



Global Asset Management  
BlueBay Asset Management

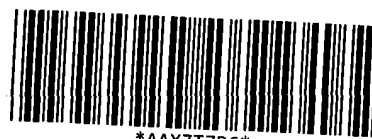
## **BlueBay Asset Management LLP**

Annual Report and Financial Statements

For the year ended 31 October 2021

Registered number: OC370085

WEDNESDAY



\*AAXZT7P6\*

A16

16/02/2022

#224

COMPANIES HOUSE

## **BlueBay Asset Management LLP Annual Report and Financial Statements 2021**

### **Contents**

	Page
Members' Report	1
Statement of members' responsibilities in respect of the financial statements	4
Independent auditors' report to the members of BlueBay Asset Management LLP	5
Income Statement	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

## **Members' Report**

The Members of BlueBay Asset Management LLP ("the LLP") present their Annual Report on the affairs of the LLP, together with the Audited Financial Statements and auditor's report, for the year ended 31 October 2021.

### **Principal Activity**

The principal activity of the LLP is the provision of investment management and advisory services to institutions and high net worth individuals.

The LLP is authorised and regulated by the Financial Conduct Authority ("FCA"). The LLP's Pillar 3 disclosures are available on its website at [www.bluebay.com](http://www.bluebay.com).

### **Business Review**

Revenue for the year was £185,806,000 compared with £157,839,000 for the previous year.

Profit for the year available for profit share among the Members was £36,968,000 compared with £22,223,000 in the previous year.

As at 31 October 2021, the LLP's assets under management were US\$80.4 billion, an increase of 20.0% from the assets under management of US\$67.0 billion at 31 October 2020.

### **Members' duties -compliance with section 172 of the Companies Act 2006**

Following internal review, the LLP was not deemed to be required by the Companies Act 2006 to include a section 172(1) Statement within its Financial Statements and therefore the statement has not been included.

### **Going Concern**

The Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Financial Statements.

Further details regarding the adoption of the going concern basis can be found in the significant accounting policies in the notes to the Financial Statements.

The LLP's response to the COVID-19 global pandemic that commenced in 2020 continued to be closely coordinated with Royal Bank of Canada ('RBC') group and aligned with government guidelines during 2021. RBC's focus throughout the pandemic has been the health, safety and wellbeing of our employees, clients and local communities. We have continued to follow the health advice and safety guidelines of RBC's Chief Medical Director, the UK Government and public health authorities. Where required, employees successfully transitioned to working from home with minimal disruption throughout the pandemic. As a result, and due to reduced line of sight supervision, a number of inherent Operational and Conduct Risks increased, most notably Processing & Execution, IT & Cyber, Fraud and Privacy. Even though we have seen limited events across these risks, for some categories like fraud, privacy and conduct, the events may be lagging in nature and may become apparent at a later point. To mitigate against these changing inherent risks, RBC has implemented and enhanced a number of controls to adapt to the remote working environment, as well as strengthened communications to remind employees of their obligations. To date the LLP has not experienced any significant adverse financial impact from COVID-19, and management will continue to monitor developments through its risk management framework.

The LLP has made a strategic decision to integrate some of the operating aspects with the asset management business of RBC. The aim is to achieve closer operational alignment to provide the ability to leverage our collective strengths, resources and talents. Day-to-day operations will not change and the members expect no material impact from these changes on the underlying business, and fully expects the entity to remain as a going concern.

## **Members' Report (continued)**

### **Key Performance Indicators**

The key performance indicators considered by the Members in appraising the performance of the LLP include projections and forecast for the income and expenditure, considering the performance of the underlying investment funds from which the revenue is ultimately derived, regulatory capital position of the LLP and other management information.

### **Streamlined Energy and Carbon Reporting**

In accordance with the Streamlined Energy and Carbon Reporting ('SECR') regulations the LLP is required to publish its annual global emissions. The reporting period is 1 November 2020 to 31 October 2021.

The LLP discloses its annual global emissions using "tonnes of CO<sub>2</sub> equivalent"

	<b>Tonnes of CO<sub>2</sub> 2021</b>	<b>Tonnes of CO<sub>2</sub> 2020</b>
Scope 3 – Air travel	14.28	433.9
<b>Total</b>	<b>14.28</b>	<b>433.9</b>

Tonnes of CO<sub>2</sub> per employee\* in the year was 0.03 (2020: 1.40).

\*Members of the LLP and employees of BlueBay Asset Management Corporation Ltd based on a Full Time Equivalent ('FTE') basis.

The LLP follows ISO14064:1 standard for its reporting and takes operational control approach to reporting. The conversion rate of units is taken from the Government conversion factors 2021 and are detailed below:

Scope 3 emissions have been calculated using the estimated emissions of business flights.

The LLP does not have Scope 1 or Scope 2 emissions.

As set out in the 'Compliance with section 172 of the Companies Act 2006' of the Members report the BlueBay Group created a Corporate Responsibility Committee during the year, which initiatives include the energy efficiency of the LLP. Such initiatives include the use of virtual meetings, alternative transport and flight types to reduce the LLP's Scope 3 emissions.

### **UK Stewardship Code**

Details of the LLP's commitment to the UK Stewardship Code required under rule 2.2.3R of the Financial Conduct Authority's Conduct of Business Sourcebook is available on its website at [www.bluebay.com](http://www.bluebay.com).

### **Designated Members**

The designated Members (as defined in the Limited Liability Partnerships Act 2000) up to the date of this report and served throughout the period were:

- BlueBay Asset Management (Services) Ltd ("BBAM Services")
- James Brace
- Mark Dowding
- Erich Gerth
- Polina Kurdyavko
- Luc Leclercq
- Anthony Pickering
- Stephen Thariyan (resigned 28 February 2021)

## **Members' Report** (continued)

### **Members' drawings and subscription and repayment of capital**

The Partnership Agreement of the LLP governs Members' drawings, subscriptions and repayments of Members' capital. The capital of the LLP is divided into Class A units and Class B units. The Board of the LLP determines Members' capital contribution for Class A unitholders. Members who are Class B unitholders contribute £20,000. The Board of the LLP has the discretion to allow Members to make drawings in advance of the end of the financial year in anticipation of their profit entitlements for such financial year. A member does not have the right directly or indirectly to receive back any part of the amount standing to the credit of its capital contribution account except at the discretion of the Management Committee of the LLP or on ceasing to be a member only in circumstances where an equal amount of capital is contributed by the remaining Members.

