

## Robeco Next Digital Billion I EUR

Robeco Next Digital Billion is an actively managed fund that invests in companies in emerging markets. The selection of these stocks is based on fundamental analysis. The fund's objective is to achieve a better return than that of the index. The fund selects companies with high growth potential that aim to cater to the previous and next billion internet users. Many of the targeted emerging countries now have a critical mass in internet penetration and coupled with the absence of traditional economic infrastructure, this can lead to the emergence of the next wave of technology companies and value creation.



**Michiel van Voorst, CFA, Bryan Satterly**  
Fund manager since 14-09-2021

### Index

MSCI Emerging Markets Index

### General facts

Type of fund	Equities
Currency	EUR
Total size of fund	EUR 14,492,972
Size of share class	EUR 8,027,243
Outstanding shares	129,573
1st quotation date	14-09-2021
Close financial year	31-12
Ongoing charges	0.97%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	-
Management company	Robeco Institutional Asset Management B.V.

### Sustainability profile

- Exclusions
- ESG Integration
- Voting & Engagement

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

Current MIFID legislation prevents us from reporting performance data for funds with less than a 12 month track record.

Internet platforms made the biggest negative contribution to performance in February, continuing their negative contribution from January. The fintech portion of our portfolio contributed negatively to returns. This portion of the portfolio was impacted primarily by our holding in Russian online bank, TCS Group. Mobility / E-Logistics only made a slightly negative contribution to the fund's performance in February. Our holding ESR Cayman was down 8% in February, but continues to use its strong capital position to expand its operations, having acquired a large logistics asset portfolio in China in February. Overall, ICT & enabler companies made the biggest positive contribution to the Fund's results in February. Overall, Online Consumer & Media contributed negatively to returns.

### Market development

February was another difficult month for growth stocks overall and for our portfolio holdings. Extreme volatility has persisted, driven by a variety of factors including interest rate expectations, regulation of tech companies, earnings reports, but most notably the Russia-Ukraine conflict. We expect crises like these to a certain extent, but the current state of affairs with regard to Russia-Ukraine has materialized more negatively and rapidly than we initially envisioned. However, despite extreme volatility in the short term, none of this stops great companies from being built over time. As of February-end, 15 companies in our portfolio have reported quarterly results, representing over one-third of the portfolio weight. Out of these companies reporting, none missed revenue estimates and over 90% beat revenue expectations, over 80% beat or were in line with EBITDA estimates, and 60% beat or were in line with earnings estimates. Looking at the medium-to-longer term, internet connectivity in emerging markets is accelerating exponentially. It is apparent based on World Bank Data, that there was a dramatic increase in internet penetration, caused by the pandemic in 2020.

### Expectation of fund manager

With geopolitical tensions between Russia and Ukraine ongoing, we expect continued volatility for our portfolio in the short term. Given that fundamentals remain strong for our holdings, proven by the latest set of company results, we continue to focus on our longer-term thesis, while positioning our strategy towards markets with lower geopolitical risks.

### Top 10 largest positions

Shenzhen Transsion- large cell phone manufacturer and distributor focused on mostly Africa;-ESR Cayman-Asia focused e-commerce logistics and real estate platform;- Sea-internet platform founded in Singapore, leader in gaming, e-commerce and fintech;- MercadoLibre- largest e-commerce and fintech platform in Latam;- Prosus- global internet holding company that is the internet assets division of South African Naspers;- GDS Holdings- datacenter developer operating in China and South-East Asia;- Airtel Africa-one of the largest telecom operators in Africa, with a mobile money unit;- Reliance Industries-Indian conglomerate providing telecom, ed-tech, e-commerce and fintech solutions;- Globant-global digital IT and software transformation company;- Pinduoduo-a mobile-only marketplace that connects millions of for instance agricultural producers with consumers across China.

