ROBECO

Factsheet | Figures as of 31-12-2021

RobecoSAM SDG High Yield Bonds IH USD

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	1.31%	1.47%
3 m	-0.19%	0.02%
Ytd	2.36%	3.75%
1 Year	2.36%	3.75%
2 Years	3.54%	5.21%
Since 10-2019	4.17%	5.86%

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 page 4.

Calendar year performance

	Fund	Index
2021	2.36%	3.75%
2020	4.74%	6.69%

Annualized (years)

Index

Bloomberg Global High Yield Corporate Index

General facts

Type of fund	Bonds
Currency	USD
Total size of fund	USD 344,835,826
Size of share class	USD 247,278
Outstanding shares	2,261
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.

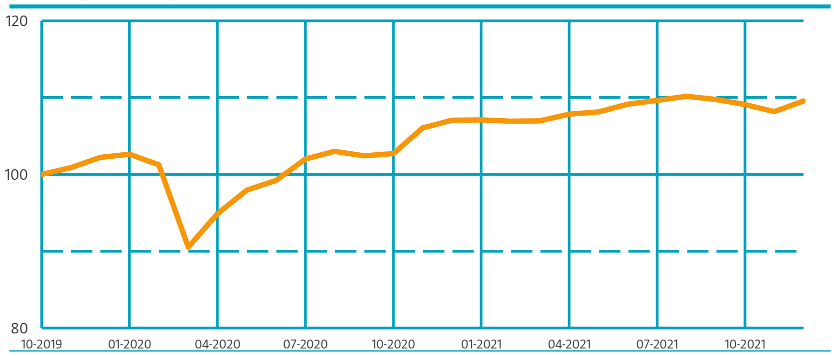
Sustainability profile

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 31-12-2021) - Source: Robeco



Performance

Based on transaction prices, the fund's return was 1.31%.
The fund underperformed its benchmark by 9 bps in December on the vigorous move tighter in spreads, bringing the full-year relative performance to -0.68%, gross of fees. Both the YTD and the December underperformance are fully explained by the quality bias and conservative positioning with a beta below one. In a year where spreads ultimately tightened 65 bps (from 390 to 324), this position detracted some 65 bps. Issuer selection contributed positively over 2021 though. This was despite our unavoidable underweight in the energy sector, which mostly consists of SDG-negative issuers and performed very well in 2021. Because of the SDG-scoring we are very underweight here, which was a drag on the relative performance. This was counterbalanced by our prudent approach to Chinese issuers. The biggest gain by far came from almost fully avoiding the Chinese real estate and related sectors. The five largest individual positive contributors were all Chinese companies we did not hold, like Evergrande, Kaisa Group and Xin Xin.

Market development

Risk assets experienced a typical year-end rally, with both equities and high yield fully retracing the weakness of November. The driver was the market perception that Omicron will be less severe than initially feared. The benchmark posted an impressive credit excess return of 1.8%. Spreads moved from the peak to the lower end of the 2021 range of 300-390 bps and ended the year at 324 bps. Meanwhile, Treasury rates were on the rise again in both Europe and the US, dampening total returns in high yield. Inflation continues to be a top-of-mind concern for investors. The hawkish Fed pivot, whereby up to three rate hikes in 2022 are being signaled, led Treasury yields to rise to 2021 peak levels, especially on the front end. Similarly in Europe the ECB announced the end of one of its QE programs, but it still needs to wind down its regular program before thinking about rate hikes. Over the full year, global HY posted a total return of around 2.8% in EUR, a combination of a coupon year whereby positive excess return from tightening spreads was counterbalanced by a negative return contribution from rising underlying government bond yields.