The voting rights between the Class A and Class B unitholders are divided 51% and 49% respectively.

### **Statement of disclosure of information to the Auditor**

Each of the persons who is a Member at the date of approval of these Financial Statements confirms that:

- So far as the Member is aware, there is no relevant audit information of which the LLP's auditors are unaware; and
- The Member has taken all the steps that he or she ought to have taken as a Member in order to make himself/herself aware of any relevant audit information and to establish that the LLP's Auditors are aware of that information.

### **Auditor**

The auditor, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Members and signed on their behalf by:



**Jayne Fieldhouse**

On behalf of BlueBay Asset Management (Services) Ltd (Designated Member)

14 February 2022

## **Statement of members' responsibilities in respect of the financial statements**

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

Under company law, as applied to limited liability partnerships, members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are also responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006

# Independent auditors' report to the members of BlueBay Asset Management LLP

## Report on the audit of the financial statements

### Opinion

In our opinion, BlueBay Asset Management LLP's financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 October 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 as applied to limited liability partnerships; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 October 2021; the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the LLP's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the LLP's ability to continue as a going concern.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the members for the financial statements**

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the LLP and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in the net asset valuation as an input to revenue calculations and the posting of inappropriate journal entries to revenue or expenses. Audit procedures performed by the engagement team included:

- Reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Enquiring with those charged with governance, and review of relevant members' meeting minutes, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Testing journal entries, with a focus on journals indicating unusual transactions based on our understanding of the business, and;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.



## BlueBay Asset Management LLP Annual Report and Financial Statements 2021

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

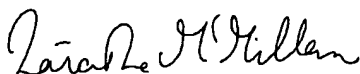
## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Natasha McMillan (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
15 February 2022

## BlueBay Asset Management LLP Annual Report and Financial Statements 2021

### Income Statement

For the year ended 31 October 2021

	Notes	2021 £000s	2020 £000s
Revenue	2	185,806	157,839
Cost of sales – commissions		(1,034)	(1,071)
<b>Gross profit</b>		<b>184,772</b>	<b>156,768</b>
Other income		764	1,954
Foreign exchange gains	4	1,005	1,306
Administrative expenses		(150,352)	(138,295)
<b>Operating profit</b>	3	<b>36,189</b>	<b>21,733</b>
Finance income	6	823	540
Finance charge	6	(30)	(12)
Net finance income	6	793	528
<b>Profit before tax for the financial year available for discretionary profit share among the Members</b>		<b>36,982</b>	<b>22,261</b>
Taxation	7	(14)	(38)
<b>Profit for the financial year available for discretionary profit share among the Members</b>		<b>36,968</b>	<b>22,223</b>

The notes to the Financial Statements are on pages 13 to 29 are an integral part of these Financial Statements.

All activities are derived from continuing operations.

## Statement of Comprehensive Income

For the year ended 31 October 2021

	2021 £000s	2020 £000s
<b>Profit for the year available for discretionary profit share among the Members</b>	<b>36,968</b>	<b>22,223</b>
Items that may subsequently be reclassified to profit or loss:		
<b>Cash flow hedges</b>		
Hedging net gains / (losses) arising during the year	936	(481)
Reclassification to Income Statement	(936)	(1,305)
<b>Movement on cash flow hedges</b>	<b>-</b>	<b>(1,786)</b>
<b>Total comprehensive income for the year available for discretionary profit share among the Members</b>	<b>36,968</b>	<b>20,437</b>

All amounts relate to continuing operations.

The notes to the Financial Statements are on pages 13 to 29 are an integral part of these Financial Statements.

**Statement of Financial Position**

As at 31 October 2021

	Notes	2021 £000s	2020 £000s
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	10	37,788	11,080
<b>Total non-current assets</b>		<b>37,788</b>	<b>11,080</b>
<b>Current assets</b>			
Trade and other receivables	9	29,384	30,780
Amounts due from Members		7,970	10,049
Cash and cash equivalents	11	40,213	41,965
<b>Total current assets</b>		<b>77,567</b>	<b>82,794</b>
<b>Total assets</b>		<b>115,355</b>	<b>93,874</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	(16,415)	(15,541)
Amounts due to Members		(13,852)	(7,950)
<b>Total current liabilities</b>		<b>(30,267)</b>	<b>(23,491)</b>
<b>Net assets attributable to Members</b>		<b>85,088</b>	<b>70,383</b>
<b>Represented by:</b>			
<b>Members' Other Interests</b>			
Members' capital classified as equity		48,120	48,160
Other reserves		36,968	22,223
<b>Total</b>		<b>85,088</b>	<b>70,383</b>
<b>Total Members' interests:</b>			
Members' capital classified as equity		48,120	48,160
Other reserves		36,968	22,223
Amounts due to Members		13,852	7,950
Amounts due from Members		(7,970)	(10,049)
<b>Total</b>		<b>90,970</b>	<b>68,284</b>

The significant accounting policies and notes on pages 13 to 29 are an integral part of these Financial Statements.

