ROBECO

Factsheet | Figures as of 29-02-2024

Robeco Corporate Hybrid Bonds IH EUR

Robeco Corporate Hybrid Bonds is an actively managed fund that invests in global corporate hybrids bonds issued by nonfinancials. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. Corporate hybrids are deeply subordinated bonds with equity-like features. The bonds are mainly issued by investment grade issuers. The fund selects the best-in-class hybrid bonds, with the best risk-return characteristics.

Daniel Ender, Peter Kwaak
Fund manager since 15-09-2017

Performance

	Fund	Index
1 m	0.11%	0.17%
3 m	4.03%	4.04%
Ytd	1.23%	1.34%
1 Year	8.23%	7.92%
2 Years	1.25%	1.02%
3 Years	-0.40%	-0.18%
5 Years	2.02%	2.02%
Since 10-2017	1.43%	1.43%

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
2023	8.70%	8.69%
2022	-11.25%	-11.49%
2021	0.59%	1.76%
2020	4.35%	3.86%
2019	11.92%	11.37%
2021-2023	-1.00%	-0.71%
2019-2023	2.53%	2.51%

Annualized (years)

Index

Bloomberg Global Corporate Hybrids 3% Issuer Cap

General facts

Morningstar	★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 277,115,698
Size of share class	EUR 267,810,027
Outstanding shares	2,446,647
1st quotation date	19-10-2017
Close financial year	31-12
Ongoing charges	0.54%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	5.00%
Management company	Robeco Institutional Asset Management B.V.

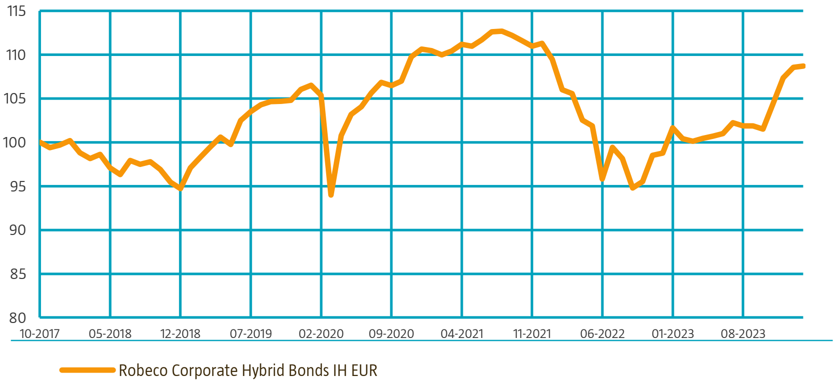
Sustainability profile

- Exclusions
- ESG Integration
- Engagement

For more information on exclusions see https://www.robeco.com/exclusions/

Performance

Indexed value (until 29-02-2024) - Source: Robeco



Performance

Based on transaction prices, the fund's return was 0.11%.
The underlying portfolio performed broadly in line with its benchmark index, gross of fees. Relative performance is attributed to beta positioning and issuer selection, in line with our investment process. The beta contribution was slightly positive due to our beta being above 1 throughout the month, while credit spreads tightened. The impact of issuer selection was negative in February. Performance improved by maintaining underweight positions in Enterprise Product Partners, Stanley Black & Decker, Adecco Group and Burlington Northern Santa Fe, while simultaneously we experienced performance losses due to our lack of exposure to Japan Tobacco, Sempra and China Taiping. Overweight positions in Enbridge and SPP-Distribúcia contributed positively, offsetting negatives from overweights in Bayer and EnBW Energie Baden-Wuerttemberg.

Market development

The Global Corporate Hybrids Index posted a total return of 0.17% last month (EUR hedged). The index tightened by 24 basis points, reaching a level of 184 basis points. Indeed, in February, the trend of spread tightening persisted alongside another robust month for risk assets on a broader scale. Several equity indices, including the S&P 500, reached record highs, partially credited to the sustained enthusiasm surrounding advancements in AI. Global economic data remained strong, reinforcing the narrative of a soft landing, as employment and consumer spending stayed resilient. On the contrary, stubbornly high inflation in the US, with January's core CPI at +0.4%, exceeding expectations, led investors to adjust rate cut expectations, pushing out the anticipated timing of the first rate cut to June. Consequently, sovereign bond yields increased further. Finally, new issue activity continued to be strong and broadened away from financials, with high demand sustaining low concessions and pricing deals competitively against secondary curves. This solid technical backdrop, driven by robust fund flows and yield buyers, caused downward pressure on credit spreads across the board.

