Factsheet | Figures as of 31-01-2021

Robeco Emerging Credits DH USD

Robeco Emerging Credits is an actively managed fund that invests in a diversified portfolio of Emerging Market corporate bonds and corporate bonds with a siginificant exposure to Emerging Markets. The selection of these bonds is based on fundamental analysis. In addition to the core portfolio of developed (hard) currency emerging credits, the strategy has the flexibility to invest in value opportunities beyond the index universe. Companies are selected based on their exposure rather than their location, and sometimes sovereign exposure is chosen over credit exposure. In-depth company-specific analysis and country analysis are important pillars in the investment process.

Reinout Schapers
Fund manager since 04-06-2014

Performance

	Fund	Index
1 m	-0.14%	-0.07%
3 m	3.24%	4.10%
Ytd	-0.14%	-0.07%
1 Year	6.53%	5.44%
2 Years	8.56%	8.57%
3 Years	5.80%	5.97%
5 Years	6.22%	7.18%
Since 11-2014	4.73%	5.61%

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
2020	7.87%	7.13%
2019	12.33%	13.09%
2018	-2.20%	-1.65%
2017	6.48%	7.96%
2016	7.21%	9.65%
2018-2020	5.82%	6.02%
2016-2020	6.23%	7.12%

Annualized (years)

Fund price

31-01-21	USD	133.11
High Ytd (05-01-21)	USD	133.47
Low Ytd (12-01-21)	USD	132.55

Index

JPM CEMBI Broad Diversified

General facts

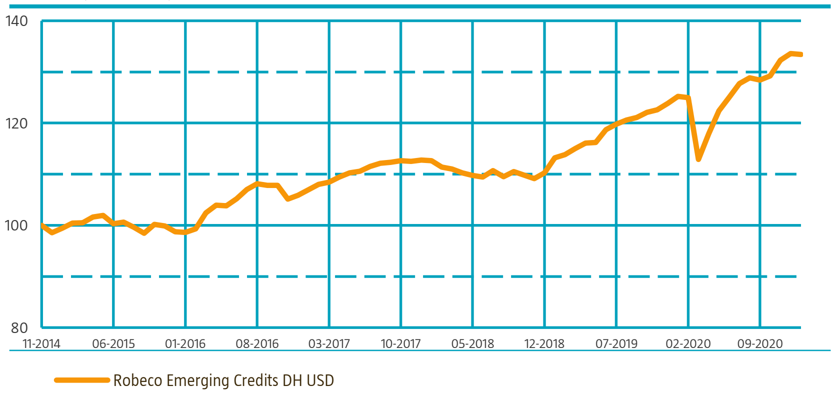
Morningstar	★★★
Type of fund	Bonds
Currency	USD
Total size of fund	USD 66,437,383
Size of share class	USD 277,935
Outstanding shares	2,088
1st quotation date	26-11-2014
Close financial year	31-12
Ongoing charges	1.41%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	5.00%
Management company	Robeco Institutional Asset Management B.V.

Fees

Management fee	1.20%
Performance fee	None
Service fee	0.16%
Expected transaction costs	0.08%

Performance

Indexed value (until 31-01-2021) - Source: Robeco



Performance

Based on transaction prices, the fund's return was -0.14%.
The fund has positions in all major regions and economies. The fund outperformed its index by 9 basis points, returning +0.02%. Beta positioning made a neutral contribution. Issuer selection contributed +0.09 bps. The latter was mainly driven by our underweight in Argentina, where the state oil company is looking for a restructuring of its debt terms.

Market development

The CEMBI Index returned -0.07% (in USD) last month. The 10-year US Treasury yield moved from 1.07% to 0.91%. The credit spread on the JPM Corporate EMBI Index widened 3 basis points to 2.69%.The first month of the year was an interesting one: spreads were basically unchanged in January. At the beginning of the month, we had the US Capitol riots for Biden's inauguration. Bitcoin reached new highs as inflation fears picked up. Followed by equity market upheaval caused by retail investors challenging the status quo. New Covid strains – with higher infection rates, in combination with a slow rollout of the vaccine during the winter months caused stricter lockdowns than in March 2020. This means that the economic outlook for the second part of the year looks better now. Emerging markets performed relatively strong as investors are still looking to increase emerging exposure given the better macro outlook for the second half of 2021. That said, some profit taking in amongst others Argentina caused spreads to end the month slightly wider.

