

**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 January 2022 (the "**Prospectus**").

All capitalised terms used herein shall have as a rule, the same meaning as in the Prospectus.

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

- 1. Inclusion of the changes made in the Addendum to the Prospectus dated May 2022**
- 2. Change to the composition of the Board of Directors of the Fund and Management Company**

Mr. Neil Sills was appointed as replacement of Ms. Siu-Wai Ng, following her resignation as Director of the Board of Directors of the Fund as of 27 January 2022. Mr. Christopher Wiksyk was added as Director of the Board of the Management Company as of 22 June 2022. This is reflected in the updated Directory of the Prospectus.

**3. Update to certain Benchmark Names**

Following updates by the benchmark administrator, the benchmarks of the below listed Sub-Fund's had "Barclays" removed from their name.

<b>Sub-Fund</b>	<b>Benchmark</b>
<i>BlueBay Global Investment Grade Corporate Bond Fund</i>	<i>Bloomberg <del>Barclays</del> Global Aggregate Corporates Bond Index USD Hedged</i>
<i>BlueBay Investment Grade Euro Aggregate Bond Fund</i>	<i>Bloomberg <del>Barclays</del> Euro Aggregate Index</i>
<i>BlueBay Investment Grade Euro Government Bond Fund</i>	<i>Bloomberg <del>Barclays</del> Euro Aggregate Treasury Index</i>
<i>BlueBay Investment Grade Global Aggregate Bond Fund</i>	<i>Bloomberg <del>Barclays</del> Global Aggregate Bond Index USD unhedged</i>
<i>BlueBay Investment Grade Global Government Bond Fund</i>	<i>Bloomberg <del>Barclays</del> Global Aggregate Treasuries Total Return Index, USD <del>un</del>hedged</i>

**4. Amendment of Section 5.4 of the Prospectus named "Sustainability Disclosures; Environmental, Social and Governance Framework"**

The following paragraph was updated to reflect that long positions on securities excluded as a result of Sustainability Factors are restricted and short positions may only be permitted on selected Sub-Funds as specified in Appendix 2.

*“In the case of securities excluded as a result of Sustainability Factors, such exclusions shall apply to fixed income securities issued by such issuers and financial derivative instruments with such issuers as the underlying asset (i.e. credit default swaps). The approach taken by the Investment Manager in regards to the possibility of Sub-Funds taking long or short positions on issuers excluded as a result of Sustainability Factors may differ depending on whether the issuer is excluded due to the ESG Exclusions / Screening and ESG Norms-based Screening applied or if the issuer is excluded or exposure to such issuer is limited because it is deemed to have ‘very high’ ESG risks as a result of the Investment Manager’s ESG Integration:*

1. *The issuer is excluded due to the ESG Exclusions / Screening and ESG Norms-based Screening applied: neither long nor short positions are permitted.*
2. *The issuer is deemed to have ‘very high’ ESG risks as a result of the Investment Manager’s ESG Integration: Sub-Funds which exclude or limit exposure to 10% net to such issuers may take short positions using credit default swaps on such issuers as part of their approach to active management on a Sub-Fund by Sub-Fund basis as specified in Appendix 2.*

*A Sub-Fund may have exposure to excluded issuers via instruments such as, but not limited to, financial indices or Structured Credit Securities. Moreover, any exclusion applicable to sovereign issuers does not restrict a Sub-Fund from having exposure to instruments which are indirectly related to such issuers such as currency or interest rate derivative instruments.”*

As specified in Appendix 2, as part of their approach to active management, the following Sub-Funds may take short positions using credit default swaps on ‘very high’ ESG risks issuers as a result of the Investment Manager’s ESG integration. This will be effective as at 31 January 2023:

<b>BlueBay Global Sovereign Opportunities Fund</b>
<b>BlueBay Investment Grade Absolute Return Bond Fund</b>
<b>BlueBay Total Return Credit Fund</b>

Furthermore, the paragraph on **Principal Adverse Impact** has been updated as follows to reflect that the Management Company has chosen to voluntarily comply.

*“The Management Company, being the Financial Market Participant as defined in SFDR, does not meet the criteria as set out in Article 4 of SFDR. However, the Management Company has chosen to voluntarily comply and has implemented a due diligence policy with respect to the principal adverse impacts of its investment decisions on Sustainability Factors. The PAI policy statement may be found online at <https://www.bluebay.com/en/institutional/what-we-do/funds/sustainability-related-disclosures/>.”*

Finally, all hyperlinks within Section 5.4 of the Prospectus has been changed from [“https://www.bluebay.com/en-gb/wholesale/what-we-do/responsible-investing/”](https://www.bluebay.com/en-gb/wholesale/what-we-do/responsible-investing/) to [“https://www.bluebay.com/en/institutional/what-we-do/funds/sustainability-related-disclosures/”](https://www.bluebay.com/en/institutional/what-we-do/funds/sustainability-related-disclosures/).

#### **5. Addition of definition of “Cash” in Section 3 named “Definitions” and amendment of Section 10.1.2 of the Prospectus – effective as of 1 January 2023**

The following amendments are driven by the updated CSSF FAQ on the Law of 2010 as amended.

Addition of definition of “Cash”: The following new definition has been inserted in Section 3 of the Prospectus:

“Cash” means ancillary liquid assets as referred to in Article 41(2) of the Law of 2010, which are bank deposits at sight (such as cash held in a current account with a bank accessible at any time), but excludes any cash held as collateral in relation to financial derivatives.

