Factsheet | Figures as of 28-02-2022

Robeco Corporate Hybrid Bonds IH EUR

Robeco Corporate Hybrid Bonds is an actively managed fund that invests in global corporate hybrids bonds issued by nonfinancials. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. Corporate hybrids are deeply subordinated bonds with equity-like features. The bonds are mainly issued by investment grade issuers. The fund selects the best-in-class hybrid bonds, with the best risk-return characteristics.

Peter Kwaak
Fund manager since 15-09-2017

Performance

	Fund	Index
1 m	-3.17%	-3.14%
3 m	-4.47%	-4.11%
Ytd	-4.75%	-4.47%
1 Year	-3.62%	-2.52%
2 Years	0.30%	0.52%
3 Years	2.53%	2.69%
Since 10-2017	1.51%	1.62%

Annualized (for periods longer than one year)
Note: due to a difference in measurement period between the fund and the index, performance differences may arise. For further info, see last page.

Calendar year performance

	Fund	Index
2021	0.59%	1.76%
2020	4.35%	3.86%
2019	11.92%	11.37%
2018	-4.96%	-4.84%
2019-2021	5.52%	5.58%

Annualized (years)

Index

Bloomberg Global Corporate Hybrids 3% Issuer Cap

General facts

Morningstar	★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 122,541,889
Size of share class	EUR 110,616,865
Outstanding shares	1,095,710
1st quotation date	19-10-2017
Close financial year	31-12
Ongoing charges	0.53%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	5.00%
Management company	Robeco Institutional Asset Management B.V.

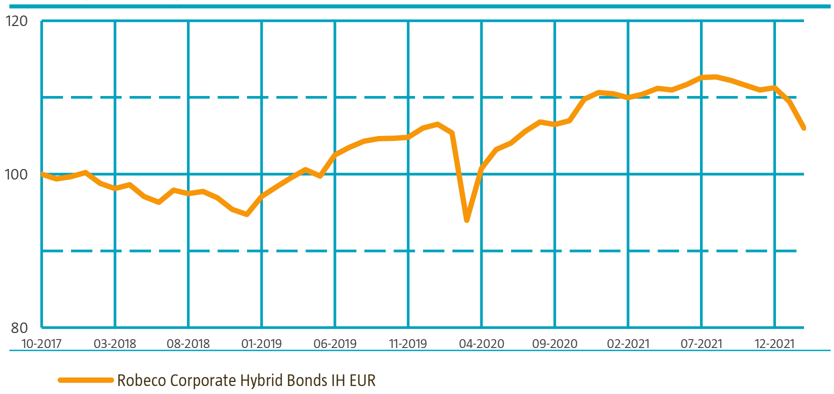
Sustainability profile

- Exclusions
- ESG Integration
- Engagement

For more information on exclusions see https://www.robeco.com/exclusions/

Performance

Indexed value (until 28-02-2022) - Source: Robeco



Performance

Based on transaction prices, the fund's return was -3.17%.
The total return of the fund was -3.43% last month, underperforming the index. The fund's beta position was close to one at the start of the month, but the beta was slightly reduced in the second half of the month. As a result, beta positioning made a small positive contribution to the fund's performance. Issuer selection made a negative return contribution. The underweights in certain US issuers were a drag on performance, as they outperformed the market. The position in EDF was increased at attractive levels, but spreads continued to widen.

Market development

The Global Corporate Hybrids Index delivered a total return of -3.14% last month. The credit spread on the global hybrid index widened 56 basis points (bps) to a level of 253 bps. As a result, corporate hybrids underperformed treasury bonds.The first half of the month was again dominated by central banks being forced to embark upon a more aggressive tightening cycle than anticipated. In Europe, ECB President Christine Lagarde highlighted that inflation might remain more elevated than previously predicted. The yield on 10-year German Bunds broke into positive territory for the first time since 2019, and 10-year US yields rose above 2%. In the second half, we saw a massive risk-off move prompted by Russia's invasion of Ukraine, which in turn triggered economic sanctions against Russia. Treasury bond yields dropped, as the war triggered a flight to quality. Commodity prices moved higher, especially oil, gas and food. Spreads widened in both halves of the month, especially in European credit markets.

