, safety & wellbeing
BUPA Finance PLC	Ensuring good health, safety & wellbeing
Cheplapharm Arzneimittel GmbH	Ensuring good health, safety & wellbeing
CSL Finance PLC	Ensuring good health, safety & wellbeing
Eurofins Scientific SE	Ensuring good health, safety & wellbeing
Healthcare Realty Holdings LP	Ensuring good health, safety & wellbeing
Hikma Finance USA LLC	Ensuring good health, safety & wellbeing
Humana Inc	Ensuring good health, safety & wellbeing
Icon Investments Six DAC	Ensuring good health, safety & wellbeing
Johns Hopkins Health System Corp/The	Ensuring good health, safety & wellbeing
LifePoint Health Inc	Ensuring good health, safety & wellbeing
Lonza Finance International NV	Ensuring good health, safety & wellbeing
Molnlycke Holding AB	Ensuring good health, safety & wellbeing
Sartorius Finance BV	Ensuring good health, safety & wellbeing
Takeda Pharmaceutical Co Ltd	Ensuring good health, safety & wellbeing
UCB SA	Ensuring good health, safety & wellbeing
Acciona Energia Financiacion Filiales SA	Promoting clean & safe energy
Clean Renewable Power Mauritius Pte Ltd	Promoting clean & safe energy
Continuum Energy Aura Pte Ltd	Promoting clean & safe energy
Continuum Green Energy India Pvt / Co-Issuers	Promoting clean & safe energy
Eaton Capital UnLtd Co	Promoting clean & safe energy
ERG SpA	Promoting clean & safe energy
Green Bidco SA	Promoting clean & safe energy
Iberdrola Finanzas SA	Promoting clean & safe energy
Iberdrola International BV	Promoting clean & safe energy
Orsted AS	Promoting clean & safe energy
Redeia Corp SA	Promoting clean & safe energy
ReNew Pvt Ltd	Promoting clean & safe energy
Sociedad de Transmision Austral SA	Promoting clean & safe energy
SSE PLC	Promoting clean & safe energy
TC Dudgeon Ofto PLC	Promoting clean & safe energy
Terna - Rete Elettrica Nazionale	Promoting clean & safe energy
Vestas Wind Systems A/S	Promoting clean & safe energy
Alstom SA	Promoting sustainable mobility & infrastructure
Aptiv PLC / Aptiv Global Financing Ltd	Promoting sustainable mobility & infrastructure
Autodesk Inc	Promoting sustainable mobility & infrastructure
Autoliv Inc	Promoting sustainable mobility & infrastructure
Contemporary Ruiding Development Ltd	Promoting sustainable mobility & infrastructure
Deutsche Bahn Finance GMBH	Promoting sustainable mobility & infrastructure
East Japan Railway Co	Promoting sustainable mobility & infrastructure
Empresa de Transporte de Pasajeros Metro SA	Promoting sustainable mobility & infrastructure
KB Home	Promoting sustainable mobility & infrastructure
LG Energy Solution Ltd	Promoting sustainable mobility & infrastructure
Proximus SADP	Promoting sustainable mobility & infrastructure

The fund's portfolio will contain a much larger number of positions and the example is not intended to indicate overall portfolio performance that may be expected to be achieved by the fund. Source: RBC GAM, as at 28 June 2024. The information provided in this example of holdings is to illustrate the investment process of the strategy at BlueBay and should not be deemed a recommendation to buy or sell any security or financial instrument.

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