The Financial Statements of BlueBay Asset Management LLP (registered number OC370085) were approved by the Members and authorised for issue on 14 February 2022. They were signed on the Members' behalf by:



**Jayne Fieldhouse**

On behalf of BlueBay Asset Management (Services) Ltd (Designated Member)  
14 February 2022

**Statement of Changes in Equity**

As at 31 October 2021

	<b>Members' capital classified as equity £000s</b>	<b>Cash flow hedge reserve £000s</b>	<b>Other reserves £000s</b>	<b>Total £000s</b>
<b>Balance at 1 November 2020</b>	<b>48,160</b>	<b>-</b>	<b>22,223</b>	<b>70,383</b>
Introduction of member's capital	-	-	-	-
Return of Member's capital	(40)	-	-	(40)
Allocation of prior year profit	-	-	(22,223)	(22,223)
Fair value gains on derivatives designated in cash flow hedges	-	936	-	936
Fair value gains on cash flow hedges transferred to the Income Statement	-	(936)	-	(936)
Profit for the year available for discretionary profit share among Members	-	-	36,968	36,968
<b>Balance at 31 October 2021</b>	<b>48,120</b>	<b>-</b>	<b>36,968</b>	<b>85,088</b>

	<b>Members' capital classified as equity £000s</b>	<b>Cash flow hedge reserve £000s</b>	<b>Other reserves £000s</b>	<b>Total £000s</b>
<b>Balance at 1 November 2019</b>	<b>48,380</b>	<b>1,786</b>	<b>117,575</b>	<b>167,741</b>
Introduction of member's capital	20	-	-	20
Return of Member's capital	(240)	-	-	(240)
Allocation of prior year profit	-	-	(117,575)	(117,575)
Fair value losses on derivatives designated in cash flow hedges	-	(481)	-	(481)
Fair value gains on cash flow hedges transferred to the Income Statement	-	(1,305)	-	(1,305)
Profit for the year available for discretionary profit share among Members	-	-	22,223	22,223
<b>Balance at 31 October 2020</b>	<b>48,160</b>	<b>-</b>	<b>22,223</b>	<b>70,383</b>

The notes to the Financial Statements are on pages 13 to 29 are an integral part of these Financial Statements.

**Statement of Cash Flows**

For the year ended 31 October 2021

	Notes	2021 £000s	2020 £000s
<b>Cash flows from operating activities</b>			
Cash generated from operations	13	39,502	23,577
Interest received		773	501
Interest paid		(30)	-
Taxation paid		(14)	(119)
<b>Net cash inflow from operating activities</b>		<b>40,231</b>	<b>23,959</b>
<b>Cash flows from investing activities</b>			
Purchase of financial assets at fair value through profit or loss		(46,656)	(10,171)
Sale of financial assets at fair value through profit or loss		18,955	1,802
<b>Net cash used in investing activities</b>		<b>(27,701)</b>	<b>(8,369)</b>
<b>Cash flows used from financing activities</b>			
Introduction of Members' capital		-	20
Return of Members' capital		(40)	(240)
Members' drawings		(14,242)	(113,738)
<b>Net cash used in financing activities</b>		<b>(14,282)</b>	<b>(113,958)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,752)</b>	<b>(98,368)</b>
Cash and cash equivalents at the beginning of the year		41,965	140,333
<b>Cash and cash equivalents at the end of the year</b>	11	<b>40,213</b>	<b>41,965</b>

The notes to the financial statements are on pages 13 to 29 are an integral part of these Financial Statements.

## **Notes to the Financial Statements**

### **1. Significant Accounting Policies**

#### **Basis of accounting**

BlueBay Asset Management LLP ("the LLP") is a limited liability partnership and is domiciled and incorporated in the United Kingdom under the Limited Liability Partnerships Act 2000. The LLP's registered office is 77 Grosvenor Street, London W1K 3JR.

The results of investment management activities are reflected in the Financial Statements as performance fees and management fees and associated receivables.

The significant accounting policies applied in the preparation of the Financial Statements are summarised below. These policies have been consistently applied in the current and prior year.

#### **a) Basis of preparation**

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in conformity requirements of the Companies Act of 2006 as applied to limited liability partnership by the Limited Partnership (Accounts and Audit) (Application of Companies Act 2006) Regulation 2008.

The Financial Statements have been prepared under the historical cost convention, except for the measurement at fair value of investments that are held at fair value through profit or loss. The Financial Statements have been prepared on a going concern basis.

#### **b) Going concern**

The Members have, at the time of approving the Financial Statements, a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus they have adopted the going concern basis of accounting in preparing the Financial Statements.

#### **c) Impact of new accounting standards**

At the date of authorisation of these Financial Statements, there were no standards and interpretations relevant to the LLP's operation that were issued by the IASB that are mandatory for the LLP's annual accounting periods beginning 1 November 2020.

#### **d) Critical accounting estimates and judgements**

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgement at the date of preparation of the Financial Statements, deviate from actual circumstances, the original estimates and assumptions, such as Accruals, provisions and estimates of useful life, will be modified as appropriate in the period in which the circumstances change. The LLP also has investments in Collateralised Loan Offerings ('CLOs') which include the initial financing stage to launch CLOs ('Warehouse'), lower than investment grade and subordinated tranches. The investments are held at fair value through profit or loss where third party valuations are used to determine the fair values of the CLOs using assumptions on actual and expected cash flows and considerations including interest rates, default rates, recovery rates and prepayment rates as at 31 October 2021, which the Members believe is the most appropriate approximation to the fair value of the investments as at the statement of financial position date. The fair values are validated and periodically reviewed by the LLP in its capacity as Collateral Manager. The Members are not aware of any other significant estimation uncertainty in the preparation of the Financial Statements.

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently at amortised cost. The impairment in loans and receivables is calculated using the expected credit loss model. Expected credit losses on trade receivables are calculated on the simplified approach based on historic default rates and adjusted for forward looking estimates. The initial amount of the provision and subsequent changes are recognised in the Income Statement in administrative expenses.

#### f) Cash and cash equivalents

Cash and cash equivalents comprise deposits held on call with banks and other short-term, highly liquid investments with original maturities of three months or less.

#### g) Trade and other payables

Trade and other payables are recorded initially at fair value and subsequently at amortised cost.

