

## Robeco Euro Credit Bonds I EUR

Robeco Euro Credit Bonds is an actively managed fund that provides a diversified exposure to the euro investment grade credit market. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The fund implements beta policy, sector rotation, off-benchmark positioning in emerging market, covered bonds or limitedly high yield.



Victor Verberk, Jan Willem de Moor, Peter Kwaak  
Fund manager since 01-01-2008

### Performance

	Fund	Index
1 m	-2.46%	-2.51%
3 m	-3.95%	-3.91%
Ytd	-3.61%	-3.80%
1 Year	-3.74%	-3.87%
2 Years	-0.85%	-1.42%
3 Years	1.17%	0.73%
5 Years	1.20%	0.89%
10 Years	2.97%	2.80%
Since 04-2005	2.78%	3.15%

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	-0.97%	-0.97%
2020	3.70%	2.77%
2019	6.61%	6.24%
2018	-1.57%	-1.25%
2017	2.89%	2.41%
2019-2021	3.06%	2.64%
2017-2021	2.09%	1.80%

Annualized (years)

### Index

Bloomberg Euro Aggregate: Corporates

### General facts

Morningstar	★★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 1,070,747,900
Size of share class	EUR 717,253,419
Outstanding shares	4,508,881
1st quotation date	01-04-2005
Close financial year	31-12
Ongoing charges	0.48%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	3.00%
Management company	Robeco Institutional Asset Management B.V.

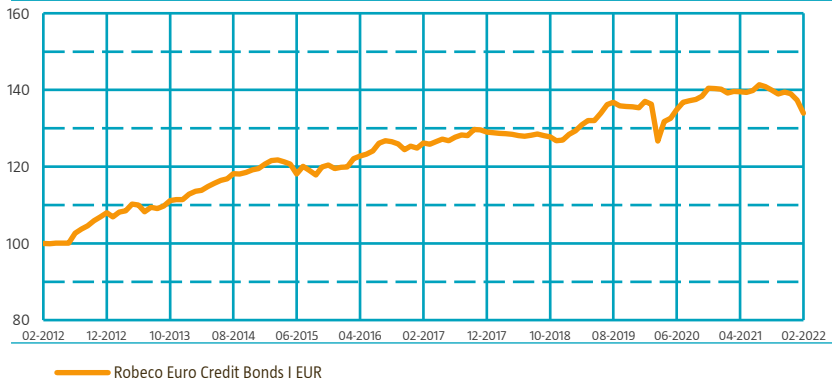
### Sustainability profile

- Exclusions
- ESG Integration
- Engagement

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

### Performance

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



### Performance

Based on transaction prices, the fund's return was -2.46%.

The portfolio posted a negative return for the month. Credit spreads widened, generating a negative excess return versus government bonds. This return was amplified by an increase in underlying government bond yields. The index excess return of corporate bonds over underlying government bonds was -1.87%, as credit spreads ended the month at 144 basis points, 39 basis points higher than at the end of the previous month. German 10-year yields increased by 13 basis points to 0.14%. The performance of the portfolio beat that of the index; the portfolio benefited from spread widening because of the fairly cautious beta positioning. This was offset by our issuer selection and our swap position. We continue to hold a position in swap spreads. We entered a trade where we are long 5-year European swap spreads. The contribution was negative last month, as swap spreads widened. We see swap spreads normalize during the first quarter of the year. With regard to issuer selection, the largest contributors (in absolute terms) are: Raiffeisen Bank, ZF Friedrichshafen and Volkswagen AG.