Expectation of fund manager

We are still in the midst of the largest global health crisis seen in a century. The recovery has been spreading across more parts of the economy since Q2. Most key potentially negative events have been priced out by the markets. We have had it all in the shortest credit cycle ever. Right now, the variability of outcomes in terms of market prices has increased significantly for all asset classes. Budget deficits are not a problem as long as central banks hoover up supply. The reasons not to be too afraid of inflation are threefold: the debt supercycle, increasing inequality and global trade are still here; we might become more 'Japanified', with zombie companies arising. Or we might be in a full-blown liquidity trap. The year will be either boring or bearish. Supply is expected to be low next year, as corporates have massively front-loaded issuance and are cash rich. At best, we will see some carry, roll down and certain sectors recovering from Covid-19. We stay cautious in high yield. Single-digit returns can be expected, at best. In emerging credit, we have been cautious and hold the view that there is some room to increase the beta a bit to above 1.

Sustainability profile

Exclusions
Full ESG Integration
Engagement

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

Top 10 largest positions

Higher spread names remain dominant in our top holdings. The top positions are driven by both individual issuer cases and positions driven by country allocation. Some of the largest positions are Sappi, Pertamina, Galaxy Pipeline, PCCW and Petrobras.

Legal status

Investment company with variable capital incorporated under Luxembourg law (SICAV)

Issue structure	Open-end
UCITS V	Yes
Share class	DH USD

This fund is a subfund of Robeco Capital Growth Funds, SICAV.

Registered in

Austria, Germany, Ireland, Italy, Luxembourg, Singapore, 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 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.

Fund codes

ISIN	LU1143725874
Bloomberg	REMCDHU LX
Valoren	26163500

ESG integration policy

Our analysis of issuers goes beyond the traditional financial factors and includes the issuers' performance on ESG factors. We deem it essential for a well-informed investment decision to take into account those ESG factors that have the potential to materially impact the financial performance of the issuer. This perfectly matches the basic need to avoid the losers in credit management, as many credit events in the past can be attributed to issues such as poorly designed governance frameworks, environmental issues, or weak health & safety standards. The aim of ESG integration is to improve the risk/return profile of the investments and does not have an impact goal. ESG analysis is fully integrated in the bottom-up security analysis. We have defined key ESG factors per industry, and for every company we analyze how the firm is positioned versus these key ESG factors, and how this impacts the fundamental credit quality.

Top 10 largest positions

Holdings	Sector	%
Veon Holdings Bv	Industrials	1.94
Bangkok Bank Pcl/Hong Kong	Financials	1.89
Novolipetsk Steel Via Steel Funding Dac	Industrials	1.71
Teva Pharmaceutical Finance Netherlands Iii Bv	Industrials	1.66
Itau Unibanco Holding Sa/Cayman Island	Financials	1.64
Ecopetrol Sa	Agencies	1.56
Grupo Televisa Sab	Industrials	1.54
Millicom International Cellular Sa	Industrials	1.53
Dp World Plc	Agencies	1.50
Sands China Ltd	Industrials	1.48
Total		**16.46**

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.60	1.32
Information ratio	0.79	0.38
Sharpe ratio	0.79	1.07
Alpha (%)	1.81	1.23
Beta	0.85	0.86
Standard deviation	7.20	5.95
Max. monthly gain (%)	4.21	4.21
Max. monthly loss (%)	-9.20	-9.20

Above mentioned ratios are based on gross of fees returns.

Hit ratio

	3 Years	5 Years
Months outperformance	21	31
Hit ratio (%)	58.3	51.7
Months Bull market	24	46
Months outperformance Bull	13	22
Hit ratio Bull (%)	54.2	47.8
Months Bear market	12	14
Months Outperformance Bear	8	9
Hit ratio Bear (%)	66.7	64.3

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BAA2/BAA3	BAA3/BA1
Option Adjusted Modified Duration (years)	4.6	4.6
Maturity (years)	6.0	6.1
Yield to Worst (%, Hedged)	2.7	3.4
Green Bonds (%, Weighted)	2.4	2.8

Sector allocation

The fund continues to be underweight in higher risk countries such as Argentina and South Africa. We moved our position in Turkey towards neutral, given the change in central bank policy.