#### h) Provisions

Provisions are recognised when the LLP has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Management reassesses the amounts of these provisions at each Statement of Financial Position date in order to ensure that they are measured at the current best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date. Any difference between the amounts previously recognised and the current estimates is recognised immediately in the Income Statement.

#### i) Income recognition

##### (i) Revenue

Revenue comprises the fair value for the provision of services, net of any value added tax, rebates and discounts. Revenue is recognised as follows:

- (a) Management fees – which include all non-performance related fees, are recognised in the period in which the services are rendered.
- (b) Performance fees – are calculated by reference to the appreciation in the net asset value of the relevant fund during the performance period. Performance fees are only recognised once they can be measured reliably. The LLP can only reliably measure a performance fee when the net asset value of the relevant fund can be accurately calculated for the end of the performance fee period. Performance fees are not recognised where performance fee periods end after the LLP's Statement of Financial Position date, since the net asset value could move significantly between these two dates, as a result of market movements.
- (c) Rebates – represent amounts paid by the LLP to investors in the funds based on the initial management and performance fee charged by the LLP (percentage of rebate varying depending on contracts).

##### (ii) Finance income

Net finance income includes interest income and charges on cash and cash equivalents and interest income from CLOs, recognised on an accrual basis.



## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### j) Commission payments

The LLP operates a number of distribution agreements. Commission payments made to intermediaries for ongoing services under these distribution agreements are charged to the Income Statement as a cost of sale in the period in which the service is provided. There are no arrangements where commission payments are not for ongoing services.

#### k) Foreign currency translation

##### (i) Functional and presentation currency

The Financial Statements are presented in Pounds Sterling ("GBP"), which is the LLP's functional and presentation currency and the currency in which the LLP's assets, liabilities and funding are predominantly denominated.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the LLP's functional currency using the exchange rate prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in other income/expense in the Income Statement.

The following exchange rates were used to convert monetary items on the Statement of Financial Position which are not denominated in GBP.

Currency	2021	2020
GBP/USD	1.3686	1.2958
GBP/EUR	1.1840	1.1123

#### l) Investments

##### (i) Classification

Investments are classified as Financial Assets at Fair Value through Profit and Loss (FVPL) in accordance with IFRS 9. These investments relate to Collateralised Loan Offerings ('CLOs') which are managed by the LLP predominantly driven by EU risk-retention requirements. The CLOs are held until redemption and classified as debt instruments under the 'other' business model, in accordance with IFRS 9.

##### (ii) Recognition and Measurement

Purchases and sales of investments are recognised on trade-date, the date on which the LLP commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the LLP has transferred substantially all the risks and rewards of ownership.

For financial instruments traded in active markets, the financial assets are valued using third party valuations based on quotations traded in active market. For all other financial instruments including lower than investment grade and subordinated tranches, the fair value is determined using third party valuations where considerations include interest rates, default rates, recovery rates and prepayment rates at the Statement of Financial Position date. Unrealised gains and losses arising from changes in fair value are recognised through the income statement.

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### l) Investments (continued)

Investments are classified in accordance with the following three-level hierarchy for fair value measurement disclosure, as follows:

- o Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- o Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- o Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### m) Forward currency contracts

The LLP minimises the foreign exchange risk of the material outstanding fees receivable balance in foreign currency on a monthly basis by way of currency forward contract arrangements.

Currency forward contracts represent commitments to sell or purchase foreign or domestic currency and forwards are contractual obligations to receive or pay amounts based on changes in currency rates at a future date at a specified price.

Currency forward contracts are initially recognised in the Statement of Financial Position at fair value and subsequently measured at their fair value on each balance sheet date. Changes in fair value are recognised in profit or loss unless cash flow hedge accounting is applied.

#### Cash hedges

The LLP also minimises foreign exchange risk of future forecasted fees receivable in foreign currency by way of currency forward contract arrangements.

Where the hedging relationship is classified as a cash flow hedge, to the extent that the hedge is effective, changes in the fair value of the hedging instrument will be recognised directly in Other Comprehensive Income rather than in the Income Statement, with the ineffective portion immediately recognised in the Income Statement. When the hedged item impacts net profit or loss, the relevant portion of the accumulated gains and losses recognised in Other Comprehensive Income will be recycled to the Income Statement when the hedged item impacts net profit or loss for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting in accordance with IAS 39. At that point in time, any cumulative gain or loss on the hedging instrument recognised in Other Comprehensive Income is kept in Other Comprehensive Income until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Other Comprehensive Income is transferred to net profit or loss for the period.

## Notes to the Financial Statements (continued)

### 1. Significant Accounting Policies (continued)

#### n) Members' Capital

Members' Capital is only repayable upon retirement or at the discretion of the Management Committee, provided the overall capital of the LLP is not diminished and accordingly, is classified as equity.

A division of profits that is discretionary on the part of the LLP is recognised as an appropriation of equity when the division occurs.

### 2. Revenue

Revenue and profit for the year available for profit share among Members are attributable to the LLP's principal activity and sole class of business being the provision of investment management and advisory services to institutions and high net worth individuals.

Although the LLP's offices are located in London, investment management income is generated in the jurisdiction either where fund product entities are registered or where clients who mandate the LLP through segregated accounts are domiciled.

The revenue stated below is net of rebates which were £4,897,000 in 2021 (2020: £6,758,000).

The geographical breakdown of revenue is as follows:

	2021 £000s	2020 <sup>1</sup> £000s
Europe		
Luxembourg	83,042	76,685
United Kingdom	24,972	15,117
Rest of Europe	14,372	10,564
The Americas		
Cayman Islands	25,313	24,342
United States of America	10,522	6,963
Canada	23,779	21,195
Rest of the World	3,806	2,973
	<b>185,806</b>	<b>157,839</b>

The breakdown of revenue by revenue type is as follows:

	Notes	2021 £000s	2020 <sup>1</sup> £000s
Third party management fees		47,347	45,003
Third party performance fees		17,559	6,506
Fees from affiliated entities	15	111,649	101,859
Performance fees from affiliates	15	9,251	4,471
		<b>185,806</b>	<b>157,839</b>

<sup>1</sup> 2020 has been re-formatted to be consistent with the 2021 presentation.

