

RobecoSAM SDG Credit Income IE USD

RobecoSAM SDG Credit Income is an actively managed fund that invests in companies that contribute to realizing the UN Sustainable Development Goals (SDGs). The selection of these bonds is based on fundamental analysis. The fund's objective is to maximize current income. The fund will invest in a broad array of fixed income sectors and utilize income efficient implementation strategies. The fund takes explicitly into account the contribution of a company to the UN SDGs. The portfolio is built on the basis of the eligible investment universe and the relevant SDGs using an internally developed framework about which more information can be obtained via the website www.robeco.com/si.



Victor Verberk, Reinout Schapers, Evert Giesen
Fund manager since 20-04-2018

Performance

	Fund
1 m	-2.34%
3 m	-3.11%
Ytd	-3.86%
1 Year	-2.88%
2 Years	1.45%
Since 08-2019	2.82%
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	0.69%
2020	7.36%
Annualized (years)	

Reference index

1/3 Bloomberg US Corporate High Yield + Pan Euro HY ex Financials 2.5% Issuer Cap; 1/3 JPM Corporate EMBI Broad Diversified Index; 1/3 Bloomberg Global Aggregate Corporates Index

General facts

Type of fund	Bonds
Currency	USD
Total size of fund	USD 1,281,271,083
Size of share class	USD 29,232,209
Outstanding shares	2,844
1st quotation date	20-08-2019
Close financial year	31-12
Ongoing charges	0.63%
Daily tradable	Yes
Dividend paid	Yes
ex-ante RatioVaR limit	-
Management company	Robeco Institutional Asset Management B.V.

Sustainability profile

- Exclusions++
- ESG Integration
- Target Universe

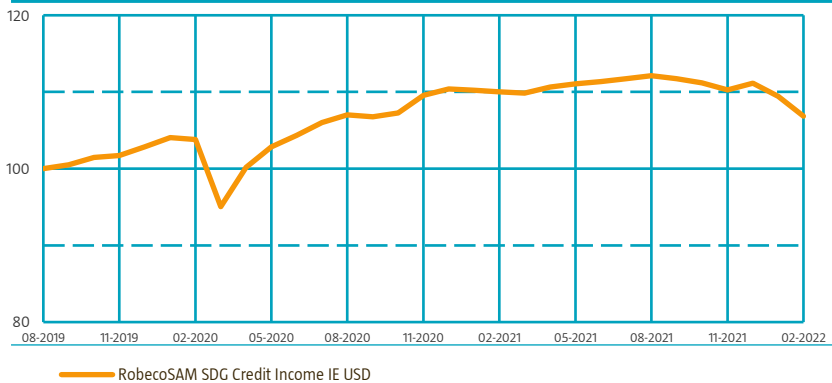


For more information on exclusions see <https://www.robeco.com/exclusions/>

For more information on target universe methodology see <https://www.robeco.com/si>

Performance

Indexed value (until 28-02-2022) - Source: Robeco



Performance

Based on transaction prices, the fund's return was -2.34%.

The fund performance was negative in February. The impact of duration was negative over February, although the impact was moderated by the increase in portfolio duration close to the peak in yields. Credit made a big negative contribution in February, as credit markets faced a risk-off. On a company level, Novosteel was the largest negative contributor, as prices for Russian assets dropped significantly. Our position in Austrian bank Raiffeisen also made a negative contribution, as the company has sizable Russian operations.

Market development

In the first half of February, market direction was dominated by expected central bank actions, as inflation continued to surprise on the upside. After the Russian invasion of Ukraine, credit markets faced a risk-off. Western countries reacted to the Russian invasion with severe sanctions. These sanctions led to a huge sell-off in Russian assets. In energy markets we saw a significant rise in oil and gas prices. Other commodities like wheat also faced price increases. The higher commodity prices will have an impact on inflation numbers, which are already high. This will put central banks in a difficult position. The Russia/Ukraine crisis could push economies into a recession, while on the other hand inflation is still high. Apart from Russia, other emerging markets did relatively well. Latin American and Asian credits were relatively stable. The JP Morgan CEMBI Index spread widened 89 bps to 3.80%, which was largely driven by Russian names. The Bloomberg Global Aggregate-Corporates Index widened 25 bps to 1.33%, and the Bloomberg Global High Yield Index widened 47 bps to 4.69%. 5-year Treasury rates peaked at 1.95% in February, but ended the month at 1.72% after the Russian invasion.

Expectation of fund manager

The Russian invasion in Ukraine has led to a lot of uncertainty and spread widening in credit markets. On top of that, there is also still the overhang of higher inflation, which could lead to central bank action. Credit markets have started to reprice and some parts of the market are starting to look more attractive. However, given the uncertainty in markets, we only gradually started to add some risk in repriced assets.

