

Robeco Financial Institutions Bonds DH EUR

Robeco Financial Institutions Bonds mainly invests in subordinated euro-denominated bonds issued by financial institutions. The fund offers a diversified exposure across 50-60 issuers, including the new style hybrid bonds that are being issued on the back of Basel III regulation. Focus of the fund are higher rated bonds (investment grade) with a tilt to Tier 2 bonds.



Jan Willem de Moor
Fund manager since 16-05-2011

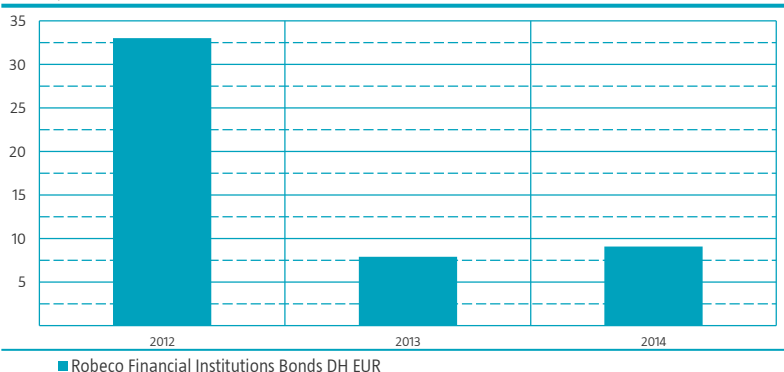
Performance

	Fund	Index
1 Year	1.52%	2.00%
2 Years	7.41%	6.98%
3 Years	11.69%	11.10%
Since 05-2011	8.08%	7.40%

Annualized (for periods longer than one year)

Performance

Calendar years



Calendar year performance

	Fund	Index
2014	9.09%	8.94%
2013	7.92%	7.27%
2012	33.02%	32.50%
2012-2014	16.12%	15.69%

Annualized (years)

Fund price

30-06-15	EUR	137.74
High Ytd (14-04-15)	EUR	144.65
Low Ytd (19-06-15)	EUR	137.67

Benchmark

Barclays Euro-Aggregate: Corp. Fin. Subordinated 2%
Issuer Cap (EUR)

General facts

Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 1,279,621,696
Size of share class	EUR 268,352,388
Outstanding shares	1,947,405
1st quotation date	16-05-2011
Close financial year	31-12
Ongoing charges	0.88%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	4.00%
Management company	Robeco Luxembourg S.A.

Fees

Management fee	0.70%
Service fee	0.12%

Performance

Based on transaction prices, the fund's return was -2.73%.

The negative return of the fund was attributable to the increase in underlying government-bond yields and the increase in credit spreads. The biggest contributors to the performance of the fund were positions in an old HBOS Lower Tier-2 bond, an Additional Tier-1 bond of Santander and a senior bond of Turkish GarantiBank. Negative contributors to the performance were insurance bonds like Axa, NN Group and Aegon.

Market development

June was a negative month for investors in euro-denominated subordinated bonds of financials. The Euro Subordinated Financials Index posted a total return of -2.64%. This negative total return was driven by an increase in underlying government-bond yields and an increase in credit spreads. Spreads ended the month at 233 basis points, which is an increase of 34 basis points versus the end of May. The excess return for the index (the extra return versus an investment in underlying government bond yields) was -1.82%. The fact that the negotiations between Greece and its creditors were still not finalized in June has acted as a drag on credit spreads. Especially the announcement of a referendum in Greece was a trigger for more volatility in spreads and government bond yields. In this environment subordinated bonds and bonds issued by countries from the European periphery underperformed. On a risk-adjusted basis, Additional Tier-1 bonds performed relatively well during the month. Issuance of new bonds slowed down significantly in June, though both BNP Paribas and Bank of Ireland managed to issue a new Additional Tier-1 bond.

Expectation of fund manager

On 18 June, our last Quarterly Outlook took place. We keep our intention to be overweight credit beta, but the targeted overweight is only a small one. The outlook for the short term will be impacted by the developments in Greece, but we do not expect these developments to really change the medium- and longer-term outlook for European credit. The exposure that the European financials sector has towards Greece is very limited. The recent increase in underlying government-bond yields and credit spreads has increased the attractiveness of the asset class, in our opinion.

SI fund classification

	Yes	No	N/A
Engagement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Top 10 largest positions

The fund has a benchmark that caps benchmark weights at 2%. For diversification reasons, actual individual positions will be capped at around 3%. Holdings typically consist of exposures to large and strong banks and insurance companies.

Legal status

Investment company with variable capital incorporated under Luxembourg law (SICAV)
 Issue structure Open-end
 UCITS IV Yes
 Share class DH EUR
 This fund is a subfund of Robeco Capital Growth Funds, SICAV

Registered in

Austria, Belgium, Chile, France, Germany, Luxembourg, Netherlands, Singapore, Spain, Switzerland, United Kingdom

Currency policy

All currency risks are hedged.

Risk management

Risk management is fully embedded in the investment process to ensure that positions always meet predefined guidelines.

Dividend policy

The fund does not distribute dividend. The fund retains any income that is earned and so its entire performance is reflected in its share price.

Derivative policy

Robeco Financial Institutions Bonds fund make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

Fund codes

ISIN	LU0622663176
Bloomberg	ROBFIDH LX
WKN	A1JUN8

ESG integration policy

The prime goal of integrating ESG factors in our analysis is to strengthen our ability to assess the downside risk of our credit investments. Our analysts include RobecoSAM sustainability data and use external sources to make an ESG assessment as a part of the fundamental analysis.