Expectation of fund manager

We aim for a portfolio beta above one in corporate hybrids. Current yield and spread levels look very attractive, especially for investment grade corporate issuers. Corporate hybrids offer a significant yield pickup and are mainly issued by large-cap, high-quality companies. These investment grade issuers are well positioned to handle any soft or hard landing, given their size and diversification.

Top 10 largest positions

The largest overweight positions in DTS terms are NextEra Energy, Enbridge, Bayer, Iberdrola and EnBW Energie Baden-Wuerttemberg. We like the high yields on these bonds, relative to the market average. In terms of portfolio percentage weights, the largest issuer positions are around 4%.

Fund price

29-02-24	EUR	109.46
High Ytd (21-02-24)	EUR	109.91
Low Ytd (05-01-24)	EUR	107.67

Fees

Management fee	0.40%
Performance fee	None
Service fee	0.12%

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

Currency policy

All currency risks are hedged.

Risk management

Risk management is fully embedded in the investment process so as to ensure that the fund's positions remain within set limits at all times.

Dividend policy

This share class of the fund will not distribute a dividend.

Derivative policy

Robeco Corporate Hybrid bonds make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

Fund codes

ISIN	LU1700711663
Bloomberg	ROCHBIH LX
WKN	A3CPKG
Valoren	38694380

Top 10 largest positions

Holdings	Sector	%
Volkswagen International Finance NV	Industrials	4.80
NextEra Energy Capital Holdings Inc	Utilities	4.77
Deutsche Bahn Finance GMBH	Agencies	4.76
BP Capital Markets PLC	Industrials	4.74
Eni SpA	Industrials	4.53
Engie SA	Utilities	4.45
TotalEnergies SE	Industrials	4.45
Iberdrola Finanzas SA	Utilities	4.43
OMV AG	Industrials	4.33
SSE PLC	Utilities	4.12
Total		**45.38**

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.24	1.64
Information ratio	0.25	0.32
Sharpe ratio	-0.16	0.24
Alpha (%)	0.49	0.31
Beta	1.11	1.18
Standard deviation	6.63	8.22
Max. monthly gain (%)	3.78	7.29
Max. monthly loss (%)	-5.86	-10.81

Above mentioned ratios are based on gross of fees returns

Hit ratio

	3 Years	5 Years
Months outperformance	17	28
Hit ratio (%)	47.2	46.7
Months Bull market	19	37
Months outperformance Bull	10	21
Hit ratio Bull (%)	52.6	56.8
Months Bear market	17	23
Months Outperformance Bear	7	7
Hit ratio Bear (%)	41.2	30.4

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BAA2/BAA3	BAA2/BAA3
Option Adjusted Modified Duration (years)	3.3	3.2
Maturity (years)	3.8	3.9
Yield to Worst (%, Hedged)	5.2	5.1
Green Bonds (%, Weighted)	12.0	10.8

Sector allocation

Sector positioning mainly reflects bottom-up issuer selection. The fund's largest percentage weight holdings are in the utility and energy sectors. In risk terms, the largest overweights are in energy and banking, while the utility and capital goods sectors remain underweight positions. Our exposure to the financial sector decreased from 6% to 5% at the start of the month. We continue to favor the spreads on these bonds compared to certain corporate hybrids and find them appealing on a risk-adjusted basis.

Sector allocation		Deviation index
Industrials	49.6%	3.0%
Utilities	24.3%	-8.6%
Agencies	12.4%	-8.1%
Financials	5.8%	5.8%
Treasuries	3.4%	3.4%
Local Authorities	3.1%	3.1%
Cash and other instruments	1.4%	1.4%

Currency denomination allocation

In risk terms, the fund has a significant overweight in euro-denominated hybrids, partly offset by underweight positions in US dollar and GBP (pound sterling) hybrids. GBP bonds constitute a small portion of the global hybrid benchmark. With regard to credit beta, we maintained a marginally above-neutral risk position throughout the month.