Top 10 largest positions

The top ten positions mostly consist of high yield-rated corporates and holdings in subordinated financials. Our subordinated financials positions are mainly in Tier 2 securities. Our high yield holdings are in relatively stable packaging and telecom companies or in names where we expect improvement in ratings like ZF Friedrichshafen.

Fund price

28-02-22	USD 1,0275.78
High Ytd (04-01-22)	USD 1,0679.05
Low Ytd (24-02-22)	USD 1,0274.96

Fees

Management fee	0.50%
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 IE USD
 This fund is a subfund of Robeco Capital Growth Funds, SICAV.

Registered in

Austria, Germany, Italy, Luxembourg, Spain, Switzerland

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 will distribute dividend.

Derivative policy

The fund make use of derivatives for hedging purposes as well as for investment purposes.

Fund codes

ISIN	LU2040164530
Bloomberg	RSSIEHU LX
Valoren	49627609

Top 10 largest positions

Holdings

Sprint Corp
 Banco Bilbao Vizcaya Argentaria SA
 Cloverie PLC for Zurich Insurance Co Ltd
 Graphic Packaging International LLC
 ZF Finance GmbH
 Rothesay Life PLC
 InterContinental Hotels Group PLC
 La Mondiale SAM
 Crown European Holdings SA
 Standard Chartered PLC
Total

Sector	%
Industrials	1.57
Financials	1.47
Financials	1.39
Industrials	1.29
Industrials	1.20
Financials	1.20
Industrials	1.19
Financials	1.19
Industrials	1.17
Financials	1.16
Total	12.82

Characteristics

	Fund
Rating	BAA2/BAA3
Option Adjusted Modified Duration (years)	4.0
Maturity (years)	4.6
Yield to Worst (% , Hedged)	4.0
Green Bonds (% , Weighted)	4.8

Sustainability

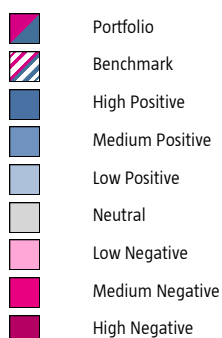
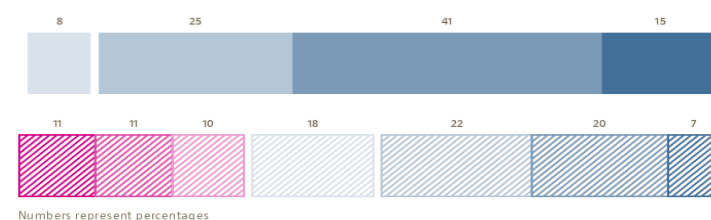
The fund's sustainable investment objective is to advance the United Nations Sustainable Development Goals (SDGs). SDG and sustainability considerations are incorporated in the investment process by the means of a target universe, exclusions and ESG integration. The fund solely invests in credits issued by companies with a positive or neutral impact on the SDGs. The impact of issuers on the SDGs is determined by applying Robeco's internally developed three-step SDG Framework. The outcome is a quantified contribution expressed as an SDG score, considering both the contribution to the SDGs (positive, neutral or negative) and the extent of this contribution (high, medium or low). In addition, 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. Lastly, where a credit issuer is flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to exclusion.

SDG Contribution

The SDG score shows to what extent the portfolio and the benchmark contribute to the 17 UN Sustainable Development Goals (SDGs). Scores are assigned to each underlying company using the Robeco SDG Framework, which utilizes a three-step approach to calculate a company's contribution to the relevant SDGs. The starting point is an assessment of the products offered by a company, followed by the way in which these products are produced, and finally whether the company is exposed to any controversies. The outcome is expressed in a final score which shows the extent to which a company impacts the SDGs on a scale from highly negative (dark red) to highly positive (dark blue).

The bar shows the aggregate percentage exposure of the portfolio and the benchmark (shaded) to the different SDG scores. This is then also split out per SDG. As a company can have an impact on several SDGs (or none), the values shown in the report do not sum to 100%. More information on Robeco's SDG Framework can be found at: <https://www.robeco.com/docm/docu-robeco-explanation-sdg-framework.pdf>

SDG Contribution



Sector allocation

The fund invests in investment grade credit, high yield and emerging markets. Our most recent Quarterly Outlook confirmed our more cautious outlook on credit markets. The fund continues to have a position in Treasuries, which could be used to invest in credits in a potential market sell-off. Within the different sectors we continue to favor financials. Credit fundamentals in the sector will improve in a higher yield environment as profitability increases. Within emerging markets, we do not have exposure to mainland China, as spreads are not compensating for tail risks. The portfolio has a small direct exposure to Russia, with Novosteel being the only Russian company in the portfolio.