### Fund price

28-02-22	EUR	61.95
High Ytd (03-01-22)	EUR	83.61
Low Ytd (28-02-22)	EUR	61.95

### Fees

Management fee	0.80%
Performance fee	None
Service fee	0.16%
Expected transaction costs	0.14%

### Legal status

Investment company with variable capital incorporated under Luxembourg law (SICAV)  
Issue structure Open-end  
UCITS V Yes  
Share class I EUR  
This fund is a subfund of Robeco Capital Growth Funds, SICAV.

### Registered in

Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Singapore, Spain, Sweden, Switzerland, United Kingdom

### Currency policy

The fund can engage in currency hedging transactions. Typically currency hedging is not applied.

### Risk management

Risk management is fully integrated into the investment process to ensure that positions always meet predefined guidelines.

### Dividend policy

The fund does not distribute dividend. The fund retains any income that is earned and so its entire performance is reflected in its share price.

### Fund codes

ISIN	LU2368225913
Bloomberg	RONDBIE LX
WKN	A3C30R
Valoren	113767964

### Top 10 largest positions

#### Holdings

Shenzhen Transsion Holdings Co Ltd  
ESR Cayman Ltd  
Sea Ltd ADR  
MercadoLibre Inc  
Prosus NV  
GDS Holdings Ltd  
Airtel Africa PLC  
Reliance Industries Ltd  
Globant SA  
Pinduoduo Inc ADR  
**Total**

Sector	%
Information Technology	6.15
Real Estate	5.90
Communication Services	5.56
Consumer Discretionary	4.98
Consumer Discretionary	4.76
Information Technology	4.67
Communication Services	4.54
Energy	4.20
Information Technology	4.13
Consumer Discretionary	3.70
<b>Total</b>	<b>48.58</b>

### Top 10/20/30 weights

TOP 10	48.58%
TOP 20	77.58%
TOP 30	91.59%

### Sustainability

The fund incorporates sustainability in the investment process through exclusions, ESG integration, engagement and voting. The fund does not invest in 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 investment analysis to assess existing and potential ESG risks and opportunities. In the stock selection the fund limits exposure to elevated sustainability risks. In addition, where a stock issuer is flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to engagement. Lastly, the fund makes use of shareholder rights and applies proxy voting in accordance with Robeco's proxy voting policy.

## Asset Allocation

Asset allocation		
Equity		98.0%
Cash		2.0%

## Sector allocation

The fund does not have a sector allocation policy. The fund invests into high growth, publicly listed companies that cater to the previous and next billion internet users. The portfolio is based on a differentiated universe of high-growth companies, containing segments like internet platforms, fintechs, technology enablers and online consumer and media.

Sector allocation			Deviation index	
Information Technology	<div></div>	33.8%	<div></div>	12.0%
Consumer Discretionary	<div></div>	20.9%	<div></div>	8.4%
Communication Services	<div></div>	20.1%	<div></div>	9.6%
Financials	<div></div>	12.0%	<div></div>	-9.0%
Real Estate	<div></div>	5.9%	<div></div>	3.8%
Energy	<div></div>	4.2%	<div></div>	-1.0%
Industrials	<div></div>	2.1%	<div></div>	-3.2%
Health Care	<div></div>	1.0%	<div></div>	-2.9%
Consumer Staples	<div></div>	0.0%	<div></div>	-5.9%
Utilities	<div></div>	0.0%	<div></div>	-2.4%
Materials	<div></div>	0.0%	<div></div>	-9.3%

## Regional allocation

The fund's regional allocation is the result of the bottom-up stock selection strategy, where some holdings have been obtained through positions in ADRs and/or GDRs.

Regional allocation		Deviation index	
Asia	<div><div></div></div> 52.0%	<div><div></div></div>	-26.3%
America	<div><div></div></div> 25.4%	<div><div></div></div>	17.4%
Europe	<div><div></div></div> 21.5%	<div><div></div></div>	18.4%
Middle East	<div><div></div></div> 1.2%	<div><div></div></div>	-5.7%
Africa	<div><div></div></div> 0.0%	<div><div></div></div>	-3.7%

## Currency allocation

The portfolio itself does not use currency hedges. The currency allocation is based on the listings of the investments of the portfolio, where some holdings have been obtained through positions in ADRs and/or GDRs.