Currency denomination allocation		Deviation index
Euro	79.7%	17.9%
U.S. Dollar	18.2%	-16.4%
Pound Sterling	0.6%	-3.0%

Duration allocation

The fund's interest-rate sensitivity tracks the duration of the index. Interest rate futures can be used to maintain this neutral duration position.

Duration allocation		Deviation index
Euro	2.1	0.0
U.S. Dollar	1.0	0.0
Pound Sterling	0.2	0.0

Rating allocation

The majority of the portfolio is allocated to bonds with a BBB rating. Approximately 6% of the portfolio is dedicated to corporate hybrids that are BB-rated. From a risk perspective, there is an overweight position in the BB category. The BB-rated corporate hybrids within the fund are issued by corporations holding investment grade issuer ratings.

Rating allocation		Deviation index
AA	3.4%	3.4%
A	4.4%	-1.6%
BAA	84.8%	-9.2%
BA	5.9%	5.9%
Cash and other instruments	1.4%	1.4%

Subordination allocation

The fund predominantly invests in corporate hybrids, which offer high yields for investment grade ratings. Corporate hybrids are subordinated bonds issued by high-quality, non-financial issuers. The fund can also invest in the hybrid capital of banks and insurers, and in the senior debt of non-financial corporates. These bonds can offer an attractive risk/return profile relative to the corporate hybrid market.

Subordination type allocation		Deviation index
Hybrid	81.6%	-18.4%
Senior	10.3%	10.3%
Tier 1	3.9%	3.9%
Tier 2	2.7%	2.7%
Cash and other instruments	1.4%	1.4%

ESG Important information

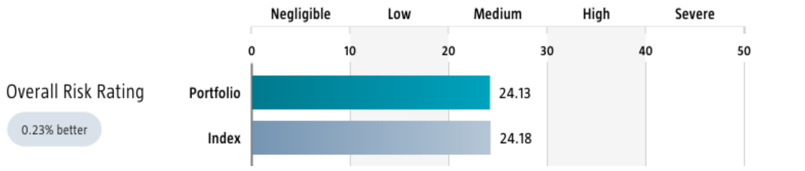
The sustainability information in this factsheet can help investors integrate sustainability considerations in their process. This information is for informational purposes only. The reported sustainability information may not at all be used in relation to binding elements for this fund. A decision to invest should take into account all characteristics or objectives of the fund as described in the prospectus. The prospectus is available on request and free of charge on the Robeco website.

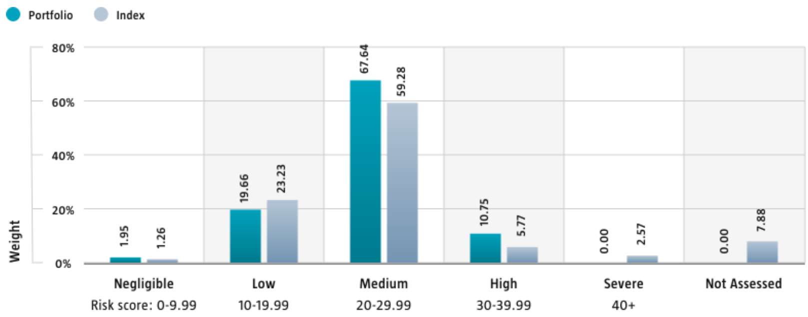
Sustainability

The fund incorporates sustainability in the investment process via exclusions, ESG integration, a minimum allocation to ESG-labeled bonds, 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. Furthermore, the fund invests at least 5% in green, social, sustainable, and/or sustainability-linked bonds. Lastly, where issuers are flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to engagement.
The following sections display the ESG-metrics for this fund along with short descriptions. For more information please visit the sustainability-related disclosures.
The index used for all sustainability visuals is based on Bloomberg Global Corporate Hybrids 3% Issuer Cap.

