

Robeco Emerging Stars Equities I USD

Robeco Emerging Stars Equities is an actively managed fund that invests in emerging countries equities all over world. The selection of these shares is based on a fundamental analysis. The fund's objective is to achieve a better return than the index. The fund selects investments based on a combination of top-down country analysis and bottom-up stock selection. We focus on companies that have both a healthy and solid business model growth prospects as a reasonable valuation. The fund has a focused, concentrated portfolio with a small number of larger bets.



Jaap van der Hart, Karnail Sangha
Fund manager since 02-11-2006

Performance

	Fund	Index
1 m	-3.93%	-2.99%
3 m	-2.41%	-3.04%
Ytd	-5.28%	-4.83%
1 Year	-10.00%	-10.69%
2 Years	8.30%	10.23%
3 Years	5.73%	6.04%
5 Years	6.44%	6.99%
Since 02-2014	5.19%	4.98%

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	0.91%	-2.54%
2020	9.99%	18.31%
2019	26.97%	18.44%
2018	-18.06%	-14.58%
2017	35.48%	37.28%
2019-2021	12.12%	10.94%
2017-2021	9.37%	9.87%

Annualized (years)

Index

MSCI Emerging Markets Index (Net Return, USD)

General facts

Morningstar	★★★★
Type of fund	Equities
Currency	USD
Total size of fund	USD 1,941,843,549
Size of share class	USD 119,971,465
Outstanding shares	800,166
1st quotation date	27-02-2014
Close financial year	31-12
Ongoing charges	0.97%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	-
Management company	Robeco Institutional Asset Management B.V.

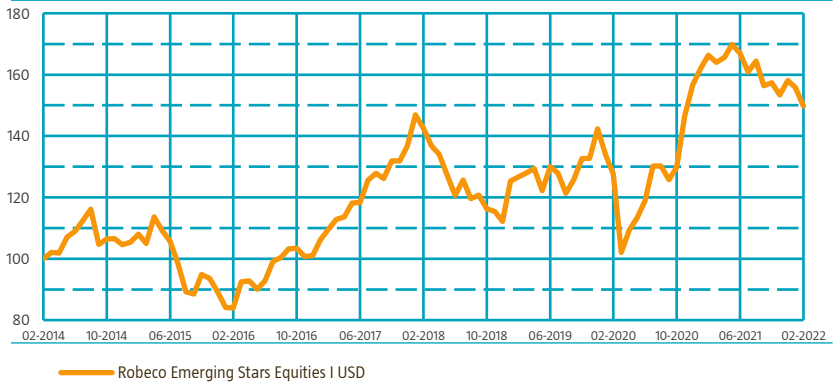
Sustainability profile

- Exclusions
- ESG Integration
- Voting & 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 -3.93%.

In February, the fund significantly underperformed the MSCI Emerging Index, mostly due to the positions in Russia and companies with some Russia exposure in Hungary and South Africa. After Russia's recognition of the separatist republics, the fund sold the position in SberBank and reduced the overweight position. However, the Russia exposure still contributed negatively. In Hungary, holdings OTP Bank and Gedeon Richter both have some Russia and Ukraine exposure, and underperformed. In South Africa, internet holding company Naspers underperformed, due to weak performance of its key holding Tencent and Russia association through its small mail.ru holding. The main positive contributors were the relatively large position in South Korea and stock selection in China. Within China, the fund benefited from having no position in internet companies like Tencent, Alibaba and Meituan, while Xinyi Solar, insurance company PICC P&C and fintech company Lufax performed well. Other well-performing companies were Indonesian Bank Rakyat, Mexican financial Banorte and South Korean Hana Financial.

Market development

In February, the MSCI Emerging Markets Index fell by 3.2%, slightly worse than developed markets, which declined by 2.7%. The big shock at the end of the month was the devastating and unprovoked Russian invasion in Ukraine, which has led to widespread sanctions against Russia and Russian financial assets. Trading in Russian equities became severely restricted and Russian equities listed in the US and in Moscow stopped trading completely from 28 February onwards. The MSCI Russia Index was down more than 50%. Commodity prices rose due to the war in Ukraine, in particular for energy, with the Brent oil price moving back up above USD 100. Global interest rates rose in the first half of the month on continuous high inflation, but fell again after the start of the war. Central European equity markets Hungary and Poland also went down significantly. Several other emerging markets still traded higher over the month, with the highest returns in Peru, the UAE, Malaysia, Indonesia, Colombia and Thailand. Several emerging countries raised interest rates, including Brazil, Mexico, Poland, the Czech Republic, Hungary and Peru. And Russia raised interest rates from 8.5% to 20% to stem the fall of the ruble.

Expectation of fund manager

The Russian equity market has become un-investable, and the value of Russian equities has been reduced to zero. The Russian equity market has therefore become practically irrelevant for EM investors. Still the war is leading to sharply rising energy prices, higher inflation, more defense spending in Europe and higher geopolitical risks. Global central banks may move more cautiously currently, even though inflation is still high and rising. In any case, emerging central banks have moved pre-emptively compared to the developed world, where we have already seen significant interest rate hikes in several countries. Generally, emerging markets are well prepared for less supportive global policies. The coronavirus is now less of an issue, and the world is likely to further open up, with China and its zero-Covid policy being the main exception. After the equity rebound in 2020 and 2021, global equity market valuations are not particularly cheap. However, we do think that emerging markets are attractively valued relative to developed markets, as the discount for emerging markets has widened to more than 35% based on earnings multiples.