Expectation of fund manager

In Europe and the US, fundamentals will probably be fine. Most likely is that we get a further medium-term economic recovery. But we expect that fundamentals will not be the driver for spreads. Markets have become addicted to cures by central banks and governments in the form of easy money, for each disruption. This has created bubbles – think of Chinese real estate, or US meme stocks. Meanwhile, inflationary pressures are all over the place, and the debate is on whether that really is only transitory. If and when central banks start tapering, it is hard to tell what this will do to the technical picture. Meanwhile, valuations are still expensive in our view, at 0.8x the long-term average: too little compensation given all the tail risks that could play out – central banks getting behind the curve if rising inflation turns out to be sticky, spillover from the real estate crisis in China, geopolitical risks at Europe's eastern borders, new Covid strains, to name a few. With spreads near all-time tights, a cautious positioning makes sense to us: up in quality, with a beta below 1. We prefer European over US HY, as spreads are meaningfully higher for similar credit quality.

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

31-12-21	USD	109.38
High Ytd (01-09-21)	USD	110.43
Low Ytd (19-03-21)	USD	106.26

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 USD

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	LU2061804980
Bloomberg	RSHYIHU LX
WKN	A2PVFQ
Valoren	50778573

Top 10 largest positions

Holdings	Sector	%
Sprint Capital Corp	Communications	1.85
CCO Holdings LLC / CCO Holdings Capital Corp	Communications	1.47
Netflix Inc	Communications	1.46
CSC Holdings LLC	Communications	1.38
Albertsons Cos Inc / Safeway Inc / New Albertsons	Consumer Non Cyclical	1.35
MPT Operating Partnership LP / MPT Finance Corp	REITS	1.25
ZF Finance GmbH	Consumer Cyclical	1.23
Goodyear Tire & Rubber Co/The	Consumer Cyclical	1.20
FMG Resources August 2006 Pty Ltd	Basic Industry	1.19
Level 3 Financing Inc	Communications	1.14
Total		**13.51**

Characteristics

	Fund	Index
Rating	BA1/BA2	BA3/B1
Option Adjusted Modified Duration (years)	3.6	3.7
Maturity (years)	4.4	4.5
Yield to Worst (%, Hedged)	3.5	4.4
Green Bonds (%, Weighted)	2.2	1.9

Sustainability

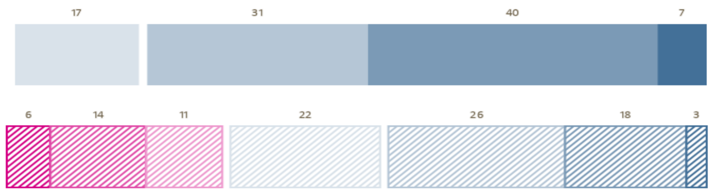
The fund’s sustainable investment objective is to advance the United Nations Sustainable Development Goals (SDGs). SDG and sustainability considerations are incorporated in the investment process by the means of a target universe, exclusions and ESG integration. The fund solely invests in credits issued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

