ROBECO

Factsheet | Figures as of 28-02-2022

Robeco High Yield Bonds OIH CHF

Robeco High Yield Bonds is an actively managed fund that invests in high yield corporate bonds. The selection of these bonds is mainly based on fundamental analysis. The fund's objective is to provide long-term capital growth. The fund invests in corporate bonds with a sub-investment grade rating, issued primarily by issuers from developed markets (Europe/US). The portfolio is broadly diversified, with a structural bias towards the higher rated part in high yield. Performance drivers are the top-down beta positioning as well as bottom-up issuer selection.

Sandér Bus, Roeland Moraal
Fund manager since 01-03-2001

Performance

	Fund
1 m	-1.98%
3 m	-2.76%
Ytd	-3.79%
1 Year	-1.35%
2 Years	2.07%
3 Years	1.75%
5 Years	1.76%
Since 11-2013	2.71%

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
2021	2.77%
2020	3.47%
2019	8.35%
2018	-4.92%
2017	5.42%
2019-2021	4.83%
2017-2021	2.92%

Annualized (years)

Index

Bloomberg US Corporate High Yield + Pan Euro HY ex Financials 2.5% Issuer Cap

General facts

Morningstar	★★★★
Type of fund	Bonds
Currency	CHF
Total size of fund	CHF 8,443,650,589
Size of share class	CHF 142,607
Outstanding shares	1,142
1st quotation date	08-11-2013
Close financial year	31-12
Ongoing charges	0.68%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	5.00%
Management company	Robeco Institutional Asset Management B.V.

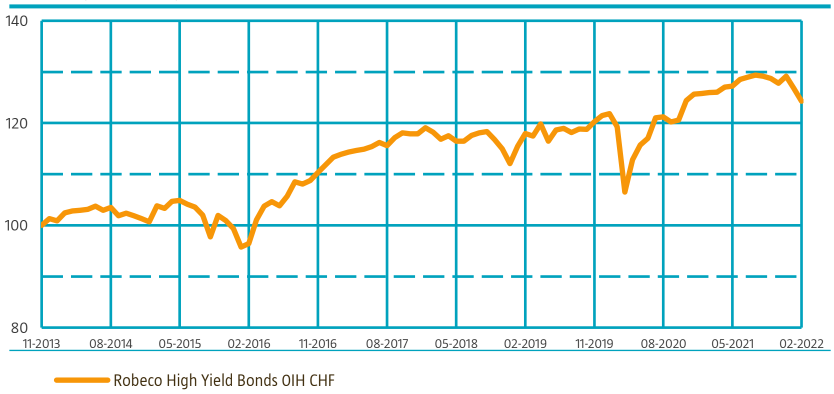
Sustainability profile

- 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 -1.98%.
The high yield bond index delivered a total return of -1.47% in February, which is the second consecutive month of negative returns. Excess returns were -0.97%, where underlying sovereign rates widened, detracting another 0.5% from total returns. The fund underperformed its benchmark by 14 bps. Our underweight beta contribution was positive by 12 bps, as spreads widened for the month. Issuer selection was negative and detracted 26 bps. Our quality bias, overweighting BBs versus an underweight in Bs and CCCs, did not contribute positively, as higher rating categories underperformed on a risk-adjusted basis. The lack of liquidity and stale pricing are the main reasons why lower quality outperformed. Our regional allocation, being overweight European versus underweight US high yield, detracted 20 bps. Spreads in the EUR market were significantly weaker. Energy was best-performing sector, as oil prices kept rising, which also contributed to the outperformance of CCCs in the US. On an issuer level, we benefited from not owning Veon (Dutch-listed Russian telecom player), adding 11 bps. We lost some relative performance with our overweights in Netflix, Faurecia and IQVIA.

Market development

High yield bonds continued their 2022 slump, posting another loss in February after an already weak start of the year. Markets were anticipating an aggressive pace of interest rate hikes by the Fed in response to increasing inflationary pressures. The US 10-year Treasury yield was on an upward trend, rising above 2% for the first time in three years, before ending the month around a level of 1.85%. In Europe, geopolitical tensions reached new highs with Russia's unexpected and aggressive invasion of Ukraine. The Western world responded by imposing fierce economic sanctions on Russia. Next to the devastating effects of the war on innocent lives, the economic implications will have major consequences as well. The reaction in the high yield market was rather muted compared to equities and commodities. Commodity prices continued to go up, where a barrel of oil surpassed the magic threshold of USD 100. This effect was also visible in European natural gas futures that accelerated to all-time highs. The primary market was very soft on the back of these increased risk factors. Global high yield spreads widened 33 bps and are now at 379 bps with an average yield of 5.38%.

