ROBECO

Factsheet | Figures as of 28-02-2022

Robeco QI Dynamic High Yield IH EUR

Robeco QI Dynamic High Yield is an actively managed fund that aims to provide long-term capital growth and offers diversified exposure to global high yield corporates, by investing primarily in CDS index derivatives. The selection of these instruments is based on a quantitative model. The performance is model-driven by taking active beta positions to decrease or increase the exposure towards the high-yield market within pre-defined risk limits.

Johan Duyvesteyn, Patrick Houweling
Fund manager since 28-03-2014

Performance

	Fund	Index
1 m	-1.61%	-1.84%
3 m	-2.92%	-3.00%
Ytd	-4.53%	-4.26%
1 Year	0.40%	-2.23%
2 Years	2.46%	2.40%
3 Years	2.92%	2.86%
5 Years	3.02%	2.42%
Since 03-2014	4.15%	3.00%

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	3.43%	2.81%
2020	3.34%	4.91%
2019	9.21%	10.91%
2018	-3.30%	-4.69%
2017	9.76%	5.88%
2019-2021	5.29%	6.16%
2017-2021	4.38%	3.84%

Annualized (years)

Index

Bloomberg Global HY Corporate

General facts

Morningstar	★★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 140,912,435
Size of share class	EUR 48,919,062
Outstanding shares	354,236
1st quotation date	28-03-2014
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.

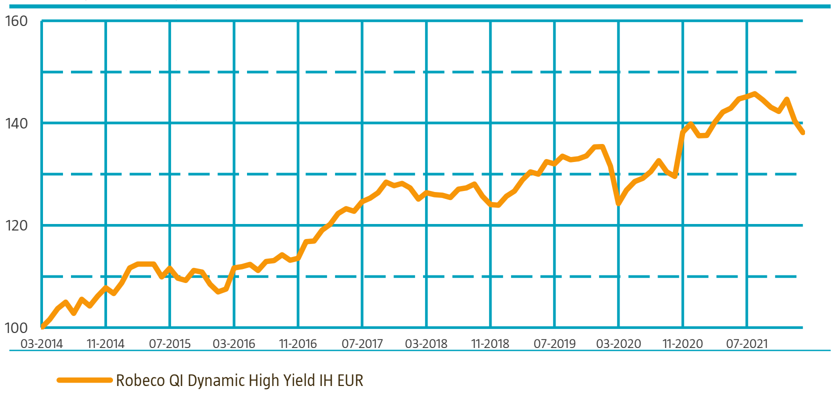
Sustainability profile

Exclusions

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 -1.61%.
The fund's gross return outperformed the high yield cash bond market index by 0.39%. The beta positioning contributed positively, while the region allocation detracted. The combined return of investing in CDS indices and government bonds underperformed high yield cash bonds and thus contributed negatively. In the long run, we do not expect structural return differences between CDS indices and bonds.

Portfolio changes

The positions of the fund are fully determined by the outcome of our proprietary credit beta model. The beta positioning of the portfolio switched to underweight at the start of the month, as the momentum variable turned negative. The region allocation remained overweight in Europe and underweight in the US.

Market development

The global high yield bond spread widened by 46 bps. The European iTraxx Crossover widened by 60 bps and the US CDX High Yield by 26 bps, so Europe strongly underperformed the US in the CDS market. The global CDS index return was -1.52% and the underlying government bonds contributed -0.46% due to increasing yields. Therefore, the combined return of investing in CDS indices and government bonds was -1.99% last month, underperforming the -1.85% return of the high yield cash bond index. Most economies fully reopened in February, thereby worsening supply chain bottlenecks and inflationary stresses. Central banks were forced to embark upon a more aggressive tightening cycle than anticipated, leading to a further increase in government bond yields. Diplomatic endeavors to diffuse tensions owing to large-scale Russian military exercises on the Ukrainian border floundered, and finally gave way to a full-scale invasion of Ukraine by Russia. In response, Western countries undertook sweeping sanctions in multiple areas. Equity and credit markets dropped significantly worldwide, but most strongly in Europe, while government bond yields fell, undoing most of their increase earlier in the month.

Expectation of fund manager

The positions of the fund are fully determined by the outcome of our proprietary model. By the end of the month, the fund had an underweight beta position. The underweight is mainly driven by the negative momentum and macro variables. The region allocation had an overweight position in Europe and an underweight position in the US, based on relative valuation.

Fund price

28-02-22	EUR	138.10
High Ytd (04-01-22)	EUR	144.26
Low Ytd (24-02-22)	EUR	136.72

Fees

Management fee	0.40%
Performance fee	None
Service fee	0.12%
Expected transaction costs	0.02%

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

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

Currency policy

Currency risks are hedged.

Risk management

The investment strategy of the fund aims to outperform its 100% exposure to high yield corporates by taking active beta positions based on Robeco's quantitative market timing model. These active positions are set to always meet the predefined guidelines. As the investment exposure of the fund is obtained to a material degree through derivatives, it is important to manage counterparty risk. Therefore the credit quality of the counterparties is monitored and collateral is exchanged on a daily basis to reflect market movements in the value of the instruments. The predefined guidelines also restrict the leverage exposure of derivatives on a fund level and the currency exposure as described in the prospectus.

Dividend policy

All income earned will be accumulated and not be distributed as dividend. Therefore the entire return is reflected in the share price development.