Top 10 largest positions

China Mobile and SK hynix are newcomers to the top ten holdings, Indian ICICI Bank and Russian oil company Lukoil have left the top ten. ICICI Bank remains a larger holding in the fund, but the value of Lukoil has fallen sharply after the Russian invasion of Ukraine and trading has become impossible.

Fund price

28-02-22	USD	149.93
High Ytd (12-01-22)	USD	165.47
Low Ytd (28-02-22)	USD	149.93

Fees

Management fee	0.80%
Performance fee	15.00%
Service fee	0.16%
Expected transaction costs	0.03%

Legal status

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

Issue structure	Open-end
UCITS V	Yes
Share class	I USD
This fund is a subfund of Robeco Capital Growth Funds, SICAV	

Registered in

Austria, France, Germany, Italy, Luxembourg, Singapore, Spain, Switzerland

Currency policy

The fund is allowed to pursue an active currency policy to generate extra returns and can engage in currency hedging transactions.

Risk management

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

Dividend policy

In principle, the fund does not intend to distribute dividend and so both the income earned by the fund and its overall performance are reflected in its share price.

Fund codes

ISIN	LU1036585435
Bloomberg	RESEMIU LX
WKN	A2DJJ6
Valoren	23764931

Top 10 largest positions

Holdings

Taiwan Semiconductor Manufacturing Co Lt
Samsung Electronics Co Ltd
Naspers Ltd
Hana Financial Group Inc
China Resources Land Ltd
Grupo Financiero Banorte SAB de CV
PTT PCL
Samsung Electronics Co Ltd Pref
CTBC Financial Holding Co Ltd
China Mobile Ltd
Total

Sector	%
Information Technology	8.03
Information Technology	5.51
Consumer Discretionary	3.91
Financials	3.41
Real Estate	3.35
Financials	2.85
Energy	2.85
Information Technology	2.71
Financials	2.70
Communication Services	2.60
Total	37.91

Top 10/20/30 weights

TOP 10	37.91%
TOP 20	61.28%
TOP 30	79.23%

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	5.08	4.89
Information ratio	0.19	0.10
Sharpe ratio	0.30	0.34
Alpha (%)	0.79	0.34
Beta	1.09	1.06
Standard deviation	20.41	18.16
Max. monthly gain (%)	12.55	12.55
Max. monthly loss (%)	-19.37	-19.37

Above mentioned ratios are based on gross of fees returns.

Hit ratio

	3 Years	5 Years
Months outperformance	20	31
Hit ratio (%)	55.6	51.7
Months Bull market	22	36
Months outperformance Bull	13	20
Hit ratio Bull (%)	59.1	55.6
Months Bear market	14	24
Months Outperformance Bear	7	11
Hit ratio Bear (%)	50.0	45.8

Above mentioned ratios are based on gross of fees returns.

Sustainability

The fund incorporates sustainability in the investment process through exclusions, ESG integration, engagement and voting. The fund does not invest in 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 investment analysis to assess existing and potential ESG risks and opportunities. In the stock selection the fund limits exposure to elevated sustainability risks. In addition, where a stock issuer is flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to engagement. Lastly, the fund makes use of shareholder rights and applies proxy voting in accordance with Robeco's proxy voting policy.

Asset Allocation

Asset allocation		
Equity		99.2%
Cash		0.8%

Sector allocation

With the fall in Russian equities, and in particular the largest Russian holding Lukoil, the weight in energy dropped significantly. The weight in information technology increased the most. The weight in financials increased modestly, with a new buy in Kasikornbank from Thailand, yet also the sale of the position in SberBank. Information technology, financials and consumer discretionary remain the largest sectors in the fund. In these sectors we find the best opportunities for companies that combine good growth prospects with attractive valuations.

Sector allocation			Deviation index	
Information Technology	<div><div></div></div>	28.0%	<div><div></div></div>	6.2%
Financials	<div><div></div></div>	25.6%	<div><div></div></div>	4.6%
Consumer Discretionary	<div><div></div></div>	16.6%	<div><div></div></div>	4.1%
Energy	<div><div></div></div>	6.5%	<div><div></div></div>	1.3%
Real Estate	<div><div></div></div>	6.1%	<div><div></div></div>	4.0%
Communication Services	<div><div></div></div>	5.2%	<div><div></div></div>	-5.3%
Materials	<div><div></div></div>	3.9%	<div><div></div></div>	-5.4%
Utilities	<div><div></div></div>	3.2%	<div><div></div></div>	0.8%
Consumer Staples	<div><div></div></div>	2.8%	<div><div></div></div>	-3.1%
Health Care	<div><div></div></div>	1.2%	<div><div></div></div>	-2.7%
Industrials	<div><div></div></div>	0.9%	<div><div></div></div>	-4.4%