Expectation of fund manager

The world has probably changed for the worse after the invasion of Ukraine. So far, markets have been enjoying the economic recovery fueled by the reopening of economies and central banking stimulus. How to deal with rising inflation and whether or not this is transitory has been the main rhetoric in the market. Now, there is growing consensus that an extended period of aggravated geopolitical tensions and elevated commodity prices will persist, leading to an even stickier inflation figure. The jury is still out on whether we will have economic growth after all the imposed sanctions and repercussions. Will we put an end to our Russian natural gas dependency? Will this lead to stagflation in Europe and the US? Central banks were ready to change their trajectory, but how will they react in this new environment? In the past few days, valuations have moved closer to longer-term averages, and opportunities will arise as markets are pricing in a new reality. We are still cautious but looking to increase the beta when we deem that risk premiums are priced in correctly.

Top 10 largest positions

Our top ten holdings consist mostly of BB-rated large caps in sectors such as communications and consumer cyclicals. The telecom sector is highly concentrated, with a number of large issuers. We have a more cautious view on the sector as a whole, but there are still some investable large caps such as cable companies Level 3 and Charter. A large overweight in media is Netflix, a company we like for its strong content and distribution platform. In the automotive sector you can find some highly rated suppliers with strong market shares and good relative value. Hence, large positions in quality names such as Goodyear, Faurecia and ZF Industries.

Fund price

28-02-22	CHF	124.86
High Ytd (04-01-22)	CHF	129.60
Low Ytd (24-02-22)	CHF	123.89

Fees

Management fee	0.55%
Performance fee	None
Service fee	0.12%
Expected transaction costs	0.00%

Legal status

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

Issue structure	Open-end
UCITS V	Yes
Share class	OIH CHF

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

Registered in

Austria, 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 income earned by the fund is reflected in its share price. The fund's entire result is thus reflected in its share price development.

Derivative policy

Robeco High Yield Bonds make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

Fund codes

ISIN	LU0988110366
Bloomberg	RHYOIHC LX
Sedol	BZ1C5D7
WKN	A14X6H
Valoren	22729952

Top 10 largest positions

Holdings	Sector	%
Sprint Corp	Communications	2.00
CCO Holdings LLC / CCO Holdings Capital Corp	Communications	1.82
Kraft Heinz Foods Co	Consumer Non Cyclical	1.58
Level 3 Financing Inc	Communications	1.49
Occidental Petroleum Corp	Energy	1.33
Netflix Inc	Communications	1.33
United Rentals North America Inc	Capital Goods	1.32
Albertsons Cos Inc / Safeway Inc / New Albertsons	Consumer Non Cyclical	1.27
Goodyear Tire & Rubber Co/The	Consumer Cyclical	1.19
Faurecia SE	Consumer Cyclical	1.17
Total		**14.51**

Statistics

	3 Years	5 Years
Sharpe ratio	0.38	0.45
Standard deviation	8.35	6.90
Max. monthly gain (%)	5.23	5.23
Max. monthly loss (%)	-10.67	-10.67

Above mentioned ratios are based on gross of fees returns

Hit ratio

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BA2/BA3	BA3/B1
Option Adjusted Modified Duration (years)	3.7	3.9
Maturity (years)	5.3	5.3
Yield to Worst (%, Hedged)	3.2	4.6
Green Bonds (%, Weighted)	1.5	1.5

Changes

The benchmark of the fund is Bloomberg Barclays US Corp. HY & Pan Eur. HY ex Fin. 2,5% issuer Cap (hedged into CHF). The fund aims to outperform by taking positions that deviate from the benchmark within predefined risk limits. This share class of the fund hedged the interest rate duration until 10 December 2019 to nearly zero, therefore the benchmark of the fund was not representative. Since 11 December 2019, the duration hedge was removed and the benchmark is representative to compare the fund performance.

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

Overweights are in less cyclical sectors such as food and packaging, as well as in financials, which is an off-benchmark position. The fund also holds an overweight in the cyclical automotive sector, which trades at a spread premium to other sectors. Underweights are in sectors such as energy, telecom and pharma/healthcare.

