ROBECO

Factsheet | Figures as of 28-02-2022

RobecoSAM SDG High Yield Bonds IH EUR

RobecoSAM SDG High Yield Bonds is an actively managed fond that invests in global corporate bonds. The selection of these bonds is based on fundamental analysis.The fund's objective is to provide long term capital growth. The funds invests in high yield corporate bonds with a sub-investment grade rating, with a structural bias to the higher rated part in high yield. 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.

Sander Bus, Christiaan Lever
Fund manager since 22-10-2019

Performance

	Fund	Index
1 m	-2.77%	-1.84%
3 m	-4.03%	-3.00%
Ytd	-5.13%	-4.26%
1 Year	-3.49%	-2.23%
2 Years	0.21%	2.40%
Since 10-2019	0.26%	2.15%

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	1.48%	2.81%
2020	2.94%	4.91%

Annualized (years)

Index

Bloomberg Global High Yield Corporate Index

General facts

Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 286,555,862
Size of share class	EUR 271,941,750
Outstanding shares	2,702,829
1st quotation date	22-10-2019
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.

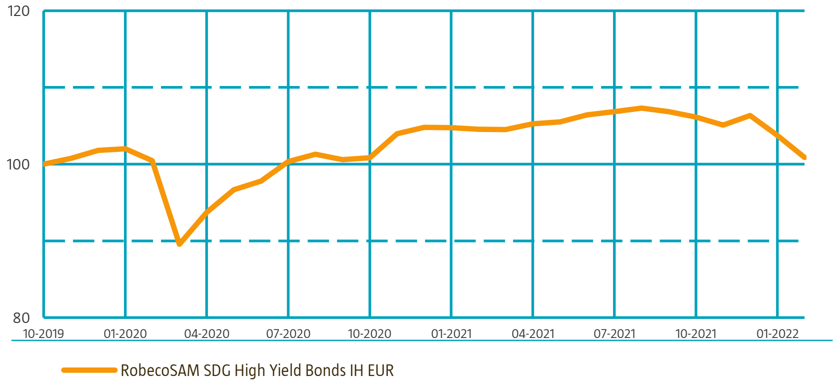
Sustainability profile

Exclusions++
ESG Integration
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 -2.77%.
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 83 bps. Our underweight beta contribution was in line. Issuer selection was negative and detracted 80 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 Euro versus underweight US high yield, was the biggest detractor with 43 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, costing us 15 bps. On an issuer level, we benefited from not owning Chinese property and Russian credit (17 bps). We lost some relative performance with our overweights in VEON (Dutch-listed Russian telecom player, -3 bps) and Raiffeisen Bank (-8 bps).

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, and are dominated by the communications sector. The cable and telecom sectors are highly concentrated, with a number of large issuers. We have a more cautious view on the sector as a whole, but there still are some investable large caps such as cable companies Level 3 and Charter, and US telco Sprint. A large overweight in media is Netflix, a company we like for its strong content and distribution platform. In the automotive sector, we like some of the highly rated suppliers with strong market positions and good valuations, like ZF Industries.

Fund price

28-02-22	EUR	100.61
High Ytd (04-01-22)	EUR	106.29
Low Ytd (24-02-22)	EUR	100.16

Fees

Management fee	0.55%
Performance fee	None
Service fee	0.12%
Expected transaction costs	0.05%

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, Germany, Italy, Luxembourg, Netherlands, Singapore, 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

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

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

Fund codes

ISIN	LU2061804477
Bloomberg	ROBSHYI LX
WKN	A2PVFR
Valoren	50778545

Top 10 largest positions

Holdings	Sector	%
Sprint Capital Corp	Communications	1.88
CCO Holdings LLC / CCO Holdings Capital Corp	Communications	1.83
Netflix Inc	Communications	1.42
Albertsons Cos Inc / Safeway Inc / New Albertsons	Consumer Non Cyclical	1.38
CSC Holdings LLC	Communications	1.36
MPT Operating Partnership LP / MPT Finance Corp	REITS	1.28
ZF Finance GmbH	Consumer Cyclical	1.22
FMG Resources August 2006 Pty Ltd	Basic Industry	1.20
Goodyear Tire & Rubber Co/The	Consumer Cyclical	1.19
Faurecia SE	Consumer Cyclical	1.13
Total		**13.89**

