ROBECO

Factsheet | Figures as of 28-02-2022

Robeco Financial Institutions Bonds I EUR

Robeco Financial Institutions Bonds is an actively managed fund that mainly invests in subordinated euro-denominated bonds issued by financial institutions. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The fund offers a diversified exposure to subordinated bonds issued by banks and insurance companies and the focus of the fund is, in general, towards higher rated issuers (investment grade).

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

Performance

	Fund	Index
1 m	-3.26%	-3.23%
3 m	-4.60%	-4.43%
Ytd	-4.79%	-4.72%
1 Year	-3.50%	-3.72%
2 Years	-0.35%	-0.67%
3 Years	2.10%	1.73%
5 Years	2.63%	2.27%
10 Years	5.66%	5.19%
Since 05-2011	5.28%	4.62%

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	0.88%	0.58%
2020	2.77%	2.56%
2019	11.77%	10.45%
2018	-4.50%	-3.32%
2017	9.66%	7.91%
2019-2021	5.03%	4.44%
2017-2021	3.95%	3.52%

Annualized (years)

Index

Bloomberg Euro Aggregate Corporates Financials Subordinated 2% Issuer Cap

General facts

Morningstar	★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 2,244,901,196
Size of share class	EUR 1,127,729,827
Outstanding shares	6,335,355
1st quotation date	16-05-2011
Close financial year	31-12
Ongoing charges	0.53%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	4.00%
Management company	Robeco Institutional Asset Management B.V.

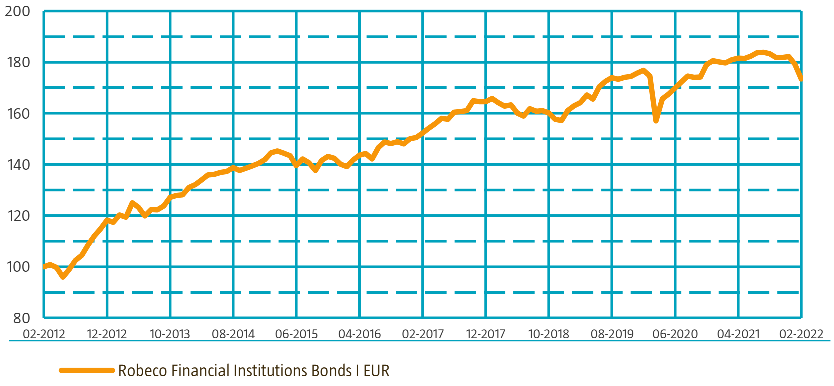
Sustainability profile

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 -3.26%.
The index return for European subordinated financial debt was -3.2% in February. Credit spreads widened 69 basis points to 243 basis points, which means that the spread return of subordinated financial debt amounted to -2.8%. Underlying government bond yields rose, contributing negatively to the total market return. The portfolio return was in line with that of the index in February. The top-down market beta in the portfolio was just below 1. The performance impact of this position was positive. Issuer selection made a contribution that was just negative. The portfolio benefited from sterling exposure, as this market widened less than the euro market. Looking at individual names, the most negative contribution came from Raiffeisen Bank, an Austrian bank with activities in Eastern Europe and in Russia. The worst-case outcome for this bank would be a scenario in which it walks away from the Russian operations. The bank has enough capital to withstand such a situation. We decided to hold on to the position.

Market development

February was a month of two halves for markets. The first half was dominated by central banks being forced to embark upon a much more aggressive tightening cycle than anticipated, especially as inflation continued to surprise on the upside. In this first half we saw a gradual widening of credit spreads and a continued increase in government bond yields. In the second half, we saw a massive risk-off move prompted by the reality of Russia's invasion of Ukraine, which in turn triggered severe sanctions on Russia. The market impact of these actions was large across multiple asset classes and the corporate bond market was no exception. Specifically for subordinated bonds of banks and insurance companies, the underperformance of banks exposed to Russia was clear. For most European banks exposures to Russia and Ukraine are small, exceptions are Raiffeisen Bank (RBI), UniCredit and SocGen. Of these three, RBI is clearly most exposed. Both Tier 2 bonds and CoCos of this bank declined by more than 15 points in February. In the fund we have a small position in RBI CoCos, most of our holding is in Tier 2 bonds.

Expectation of fund manager

Last month, we already noted that it was difficult to have a good understanding of the economic growth trajectory for 2022, but developments over the last weeks have certainly made the uncertainty even bigger. Where it seemed clear that central banks would be hitting the brakes this year to prevent inflation becoming sticky, now these central banks will also need to take into account that the current energy shock might have a negative impact on economic growth, especially in Europe. We do expect that central banks will continue their gradual tightening path, but they will certainly act with more caution. Credit spreads have seriously widened in the past month, which means that spreads for subordinated financials are now back to the peak levels of December 2018. We think that at these levels a lot of negative news is priced in and we do not mind having a beta that is a bit above one. One of the drivers of wider credit spreads has been the general widening of European swap spreads. To position the fund for a retracement back to more normal levels, we decided to enter a long position in European swap spreads.