Currency allocation		Deviation index	
U.S. Dollar	<div><div></div></div> 33.2%	<div><div></div></div> 31.6%	
Hong Kong Dollar	<div><div></div></div> 19.8%	<div><div></div></div> -5.1%	
Indian Rupee	<div><div></div></div> 7.5%	<div><div></div></div> -4.9%	
Euro	<div><div></div></div> 6.2%	<div><div></div></div> 5.9%	
Chinese Renminbi (Yuan)	<div><div></div></div> 6.0%	<div><div></div></div> 0.5%	
Brasilian Real	<div><div></div></div> 5.9%	<div><div></div></div> 0.9%	
Singapore Dollar	<div><div></div></div> 5.4%	<div><div></div></div> 5.4%	
Pound Sterling	<div><div></div></div> 4.5%	<div><div></div></div> 4.5%	
Philippine Peso	<div><div></div></div> 3.7%	<div><div></div></div> 2.9%	
Kazakhstan Tenge	<div><div></div></div> 3.5%	<div><div></div></div> 3.5%	
Indonesian Rupiah	<div><div></div></div> 1.5%	<div><div></div></div> -0.1%	
Egyptian Pound	<div><div></div></div> 1.2%	<div><div></div></div> 1.1%	
Other	<div><div></div></div> 1.5%	<div><div></div></div> -46.4%	

## Investment policy

Robeco Next Digital Billion is an actively managed fund that invests in companies in emerging markets. The selection of these stocks is based on fundamental analysis. The fund's objective is to achieve a better return than the index. The fund promotes ESG (i.e. Environmental, Social and corporate Governance) characteristics within the meaning of Article 8 of the European Sustainable Finance Disclosure Regulation and integrates ESG and sustainability risks in the investment process. In addition, the fund applies an exclusion list on the basis of controversial behavior, products (including controversial weapons, tobacco, palm oil and fossil fuel) and countries, next to proxy voting and engagement. The fund selects companies with high growth potential that aim to cater to the previous and next billion internet users by improving access to technology and innovating with digital solutions in local communities.

## Fund manager's CV

Michiel van Voorst is Co-Portfolio Manager Robeco New World Financials and member of the Trends Equities team. He is also Portfolio Manager Robeco FinTech and Robeco Next Digital Billion. In 2019, Michiel rejoined Robeco from Union Bancaire Privée in Hong Kong where he was CIO Asian Equities. Besides this role, Michiel is a Board member of a Hong Kong based Fintech startup offering regulated software services (SaaS) for Independent financial advisors globally. Prior to that, Michiel spent 12 years at Robeco in several senior positions including senior portfolio manager Rolinco Global Growth fund and Robeco Asian Stars. Prior to joining Robeco in 2005, Michiel was Portfolio Manager US Equity at PGGM and Economist with Rabobank Netherlands. Michiel started his career in the investment industry in 1996. Michiel van Voorst holds a Master's in Economics from University of Utrecht and is a CFA® charterholder.

Bryan Satterly is Portfolio Manager and a member of the Robeco Trends Equities team. Prior to this role, Bryan was an investment manager for Robeco's Private Equity group where he was responsible for group exposures in emerging markets, venture capital and co-investments. He joined Robeco in 2018. Before that he was an investment analyst in Washington D.C. for the Venture Capital Group at IFC, the World Bank Group's private sector investment arm, investing into technology companies across emerging markets. He started his career in 2013 as an investment banking analyst at BMO Capital Markets in New York, working on a variety of equity, debt and M&A transactions in the Healthcare and Real Estate sectors. Bryan holds a Bachelor's degree in Foreign Service from Georgetown University in Washington D.C.

## 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.

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