Sustainalytics ESG Risk Rating

The Portfolio Sustainalytics ESG Risk Rating chart displays the portfolio's ESG Risk Rating. This is calculated by multiplying each portfolio component's Sustainalytics ESG Risk Rating by its respective portfolio weight. The Distribution across Sustainalytics ESG Risk levels chart shows the portfolio allocations broken into Sustainalytics' five ESG risk levels: negligible (0-10), low (10-20), medium (20-30), high (30-40) and severe (40+), providing an overview of portfolio exposure to the different ESG risk levels. Index scores are provided alongside the portfolio scores, highlighting the portfolio's ESG risk level compared to the index.
Only holdings mapped as corporates are included in the figures.





Environmental Footprint

Environmental footprint expresses the total resource consumption of the portfolio per mUSD invested. Each assessed company's footprint is calculated by normalizing resources consumed by the company's enterprise value including cash (EVIC). We aggregate these figures to portfolio level using a weighted average, multiplying each assessed portfolio constituent's footprint by its respective position weight. For comparison, index footprints are shown besides that of the portfolio. The equivalent factors that are used for comparison between the portfolio and index represent European averages and are based on third-party sources combined with own estimates. As such, the figures presented are intended for illustrative purposes and are purely an indication. Only holdings mapped as corporates are included in the figures.

Source: Robeco data based on Trucost data. *

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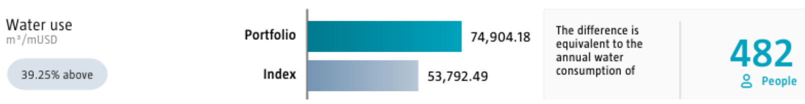
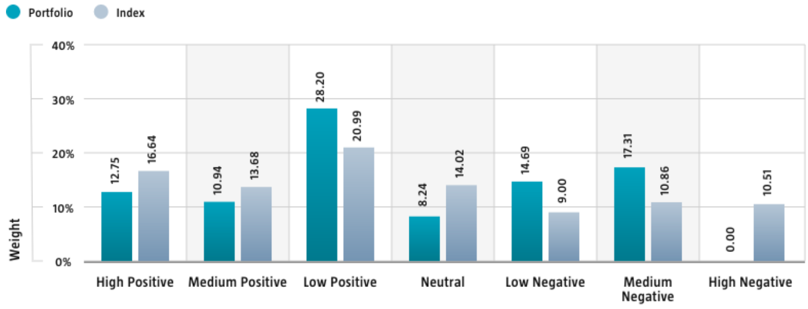


Source: Robeco data based on Trucost data. *

SDG Impact Alignment

This distribution across SDG scores shows the portfolio weight allocated to companies with a positive, negative and neutral impact alignment with the Sustainable Development Goals (SDG) based on Robeco's SDG Framework. The framework utilizes a three-step approach to assess a company's impact alignment with the relevant SDGs and assign a total SDG score. The score ranges from positive to negative impact alignment with levels from high, medium or low impact alignment. This results in a 7-step scale from -3 to +3. For comparison, index figures are provided alongside that of the portfolio. Only holdings mapped as corporates are included in the figures.



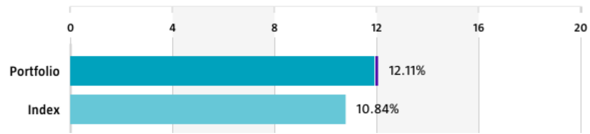
Source: Robeco. Data derived from internal processes.

ESG Labeled Bonds

The ESG-labeled bond chart displays the portfolio's exposure to ESG-labeled bonds. Specifically, green bonds, social bonds, sustainability bonds, and sustainability-linked bonds. This is calculated as a sum of weights for those bonds in the portfolio that have one of above mentioned labels. Index exposure figures are provided alongside the portfolio exposure figures, highlighting the difference with the index.

Portfolio exposure to ESG-Labeled Bonds

11.71% above



	Portfolio weight	Index weight
Green Bonds	11.96%	10.84%
Social Bonds	0.00%	0.00%
Sustainability Bonds	0.00%	0.00%
Sustainability-Linked Bonds	0.14%	0.00%

Source: Bloomberg in conjunction with data derived from internal processes. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg").