Characteristics

	Fund	Index
Rating	BA1/BA2	BA3/B1
Option Adjusted Modified Duration (years)	3.9	3.9
Maturity (years)	5.1	5.2
Yield to Worst (%, Hedged)	3.8	5.1
Green Bonds (%, Weighted)	2.3	2.1

Sustainability

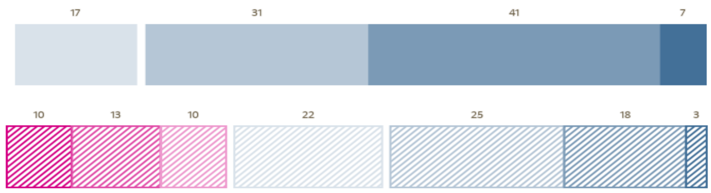
The fund's sustainable investment objective is to advance the United Nations Sustainable Development Goals (SDGs). SDG and sustainability considerations are incorporated in the investment process by the means of a target universe, exclusions and ESG integration. The fund solely invests in credits issued 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

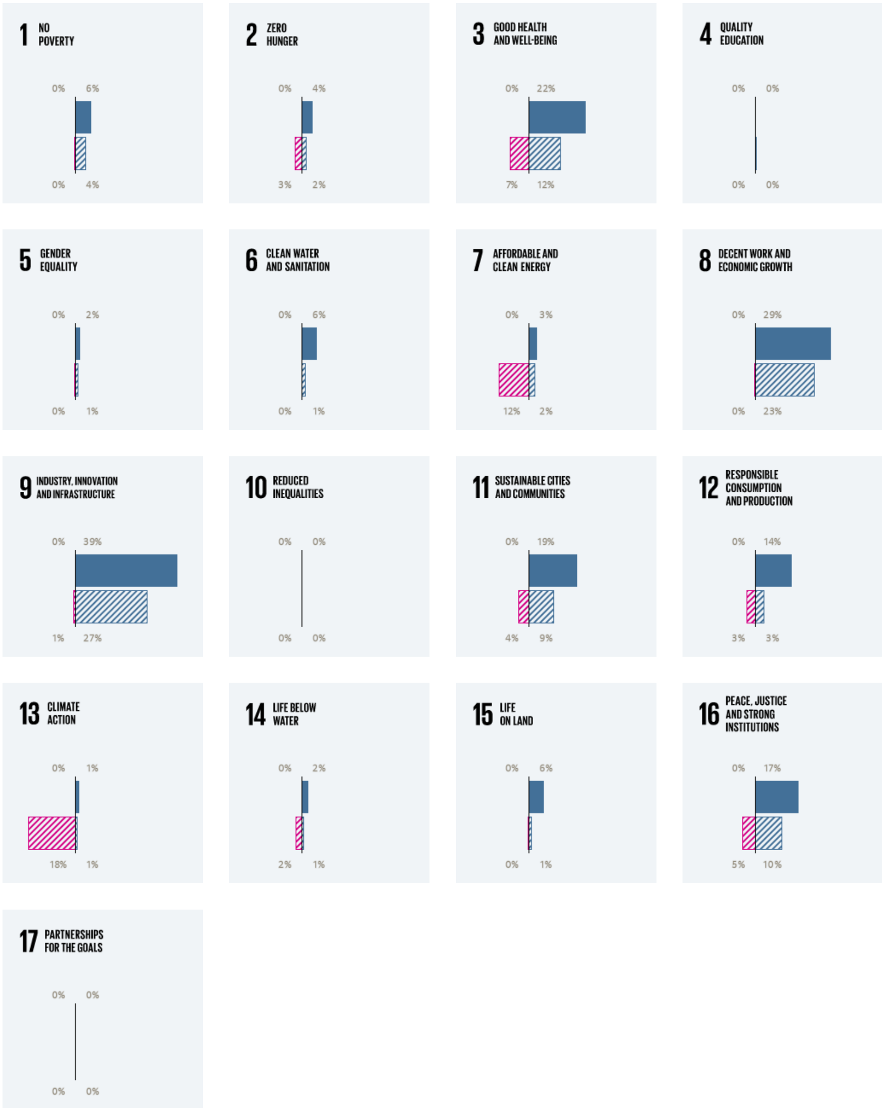
The SDG score shows to what extent the portfolio and the benchmark contribute to the 17 UN Sustainable Developments Goals (SDGs). Scores are assigned to each underlying company using the Robeco SDG Framework, which utilizes a three-step approach to calculate a company's contribution to the relevant SDGs. 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



