BlueBay Destra International Event-Driven Credit Fund

Quarterly Manager Commentary | June 30, 2024

Market Environment

Global high-yield markets continued to deliver positive returns in the second quarter of the year driven by carry income. Elsewhere during Q2, asset performance was mixed. The S&P 500 surpassed its prior all-time high as mega-cap names outperformed, but the equal-weighted version of the index fell in value. Sovereign bonds, meanwhile, delivered weaker performance as investors reduced the number of rate cuts priced in for 2024. In European elections and French legislative elections, incumbent governments lost ground highlighting the potential for further geopolitical uncertainty. In terms of yields, the second quarter saw global high yield market relatively unchanged, starting at 7.64% and ending at 7.73%. Yields briefly touching a high of 8.11% during April but returned to the 7.60% - 7.80% range during May and June.

The ICE BofA Global High Yield Constrained Index (hedged to US dollars) returned +1.44%. Spreads over the quarter tightened 3 basis points from 341bps to end the quarter at 338bps. From a ratings perspective, higher rated credit marginally outperformed; BB, B and CCC & below rated credit returned +1.50%, +1.30% and +1.38% respectively. In terms of sector performance, most sectors delivered positive performance, with healthcare and real estate the top performers. The media and telecommunications sectors continued to post negative returns during the quarter.

In terms of technicals, during the second quarter, capital-market activity for high yield bonds saw USD77.9 billion of issuance print, compared with USD87.6 billion in the first quarter of 2024 and USD40.2 billion in the fourth quarter of 2023. Year-to-date, new-issue volume has totalled USD165.5 billion (of which USD31.2 billion was non-refinancing) compared with USD94.6 billion (USD36.1 billion non-refinancing) of issuance YTD23. Refinancing activity is maintaining pace with 2020 and 2021's historic peak, whereas non-refinancing volume remains negligible. High yield funds recorded net inflows of USD0.9 billion, following inflows of USD2.6 billion in the first quarter of 2024. Year-to-date inflows for high yield funds total USD5.5 billion (for reference, 2023's outflows for high yield totalled -USD7.0 billion). Year-to-date, loan issuance totals USD703 billion driven primarily by refinancing volumes.

Default volume during the quarter consisted of 5 companies that defaulted on debt totalling USD2.2 billion in bonds and loans. Additionally, 15 companies completed a distressed exchange totalling USD13.0 billion. Year-to-date, 19 companies have defaulted, while 23 companies have completed a distressed exchange affecting a total of USD37.1 billion of bonds and loans. In terms of fixed-rate bonds, the 12-month trailing par-weighted US HY default rate was 1.17% which was down 91bps since year-end 2023. For context, the 22-year average default rate stands at 2.58%. Notably, while high yield defaults slowed, loan defaults remained elevated. At present, the gap between leveraged loan (3.10%) and high yield par-weighted default rates (1.17% including distressed exchanges) is at a high since November 2014.

Top 10 Issuers

Issuer	Weighting
PS Marine Midco Ltd	5.52%
DOF Group ASA	4.88%
Borr IHC Ltd / Borr Finance LLC	4.57%
KCA Deutag UK Finance PLC	4.39%
Compact Bidco B.V.	4.27%
LEONI Bordnetz-Systeme GmbH	4.25%
Voyage Care BondCo PLC	4.20%
Floatel International Ltd	4.11%
Cruise Yacht Upper HoldCo Ltd	3.81%
The Gym Group PLC	3.78%

Data is as of 6/30/2024 and is subject to change on a daily basis.

Performance Discussion

The **BlueBay Destra International Event-Driven Credit Fund (the "Fund"),I Share**s returned +1.75% over the quarter.

The **Fund continues to be the Top Performing Interval Fund*** across the 3-Year (+15.91%), 4-Year (+19.25%), 5-Year (+14.57%), and Since Fund Inception (+12.51%)** annualized time periods as of June 30, 2024.

Performance Commentary

The largest contributor was DOF Group as the company reported better than expected results and increased FY24 outlook to the upper end of the previous range which was combined with several new contract announcements, buy side upgrades, and supportive statements from competitors and industry commentators. The company and its competitors continue to announce new sub-sea charter contracts at ever higher rates, thereby increasing the value and term of their backlog.

The performance data quote represents past performance which is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. You can obtain performance data current to the most recent month-end by calling 877.855.3434 or visiting destracapital.com. See page two for important fee and expense information.

*Source: Morningstar, Total Returns as of 6/30/2024. The Fund's Gross/Net Expense ratios for CEDIX I Share are 2.84%/2.27%.

**CEDIX Fund Inception Date : May 9, 2018

PS Marine, an event driven position, contributed +75bps as the fund participated in the IPO, in anticipation that the public markets would quickly re-rate the Company's valuation. In our view, this would be driven by the Company's local Brazilian footprint, its preferential cost structure and recently completed 5-year survey positioning which will enable the company to obtain future backlog at increased day rates. The announced acquisition of a further rig at the end of June, further enhanced the Company's valuation.

Demire, Metalcorp and Scorpio Tankers contributed +64bps, +53bps and +40bps respectively.