### Market development

February was a month of two halves for markets. The first half was dominated by central banks being forced to embark upon a much more aggressive tightening cycle than anticipated, especially as inflation continued to surprise on the upside. In the second half, we saw a massive risk-off move prompted by the reality of Russia's invasion of Ukraine, which in turn triggered severe sanctions on Russia that have had a seismic market impact across multiple asset classes. The largest implications are felt by: the Russian MOEX Index down -50% (in USD terms), Brent moving above USD 100/bbl, European natural gas is +16%, wheat prices are up +20%, and every major credit index moved wider for the month. These rises in commodity prices are set to make life increasingly difficult for central banks. On the one hand, they are unable to take direct action to deal with the supply shock, but on the other, its consequences will be seen through stagflation, with the risk that higher inflation becomes entrenched over time. In China, the various measures aimed at improving property sales have not translated into improvement yet. With regard to Covid, most Western nations have abolished lockdowns and travel restrictions.

### Expectation of fund manager

Imperfect information implies imperfect forecasts, which is especially true right now. With so many distorting elements at play, including severe global supply chain disruptions, there are no easy answers in predicting economic growth. As we consider all the evidence around corporate pricing power, policy stimulus and consumer spending behavior, we believe that US and European fundamentals will not be the key driver of credit markets in Q1 2022. The outlook might be more uncertain again, but corporate fundamentals are still strong. On top of that, we have seen a widening in credit spreads. Still, we think there are also many risk factors that are not sufficiently priced in yet, like geopolitical risks around Russia, the growth impact of the Chinese real estate meltdown, and emerging market volatility in general. Central bank activity and communication might cause a bout of risk aversion after years of increased risk taking by asset owners. This means we see plenty of reasons to enter 2022 with a fairly cautious positioning. We aim for a portfolio beta that is below one, though we do see opportunities still in financials, BB-rated credit, Euro swap spreads or Covid-recovery plays.

## Top 10 largest positions

The largest positions consist of a mix of financials and industrials. Often, we have more than one bond holding in a specific name.

## Fund price

28-02-22	EUR	158.98
High Ytd (05-01-22)	EUR	164.82
Low Ytd (25-02-22)	EUR	158.77

## Fees

Management fee	0.35%
Performance fee	None
Service fee	0.12%
Expected transaction costs	0.10%

## 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, Chile, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Peru, Spain, Switzerland, United Kingdom

## 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 a dividend. The income earned by the fund is reflected in its share price. This means that the fund's total performance is reflected in its share price performance.

## Derivative policy

Robeco Euro Credit Bonds make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

## Fund codes

ISIN	LU0210246277
Bloomberg	ROECRBI LX
Sedol	BZ1C4W9
WKN	AOD9JE
Valoren	2043423

## Top 10 largest positions

Holdings	Sector	%
BPCE SA	Financials	2.42
CaixaBank SA	Financials	1.86
Banco Santander SA	Financials	1.68
Volkswagen International Finance NV	Industrials	1.63
Nationwide Building Society	Financials	1.61
Lloyds Bank Corporate Markets PLC	Financials	1.59
Credit Suisse Group AG	Financials	1.54
Santander UK Group Holdings PLC	Financials	1.48
Swedbank AB	Financials	1.47
International Business Machines Corp	Industrials	1.44
<b>Total</b>		<b>16.72</b>

## Statistics

	3 Years	5 Years
Tracking error ex-post (%)	0.53	0.46
Information ratio	1.72	1.71
Sharpe ratio	0.38	0.47
Alpha (%)	0.87	0.74
Beta	1.03	1.02
Standard deviation	5.64	4.47
Max. monthly gain (%)	4.08	4.08
Max. monthly loss (%)	-7.02	-7.02

Above mentioned ratios are based on gross of fees returns

## Hit ratio

	3 Years	5 Years
Months outperformance	24	40
Hit ratio (%)	66.7	66.7
Months Bull market	20	31
Months outperformance Bull	11	19
Hit ratio Bull (%)	55.0	61.3
Months Bear market	16	29
Months Outperformance Bear	13	21
Hit ratio Bear (%)	81.3	72.4

Above mentioned ratios are based on gross of fees returns.

## Characteristics

	Fund	Index
Rating	A2/A3	A3/BAA1
Option Adjusted Modified Duration (years)	5.1	5.1
Maturity (years)	4.2	5.4
Yield to Worst (% , Hedged)	1.5	1.2
Green Bonds (% , Weighted)	4.0	7.6

## Changes

As 2008 has been a transition year for the team and the lead portfolio manager, we regard the performance as from January 2009 representative for the current team capabilities.