Sector allocation		Deviation index
Industrials	46.6%	2.3%
Agencies	22.1%	-4.9%
Financials	15.9%	-6.1%
Utilities	5.8%	0.2%
Treasuries	3.5%	3.5%
Sovereign	2.6%	2.6%
Supranational	0.0%	-0.8%
Local Authorities	0.0%	-0.3%
Cash and other instruments	3.6%	3.6%

Currency denomination allocation

The fund invests in hard-currency bonds only. In addition to USD-denominated bonds, the fund holds around 9% EUR-denominated bonds, of which the currency exposure is hedged back to the US dollar, the fund's base currency. The remainder is held in cash.

Currency denomination allocation		Deviation index
US Dollar	91.1%	-8.9%
European Euro	8.8%	8.8%
United Kingdom Pound Sterling	0.0%	0.0%

Duration allocation

The fund's duration was in line with the reference index.

Duration allocation		Deviation index
US Dollar	4.6	0.0

Rating allocation

The fund maintains its quality bias with a larger allocation to BBB- and BB-rated bonds and less to single B-rated companies and banks. The fund does not actively invest in CCC-rated bonds, as we still expect an increase in defaults for these bonds.

Rating allocation		Deviation index
AAA	3.5%	3.4%
AA	3.6%	0.7%
A	10.9%	-8.6%
BAA	43.4%	8.5%
BA	29.0%	8.6%
B	4.6%	-7.3%
CAA	0.7%	-4.0%
CA	0.0%	-0.2%
C	0.0%	-0.7%
NR	0.7%	-3.9%
Other	0.0%	-0.1%
Cash and other instruments	3.6%	3.6%

Subordination allocation

In the allocation to the capital structure there is a preference for shorter-dated senior bonds over subordinated bonds.

Subordination type allocation		Deviation index
Senior	74.6%	-14.3%
Tier 2	12.9%	6.9%
Hybrid	5.3%	3.8%
Tier 1	3.6%	0.1%
Subordinated	0.0%	-0.2%
Other	0.0%	0.1%
Cash and other instruments	3.6%	3.6%

Investment policy
The Robeco Emerging Credit Bonds Fund is aimed at investors seeking higher yields than those offered by government bonds, but without the higher risk of a pure high-yield corporate bond fund. The fund invests in the emerging credits markets with predominantly investment grade credit acting as the core of the strategy. It does have the freedom to invest into other asset classes within the fixed income credit universe. The fund is managed by an experienced team with a proven track record capable of generating good performance in both rising and falling bond markets. Robeco uses investment strategies that can provide solid returns in both rising and falling bond markets as proven by its strong track record. The fund benefits from the ample resources at its disposal to cover the credit markets. The investment team is highly experienced and stable with clear split in responsibilities between the portfolio managers and the credit analysts. The investment process is well structured and has a disciplined approach and is based both on a top down macro outlook of the credit markets and an in depth and comprehensive bottom up fundamental credit analysis. The fund applies a total return approach with the flexibility to invest in asset classes such as securitized and high yield. This allocation is based on attaining the best risk reward profile for the fund. As such the portfolio manager will switch out of Investment grade into one of these categories when this corresponds to a more efficient use of the risk budget. The fund also benefits from the Robeco proprietary state of the art risk monitoring system.

Fund manager's CV
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.

Team info
The Robeco Emerging Credits fund is managed within Robeco's credit team, which consists of eight portfolio managers and twelve credit analysts (of which four cover the financial sector). 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 sixteen 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 0.05% 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.

Fiscal treatment of investor
The fiscal consequences of investing in this fund depend on the investor's personal situation. For private investors in the Netherlands real interest and dividend income or capital gains received on their investments are not relevant for tax purposes. Each year investors pay income tax on the value of their net assets as at 1 January if and inasmuch as such net assets exceed the investor’s tax-free allowance. Any amount invested in the fund forms part of the investor's net assets. Private investors who are resident outside the Netherlands will not be taxed in the Netherlands on their investments in the fund. However, such investors may be taxed in their country of residence on any income from an investment in this fund based on the applicable national fiscal laws. Other fiscal rules apply to legal entities or professional investors. We advise investors to consult their financial or tax adviser about the tax consequences of an investment in this fund in their specific circumstances before deciding to invest in the fund.

Morningstar

Disclaimer
Source: Robeco. As of 31-01-2021, NAV to NAV in denominated currency of the respective share class with dividends re-invested. The performance figures are calculated starting from the first quotation date. ©2021 Morningstar. All Rights Reserved. The information contained here in: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely by Morningstar. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no indication of current or future performance.
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