Country allocation

In February, the weight in Russia decreased significantly, partly due to a sharp drop in share prices after the invasion of Ukraine and partly because the fund sold its position in SberBank after Russia's recognition of the separatist republics. The weight in Hungary also dropped due to its market correction. The weights in China, South Korea, Thailand and Taiwan increased. In February, the fund added two new companies to the portfolio. In Thailand, a position in Kasikornbank was bought, as we see potential for the Thai economy to open up in 2022, and the bank is one of the leading banks with a good digital franchise and an attractive valuation. The other addition is Taiwanese specialty memory chips company Macronix, which specializes in ROM and NOR Flash. Valuation is attractive, Macronix has a leading position in these niche markets and we foresee structural growth in NOR Flash demand.

Country allocation			Deviation index	
China	<div><div></div></div>	25.3%	<div><div></div></div>	-6.5%
Korea	<div><div></div></div>	24.4%	<div><div></div></div>	12.1%
Taiwan	<div><div></div></div>	15.3%	<div><div></div></div>	-0.8%
India	<div><div></div></div>	8.0%	<div><div></div></div>	-4.4%
Thailand	<div><div></div></div>	4.2%	<div><div></div></div>	2.3%
Brazil	<div><div></div></div>	4.1%	<div><div></div></div>	-0.9%
South Africa	<div><div></div></div>	3.9%	<div><div></div></div>	0.2%
Mexico	<div><div></div></div>	2.9%	<div><div></div></div>	0.8%
Hungary	<div><div></div></div>	2.8%	<div><div></div></div>	2.6%
Indonesia	<div><div></div></div>	2.4%	<div><div></div></div>	0.8%
Russia	<div><div></div></div>	2.0%	<div><div></div></div>	0.4%
Viet Nam	<div><div></div></div>	1.6%	<div><div></div></div>	1.6%
Other	<div><div></div></div>	3.2%	<div><div></div></div>	-8.1%

Currency allocation

The fund currently has no forward currency contracts.

Currency allocation		Deviation index	
Korean Won	<div><div></div></div> 24.5%	<div><div></div></div> 12.2%	
Hong Kong Dollar	<div><div></div></div> 19.8%	<div><div></div></div> -5.1%	
Taiwan Dollar	<div><div></div></div> 15.2%	<div><div></div></div> -0.9%	
Indian Rupee	<div><div></div></div> 7.9%	<div><div></div></div> -4.5%	
Chinese Renminbi (Yuan)	<div><div></div></div> 5.0%	<div><div></div></div> -0.5%	
Thailand Baht	<div><div></div></div> 4.1%	<div><div></div></div> 2.2%	
Brasilian Real	<div><div></div></div> 4.1%	<div><div></div></div> -0.9%	
South African Rand	<div><div></div></div> 3.8%	<div><div></div></div> 0.1%	
Mexico New Peso	<div><div></div></div> 2.8%	<div><div></div></div> 0.7%	
Hungarian Forint	<div><div></div></div> 2.8%	<div><div></div></div> 2.6%	
Indonesian Rupiah	<div><div></div></div> 2.4%	<div><div></div></div> 0.8%	
U.S. Dollar	<div><div></div></div> 2.1%	<div><div></div></div> 0.5%	
Other	<div><div></div></div> 5.5%	<div><div></div></div> -7.3%	

Investment policy

Robeco Emerging Stars Equities is an actively managed fund that invests in emerging countries equities all over world. The selection of these shares is based on a fundamental analysis. The fund's objective is to achieve a better return than the index. The fund promotes ESG (i.e. 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, next to proxy voting and engagement. The fund selects investments based on a combination of top-down country analysis and bottom-up stock selection. We focus on companies that have both a healthy and solid business model growth prospects as a reasonable valuation. The fund has a focused, concentrated portfolio with a small number of larger bets. The majority of stocks selected will be components of the Benchmark, but stocks 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, whilst still controlling relative risk through the applications of limits (on VaR Ratio) to the extent of 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

Jaap van der Hart is the Lead Portfolio Manager of Robeco's high conviction emerging markets strategy since its inception in November 2006. He has been with Robeco since 1994, starting at the Quantitative Research department and moving to the Emerging Markets Equities team in 2000. Over time, he has been responsible for the investments in South America, Eastern Europe, South Africa, Mexico, China and Taiwan. He coordinates the country allocation process and he has been the Emerging Stars fund manager since its launch in 2006. Since 2015, he is also the fund manager of the Emerging Opportunities fund. Jaap holds a Master's degree in Econometrics from Erasmus University Rotterdam. He has published several academic articles on stock selection in emerging markets. Karnail Sangha is Fund Manager of Robeco's Emerging Smaller Companies Fund and is responsible for the team's investments in India and Pakistan. Prior to joining Robeco in 2000, Mr. Sangha was Risk Manager/Controller at AEGON Asset Management. Karnail holds a Master's degree in Economics from Erasmus University, Rotterdam. He became a CFA charter holder in 2003.

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.

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Morningstar

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