

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 26 January 2024 (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. Change in Management Company's Directory

- Mrs. Heidi Gunkel an employee of RBC Global Asset Management (UK) Limited has been appointed to the Board of Directors of the Management Company.
- Mr. Adil Chaudhry an employee of RBC Holdings (Luxembourg) SARL has been appointed to the Board of Directors of the Management Company.
- Mrs. Anne-Sophie Girault an employee of BlueBay Funds Management S.A. has been appointed to the Conducting Persons of the Management Company.
- Mr. Hervé Leite Faria an employee of BlueBay Funds Management S.A. has been appointed to the Board of Directors of the Management Company.
- Mr. Lucian Orlovius has retired from his roles on the Board of Directors and Conducting Persons of the Management Company.

2. The Investment Manager's address has been updated to 100 Bishopsgate, London, EC2N 4AA, United Kingdom

3. Additional Risk Factors have been included in Section "6. Risk Factors"

New Risk Factors have been identified and included in the Prospectus. These include Frontier Markets, Sanctions and Armed conflict risks applicable to any Sub-Fund which may invest in Emerging Market Countries and Inflation-linked Bonds risk applicable to all Sub-Funds. Please see the relevant section of the prospectus for further details.

4. Repositioning of the BlueBay Emerging Market Local Currency Bond Fund (effective as of 26 February 2024)

The investment universe for the Sub-Fund has been expanded to include government and corporate bond securities, with the aim to provide greater flexibility for the Sub-Fund to meet its Investment Objective.

The Sub-Fund's updated Investment Policy is provided below, with new wording underlined.

The Sub-Fund invests at least two-thirds of its net assets in fixed income government securities of any rating (including below investment grade) issued by ~~governments of~~ entities domiciled within an Emerging Market Country and which are denominated in a Local Currency, Country, in unrated debt securities and in Distressed Debt Securities issued by governments, which are denominated in Local Currencies. For the purposes of this Sub-Fund, the definition of Emerging Market Countries and Country shall include such countries identified by the Investment Manager as emerging market countries and frontier market countries, which are denominated in a Local Currency likely to be located in Africa, Asia, the Middle East, Eastern Europe and Central and South America.

Investments may include bonds issued by sovereign entities which are traded in Local Currencies, as well as bonds and notes issued by banks and corporations which are traded in local markets. ~~It is expected that investments will principally be made in bonds of government issuers.~~ The Sub-Fund may also invest in inflation linked securities. The Sub-Fund may hold these investments directly or will gain exposure to them through financial derivative instruments. The Sub-Fund may invest up to 10% % of its net assets into Distressed Debt Securities.

The Sub-Fund may invest up to one-third of its net assets in fixed income securities of Emerging Market Issuers denominated in currencies other than Local Currencies and in fixed income securities issued by ~~sovereign~~ sovereign entities of non-Emerging Market Countries.

The Sub-Fund's allocation across issuer or security types and its positions across currencies and interest rates are based on the Investment Manager's views and may materially deviate from those of the benchmark.

Shareholders disagreeing with the above-mentioned change may redeem their shares of the Sub-Fund free of any charge within one (1) month from the date of this notice.

5. Swing Pricing Mechanism notification process update

The Swing Pricing Mechanism notification process has been clarified in instances when the Management Company increases the Swing Factor to a maximum of 5% of the original net asset value per Share in exceptional conditions. Whenever the Management Company exercises such a right to increase the Swing factor, it will notify the CSSF and publish an update to Shareholders. The relevant notice shall be made available online at <https://www.rbcbay.com/en/institutional/what-we-do/funds/document-library/>. The notification will be available until the time the Management Company determines such Swing Factors to apply.

6. Section "9.2 Performance Fees" has been revised to simplify the wording to provide a clearer overview of how Performance Fee mechanisms are applied for Performance Fee paying Classes

7. The expected level of leverage of the BlueBay Global Sovereign Opportunities Fund based on the "sum-of-notionals" methodology has been increased to 1,000% when excluding short term interest rate contracts (effective as of the date of this Prospectus)

The revised extract has been provided below, with new wording underlined. This change does not constitute a change in the risk profile of the Sub-Fund. The revised text accommodates for currency derivatives, which are not netted under the "sum-of-notionals" approach.

The expected level of leverage of the Sub-Fund based on the "sum-of-notionals" methodology usually does not exceed 3,000% of the net asset value of the Sub-Fund. When excluding short term interest rate contracts from the calculation, the expected level of leverage of the Sub-Fund typically does not exceed 500% 1,000% of the net asset value of the Sub-Fund.