Sector allocation

Financials	43.9%
Industrials	40.4%
Treasuries	7.1%
Agencies	4.1%
Utilities	1.3%
Cash and other instruments	3.3%

Currency denomination allocation

The currency exposure is hedged back to the US dollar, the fund's base currency.

Currency denomination allocation

U.S. Dollar	57.5%
Euro	37.0%
Pound Sterling	5.0%
Swiss Franc	0.3%
Australian Dollar	0.0%
Canadian Dollar	0.0%
Japanese Yen	0.0%

Duration allocation

The portfolio interest rate duration is 4.0 years. During February we increased the duration of the fund, as markets faced higher uncertainty.

Duration allocation

U.S. Dollar	4.0
Euro	0.0
Pound Sterling	0.0
Canadian Dollar	0.0

Rating allocation

The majority of the fund is invested in the BBB-BB space.

Rating allocation

AAA	7.1%
AA	1.1%
A	5.9%
BAA	35.8%
BA	43.2%
B	3.6%
CAA	
CA	
C	
NR	
Cash and other instruments	3.3%

Subordination allocation

The fund holds a significant allocation to Tier 2 instruments in banking and insurance. We like Tier 2 instruments in the insurance sector and high yield-rated Tier 2 instruments issued by banks. After the Russian invasion, bank AT-1 debt started to sell off and is starting to look more attractive.

Subordination type allocation

Senior	59.3%
Tier 2	22.7%
Hybrid	8.3%
Tier 1	6.4%
Subordinated	0.0%
Cash and other instruments	3.3%

Investment policy

RobecoSAM SDG Credit Income is an actively managed fund that invests in companies that contribute to realizing the UN Sustainable Development Goals (SDGs). The selection of these bonds is based on fundamental analysis. The fund's objective is to maximize current income. The fund has sustainable investment as its objective within the meaning of Article 9 of the European Sustainable Finance Disclosure Regulation. The fund advances the UN Sustainable Development Goals (SDGs) by investing in companies whose business models and operational practices are aligned with targets defined by the 17 UN SDGs. The fund integrates ESG (i.e. Environmental, Social and corporate Governance) in the investment process, applies an exclusion list basis controversial behavior, products (including controversial weapons, tobacco, palm oil and fossil fuel) while avoiding investment in thermal coal, weapons, military contracting and companies that severely violate labor conditions, next to engagement. The fund will invest in a broad array of fixed income sectors and utilize income efficient implementation strategies. The fund takes explicitly into account the contribution of a company to the UN SDGs. The portfolio is built on the basis of the eligible investment universe and the relevant SDGs using an internally developed framework about which more information can be obtained via the website www.robeco.com/si. The investment policy of the fund is not constrained by a benchmark.

Fund manager's CV

Mr. Verberk is Head and Portfolio Manager Investment Grade Credits since January 2008. Prior to joining Robeco in 2008, Mr. Verberk was CIO with Holland Capital Management. Before that he was employed by Mn Services as Head of Fixed Income and he worked for AXA Investment Managers as Portfolio Manager Credits. Victor Verberk started his career in the investment industry in 1997. Mr. Verberk holds a Master's degree in Business Economics from Erasmus University, Rotterdam and has been a CEFA holder since 1999. Mr. Schapers is Portfolio Manager Emerging Market Credits in the Credit team. Prior to joining Robeco in 2011, Reinout worked at Aegon Asset Management for 5 years where he was a senior portfolio manager high yield credits and was Head of High Yield Europe since 2008. Before that, he worked at Rabo Securities as an M&A associate and at Credit Suisse First Boston as a corporate finance analyst. He holds an Engineering degree in Architecture from the Delft University of Technology. He has been active in the industry since 2003. Evert Giesen is Portfolio Manager Investment Grade in the Credit team. Before assuming this role in 2020, he was an Analyst in the Credit team responsible for the Automotive sector. Prior to joining Robeco in 2001, Evert worked at AEGON Asset Management for four years as a Fixed Income Portfolio Manager. He has been active in the industry since 1997 and holds a Master's in Econometrics from Tilburg University.

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

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Eurosif disclaimer

The European SRI Transparency logo signifies that Robeco commits to provide accurate, adequate and timely information to enable stakeholders, in particular consumers, to understand the Sustainable Responsible Investment (SRI) policies and practices relating to the fund. Detailed information about the European SRI Transparency Code can be found on www.eurosif.org, and information of the SRI policies and practices of the RobecoSAM SDG Credit Income can be found at: www.robeco.com. The Transparency Code are managed by Eurosif, an independent organisation. The European SRI Transparency Logo reflects the fund manager's commitment as detailed above and should not be taken as an endorsement of any particular company, organisation or individual.



Febelfin disclaimer

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