**Notes to the Financial Statements (continued)****3. Operating profit****Total Auditor's remuneration**

	<b>2021 £000s</b>	<b>2020 £000s</b>
Audit of the Financial Statements	124	123
Other amounts pursuant to legislation	10	10
Other assurance services	84	84
<b>Total Auditor's remuneration</b>	<b>218</b>	<b>217</b>

**4. Foreign exchange gains**

	<b>2021 £000s</b>	<b>2020 £000s</b>
Foreign exchange (loss) / gain recognised	(2,780)	1,253
Gains / (losses) on forward contracts	2,849	(1,252)
Fair value gains on cash flow hedges transferred to the Income Statement	936	1,305
<b>Net foreign exchange gains recognised</b>	<b>1,005</b>	<b>1,306</b>

**5. Members' remuneration**

The amount of profits to be distributed is determined after the Financial Statements have been finalised and approved by the Members. The profits are then shared amongst the Members, including BlueBay Asset Management (Services) Ltd ("BBAM Services"), after the end of the financial period in accordance with agreed profit sharing arrangements.

Members do not receive any interest on their capital contributions or any remuneration other than their share of profits in accordance with the Partnership Agreement.

The average number of Members during the year to 31 October 2021 was 7 (2020: 8).

The highest paid member during the year to 31 October 2021 was BlueBay Asset Management (Services) Ltd which was distributed £22,543,000 (2020: £7,869,000).

**6. Net finance income**

	<b>2021 £000s</b>	<b>2020<sup>1</sup> £000s</b>
<b>Finance income:</b>		
Interest on cash and cash equivalents	9	464
Interest from CLOs	814	76
<b>Finance income</b>	<b>823</b>	<b>540</b>
<b>Finance charge:</b>		
Interest on cash and cash equivalents	(30)	(12)
<b>Finance charge</b>	<b>(30)</b>	<b>(12)</b>
<b>Net finance income</b>	<b>793</b>	<b>528</b>

<sup>1</sup> 2020 has been re-formatted to be consistent with the 2021 presentation.

**Notes to the Financial Statements (continued)****7. Taxation**

Analysis of tax charge:

	<b>2021</b> <b>£000s</b>	<b>2020</b> <b>£000s</b>
<b>Australia corporation tax</b> (2020: Australia and German Branch corporation tax)	<b>14</b>	<b>38</b>

In the UK, tax payable on the allocation of profits to Members is the personal liability of the Members and hence is not shown in these Financial Statements.

Reconciliation of tax charge:

	<b>2021</b> <b>£000s</b>	<b>2020</b> <b>£000s</b>
Profit for the financial year before taxation	36,982	22,261
Less amounts subject to tax in the hands of Members	(36,938)	(22,153)
<b>Profit subject to taxation</b>	<b>44</b>	<b>108</b>
At weighted average tax rate in Germany and Australia of 31.9% (2020: 31.9%)	14	34
Prior year adjustment	-	4
<b>Total tax expense</b>	<b>14</b>	<b>38</b>

**8. Financial risk management****Credit risk management**

Credit risk is the possibility that the LLP may suffer a loss from the failure of one of its counterparties to meet their contractual obligations. The LLP is primarily exposed to credit risk in respect of amounts owed by related parties, investment in CLOs, segregated mandates and from cash deposits with banks.

Financial assets subject to credit risk are:

	<b>Notes</b>	<b>2021</b> <b>£000s</b>	<b>2020</b> <b>£000s</b>
Cash and cash equivalents with external parties		20,213	21,965
Related party cash and cash equivalents	15	20,000	20,000
<b>Total cash and cash equivalents</b>		<b>40,213</b>	<b>41,965</b>
Amounts owed by affiliated entities	15	6,183	4,636
Other trade receivables <sup>1</sup>	9	23,201	26,144
<b>Total trade receivables</b>		<b>29,384</b>	<b>30,780</b>
Amounts due from Members	15	7,970	10,049
<b>Total amounts due from Members</b>		<b>7,970</b>	<b>10,049</b>
Forward foreign exchange contracts	10	-	-
Investment in CLOs	10	37,788	11,080
<b>Total other financial assets</b>		<b>37,788</b>	<b>11,080</b>
<b>Total</b>		<b>115,355</b>	<b>93,874</b>

<sup>1</sup> Includes prepayments which are not subject to credit risk

**Notes to the Financial Statements** (continued)**8. Financial risk management** (continued)**Credit risk management** (continued)

## (i) Counterparty credit rating

The counterparty rating of the LLP's financial assets subject to counterparty risk and neither past due nor impaired was as follows:

	<b>A-<sup>1</sup> or better %</b>	<b>B- or better %</b>	<b>Not rated %</b>
<b>31 October 2021</b>			
Cash and cash equivalents	100.0	-	-
Amounts owed by related parties	-	-	100.0
Other trade receivables	-	-	100.0
Amounts due from Members	-	-	100.0
Investment in CLOs	76.0	13.4	10.6

<sup>1</sup> Standard & Poor's ratings

	<b>A-<sup>1</sup> or better %</b>	<b>B- or better %</b>	<b>Not rated %</b>
<b>31 October 2020</b>			
Cash and cash equivalents	100.0	-	-
Amounts owed by related parties	-	-	100.0
Other trade receivables	-	-	100.0
Amounts due from Members	-	-	100.0
Investment in CLO	75.0	12.5	12.5

<sup>1</sup> Standard & Poor's ratings

## (ii) Ageing and impairment of financial assets according to the contractual due date

Other trade receivables relate to management and performance fees owed by funds and segregated mandates managed by the LLP. The ageing profile of amounts owed by these counterparties at the end of the year is as follows:

	<b>As at 31 October 2021 £000s</b>	<b>As at 31 October 2020 £000s</b>
Not older than 30 days	24,529	28,384
Older than 30 days not older than 60 days	2,887	558
Older than 60 days not older than 90 days	-	48
Older than 90 days	1,968	1,790
<b>Total</b>	<b>29,384</b>	<b>30,780</b>

Amounts not older than 30 days are neither past due nor impaired as these amounts are recoverable.

