

Appendix 5 – EU Sustainable Finance Disclosure Regulation (continued)

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of environmentally sustainable economic activities. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: BlueBay Emerging Market Select Bond Fund
Legal entity identifier: 162TOW4MBL26Q9NDNV76

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

Yes
No
It made sustainable investments with an environmental objective: ___%
It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
It made sustainable investments with a social objective: ___%
It promoted E/S characteristics, but did not make any sustainable investments

To what extent were the environmental and/or social characteristics promoted by this financial product met?

In the prospectus, the Sub-Fund commits to promote environmental and social characteristics by favouring investment in issuers whose business activities and/or conduct take an appropriate and responsible approach to ESG. This is achieved by implementing environmental, social and governance (ESG) integration (via the assessment of issuers based on a proprietary ESG risk rating methodology and setting a minimum threshold for investment eligibility of an issuer), ESG engagement (where appropriate to ensure the issuers continues to meet the required environmental and/or social characteristics being promoted) and ESG screening (by excluding issuers from investment due to their involvement in controversial activities and/or poor ESG conduct).

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Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

During the period, the Sub-Fund met this commitment by investing only in issuers that were deemed to have an appropriate and responsible approach to environmental, social, and governance characteristics when assessed according to the above ESG framework.

How did the sustainability indicators perform?

As of 30th June 2023, 85.74% of the Sub-Fund's total assets were invested in fixed income securities aligned with the E/S characteristics promoted by the Sub-Fund ("In Scope Securities").

The sustainability indicators used to assess, measure and monitor the ESG characteristics of the Sub-Fund are as follows:

- I. 100% of In Scope Securities are covered by the Investment Manager's ESG evaluation.
- II. 100% of In Scope Securities are compliant and not in active breach of any ESG Exclusion / Negative screening (product based) and ESG Norms Based Screening (conduct based) screening applicable to the Sub-Fund as detailed in section 5 of the Prospectus.
- III. 100% of In Scope Securities are compliant and not in active breach of the ESG Integration screening which limits exposure to issuers with a 'very high' Fundamental ESG (Risk) Rating (either at an overall ESG level, or on the 'governance' pillar specifically) to 10% of the Sub-Fund's net assets. Any exposure to 'very high' ESG risk rated issuers is on a case-by-case basis depending on whether there is evidence the issuer is improving its ESG practices or is willing to engage with the Investment Manager on mitigating key Sustainability Factors or Sustainability Risks.

... and compared to previous periods?

Not applicable.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure.

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The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



How did this financial product consider principal adverse impacts on sustainability factors?

PAI indicators considered by the sub-fund during the reporting year:

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

	Adverse sustainability indicator	Metric	Explanation
CORPORATE	ENVIRONMENTAL		
	GHG intensity of investee companies	GHG intensity of investee companies [tCO ₂ e / EUR million sales]	<p>The consideration is by escalation with investee companies. Escalations can take the form of additional due diligence, engagement, collaborative initiatives, and/or exit, as determined by the Investment Manager. Monitoring and evaluation of escalation actions and their outcomes are taken into account in terms of the ongoing eligibility of the investee companies, and/or investment positioning.</p> <p>During the reference period, the Investment Manager had access to carbon related data on investee companies, and enabled portfolio level analytics and tools sourced from the third party vendor. These were used to support assessment of climate-related practices of investee companies within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment Manager.</p> <p>Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement with investee companies on climate-related matters, either to inform and/or to promote better practices, which range from encouraging enhanced disclosure, to better mitigation of GHG emissions.</p>

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Adverse sustainability indicator	Metric	Explanation
SOCIAL	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons, and biological weapons)	The Sub-Fund minimises this PAI metric by excluding investee companies with exposure to controversial weapons within (focus on manufacturing), and beyond the scope of the PAI (by including other controversial weapons like nuclear).
		During the reference period, the Investment Manager had access to data on investee companies and their statuses with regards to controversial weapons involvement, sourced from the third party vendor. These are used to support assessment of involvement of investee companies within the Sub-Fund.
ENVIRONMENTAL	GHG Intensity	The Sub-Fund considers this PAI metric by taking escalation actions with investee countries with high GHG intensity (relative to countries in the same economic group peers, as defined by the World Bank). Escalations can take the form of additional due diligence, engagement, collaborative initiatives, and/or exit, as determined by the Investment Manager. Monitoring and evaluation of escalation actions and their outcomes will be taken into account in terms of the ongoing eligibility of the investee countries, and/or investment positioning.
		<p>During the reference period, the Investment Manager had access to data on investee countries' climate/carbon related practices, sourced from the third party vendor. These are used to support assessment of the performance of investee countries on these parameters within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment Manager.</p> <p>Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement. Engagement is prioritized based on the GHG intensity of the investee countries.</p> <p>During the reference period, there was no direct exposure to in scope investments in investee countries.</p>