## Sustainability

The fund incorporates sustainability in the investment process via exclusions, ESG integration 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. Lastly, where issuers are flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to engagement.

### Sector allocation

In our portfolio management, we not only factor in weights, but also spreads and durations. On that basis, we are overweight in financials and non-financials. The position in ABS consists of European residential mortgages and auto loans. The agencies category comprises issuers that are majority-owned by governments.

Sector allocation		Deviation index
Financials	43.8%	1.3%
Industrials	36.7%	-13.5%
ABS	6.4%	6.4%
Agencies	4.3%	4.3%
Covered	3.7%	3.7%
Utilities	1.4%	-5.9%
Treasuries	1.1%	1.1%
Cash and other instruments	2.6%	2.6%

### Currency denomination allocation

All our bond exposures are in euros. Some exposures in credit derivatives are in USD and GBP. Currency risk is hedged.

Currency denomination allocation		Deviation index
Euro	99.3%	-0.7%
Pound Sterling	0.4%	0.4%
U.S. Dollar	0.3%	0.3%

### Duration allocation

The intention of the fund is to have a duration position that is neutral against its benchmark.

Duration allocation		Deviation index
Euro	5.1	0.0

### Rating allocation

We have no clear preference for specific rating buckets. Our positioning over the different buckets is therefore the result of beta positioning, sector themes and issuer selection.

Rating allocation		Deviation index
AAA	11.6%	11.3%
AA	4.0%	-2.9%
A	31.4%	-5.6%
BAA	37.6%	-18.3%
BA	11.5%	11.5%
B	1.3%	1.3%
Cash and other instruments	2.6%	2.6%

### Subordination allocation

We think that better value can be found in subordinated bonds than in senior bonds. For the financial sector, we expect the spread differential between the two subordination classes to decline, as the banking sector gets better capitalized and runs more conservative balance sheets. For some stronger corporates in the core European countries, there is also an attractive spread pickup available by moving from senior debt into corporate hybrids.

Subordination type allocation		Deviation index
Senior	85.1%	-5.4%
Tier 2	6.0%	-0.2%
Hybrid	4.8%	1.6%
Tier 1	1.4%	1.3%
Cash and other instruments	2.6%	2.6%

## Investment policy

Robeco Euro Credit Bonds is an actively managed fund that provides a diversified exposure to the euro investment grade credit market. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The fund promotes certain ESG (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 based on controversial behavior, products (including controversial weapons, tobacco, palm oil and fossil fuel) and countries, alongside engagement. The fund implements beta policy, sector rotation, off-benchmark positioning in emerging market, covered bonds or limitedly high yield. 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

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. de Moor is a Senior Portfolio Manager and a member of the Credit team. Prior to joining Robeco in 2005, Mr. de Moor was employed by SBA Artsenpensioenfondsen as Senior Portfolio Manager Equities for six years. Before that, he worked at SNS Asset Management holding positions of Portfolio Manager Equities (three years) and Research Analyst (two years). Jan Willem de Moor started his career in the Investment Industry in 1994. He holds a Master's degree in Economics from Tilburg University. Peter Kwaak is a Senior Portfolio Manager and a member of the Credit team. Prior to joining Robeco in 2005, Mr. Kwaak was employed by Aegon Asset Management for three years as Credits and High Yield Portfolio Manager and at NIB Capital for two years as Portfolio Manager. Peter Kwaak started his career in the Investment Industry in 1998. Mr. Kwaak is a CFA Charterholder and holds a Master's degree in economics from the Erasmus University Rotterdam. Mr. Kwaak is registered with the Dutch Securities Institute.

## Team info

The Robeco Euro Credit Bonds fund is managed within Robeco's credit team, which consists of nine portfolio managers and twenty-three credit analysts (of which four financial 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 dedicated quantitative researchers and 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

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