Amounts older than 30 days are past due but not impaired. This represents 16.5% of the total fees outstanding (at 31 October 2020: 7.8%). Factors considered in determining whether impairment as taken place include the deterioration in the credit quality of a counterparty and knowledge of specific events that could influence a debtor's ability to repay an amount due. No impairments were recorded on items exposed to credit risk in either the current or comparative financial year.

The maximum credit exposure is equivalent to the carrying/fair value of the balances shown.

Amounts due from Members are expected to be settled via profit allocations.

**Notes to the Financial Statements (continued)****8. Financial risk management (continued)****Credit risk management (continued)**

## (iii) Concentrations of credit risk

LLP's largest counterparty exposure at the end of each year is as follows:

	31 October 2021 £000s	31 October 2020 £000s
AA- <sup>1</sup> rated bank	20,000	20,000
A- <sup>1</sup> rated bank	20,213	21,965

<sup>1</sup> Standard & Poor's ratings

The amount of these exposures can change significantly each month.

**Market risk**

## (i) Foreign exchange risk

The LLP's financial assets and liabilities are denominated in the following currencies:

**As at 31 October 2021**

Financial assets	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Cash and cash equivalents	11	32,769	2,303	2,164	2,977	40,213
Trade and other receivables <sup>1</sup>	9	8,601	5,736	10,508	4,539	29,384
Amounts due from Members		7,970	-	-	-	7,970
Investment in CLOs	10	-	-	37,788	-	37,788
<b>Total financial assets</b>		<b>49,340</b>	<b>8,039</b>	<b>50,460</b>	<b>7,516</b>	<b>115,355</b>

<sup>1</sup> Includes £1,968,000 of prepayments which are not subject to foreign exchange risk

Financial liabilities	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Trade and other payables due within one year <sup>2</sup>	12	12,338	2,547	79	1,451	16,415
Amounts due to Members		13,852	-	-	-	13,852
<b>Total financial liabilities</b>		<b>26,190</b>	<b>2,547</b>	<b>79</b>	<b>1,451</b>	<b>30,267</b>

<sup>2</sup> Includes £1,805,000 of accruals which are not subject to foreign exchange risk

**As at 31 October 2020**

Financial assets	Notes	Sterling £000s	US Dollar £000s	Euro £000s	Other £000s	Total £000s
Cash and cash equivalents	13	37,955	1,513	564	1,933	41,965
Trade and other receivables <sup>1</sup>	11	8,456	6,344	11,524	4,456	30,780
Amounts due from Members		10,049	-	-	-	10,049
Investment in CLO	12	-	-	11,080	-	11,080
<b>Total financial assets</b>		<b>56,460</b>	<b>7,857</b>	<b>23,168</b>	<b>6,389</b>	<b>93,874</b>

<sup>1</sup> Includes £3,484,000 of prepayments which are not subject to foreign exchange risk

**Notes to the Financial Statements (continued)****8. Financial risk management (continued)****Market risk (continued)****(i) Foreign exchange risk (continued)****As at 31 October 2020**

<b>Financial liabilities</b>	<b>Notes</b>	<b>Sterling £000s</b>	<b>US Dollar £000s</b>	<b>Euro £000s</b>	<b>Other £000s</b>	<b>Total £000s</b>
Trade and other payables due within one year <sup>2</sup>	12	10,219	4,507	54	761	15,541
Amounts due to Members		7,950	-	-	-	7,950
<b>Total financial liabilities</b>		<b>18,169</b>	<b>4,507</b>	<b>54</b>	<b>761</b>	<b>23,491</b>

<sup>2</sup> Includes £1,618,000 of accruals which are not subject to foreign exchange risk

Financial liabilities comprise of current trade payables and accruals, amount due to Members and forward foreign exchange contracts. They do not include provisions which are explicitly excluded from the definition of a financial instrument under IFRS 7.

The LLP estimates, by recalculating the balance sheet values of financial assets and liabilities denominated in foreign currencies, that at 31 October 2021, if the foreign currency rates applicable to the LLP's financial assets and liabilities strengthened/(weakened) by 100 basis point against sterling, with all other variables held constant, pre-tax profit for the year would have (decreased)/increased by (£5,000)/ £5,000 respectively, principally as a result of the (decrease)/increase in assets and liabilities denominated in foreign currencies (at 31 October 2020: (£8,000)/£8,000).

**(ii) Interest rate risk**

Interest rate risk is the risk arising from unexpected or untoward movements in interest rates. The LLP's monetary assets which attract interest rate risk are cash balances which are held at a floating rate.

At 31 October 2021, if interest rates had been 100 basis points higher with all other variables held constant, post-tax profit for the year would have been £484,000 higher (at 31 October 2020: £678,000 higher), if interest rates had decreased to nil basis points the post-tax profit would have been £9,000 lower (31 October 2020: £528,000 lower).

**Liquidity risk management**

Liquidity risk is the risk that the LLP will not be able to meet its financial obligations as they fall due. The LLP's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances.



## Notes to the Financial Statements (continued)

### 8. Financial risk management (continued)

#### Liquidity risk management (continued)

##### (i) Financial assets and liabilities

The table below analyses the LLP's financial assets and liabilities. The amounts disclosed are the contractual undiscounted cash flows.