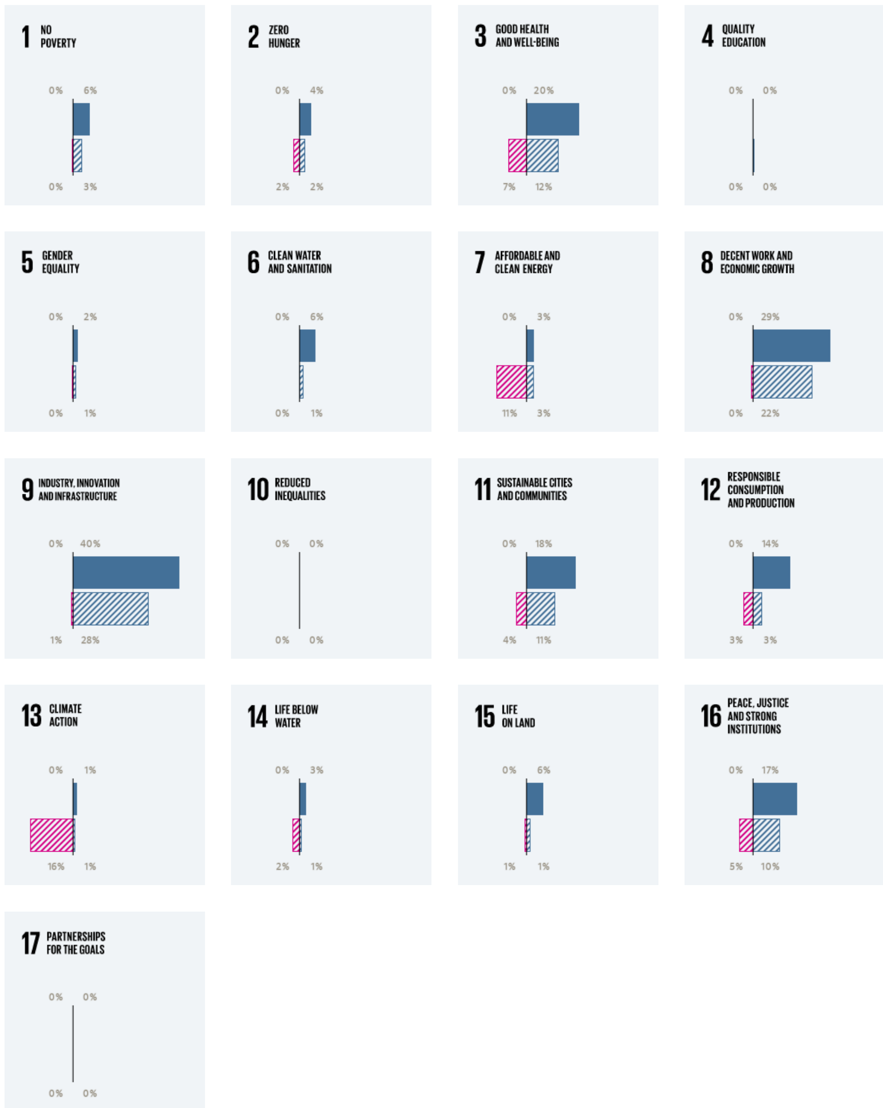
The SDG score shows to what extent the portfolio and the benchmark contribute to the 17 UN Sustainable Developments Goals (SDGs). Scores are assigned to each underlying company using the Robeco SDG Framework, which utilizes a three-step approach to calculate a company’s contribution to the relevant SDGs. 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	19.5%	3.2%
Capital Goods	15.6%	7.3%
Consumer Non Cyclical	12.3%	-0.7%
Basic Industry	11.5%	5.3%
Consumer Cyclical	11.2%	-7.8%
Banking	8.1%	3.3%
Technology	5.1%	0.3%
Insurance	2.5%	0.4%
Transportation	2.2%	-1.1%
Financial Other	1.5%	-1.9%
Utility Other	1.4%	1.0%
Other	4.2%	-14.1%
Cash and other instruments	4.8%	4.8%

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	54.4%	-21.9%
Euro	38.6%	17.5%
Pound Sterling	7.1%	4.6%

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	2.6	-0.3
Euro	0.7	0.0
Pound Sterling	0.2	0.1

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	0.5%	0.5%
BAA	9.5%	9.5%
BA	59.6%	3.5%
B	21.5%	-11.7%
CAA	4.1%	-5.5%
CA		-0.2%
C		-0.1%
NR	0.1%	-0.7%
Cash and other instruments	4.8%	4.8%

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	44.6%	-17.2%
France	7.5%	4.2%
Germany	6.5%	3.0%
United Kingdom	3.9%	-0.7%
Italy	3.9%	-0.3%
Brazil	3.6%	1.6%
Netherlands	3.3%	1.8%
Belgium	2.0%	1.8%
Canada	1.9%	-0.3%
Spain	1.8%	-0.4%
India	1.6%	0.9%
Other	14.5%	0.9%
Cash and other instruments	4.8%	4.8%

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