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Adverse sustainability indicator		Metric	Explanation
	SOCIAL		
	Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	<p>The Sub-Fund minimises this PAI metric by excluding investee countries under international sanctions which include social violations (specifically those which are not party to, or have not ratified certain UN treaties and conventions (such as those on corruption, torture and punishment).</p> <p>During the reference period, the Investment Manager had access to data on investee countries' statuses on a selection of international treaties and conventions, sourced from the third party vendor. These are used to support assessment of the performance of investee countries on these parameters within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment Manager.</p> <p>Where relevant, feasible and in-line with the investment objective or mandate, the Investment Manager conducts engagement.</p>
SOVEREIGN			
	Average corruption score	Measure of the perceived level of public sector corruption using a quantitative indicator	<p>The Sub-Fund considers this PAI metric by taking escalation action with investee countries that do not have anti-corruption and anti-bribery policies. Escalations maybe in the form of additional due diligence, engagement, collaborative initiatives, and/or exit, as determined by the Investment Manager. Monitoring and evaluation of escalation actions and their outcomes will be taken into account in terms of the ongoing eligibility of the investee countries, and/or investment positioning.</p> <p>During the reference period, the Investment Manager had access to data on investee countries related to bribery and corruption matters, sourced from the third party vendor. These are used to support assessment within the Sub-Fund, and inform on the identification of areas for potential research, due diligence, engagement, as determined by the Investment.</p> <p>Where relevant, feasible and in-line with the investment objective, the Investment Manager conducts engagement. Engagement is prioritized based on the extent to which the investee countries have low corruption score.</p>

The Sub-Fund monitors and evaluates the PAI indicators and metrics indicated, although the availability of data on some indicators/metrics is currently limited and so may not necessarily cover the full scope. As such the integration of PAI indicators is conducted on a best-efforts basis. However, as data availability improves, assessments and monitoring will improve.

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What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Republic of South Africa Government Bond - SAGB 8	Government	4.52%	South Africa
Mexican Bonos - MBONO 7 3/4 05/29/31	Government	3.40%	Mexico
Colombian TES - COLTES 2 1/4 04/18/29 IL	Government	3.32%	Colombia
United States Treasury Note/Bond - T 2 3/4 08/31/23	Government	2.18%	United States
Republic of South Africa Government Bond - SAGB 10 1/2	Government	2.09%	South Africa
Petroleos Mexicanos - PEMEX 6.35 02/12/48	Oil & gas	2.08%	Mexico
Mexican Udibonos - MUDI 2 3/4 11/27/31 IL	Government	2.06%	Mexico
Turkey Government International Bond - TURKEY 4 7/8 04/16/43	Government	2.03%	Turkey
Oman Government International Bond - OMAN 6 3/4 01/48 REGS	Government	1.88%	Oman
Thailand Government Bond - THAIGB 3.775 06/25/32	Government	1.70%	Thailand
Galaxy Pipeline Assets Bidco Ltd - ADGLXY 2.94 09/40 REGS	Utilities	1.50%	United Arab Emirates
Indonesia Treasury Bond - INDOGB 8 1/4 05/15/29 #FR78	Government	1.49%	Indonesia
Argentine Republic Government International Bond - ARGENT 3 1/2	Government	1.31%	Argentina
Ecuador Government International Bond - ECUA 3 1/2 07/35 REGS	Government	1.27%	Ecuador
Bonos de la Tesoreria de la Republica en pesos - BTPCL 4.7	Government	1.26%	Chile

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 1st July 2022 – 30th June 2023

As of 30th June 2023. This data has been compiled based on investment holding weights on the last business day of each month and averaged for the reference period. Classification of securities including sector and country are determined as at the last day of the reference period.



What was the proportion of sustainability-related investments?

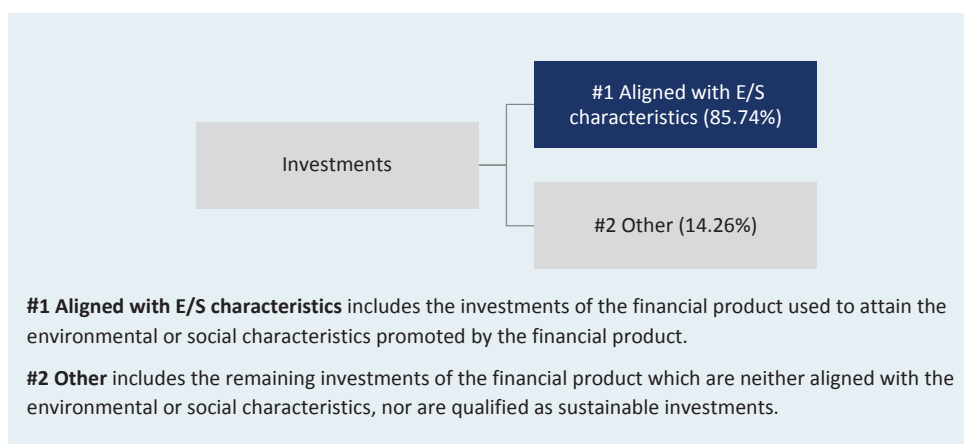
The Sub-Fund invested 100% of its net assets (excluding cash, cash equivalents, short-term bank certificates and Money Market Instruments) relating to in scope issuers aligned with the E/S characteristics promoted by the Sub-Fund (#1).