Financial assets	Notes	31 October 2021 £000s	31 October 2020 £000s
Cash and cash equivalents	11	40,213	41,965
Amounts due from Members		7,970	10,049
Trade and other receivables <sup>1</sup>	9	29,384	30,780
Forward foreign exchange contracts	10	-	-
Investment in CLOs	10	37,788	11,080
<b>Total financial assets</b>		<b>115,355</b>	<b>93,874</b>

<sup>1</sup> Includes prepayments of £1,968,000 (2020: £3,484,000) which are not subject to liquidity risk

Financial liabilities	31 October 2021 £000s	31 October 2020 £000s
Less than 30 days	14,330	12,898
Greater than 30 days less than 60 days	777	1,736
Greater than 60 days less than 90 days	1,308	1,052
Greater than 90 days but less than 120 days	-	-
Greater than 120 days but less than 180 days	-	-
Greater than 180 days	13,852	7,805
<b>Total financial liabilities<sup>2</sup></b>	<b>30,267</b>	<b>23,491</b>

<sup>2</sup> Includes accruals of £1,805,000 (2020 £1,618,000) which are not subject to liquidity risk

The LLP's total financial assets exceed its total financial liabilities in the ratio 3.8:1 (31 October 2020: 4.0:1).

##### (ii) Commitments

#### Capital commitments and contingent liabilities

The LLP is the manager for CLOs and had £3,378,000 commitments as at 31 October 2021 (31 October 2020: nil).

The LLP had nil contingent liabilities as at 31 October 2021 (31 October 2020: nil).

**Notes to the Financial Statements (continued)****8. Financial risk management (continued)****Classes of financial instruments****As at 31 October 2021:**

	Notes	Held at Fair value £000s	Held at amortised cost £000s	Total £000s
<b>Financial assets</b>				
Cash and cash equivalents	11	-	40,213	40,213
Amounts due from Members		-	7,970	7,970
Trade and other receivables	9	-	29,384	29,384
Investment in CLO	10	37,788	-	37,788
<b>Total financial assets</b>		<b>37,788</b>	<b>77,567</b>	<b>115,355</b>
<b>Financial liabilities</b>				
Trade and other payables	12	-	16,415	16,415
Amounts due to Members		-	13,852	13,852
<b>Total financial liabilities</b>		<b>-</b>	<b>30,267</b>	<b>30,267</b>

**As at 31 October 2020:**

	Notes	Held at Fair value £000s	Held at amortised cost £000s	Total £000s
<b>Financial assets</b>				
Cash and cash equivalents	11	-	41,965	41,965
Amounts due from Members		-	10,049	10,049
Trade and other receivables	9	-	30,780	30,780
Forward foreign exchange contracts	10	-	-	-
Investment in CLO	10	11,080	-	11,080
<b>Total financial assets</b>		<b>11,080</b>	<b>82,794</b>	<b>93,874</b>
<b>Financial liabilities</b>				
Trade and other payables	12	-	15,541	15,541
Amounts due to Members		-	7,950	7,950
<b>Total financial liabilities</b>		<b>-</b>	<b>23,491</b>	<b>23,491</b>

## Notes to the Financial Statements (continued)

### 8. Financial risk management (continued)

#### Classes of financial instruments (continued)

Financial liabilities comprise trade payables, accruals and amounts due to Members which are payable within one year and which are not explicitly excluded from the definition of a financial instrument under IFRS 7.

#### Capital management

The LLP uses its capital to support the growth of the business, to provide it with a cushion to shield it from adverse market conditions and to ensure that it is at all times able to meet its regulatory capital requirements. In accordance with the requirements of the Internal Capital Adequacy Assessment Process ("ICAAP"), the potential adverse effects of specific individual and combinations of operational risks have been assessed. In addition, using multi-year financial models, a number of potential adverse scenarios have been analysed in order to determine their effect on the LLP's capital.

The LLP has been in compliance with the minimum regulatory capital requirements set by the Financial Conduct Authority at all times during the year.

Once these requirements have been met, available capital may be used to make profit distributions to Members, to provide funding for the LLP's deferred compensation programmes and to provide funding for new business initiatives.

### 9. Trade and other receivables

	Notes	2021 £000s	2020 £000s
Amounts owed by affiliated entities	15	3,890	4,017
Other trade receivables		11,597	11,939
Other receivables		1,823	3,479
Other affiliated entities receivables	15	2,293	619
Amounts owed by related parties	15	7,788	7,242
VAT receivable		25	-
Prepayments		1,968	3,484
<b>Total amounts falling due within one year</b>		<b>29,384</b>	<b>30,780</b>

Trade receivables are held with the objective to collect contractual cash flow and are measured at amortised cost less provisions for estimated credit losses and impairments. Estimated future credit losses are first recorded on the initial recognition of a receivable and are based on the ageing of the receivable balance, historical credit loss experience and forward-looking considerations. Further details of credit risk are disclosed in note 8.

Due to the short-term nature of the current trade and other receivables falling due within one year, their carrying amount is the same as their fair value.

**Notes to the Financial Statements (continued)****10. Financial assets at fair value through profit and loss**

	<b>2021</b>	<b>2020</b>
	<b>£000s</b>	<b>£000s</b>
Investment in CLO – Level 2	28,779	11,080
Investment in CLO – Level 3	9,009	-
<b>Total financial assets</b>	<b>37,788</b>	<b>11,080</b>

Level 2 includes the fair value of investment in issued CLOs tranches rated BBB\* or higher. Where the LLP has the ability to redeem its investment at the published market prices and broker quotes the financial asset is classified as Level 2.

Level 3 includes the fair value of the portion of the CLOs which are at the Warehouse stage and issued CLO tranches rated BB\* or lower and the subordinated tranche at the statement of financial position date. Inputs for the investment are not based on observable market data (unobservable inputs). The movements within investments categorised as level 3 during the year are set out below:

\* Standard & Poor's ratings

	<b>£000s</b>
As at 1 November 2020	-
Transfer from Level 2 <sup>1</sup>	1,931
Additions	26,284
Foreign exchange losses	(382)
Net gains on investments	131
Disposals	(18,955)
<b>As at 31 October 2021</b>	<b>9,009</b>

<sup>1</sup> Transfers into level 3 financial assets were due to changes to the observability of inputs used in the valuation of these assets.