Numbers represent percentages



- Portfolio
- Benchmark
- High Positive
- Medium Positive
- Low Positive
- Neutral
- Low Negative
- Medium Negative
- High Negative

Sector allocation

Overweights are in less cyclical sectors such as paper, packaging, consumer products and telecom. The fund also holds a sizable overweight in the banking sector. By far the largest underweight is in the energy sector. Other underweights are in aerospace, (Chinese) property developers, metals & mining, transportation through our SDG framework, as well as retail and pharma/healthcare from a fundamental approach.

Sector allocation		Deviation index
Communications	19.7%	3.3%
Capital Goods	16.8%	8.4%
Consumer Non Cyclical	14.3%	1.3%
Basic Industry	12.3%	6.5%
Consumer Cyclical	10.9%	-8.3%
Banking	8.5%	3.7%
Technology	5.7%	0.6%
Insurance	2.4%	0.3%
Transportation	1.6%	-1.8%
REITS	1.3%	-0.1%
Financial Other	1.0%	-2.2%
Other	3.5%	-13.7%
Cash and other instruments	2.2%	2.2%

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	56.8%	-19.5%
Euro	42.3%	21.2%
Pound Sterling	2.6%	0.1%
Swiss Franc	0.0%	-0.1%

Duration allocation

RobecoSAM SDG 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	3.2	0.2
Euro	0.7	-0.1
Pound Sterling	0.1	0.0

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, consisting of former rising stars that still trade at attractive spread levels and some EM issuers with IG ratings.

Rating allocation		Deviation index
A	0.2%	0.2%
BAA	8.4%	8.4%
BA	61.0%	6.2%
B	23.2%	-11.2%
CAA	4.7%	-5.0%
CA	0.2%	0.0%
C		-0.1%
NR	0.1%	-0.7%
Cash and other instruments	2.2%	2.2%

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 slight preference for Europe versus the United States based on valuations.

Country allocation		Deviation index
United States	47.0%	-14.9%
Germany	6.9%	3.3%
France	6.8%	3.6%
Italy	5.3%	1.0%
Brazil	3.6%	1.7%
Netherlands	3.4%	2.0%
United Kingdom	2.9%	-1.8%
Spain	2.5%	0.3%
Canada	2.2%	-0.1%
Austria	1.7%	1.6%
Belgium	1.7%	1.5%
Other	13.8%	-0.2%
Cash and other instruments	2.2%	2.2%

Investment policy

RobecoSAM SDG High Yield Bonds is an actively managed fond that invests in global corporate bonds. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long term capital growth.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 (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 funds invests in high yield corporate bonds with a sub-investment grade rating, with a structural bias to the higher rated part in high yield. 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 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, whilst still controlling relative risk through the applications of limits (on currencies and issuers) 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 sustainable objective of 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. Christiaan Lever is Portfolio Manager High Yield in the Credit team. Before assuming this role in 2016, he was Financial Risk Manager at Robeco, focusing on market risk, counterparty risk and liquidity risk within fixed Income markets. Christiaan has been active in the industry since 2010. He holds a Master's in Quantitative Finance and in Econometrics from Erasmus University Rotterdam.

Team info

RobecoSAM SDG High Yield Bonds 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