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What was the asset allocation?

85.74% was invested relating to In Scope Securities aligned with the E/S characteristics of the Sub-Fund.

14.26% was held in cash, cash equivalents, short-term bank certificates and Money Market Instruments used for the purposes of capital preservation and which do not follow any minimum environmental or social safeguards (#2).



In which economic sectors were the investments made?

Sector	Proportion (%)
Communication Services	0.12%
Sovereign	78.27%
Energy	8.17%
Materials	0.12%
Financials	0.90%
Industrials	1.44%
Utilities	0.33%
Cash & Derivatives	10.64%

As of 30th June 2023. This data has been compiled based on sector weights on the last business day of each month and averaged for the reference period.

As at 30th June 2023, the proportion involved in sectors and sub-sectors of the economy that derive revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels was 4.18%.

Asset allocation describes the share of investments in specific assets.

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Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflects the “greenness” of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



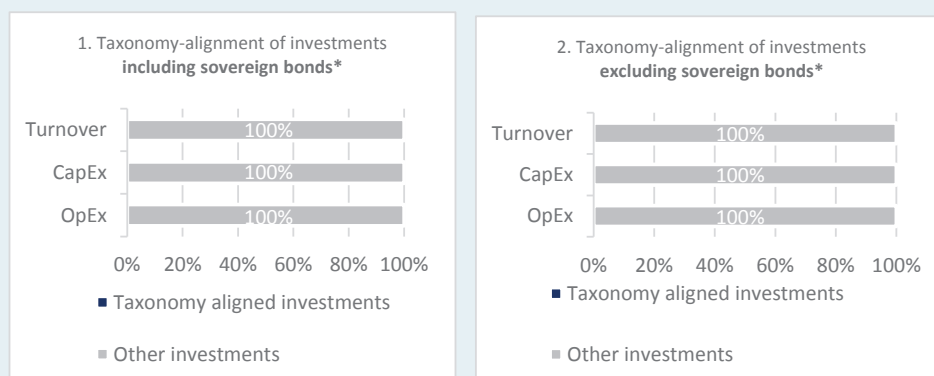
To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy⁴?

Yes: ☐ In fossil gas ☐ In nuclear energy
No: ☒ X

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*




*For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

What was the share of investments made in transitional and enabling activities?

Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure

⁴ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable, the Sub-Fund does not claim to make investments with a sustainable objective in the SFDR pre-contractual disclosure.



What was the share of socially sustainable investments?

Not applicable.



What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?

The Sub-Fund held certain instruments which do not contribute directly to the E/S characteristics promoted by the Sub-Fund such as Cash, short-term bank certificates and Money Market Instruments.

Such instruments were used for the purposes of capital preservation and do not follow any minimum environmental or social safeguards.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

In line with the ESG screening process, investment restrictions were implemented and revised as part of the regular cycle of updates.

Whilst not binding, ESG engagement with issuers and other key stakeholders on environmental and/or social issues occurred and prioritized using a risk-based approach. An example of an engagement that occurred during the reference period was with a market sovereign located in Central Europe. The Investment Manager reduced the investment exposure to the issuer towards the end of 2022 to reflect its increasingly negative view of the geopolitical risks resulting from the government's position on the Russia/Ukraine conflict, as well as other domestic government matters such as the increasingly authoritarian rule in the country. Another example of engagement which encompasses both issuer specific as well as a thematic, is with an emerging market sovereign located in Latin America on issue such as deforestation. In this instance, the Investment Manager has continued to engage a range of stakeholders beyond companies such as governments and regulators across different jurisdictions including those in Emerging markets as well as Europe, to promote appropriate public policy frameworks to address deforestation in order to enable countries and the planet to ensure long-term prosperity and wellbeing. Such activities have been via the Investment Manager's co-chairmanship of a global collaborative investor engagement initiative (The Investor Policy Dialogue on Deforestation, IPDD), which engagements governments and other related stakeholders across specific producer countries like Brazil and Indonesia, as well consumer countries and regions such as the USA and Europe (the IPDD published its first progress report during the fourth quarter, summarising its activities since its formation in 2020). The Investment Manager's engagement during, and prior to the reference period, with the country has centred around promotion, implementation and enforcement of its regulation to protect forests and to report on performance, and included a country research trip during the first half of 2023. The election of a new government in the second half of 2022, is a positive outcome as they have evidenced more commitment to halting deforestation. The Investment Manager continues to have a position in the sovereign.

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How did this financial product perform compared to the reference benchmark?

Not applicable.

**Reference
benchmarks**

are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.