The two distressed positions, Consolis and Varta were the main detractors following the respective restructurings during the quarter. During the restructuring of Consolis, some original lenders missed the whole restructuring/equitization process have been selling. We retain a firm conviction in the position and believe we have entered the investment at a low entry point.

With respect to Varta, having established a position the additional due diligence work undertaken has indicated a larger potential new money need than originally anticipated. Thus, when a further block traded it did so at a heavy discount to our trade purchase price. We have marked our position down to this level, hence the impact over the quarter.

Detractors Gym Group, Mulhacen and Frigo lost (15)bps, (12)bps, and (8)bps respectively.

Outlook

As we enter the second half of the year, in terms of macroeconomic talking points for credit markets, election uncertainty has drawn some attention away from the long-standing debate around the pathway of inflation and interest rates. Our microeconomic-level approach continues to generate many potential investment opportunities across various sectors and jurisdictions as leveraged companies continue to struggle with suppressed margins and costs of funding. Our fundamental view remains unchanged, and we believe that we will continue to see elevated levels of stress and distress in the months and quarters ahead.

CREDIT EVENTS

Why RBC BlueBay for International Credit?

- Specialist fixed income manager with a record of innovation and performance
- Investment philosophy that emphasizes capital preservation
- Long-only and alternative strategies
- Best of both worlds: BlueBay is a wholly-owned subsidiary of Royal Bank of Canada with full investment autonomy and substantial operational independence

RBC BlueBay Asset Management

Why the BlueBay Destra International Event-Driven Credit Fund?

- **Total Return:** Opportunity for both current income and capital appreciation
- **Diversification:** Exposure to alternative credit that offers low levels of correlation to traditional credit and equity strategies
- **Structure:** Access to an institutional strategy in an interval fund structure matching the correct liquidity profile with exposure to mispriced international credits and idiosyncratic event-driven trades
- **Expertise:** The Fund's Sub-Advisor, BlueBay, is a premier global credit manager with a record of innovation and performance

Performance information is reported net of the Fund's fees and expenses. The Fund's Gross/Net Expense ratios, without the Fund's use of leverage, are as follows: I Shares 2.84%/2.27%, A Shares 3.09%/2.52%, L Shares 3.34%/2.77%, and T Shares 3.59%/3.02%. Performance information is reported net of the Fund's fees and expenses.

Destra and the Fund have entered into the Expense Limitation Agreement under which Destra has agreed to reimburse and/or pay or absorb, on a quarterly basis, the "ordinary operating expenses" of the Fund to the extent that such expenses exceed 0.50% per annum of the Fund's average daily net assets (the "Expense Limitation"). The Expense Limitation may be adjusted for different classes of Shares to account for class-specific expenses. In consideration of Destra's agreement to limit the Fund's expenses, the Fund has agreed to repay Destra pro rata in the amount of any Fund expense paid or waived by it, subject to the limitations that: (1) the reimbursement for expenses will be made only if payable not more than three years following the time such payment or waiver was made; and (2) the reimbursement may not be made if it would cause the Fund's expense ratio (after reimbursement) to exceed the lesser of (i) the expense limit in effect at the time of the waiver and (ii) the expense limit in effect at the time of the reimbursement. Unless earlier terminated by the Board, the Expense Limitation Agreement will remain in effect until January 31, 2034, and will automatically continue in effect for successive twelve-month periods thereafter. Destra may not terminate the Expense Limitation Agreement during the initial term. After the initial term, either the Board or Destra may terminate the Expense Limitation Agreement upon 30 days' written notice.

There is no assurance that any securities discussed herein will remain in the Fund's Portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent the Fund's Portfolio and in the aggregate may represent only a small percentage of the Fund's portfolio holdings. It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

There are risks involved with any investment. Because of the risks associated with investing in high-yield securities, an investment in the Fund should be considered speculative. An investment in interval funds involves a high degree of risk. In particular: The fund's shares will not be listed on an exchange in the foreseeable future, if at all. It is not anticipated that a secondary market for shares will develop and an investment in an interval fund is not suitable for investors who may need the money they invest within a specified time frame. Interval Funds are suitable only for investors who can bear the risks associated with the fund's limited liquidity and should be viewed as a long-term investment. The amount of distributions that the fund may pay, if any, is uncertain. The fund may pay distributions in significant part from sources that may not be available in the future and that are unrelated to the fund's performance, such as a return of capital, borrowings or expense reimbursements and waivers. Interval funds may use leverage which may cause a portfolio to liquidate positions when it may not be advantageous to do so to satisfy its obligations or to meet segregation requirements. Leverage, including borrowing, may cause a portfolio to be more volatile than if the portfolio had not been leveraged.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisors.

Investors should consider the investment objective and policies, risk considerations, charges and ongoing expenses of an investment carefully before investing. The prospectus and summary prospectus contains this and other information relevant to an investment in the fund. Please read the prospectus or summary prospectus carefully before you invest or send money. To obtain a prospectus, please contact your investment representative or Destra Capital Investments LLC at 877.855.3434 or access our website at destracapital.com.

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