

BLUEBAY FUNDS
Société d'investissement à capital variable
Registered Office:
80, route d'Esch
L-1470 Luxembourg
R.C.S. Luxembourg B 88.020
(the "Fund")

Notice to the Shareholders of BlueBay Funds

Dear Shareholder,

The board of directors of the Fund (the "**Board**") is writing to advise you of certain changes which have been made to the Fund prospectus dated October 2020 (the "**Prospectus**").

The Prospectus has been updated in order to reflect the following amendments:

1. Addition of three new Sub-Funds:

- a. BlueBay Impact-Aligned Bond Fund
- b. BlueBay Investment Grade Absolute Return ESG Bond Fund
- c. BlueBay Investment Grade ESG Bond Fund

2. Change to the directory:

- a. Constantine Knox has been appointed as new member of the Board of Directors of the Fund
- b. BlueBay Funds Management Company S.A. has been appointed instead of BlueBay Asset Management LLP as the Global Distributor

3. Addition in defined terms:

The following defined terms have been added to section 3 Definitions:

ESG	means environmental, social and governance
ESG Engagement	means interactions between the Investment Manager and current or potential investees (which may be companies or governments) and/or other stakeholders of relevance to the investees, on ESG issues. Engagements are undertaken to gain insight and/or influence (or identify the need to influence) ESG practices and/or improve ESG disclosure, to the extent possible.
ESG Exclusion / Negative Screening	means the exclusion of certain sectors, issuers or practices based on specific ESG considerations as determined by the Investment Manager. This can relate to product-based as well as conduct-based restrictions. Product-based restrictions exclude issuers and sectors depending on their economic activity in order to not invest in entities which may contribute to the production or distribution of certain goods which are associated with significant environmental and societal risks. Conduct-based restrictions exclude issuers who fail to address ethical, environmental and societal issues in their operations.
ESG Integration	means the systematic and explicit inclusion of material Sustainability Factors into investment analysis and investment decisions by the Investment Manager. Except for ESG Oriented Sub-Funds, any Sustainability Risk identified in

	relation to an issuer does not preclude Sub-Funds from investing in such issuer.
ESG Norms-Based Screening	means the screening and exclusion of certain issuers against minimum standards of business practice based on international norms. Such norms include, but are not limited to, the UN Global Compact Principles. This is a specific sub-set of ESG Exclusion/Negative Screening approaches which relates to a conduct-based restriction.
ESG Aware Sub-Funds	means Sub-Funds which do not include “ESG” or “Impact” in its name.
ESG Oriented Sub-Funds	means Sub-Funds which include “ESG” or “Impact” in its name.

4. Update to section 4.20 Benchmarks Regulation:

- a. Benchmark administrators are now registered on the public register of administrators maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. Benchmark administrators had previously relied on the transitional provisions specified in article 51 of the Benchmarks Regulation
- b. Change in the name of certain benchmarks and benchmark administrators. The change in name has no effect on the composition or methodology applied by benchmarks:

Sub-Fund name	Previous Benchmark & Administrator		Current Benchmark & Administrator	
BlueBay Global Convertible Bond Fund	Thomson Reuters Global Convertible Focus Index USD	Thomson Reuters Benchmark Services (UK) Limited	Refinitiv Global Convertible Focus Index USD	Refinitiv Benchmark Services (UK) Limited
BlueBay Investment Grade Bond Fund	iBoxx Euro Corporates Index	Markit Indices Limited	iBoxx Euro Corporates Index	IHS Markit Benchmark Administration Limited

5. Addition of sub-section 5.4 “Environmental, Social and Governance Framework”

Section 5 “Investment Policies” of the Prospectus has been updated to include sub-section 5.4 to disclose the Investment Manager’s approach to ESG investing across Sub-Funds.

6. Addition of sub-section 6.24 “ESG Investment Risks”

Section 6 “Risk Factors” of the Prospectus has been updated to include sub-section 6.24 to disclose the specific risks associated with ESG investing.