8. The expected level of leverage of the BlueBay Emerging Market Unconstrained Bond Fund based on the "sum-of-notionals" methodology has been increased to 600% (effective as of the date of this Prospectus)

The revised extract has been provided below, with new wording underlined. This change does not constitute a change in the risk profile of the Sub-Fund. The revised text accommodates for currency derivatives, which are not netted under the "sum-of-notionals" approach.

The expected level of leverage of the Sub-Fund based on the "sum-of-notionals" methodology typically does not exceed 400% 600% of the net asset value of the Sub-Fund. However, under certain circumstances the level of leverage might exceed the aforementioned level.

9. Performance Fee paying share classes of the BlueBay Emerging Market Unconstrained Bond Fund have been revised

The Hurdle for all Performance Fee paying Classes has been set to the ICE BofA Merrill Lynch US Dollar 3-Month Deposit Offered Rate Constant Maturity Index plus 3%. This change does not impact any Shareholders as the Classes in scope have not launched.

10. The BlueBay High Grade Structured Credit Short Duration Fund has been renamed to the BlueBay High Grade Short Duration Asset-Backed Credit Fund (effective as of 1 February 2024)

The Sub-Fund's name change has no impact on how the Sub-Fund is managed including, but not limited to, the investment universe and investment guidelines.

The Sub-Fund invests at least two-thirds of its net assets in Structured Credit Securities globally with a particular focus on mortgage-backed securities, CLOs and other asset-backed securities (including, but not limited to, securities backed by credit card loans, auto loans, consumer loans and student loans). Please refer to the definition of "Structured Credit Securities" in the Prospectus for the full list of eligible securities, it being noted that the Sub-Fund will predominantly invest in Structured Credit Securities that are asset-backed.

11. The BlueBay Investment Grade Structured Credit Fund has been renamed to the BlueBay Investment Grade Asset-Backed Credit Fund (effective as of 1 February 2024)

The Sub-Fund's name change has no impact on how the Sub-Fund is managed including, but not limited to, the investment universe and investment guidelines.

The Sub-Fund invests at least two-thirds of its net assets in Structured Credit Securities globally with a particular focus on mortgage-backed securities, CLOs and other asset-backed securities (including, but not limited to, securities backed by credit card loans, auto loans, consumer loans and student loans). Please refer to the definition of "Structured Credit Securities" in the Prospectus for the full list of eligible securities, it being noted that the Sub-Fund will predominantly invest in Structured Credit Securities that are asset-backed.

12. Update of Appendix 2 – EU SFDR Level 2 Disclosure

The SFDR Level 2 annexes for Sub-Funds classified as EU SFDR Article 8 have been updated to 1) provide a clearer breakdown of the exclusions applied at Sub-Fund level in a table format, 2) clarify the process by which each Sub-Fund considers principal adverse impacts on sustainability factors and 3) adjust certain disclosures to clarify the position each Sub-Fund takes as it relates to different sections of the EU SFDR Level 2 Disclosures.

The SFDR Level 2 annex for the BlueBay Impact-Aligned Bond Fund, a Sub-Fund classified as an EU SFDR Article 9, has been updated to 1) clarify how sustainable investments do not cause significant harm to any environmental or social sustainable investment objective, 2) elaborate on how principal adverse impacts are considered on sustainability factors, 3) elaborate on the investment strategy including providing minimum binding requirements and targeted levels by metric, 4) offer a clearer breakdown of the binding elements of the investment strategy as it relates to selecting investments to attain the sustainable investment objective of the Sub-Fund and 5) adjust certain disclosures to clarify the position the Sub-Fund takes as it relates to different sections of the EU SFDR Level 2 Disclosures. In addition, the minimum proportion of the assets allocated to sustainable investments has been increased so that the Sub-Fund will invest at least 80% of its net asset value in sustainable investments. This change is effective as of 1 February 2024 and does not impact how the Sub-Fund is managed.

13. Internal credit ratings policy

The Investment Manager's internal credit ratings policy in Appendix 1 of the Prospectus has been updated to clarify the methodology applied.

Internal credit ratings are only applied to securities without a rating from major agencies (Moody's, Standard & Poor's, Fitch) and the internal rating is assigned in line with accepted credit rating best practice within the industry, with the goal of providing a rating that is comparable to those issued by the agencies. Internal ratings are monitored on an on-going basis by the investment teams, reviewed and signed-off by portfolio managers and independently reviewed on a regular basis by the risk team.

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

By order of the Board of BlueBay Funds

26 January 2024