Inputs from third party valuations included in level 3 are not always based on observable market data (unobservable inputs). If the valuation of the Warehouse stage was to change by 100 basis points this would result in an increase / (decrease) of £37,000 to the fair value of this investment.

The fair value of lower than investment grade and subordinated tranches are determined using third party valuations which are based on assumptions on actual and expected cash flows and considerations including interest rates, default rates, recovery rates and prepayment rates.

Considering quantitative unobservable inputs are not developed by the LLP when measuring the fair value of these tranches, the LLP is unable to disclose quantitative information about the significant unobservable inputs used in the fair value measurement.

The fair values of the CLOs are validated and periodically reviewed by the LLP in its capacity as Collateral Manager.

**11. Cash and cash equivalents**

	<b>31 October 2021</b>	<b>31 October 2020</b>
	<b>£000s</b>	<b>£000s</b>
<b>Cash at bank</b>	<b>40,213</b>	<b>41,965</b>

**12. Trade and other payables**

		<b>31 October 2021</b>	<b>31 October 2020</b>
	<b>Notes</b>	<b>£000s</b>	<b>£000s</b>
Amounts due to related parties	15	14,054	13,090
Rebates and commissions payable		543	761
Other payables		13	72
Accruals		1,805	1,618
<b>Total amounts falling due within one year</b>		<b>16,415</b>	<b>15,541</b>

**Notes to the Financial Statements (continued)****13. Cash generated from operations**

	Year ended 31 October 2021 £000s	Year ended 31 October 2020 £000s
<b>Operating profit for the year</b>	<b>36,189</b>	<b>21,733</b>
Net losses / (gains) on financial assets	993	(1,943)
Changes in working capital:		
Decrease in trade and other receivables	1,446	2,075
Increase in trade and other payables	874	1,712
	<b>2,320</b>	<b>3,787</b>
<b>Cash generated from operations</b>	<b>39,502</b>	<b>23,577</b>

**14. Derivatives**

The currency forward contracts are held at fair value. The maturity of the contracts at the period end date is 1 month (2020: 1 month).

	31 October 2021 £000s	31 October 2020 £000s
Notional value of open currency forwards	61,473	31,282

**15. Related party transactions**

The following transactions were carried out with related parties:

**(a) Transactions and balances with related entities during the year**

During the year the following categories of related party transactions occurred:

Description of relationship	Description of service	Description of transactions
Funds managed by the LLP and related through key management personnel (including common Directors). Key management personnel are able to significantly influence (but not control) the financial and operating policy decisions of such Funds	Provision of investment management and investment services	Management and performance fees earned for year to 31 October 2021
Rolling Credit Facility ('RCF') of £25,000,000 between the LLP and BlueBay Asset Management (Services) Ltd	RCF	No transactions during the year

**Notes to the Financial Statements** (continued)**15. Related party transactions** (continued)**(a) Transactions and balances with related entities during the year** (continued)

Description of relationship	Description of service	Description of transactions
Investment management fees from BlueBay Funds Management Company SA	Fees for the provision of investment management services to funds for which BlueBay Funds Management Company SA is the lead manager	Management fees earned
Service fees paid to BlueBay Asset Management USA LLC, BlueBay Asset Management Corporation Limited, BlueBay Asset Management International Limited and BlueBay Asset Management AG	Intercompany fees	Fees for distribution support, execution and research provided by affiliate entities
Investment advisory fees from RBC Global Asset Management Inc. and RBC Global Asset Management (U.S) Inc.	Investment advisory fees from RBC for provision of investment management and investment services, net of any compensation payments where applicable	Net management fees earned
Cash on deposit with RBC Europe Limited	Cash on deposit	Interest earned on cash deposit
Collaboration agreement with RBC Global Asset Management (U.S) Inc. (RBC GAM)	A collaboration fee is paid to RBC GAM in instances where the client has been sourced by RBC GAM	Collaboration fee paid
A referral agreement with RBC Global Asset Management Inc. (RBC GAM) on behalf of its operating division, Philips, Hager & North Investment Management (PH&N)	A referral fee is paid to PH&N in instances where the client has been sourced by PH&N	Referral fee paid

**Notes to the Financial Statements (continued)****15. Related party transactions (continued)**

Transactions between the LLP and related parties are disclosed below.

**31 October 2021**

	Revenue £000s	Cost of sales £000s	Finance income £000s	Cash and cash equivalents £000s	Amounts owed by related parties £000s	Amounts owed to related parties £000s	Profit share for the year £000s
Affiliated entities	120,900	(907)	9	20,000	6,183	-	-
Members of the LLP	-	-	-	-	7,970	13,852	36,968
Other related parties	-	-	-	-	7,788	14,054	-

**31 October 2020**

	Revenue £000s	Cost of sales £000s	Finance income £000s	Cash and cash equivalents £000s	Amounts owed by related parties £000s	Amounts owed to related parties £000s	Profit share for the year £000s
Affiliated entities	106,330	(1,007)	420	20,000	4,636	-	-
Members of the LLP	-	-	-	-	10,049	7,950	22,223
Other related parties	-	-	-	-	7,242	13,090	-

All transactions with related parties were on an arm's length basis.

**(b) Key Members' compensation**

Remuneration of key Members is as follows:

	2021 £000s	2020 £000s
Profit allocation	14,357	14,354

**(c) Non-Executive Members of the LLP's Board**

Fees paid to non-executive Members of the LLP's Board, who are not Members of the LLP are as follows:

	2021 £000s	2020 £000s
Non-Executive Board Member fees	187	209

**16. Ultimate Parent Company**

The LLP's ultimate Parent Company is Royal Bank of Canada, incorporated in Canada, which is also the Parent undertaking of the smallest and largest Group, which includes the LLP for which Group accounts are prepared. Copies of the Group Financial Statements of Royal Bank of Canada are available at 100 Bishopsgate, London EC2M 1GT.