Top 10 largest positions

Holding	Sector	%
Nationwide Building Society	Financials	3.00
Allianz Se	Financials	2.90
Hbos Plc	Financials	2.90
Abn Amro Bank Nv	Financials	2.90
Cnp Assurances	Financials	2.90
Aviva Plc	Financials	2.70
Ing Bank Nv	Financials	2.70
Bbva Subordinated Capital Sau	Financials	2.70
Credit Agricole Sa	Financials	2.60
Societe Generale Sa	Financials	2.60
Swiss Reinsurance Co Via Elm B	Financials	2.60
Total		30.50

Statistics

	3 Years
Tracking error ex-post (%)	0.77
Information ratio	2.05
Sharpe ratio	2.36
Alpha (%)	0.49
Beta	1.09
Standard deviation	5.35
Max. monthly gain (%)	3.98
Max. monthly loss (%)	-2.73

Above mentioned ratios are based on gross of fees returns.

Hit ratio

	3 Years
Months outperformance	24
Hit ratio (%)	66.7
Months Bull market	27
Months outperformance Bull	21
Hit ratio Bull (%)	77.8
Months Bear market	9
Months Outperformance Bear	3
Hit ratio Bear (%)	33.3

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BAA1/BAA2	BAA1/BAA2
Option Adjusted Modified Duration (years)	5.1	5.1
Maturity (years)	6.0	5.8
Yield to Worst (%)	3.5	3.0

Changes

Changes (only for share classes launched before March 2012) Before March 2012 the benchmark was the Barclays Euro Universal, sub financials index (Investment Grade + High Yield) (EUR). In the current benchmark, High Yield bonds are excluded and the issuers are capped on max. 2% per single issuer, which limits the absolute risk towards a single issuer.

Sector allocation

The fund only invests in financials – excess cash may be invested in (German) government bonds.

Sector allocation		Deviation benchmark	
Financials	91.8%	-8.2%	
Treasuries	4.1%	4.1%	
Cash and Cash Equivalents	4.1%	4.1%	

Currency denomination allocation

The fund is allowed to invest in currencies other than euros. A limited part of the fund is invested in bonds issued in Pound Sterling and US dollars. Exposure in these other currencies is hedged to euros.

Currency denomination allocation		Deviation benchmark	
European Euro	91.2%	-8.8%	
US Dollar	6.0%	6.0%	
United Kingdom Pound Sterling	3.0%	3.0%	

Duration allocation

The fund aims to hold an interest-rate position that is neutral versus the benchmark.

Duration allocation		Deviation benchmark	
European Euro	5.1	0.0	

Rating allocation

The fund does not follow an active rating strategy – the current rating allocation is a result of bottom-up bond selection. The fund is allowed to invest in high yield, with 10.6% of the portfolio currently invested in high-yield-rated bonds.

Rating allocation		Deviation benchmark	
AAA	4.1%	4.1%	
A	23.7%	-10.8%	
BAA	57.5%	-7.3%	
BA	7.8%	7.1%	
B	2.6%	2.6%	
NR	0.2%	0.2%	
Cash and Cash Equivalents	4.1%	4.1%	

Investment policy

Robeco Financial Institutions Bonds mainly invests in subordinated euro-denominated bonds issued by financial institutions. The fund offers a diversified exposure across 50-60 issuers, including the new style hybrid bonds that are being issued on the back of Basel III regulation. Focus of the fund are higher rated bonds (investment grade) with a tilt to Tier 2 bonds. The fund aims to outperform its index Barclays Euro-Aggregate: Corporates Financials Subordinated 2% Issuer Cap. The index applies an issuer cap to avoid concentration risk. The investment philosophy is based on managing a solid diversified portfolio with a long term view. Top-down beta positioning is based on the outcome of our credit quarterly outlook meeting, in which the team is discussing the fundamental market outlook, valuation of bond markets and market technicals. Bottom-up issuer research is executed by our credit analysts, who execute the fundamental analysis. The portfolio managers are responsible for the portfolio construction. A proprietary developed risk management approach avoids high risk concentration in the portfolio. As the investment process is well-structured and proven over time, it contributes to repeatable performance delivery. Duration of the portfolio is managed in line with the index and currency exposure is hedged.

Fund manager's CV

Mr. de Moor is a Senior Portfolio Manager and a member of the Credit team. Prior to joining Robeco in 2005, Mr. de Moor was employed by SBA Artsenpensioenfondsen as Senior Portfolio Manager Equities for six years. Before that, he worked at SNS Asset Management holding positions of Portfolio Manager Equities (three years) and Research Analyst (two years). Jan Willem de Moor started his career in the Investment Industry in 1994. He holds a Master's degree in Economics from Tilburg University.

Team info

The Robeco Financial Institutions Bonds fund is managed within Robeco's credit team, which consists of eight portfolio managers and thirteen credit analysts (of which four financials 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 sixteen 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 0.05% 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.

Fiscal treatment of investor

The fiscal consequences of investing in this fund depend on the investor's personal situation. For private investors in the Netherlands real interest and dividend income or capital gains received on their investments are not relevant for tax purposes. Each year investors pay on balance 1.2% of the value of their net assets as at 1 January if and inasmuch as such net assets exceed the investor's tax-free allowance. Any amount invested in the fund forms part of the investor's net assets. Private investors who are resident outside the Netherlands will not be taxed in the Netherlands on their investments in the fund. However, such investors may be taxed in their country of residence on any income from an investment in this fund based on the applicable national fiscal laws. Other fiscal rules apply to legal entities or professional investors. We advise investors to consult their financial or tax adviser about the tax consequences of an investment in this fund in their specific circumstances before deciding to invest in the fund.

Morningstar

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