Amendments of Section 10.1.2 of the Prospectus: As of 1 January 2023, the holding of Cash for each Sub-Fund will be restricted to a 20% limit of their net assets on an ancillary basis in order to enable the payment of fees and expenses, the settlement of redemption of shares, or the investment in eligible assets as set out under items (a) to (j) of Section 10.1.1 of the Prospectus and item (a) of Section 10.1.2 of the Prospectus, or for a period of time strictly necessary in case of unfavourable market conditions, or any other purposes

which may reasonably be regarded as ancillary. The Board may decide to exceptionally and temporarily exceed the limit of 20% for a period strictly necessary when, because of exceptionally unfavourable market conditions, the circumstances so require and where the Board considers this to be in the best interest of the Shareholders. Examples include, without being exhaustive, highly serious circumstances such as terrorist attacks (like the attacks on 11 September 2001), the distress or failure of systematically important financial institutions (like the bankruptcy of Lehman Brothers in 2008), and restrictive measures and policies imposed by governments in response to public emergencies (like the lockdowns enforced globally in response to the Covid-19 pandemic).

The above 20% limit has been also reflected in each Sub-Fund's supplements of the Prospectus.

**6. Addition of definition of "Directive (EU) 2019/2162" in Section 3 named "Definitions" and amendment of Section 10.1.3.1 named "Risk Diversification Rules" of the Prospectus**

A new definition of "Directive (EU) 2019/2162" has been inserted in Section 3 named "Definitions" and Section 10.1.3.1 named "Risk Diversification Rules" point (d) of the Prospectus has been amended to reflect the amendment made by the Law of 8 December 2021 on the issue of covered bonds to Article 43 (4) of the Law of 2010. Accordingly, a Sub-Fund can raise the 10% single issuer limit up to 25% when investing its assets in covered bonds as defined in point (1) of Article 3 of Directive (EU) 2019/2162 and for certain bonds that are issued before 8 July 2022 by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities.

**7. Appendix 2 has been updated with EU SFDR Level 2 disclosures related to Sub-Funds which are categorised as either Article 8 or 9 under SFDR**

Appendix 2 of the Prospectus includes annexes for each Sub-Fund that either promotes environmental or social characteristics or Sub-Funds that have a sustainable investment objective in accordance with the requirements of the EU SFDR Level 2 Regulatory Technical Standards ("RTS") which are effective from the 1<sup>st</sup> January 2023. The information provided at present is expected to be updated in a future version of the Prospectus to reflect any updates in the aforementioned regulation. Furthermore, Appendix 2 should be read in conjunction with the full text of this Prospectus.

The information in Appendix 2 also replaces some of the information that was previously set out for the Sub-Funds within Appendix 1.

**8. Update on the portfolio alignment with Taxonomy Regulation for all Sub-Funds classified as Article 8 or 9 SFDR under Appendix 2**

For the SFDR Article 9 Sub-Fund

*"Pursuant to the Taxonomy Regulation requirements effective from the 1st January 2022, the Sub-Fund intends to invest in economic activities that are eligible, and which therefore potentially contribute to the first two Environmental Objectives: climate change mitigation and climate change adaptation. Such economic activities include, but are not limited to those offering solutions to enable the low carbon transition through adoption of alternative energy sources which promote clean and safe energy, those facilitating the shift to more sustainable transportation modes, buildings and infrastructure, or those promoting greater energy efficiency. Furthermore, any such investment also aims to meet the do no significant harm assessment requirements of SFDR by applying product and conduct-based exclusions as well as excluding issuers as a result of the ESG Integration applied by the Investment Manager.*

*Notwithstanding the above, the Sub-Fund's current portfolio alignment with such Taxonomy Regulation is zero. The Investment Manager expects to review its portfolio alignment and provide information on the calculation methodology into a future version of this Prospectus."*

*~~Due to the current unavailability of reliable data for the assessment of the Taxonomy Regulation alignment of its investments, the Investment Manager cannot at this stage accurately calculate to what extent its underlying investments qualify as Environmentally Sustainable Economic Activities. It is expected that an accurate calculation of the alignment of the Sub-Fund with the EU Taxonomy Regulation will be made available to investors progressively as reliable data becomes available to perform the calculation. Therefore, a minimum alignment percentage and further information on the calculation methodology will be integrated in to a future version of this Prospectus."~~*

For the SFDR Article 8 Sub-Funds, the Taxonomy-related disclosure is now included into the annexes found in Appendix 2 and has been amended as follows:

*“While this Sub-Fund promotes environmental and social characteristics within the meaning of Article 8 of the SFDR, it does not currently commit to investing in any “sustainable investments” within the meaning of the SFDR or the Taxonomy Regulation. Accordingly, it should be noted that this Sub-Fund does not take into account the EU criteria for Environmentally Sustainable Economic Activities within the meaning of the Taxonomy Regulation and its portfolio alignment with such Taxonomy Regulation is zero ~~not calculated~~. Therefore, the “do not significant harm” principle does not apply to any of the investments of this Sub-Fund.”*

**9. Addition of Appendix 3 with launch dates of Sub-Funds previously listed under Appendix 2**

By order of the Board of BlueBay Funds

January 2023