Sector allocation		Deviation index
Communications	17.2%	-2.6%
Capital Goods	15.7%	5.7%
Consumer Non Cyclical	13.4%	-1.4%
Consumer Cyclical	12.2%	-11.7%
Basic Industry	10.8%	5.5%
Energy	9.1%	-2.2%
Technology	4.6%	-1.7%
Banking	2.9%	2.9%
Transportation	2.0%	-1.9%
Industrial Other	1.1%	-0.4%
REITS	0.8%	0.8%
Other	3.1%	-0.2%
Cash and other instruments	6.8%	6.8%

Currency denomination allocation

All currency risks are hedged to the currency of the share class. The currency denomination allocation shows the currency distribution of the portfolio before hedging.

Currency denomination allocation		Deviation index
U.S. Dollar	62.5%	-13.9%
Euro	33.6%	12.6%
Pound Sterling	3.1%	0.6%
Chinese Renminbi Offshore	0.4%	0.4%
Chinese Renminbi (Yuan)	-0.4%	-0.4%
Swiss Franc	0.0%	-0.1%

Duration allocation

Robeco High Yield Bonds does not pursue an active duration policy. HY bonds tend to have a limited effective sensitivity to underlying moves in government bond yields. In our 0-duration share classes, the underlying rate risk is hedged to 0- to 6-month duration.

Duration allocation		Deviation index
U.S. Dollar	2.8	-0.3
Euro	0.6	-0.2
Pound Sterling	0.1	0.0
Swiss Franc	0.1	0.1

Rating allocation

Most exposure is in Ba and B issuers. The fund has a large underweight in the categories Caa and below. We have an allocation to BBBs, mainly consisting of former rising stars that still trade at attractive spread levels, as well as positions lower in the capital structure of European banks.

Rating allocation		Deviation index
BAA	9.7%	9.7%
BA	54.8%	2.7%
B	22.6%	-14.4%
CAA	5.9%	-4.7%
CA	0.1%	-0.1%
C		-0.1%
NR	0.2%	0.2%
Cash and other instruments	6.8%	6.8%

Country allocation

Country risk analysis is incorporated in our proprietary credit research, but we do not implement any specific top-down country policy in the portfolio. We have a preference for Europe versus the United States based on valuations.

Country allocation		Deviation index
United States	60.3%	-10.7%
France	5.8%	1.7%
Germany	5.6%	2.2%
United Kingdom	4.6%	-0.8%
Netherlands	2.9%	1.2%
Canada	2.1%	-0.7%
Italy	2.0%	-1.0%
Belgium	1.7%	1.4%
Luxembourg	1.2%	-0.5%
Switzerland	1.2%	0.7%
Spain	1.1%	-1.3%
Other	4.8%	1.2%
Cash and other instruments	6.8%	6.8%

Investment policy

Robeco High Yield Bonds is an actively managed fund that invests in high yield corporate bonds. The selection of these bonds is mainly 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. The fund invests in corporate bonds with a sub-investment grade rating, issued primarily by issuers from developed markets (Europe/US). The portfolio is broadly diversified, with a structural bias towards the higher rated part in high yield. Performance drivers are the top-down beta positioning as well as bottom-up issuer selection. The majority of bonds selected will be components of the benchmark, but bonds outside the Benchmark index 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

Sander Bus is Co-Head of the Credit team and Lead Portfolio Manager Global High Yield Bonds. He has been dedicated to High Yield at Robeco since 1998. Previously, Sander worked for two years as a Fixed Income Analyst at Rabobank where he started his career in the industry in 1996. He holds a Master's in Financial Economics from Erasmus University Rotterdam and is a CFA® charterholder. Mr. Roeland Moraal, Vice President, CEFA, Portfolio Manager. Roeland is a Senior Portfolio Manager High Yield within Robeco's Credit team since January 2004. Before assuming this role, he was portfolio manager in our Rates team for two years and worked as an analyst with the Institute for Research and Investment Services for three years. Roeland Moraal is Lead Portfolio Manager European High Yield in the Credit team. Before assuming this role, he was Portfolio Manager in the Robeco Duration team and worked as an Analyst with the Institute for Research and Investment Services. Roeland started his career in the industry in 1997. He holds a Master's in Applied Mathematics from the University of Twente and a Master's in Law from Erasmus University Rotterdam.

Team info

The Robeco High Yield 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