Engagement

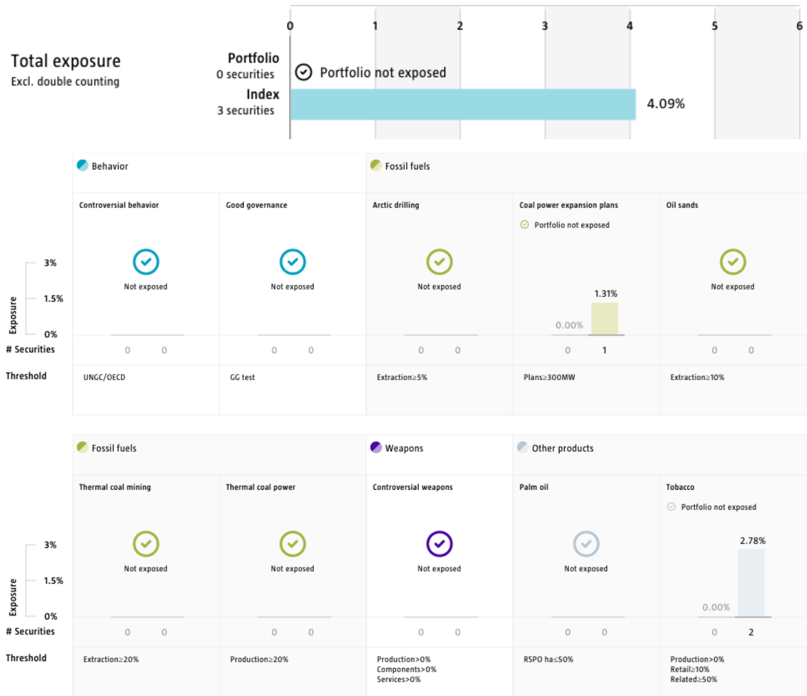
Robeco distinguishes between three types of engagement.
Value Engagement focuses on long-term issues that are financially material and/or are causing adverse sustainability impacts. The themes can be broken into Environmental, Social, Governance, or Voting-related. SDG Engagement aims to drive a clear and measurable improvement in a company's SDG contribution. Enhanced engagement is triggered by misconduct and focuses on companies severely breaching internationals standards. The report is based on all companies in the portfolio for which engagement activities have taken place during the past 12 months. Note that companies may be under engagement in multiple categories simultaneously. While the total portfolio exposure excludes double counting, it may not equal the sum of individual category exposures.

	Portfolio exposure	# companies engaged with	# activities with companies engaged with
Total (* excluding double counting)	6.72%	7	26
Environmental	2.27%	5	19
Social	0.00%	1	3
Governance	0.00%	0	0
Sustainable Development Goals	4.45%	1	4
Voting Related	0.00%	0	0
Enhanced	0.00%	0	0

Source: Robeco. Data derived from internal processes.

Exclusions

The Exclusions charts display the degree of adherence to exclusion applied by Robeco. For reference, index exposures are shown beside that of the portfolio. Thresholds are based on revenues unless otherwise indicated. For more information about the exclusion policy and which level applies, please refer to the Exclusion Policy and Exclusion List available on Robeco.com.



Source: We use several data sources such as Sustainalytics, RSPO (Roundtable on Sustainable Palm Oil), World Bank, Freedom House, Fund for Peace and International Sanctions; further policy document available Exclusion Policy

Investment policy

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The fund promotes E&S (i.e. Environmental and Social) characteristics within the meaning of Article 8 of the European Sustainable Finance Disclosure Regulation, integrates sustainability risks in the investment process and applies Robeco's Good Governance policy. The fund applies sustainability indicators, including but not limited to, normative, activity-based and region-based exclusions.
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

Peter Kwaak is Portfolio Manager Investment Grade in the Credit team. Prior to joining Robeco in 2005, he was Portfolio Manager Credits at Aegon Asset Management for three years and at NIB Capital for two years. Peter has been active in the industry since 1998. He holds a Master's in Economics from Erasmus University Rotterdam and he is a CFA® charterholder.

Team info

The Robeco Corporate Hybrid Bonds 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

Sustainability images

The figures shown in the sustainability visuals are calculated on subfund level.

Sustainalytics disclaimer

Bloomberg disclaimer

Disclaimer