Expectation of fund manager

We aim for a portfolio beta of at least one in corporate hybrids. We no longer want to be defensive, as valuations have improved significantly. On average, the global hybrid market now offers close to 300 bps of option-adjusted spread over treasuries. In the euro market, corporate hybrids now trade above their long-term median level, offering an attractive entry point. Corporate hybrids offer a significant yield pickup and are issued by high-quality corporates. These issuers are able to handle any potential slowdown in global economic growth. Uncertainty around the war in Ukraine will weigh on sentiment, as the jump in energy prices could lead to slower growth.

Top 10 largest positions

The largest overweight positions in risk terms (DTS) are EDF (Electricité de France), NextEra, Enel SpA, Sampo and Volkswagen. We like the high yields on these bonds, relative to the market average. In terms of portfolio percentage weights, the largest issuer positions are around 4%.

Fund price

28-02-22	EUR	106.77
High Ytd (04-01-22)	EUR	112.10
Low Ytd (24-02-22)	EUR	106.09

Fees

Management fee	0.40%
Performance fee	None
Service fee	0.12%
Expected transaction costs	0.01%

Legal status

Investment company with variable capital incorporated under Luxembourg law (SICAV)

Issue structure	Open-end
UCITS V	Yes
Share class	IH EUR

This fund is a subfund of Robeco Capital Growth Funds, SICAV

Registered in

Finland, Italy, Luxembourg, Singapore, Spain, Switzerland

Currency policy

All currency risks are hedged.

Risk management

Risk management is fully embedded in the investment process so as to ensure that the fund's positions remain within set limits at all times.

Dividend policy

This share class of the fund will not distribute a dividend.

Derivative policy

Robeco Corporate Hybrid bonds make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

Fund codes

ISIN	LU1700711663
Bloomberg	ROCHBIH LX
Valoren	38694380

Top 10 largest positions

Holdings	Sector	%
Danone SA	Industrials	4.60
NextEra Energy Capital Holdings Inc	Utilities	4.33
Merck KGaA	Industrials	4.30
CK Hutchison Capital Securities 17 Ltd	Industrials	4.25
Volkswagen International Finance NV	Industrials	4.04
OMV AG	Industrials	4.04
Eni SpA	Industrials	3.91
Engie SA	Utilities	3.90
Orange SA	Industrials	3.78
BHP Billiton Finance Ltd	Industrials	3.67
Total		**40.80**

Statistics

	3 Years
Tracking error ex-post (%)	1.77
Information ratio	0.14
Sharpe ratio	0.39
Alpha (%)	-0.37
Beta	1.22
Standard deviation	8.72
Max. monthly gain (%)	7.29
Max. monthly loss (%)	-10.81

Above mentioned ratios are based on gross of fees returns

Hit ratio

	3 Years
Months outperformance	14
Hit ratio (%)	38.9
Months Bull market	24
Months outperformance Bull	13
Hit ratio Bull (%)	54.2
Months Bear market	12
Months Outperformance Bear	1
Hit ratio Bear (%)	8.3

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BAA1/BAA2	BAA2/BAA3
Option Adjusted Modified Duration (years)	3.7	3.7
Maturity (years)	4.0	4.1
Yield to Worst (%, Hedged)	2.8	2.6
Green Bonds (%, Weighted)	6.5	7.6

Sustainability

The fund incorporates sustainability in the investment process via exclusions, ESG integration and engagement. The fund does not invest in credit issuers that are in breach of international norms or where activities have been deemed detrimental to society following Robeco's exclusion policy. Financially material ESG factors are integrated in the bottom-up security analysis to assess the impact on the issuer's fundamental credit quality. In the credit selection the fund limits exposure to issuers with an elevated sustainability risk profile. Lastly, where issuers are flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to engagement.

Sector allocation

Sector positioning mainly reflects bottom-up issuer selection. The fund's largest percentage weight holdings are in the utilities, energy and communications sectors. In DTS terms, there are overweights in the communications, basic industry, other industrial and agency sectors. The utility sector remains a significant underweight position relative to the market. Exposure to the financial sector is currently small.

Sector allocation		Deviation index
Industrials	60.0%	18.0%
Utilities	19.2%	-16.7%
Treasuries	5.9%	5.9%
Agencies	4.8%	-17.2%
Financials	3.3%	3.3%
Local Authorities	0.8%	0.8%
Cash and other instruments	6.1%	6.1%

Currency denomination allocation

In terms of duration times spread (DTS), the fund has a significant overweight in EUR-denominated hybrids, with underweight positions in USD and GBP hybrids. Currency positions mainly result from beta positioning and issuer selection. The beta of the portfolio (DTS) was close to one at the end of the month.