Top 10 largest positions

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

Fund price

28-02-22	EUR	174.38
High Ytd (05-01-22)	EUR	183.11
Low Ytd (28-02-22)	EUR	174.38

Fees

Management fee	0.40%
Performance fee	None
Service fee	0.12%
Expected transaction costs	0.06%

Legal status

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

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

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

Registered in

Austria, Chile, France, Germany, Italy, 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

This share class of the fund does not distribute dividend.

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	LU0622664224
Bloomberg	ROBFIIH LX
Sedol	BRHZ1J2
WKN	A114R9
Valoren	12950163

Top 10 largest positions

Holdings	Sector	%
AXA SA	Financials	3.11
NN Group NV	Financials	3.02
BNP Paribas Cardif SA	Financials	2.97
La Mondiale SAM	Financials	2.81
Argentum Netherlands BV for Swiss Life AG	Financials	2.74
ASR Nederland NV	Financials	2.73
Raiffeisen Bank International AG	Financials	2.73
CNP Assurances	Financials	2.71
Banque Federative du Credit Mutuel SA	Financials	2.61
Ageas SA/NV	Financials	2.60
Total		**28.04**

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.06	0.98
Information ratio	0.80	0.86
Sharpe ratio	0.39	0.54
Alpha (%)	0.66	0.55
Beta	1.10	1.11
Standard deviation	7.86	6.56
Max. monthly gain (%)	5.56	5.56
Max. monthly loss (%)	-10.05	-10.05

Above mentioned ratios are based on gross of fees returns

Hit ratio

	3 Years	5 Years
Months outperformance	23	38
Hit ratio (%)	63.9	63.3
Months Bull market	22	37
Months outperformance Bull	16	29
Hit ratio Bull (%)	72.7	78.4
Months Bear market	14	23
Months Outperformance Bear	7	9
Hit ratio Bear (%)	50.0	39.1

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BAA1/BAA2	BAA1/BAA2
Option Adjusted Modified Duration (years)	4.3	4.3
Maturity (years)	4.8	4.6
Yield to Worst (%, Hedged)	2.5	2.3
Green Bonds (%, Weighted)	4.1	5.7

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.

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

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

Sector allocation		Deviation index
Financials	92.9%	-7.1%
Treasuries	5.6%	5.6%
Cash and other instruments	1.5%	1.5%

Currency denomination allocation

The fund is allowed to invest in currencies other than euros. Approx. 5% of the fund is invested in bonds issued in pound sterling and US dollars. All foreign currency exposures are hedged.

Currency denomination allocation		Deviation index
Euro	95.0%	-5.0%
Pound Sterling	3.7%	3.7%
U.S. Dollar	1.3%	1.3%

Duration allocation

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

Duration allocation		Deviation index
Euro	4.3	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 and circa 14% of the portfolio is currently invested in high yield rated bonds.

Rating allocation		Deviation index
AAA	5.6%	5.6%
A	18.1%	-6.2%
BAA	60.9%	-14.8%
BA	12.0%	12.0%
B	1.8%	1.8%
Cash and other instruments	1.5%	1.5%

Country allocation

Country allocation is to a large extent bottom-up driven. We are underweight in French banks, as spreads are tight. The largest overweight can be found in Spanish banks.

Country allocation		Deviation index
France	20.1%	-6.3%
Netherlands	15.4%	6.9%
Germany	10.3%	-0.8%
Spain	10.2%	2.4%
Switzerland	7.6%	1.8%
United Kingdom	5.2%	-5.2%
Italy	5.0%	2.5%
Austria	4.3%	-0.6%
Belgium	3.6%	-1.6%
Denmark	3.5%	0.3%
Finland	3.2%	-0.3%
Other	9.9%	-0.8%
Cash and other instruments	1.5%	1.5%

Subordination allocation

About 77% of the portfolio is invested in Tier 2 debt: 38% is invested in Tier 2 bonds issued by banks and 39% in Tier 2 bonds issued by insurance companies. About 11% of the portfolio is invested in Tier 1 debt, of which bank Tier 1 CoCo bonds represent about 6%. On top of the bank CoCo bonds, we hold close to 3% in insurance CoCo bonds. The exposure to senior bonds mainly consists of German Bunds, though we also hold senior bank bonds issued by BCP. The categories hybrid and subordinated contain subordinated debt issued by insurance companies.

Subordination type allocation		Deviation index
Tier 2	77.1%	-12.0%
Tier 1	10.9%	9.8%
Senior	6.7%	6.7%
Hybrid	3.5%	-5.8%
Subordinated	0.2%	-0.3%
Cash and other instruments	1.5%	1.5%

Investment policy

Robeco Financial Institutions Bonds is an actively managed fund that mainly invests in subordinated euro-denominated bonds issued by financial institutions. 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 on the basis of controversial behavior, products (including controversial weapons, tobacco, palm oil and fossil fuel) and countries, alongside engagement. The fund offers a diversified exposure to subordinated bonds issued by banks and insurance companies and the focus of the fund is, in general, towards higher rated issuers (investment grade). 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

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 nine portfolio managers and twenty-three 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 dedicated quantitative researchers and 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

Febelfin disclaimer

The fact that the sub-fund has obtained this label does not mean that it meets your personal sustainability goals or that the label is in line with requirements arising from any future national or European rules. The label obtained is valid for one year and subject to annual reappraisal. For further information on this label, please visit www.towardssustainability.be.

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