Fund codes

ISIN	LU1045433247
Bloomberg	RQHIHEU LX
Sedol	BQJYV12
WKN	A1XFMA
Valoren	23932568

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	5.60	4.67
Information ratio	0.10	0.24
Sharpe ratio	0.57	0.69
Alpha (%)	1.90	2.23
Beta	0.59	0.60
Standard deviation	6.85	5.74
Max. monthly gain (%)	6.74	6.74
Max. monthly loss (%)	-5.58	-5.58

Above mentioned ratios are based on gross of fees returns

Hit ratio

	3 Years	5 Years
Months outperformance	16	31
Hit ratio (%)	44.4	51.7
Months Bull market	25	38
Months outperformance Bull	10	19
Hit ratio Bull (%)	40.0	50.0
Months Bear market	11	22
Months Outperformance Bear	6	12
Hit ratio Bear (%)	54.5	54.5

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BA3/B1	BA3/B1
Option Adjusted Modified Duration (years)	4.1	3.9
Maturity (years)	4.3	5.2
Yield to Worst (%, Hedged)	1.7	5.1

Sustainability

The fund is classified as falling under Article 6 of Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector.

Sector allocation

For its credit exposures, the fund only invests in US and European CDS High Yield indices (CDX High Yield and iTraxx Crossover). The sector allocation of the fund is therefore identical to those of the CDS indices.

Sector allocation	
Consumer Cyclical	25.2%
Communications	17.2%
Consumer Non Cyclical	12.4%
Capital Goods	11.5%
Transportation	8.4%
Basic Industry	8.0%
Energy	5.2%
Technology	4.9%
Owned No Guarantee	2.6%
Financial Other	2.3%
Industrial Other	1.9%
Other	2.7%
Cash and other instruments	-2.4%

Currency allocation

There is no currency exposure, as all foreign currencies are hedged to the base currency of the share class.

Currency allocation	
Euro	81.4%
U.S. Dollar	18.6%

Duration allocation

Duration exposures are equal to the regional distribution of the fund's credit exposures. The fund does not have an active duration policy.

Duration allocation	
U.S. Dollar	3.2
Euro	0.9
Pound Sterling	0.1

Rating allocation

For its credit exposures, the fund only invests in US and European CDS indices (CDX High Yield and iTraxx Crossover). The rating allocation of the fund is therefore identical to those of the CDS indices.

Rating allocation	
BAA	8.6%
BA	40.1%
B	37.2%
CAA	9.7%
CA	0.3%
C	
NR	4.2%

Country allocation

For its credit exposures, the fund only invests in US and European CDS indices (CDX High Yield and iTraxx Crossover). The country allocation of the fund is therefore identical to those of the CDS indices. The country exposure to developed markets is 100%. The region allocation determines the relative weights to the CDX High Yield and iTraxx Crossover indices. The fund is currently overweight iTraxx Crossover and underweight CDX High Yield.

Country allocation	
United States	23.5%
United Kingdom	16.2%
France	16.0%
Germany	11.5%
Sweden	6.9%
Italy	5.8%
Luxembourg	5.5%
Netherlands	3.5%
Spain	3.4%
Switzerland	2.4%
Chile	1.2%
Other	4.1%

Investment policy

Robeco QI Dynamic High Yield offers well-diversified exposure to US and European high yield corporates by investing in highly liquid CDS indices. These indices are much more liquid than direct investments in high yield bonds. Because of their high liquidity, investors can use these CDS indices to efficiently get high yield exposure with much lower transaction costs than through high yield bonds. The performance of Robeco QI Dynamic High Yield is driven by a unique quantitative market-timing model. This proprietary model has a track record of over 10 years. The model is based on academic research and uses a variety of factors, amongst others from credit and equity markets, to forecast credit returns. Based on this forecast, the exposure of the fund to the high yield corporate bond market will be decreased or increased. As a result, the beta of the portfolio varies between 0.5 and 1.5, to reduce risk in declining markets and to benefit more in rising markets. Robeco QI Dynamic High Yield Fund aims to offer a better return than the Bloomberg Barclays Global High Yield Corporate index. The index is used to express the benefits of the strategy as an alternative to passive or direct investments in high yield bonds.
Weekly positioning updates are available upon request.

Fund manager's CV

Mr. Johan Duyvesteyn is Portfolio Manager and Quantitative Researcher with Robeco. Johan has been active in the industry and with Robeco since 1999. He started his career as researcher. His areas of expertise are government bond market timing, country sustainability and emerging debt. Johan has published several articles in the academic finance literature, including the Journal of Empirical Finance, the Journal of Banking and Finance and the Journal of Fixed Income. Johan holds a Ph.D. in Finance as well as a Master's degree in Financial Econometrics from the Erasmus University Rotterdam. He became a CFA charter holder in 2005 and is registered with the Dutch Securities Institute. Patrick Houweling is Lead Portfolio Manager and Researcher Quant Credits. Prior to joining Robeco in 2003, he was Risk Manager at Rabobank International where he started his career in 1998. Patrick has published articles in academic finance literature, including the Journal of Banking and Finance, the Journal of Empirical Finance and the Financial Analysts Journal. The article 'Factor Investing in the Corporate Bond Market', co-written by Jeroen van Zundert, received a Graham and Dodd Scroll Award of Excellence for 2017. He holds a PhD in Finance and a Master's (cum laude) in Financial Econometrics from Erasmus University Rotterdam.

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