Currency denomination allocation		Deviation index
Euro	73.8%	20.3%
U.S. Dollar	27.2%	-14.9%
Pound Sterling	0.0%	-4.4%

Duration allocation

The fund's interest-rate sensitivity tracks the duration of the index. Interest rate futures can be used to maintain this neutrality.

Duration allocation		Deviation index
Euro	2.1	-0.1
U.S. Dollar	1.3	0.0
Pound Sterling	0.3	0.0

Rating allocation

In terms of portfolio weight, the portfolio is mainly invested in BBB-rated bonds. Around 7% is invested in BB-rated hybrids. In terms of DTS, the position in BBs remains small. In BBB-rated bonds the fund is underweight versus the benchmark. The BB-rated corporate hybrids in the fund are issued by investment grade companies.

Rating allocation		Deviation index
AAA	5.9%	5.9%
A	4.4%	0.5%
BAA	76.3%	-19.8%
BA	7.4%	7.4%
Cash and other instruments	6.1%	6.1%

Subordination allocation

The fund mainly invests in corporate hybrids, which offer high yields for investment grade ratings. Corporate hybrids are subordinated bonds issued by high-quality, non-financial issuers. The fund can also invest in hybrids issued by banks and insurers, and in the senior debt of non-financial corporates. These bonds can offer an attractive risk/return profile relative to the corporate hybrid market.

Subordination type allocation		Deviation index
Hybrid	78.7%	-21.3%
Senior	11.9%	11.9%
Tier 1	1.8%	1.8%
Tier 2	1.5%	1.5%
Cash and other instruments	6.1%	6.1%

Investment policy

Robeco Corporate Hybrid Bonds is an actively managed fund that invests in global corporate hybrids bonds issued by nonfinancials. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The fund promotes certain ESG (environmental, social and corporate governance) characteristics within the meaning of Article 8 of the European Sustainable Finance Disclosure Regulation, and integrates ESG and sustainability risks in the investment process. In addition, the fund applies an exclusion list based on controversial behavior, products (including controversial weapons, tobacco, palm oil and fossil fuel) and countries, alongside engagement. Corporate hybrids are deeply subordinated bonds with equity-like features. The bonds are mainly issued by investment grade issuers. The fund selects the best-in-class hybrid bonds, with the best risk-return characteristics. The majority of bonds selected will be components of the benchmark, but bonds outside the benchmark may be selected too. The fund can deviate substantially from the weightings of the benchmark. The fund aims to outperform the benchmark over the long run, while still controlling relative risk through the application of limits (on currencies and issuers) to the extent of the deviation from the benchmark. This will consequently limit the deviation of the performance relative to the benchmark. The Benchmark is a broad market-weighted index that is not consistent with the ESG characteristics promoted by the fund.

Fund manager's CV

Peter Kwaak is a Senior Portfolio Manager and a member of the Credit team. Prior to joining Robeco in 2005, Mr. Kwaak was employed by Aegon Asset Management for three years as Credits and High Yield Portfolio Manager and at NIB Capital for two years as Portfolio Manager. Peter Kwaak started his career in the Investment Industry in 1998. Mr. Kwaak is a CFA Charterholder and holds a Master's degree in economics from the Erasmus University Rotterdam. Mr. Kwaak is registered with the Dutch Securities Institute.

Team info

The Robeco Corporate Hybrid Bonds fund is managed within Robeco's credit team, which consists of nine portfolio managers and twenty-three credit analysts. The portfolio managers are responsible for the construction and management of the credit portfolios, whereas the analysts cover the team's fundamental research. Our analysts have long term experience in their respective sectors which they cover globally. Each analyst covers both investment grade and high yield, providing them an information advantage and benefiting from inefficiencies that traditionally exist between the two segmented markets. Furthermore, the credit team is supported by three dedicated quantitative researchers and four fixed income traders. On average, the members of the credit team have an experience in the asset management industry of seventeen years, of which eight years with Robeco.

Fiscal product treatment

The fund is established in Luxembourg and is subject to the Luxembourg tax laws and regulations. The fund is not liable to pay any corporation, income, dividend or capital gains tax in Luxembourg. The fund is subject to an annual subscription tax ('tax d'abonnement') in Luxembourg, which amounts to 0.01% of the net asset value of the fund. This tax is included in the net asset value of the fund. The fund can in principle use the Luxembourg treaty network to partially recover any withholding tax on its income.

Morningstar

Disclaimer