7. Clarification of maximum holding cash and cash equivalents for certain Sub-Funds

The following sentence has been updated to clarify that the maximum holding in cash and cash equivalents may be up to 50% of a Sub-Fund’s net assets in respect to the BlueBay Capital Income Fund, BlueBay Emerging Market Unconstrained Bond Fund, BlueBay Financial Capital Bond Fund, BlueBay Global Sovereign Opportunities Fund and the BlueBay Total Return Credit Fund.

“The Sub-Fund may from time to time, if ~~deemed appropriate by the Investment Manager~~, hold up to 50% of its net assets in cash and cash equivalents.”

8. Addition of class ER for the BlueBay Emerging Market Unconstrained Bond Fund

Class ER shares will be launched for the sub-fund with the following characteristics:

Management Fees (basis points)	Performance Fee Rate (%)	Expenses (basis points)
Up to 200	Nil	20

9. Removal of reference to Local Currency bonds in respect to total return swaps and contract for difference in the Securities Finance Transactions section for BlueBay Emerging Market Aggregate Bond Fund and BlueBay Emerging Market Aggregate Short Duration Bond Fund

“Total return swaps and contracts for difference may be used in respect to ~~Local Currency bonds and~~ financial indices for investment and hedging purposes. The proportion of the Sub-Fund’s net assets subject to these instruments, expressed as the notional of the total return swap or contract for difference divided by the Sub-Fund’s net asset value, is expected to range from 0% to 25% and may not exceed 50%.”

10. Update of the description of the Financial Techniques and Instruments

The description of the “Financial Techniques and Instruments” of the Sub-Funds has been redrafted and shall be read as follows:

“The Sub-Fund may: (i) invest in financial derivative instruments including but not limited to total return swaps, contracts for difference, portfolio swap agreements, interest rate swaps, futures, options, swaptions and credit default swaps for hedging and investment purposes; (ii) invest in currency swaps and currency forwards for currency hedging and ~~other investment purposes~~; (iii) use credit default swaps in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection; (iv) sell protection by entering into credit default swap sale transactions in order to acquire a specific credit exposure and/or buy protection by entering into credit default swap without holding the underlying assets; and (v) use repurchase and reverse repurchase agreements to borrow or lend out assets.”

11. Update of the following investment guideline for the BlueBay Capital Income Fund

Previous guideline:

“The Sub-Fund invests at least 80% of its net assets in fixed income securities issued by entities rated investment grade.”

New guideline from the 10th May 2021:

“The Sub-Fund invests at least two-thirds of its net assets in fixed income securities issued by entities rated investment grade.”

12. Sustainable Finance Disclosure Regulation (“SFDR”) related updates:

In order to comply with the SFDR requirements applicable from the 10th March 2021, the following updates have been made to the Prospectus:

- a. Each Sub-Fund has been categorised by the Management Company in accordance with the current SFDR requirements. Any corresponding disclosure requirements applicable to the Management Company and to Article 9, Article 8 or Other funds can be found in sub-section 5.4 “Environmental, Social and Governance Framework” and Appendix 1 “Investment Objectives, Policies, Fees and Additional Information for Sub-Funds”. For ease of reference, the following table specifies the SFDR category of each Sub-Fund:

ESG Oriented Sub-Funds	SFDR category
BlueBay Global High Yield ESG Bond Fund	Article 8
BlueBay Investment Grade Absolute Return ESG Bond Fund	Article 8
BlueBay Investment Grade ESG Bond Fund	Article 8
BlueBay Impact-Aligned Bond Fund	Article 9

- b. BlueBay Global High Yield ESG Bond Fund: update in the Sub-Fund’s Investment Policy in accordance with the disclosure requirements applicable to Article 8 funds under SFDR.

The updated Prospectus shall be available at the registered office of the Fund.

Except for item 11, all changes to the Prospectus will become effective from the date of the Prospectus. Regarding the change referred to under item 11, Shareholders are granted one month from the date of the present notice to redeem their Shares free of charge should they disagree with the change made.

For the avoidance of doubt, capitalised terms used in this notice shall bear the same meaning set out in the updated Prospectus.

By order of the Board of BlueBay Funds

9th April 2021