

Robeco Emerging Markets Smaller Companies Eq.I USD

Robeco Emerging Markets Smaller Companies is an actively managed fund. The fund aims to outperform the benchmark over the long run. The fund invests in stocks of small and midsize companies located in emerging countries across the world. The selection of these stocks is based on fundamental analysis. In general, emerging economies are growing faster than developed countries and have stronger balance sheets for governments, companies and households. Common risks in emerging economies are political and governance risks, that need to be closely monitored. The fund selects investments based on a combination of top-down country analysis and bottom-up stock ideas. The focus is on companies with a sound business model, solid growth prospects and reasonable valuation. The fund has a diversified portfolio.



Karnail Sangha, Rob Schellekens
Fund manager since 17-12-2012

Performance

	Fund	Index
1 m	12.12%	13.31%
3 m	-17.83%	-18.50%
Ytd	-22.09%	-21.78%
1 Year	-16.43%	-18.39%
2 Years	-13.59%	-12.99%
3 Years	-5.04%	-3.35%
5 Years	-3.13%	-3.21%
Since 12-2012	0.75%	-1.24%

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
2019	15.46%	13.13%
2018	-16.07%	-13.11%
2017	29.59%	35.14%
2016	5.00%	4.84%
2015	-9.67%	-13.21%
2017-2019	7.89%	9.93%
2015-2019	3.56%	3.86%

Annualized (years)

Fund price

30-04-20	USD	105.70
High Ytd (17-01-20)	USD	138.88
Low Ytd (23-03-20)	USD	84.50

Index

MSCI Emerging Markets Mid Cap Index (Net Return, USD)

General facts

Morningstar	★★★★
Type of fund	Equities
Currency	USD
Total size of fund	USD 100,213,984
Size of share class	USD 26,425
Outstanding shares	250
1st quotation date	17-12-2012
Close financial year	31-12
Ongoing charges	1.07%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	8.00%
Management company	Robeco Luxembourg S.A.

Fees

Management fee	0.90%
Performance fee	None
Service fee	0.16%
Expected transaction costs	0.09%

Performance

Indexed value (until 30-04-2020) - Source: Robeco



Performance

Based on transaction prices, the fund's return was 12.12%.

In April, the fund gained 12.16%, thereby underperforming its reference index (MSCI EM Midcap Index) that increased 13.51% (in euros). The underperformance was driven by both country and stock selection. Positive country performance was achieved in the UAE (overweight), Taiwan (overweight) and Qatar (underweight). Negative country allocation was driven by China (overweight), Poland (underweight), Thailand (underweight), Brazil (overweight) and Peru (overweight). In terms of stock selection, Brazilian stocks did well: Marfrig (food producer), PagSeguro (digital payment solutions) and Sul America (insurance). Other positive stock contributions came from Polyus (gold producer) in Russia, and Primax (tech components) and China Life Insurance (insurance) in Taiwan. Stocks that detracted from stock selection were Tech Mahindra (IT services) in India, Vipshop (online retailer) and XD (game developer) in China, IFS (financials) in Peru, NC Soft (game developer) in South Korea and Jerónimo Martins (retailer) in Poland.

Market development

In April, the second quarter started on an upbeat note, with emerging market equities increasing 9.3% (MSCI EM Index, in EUR), still underperforming developed market equities, which were up 11.1%. Flattening of the Covid-19 new cases curves in developed countries supported investor sentiment, and policy support packages around the world thrust EM equities to their best monthly performance since January 2012. Policymakers continued to pile on additional stimuli: USD 7 trillion (8% of the world's GDP) in fiscal expansion and an estimated USD 7 trillion in central bank balance sheet expansion this year as well as rate cuts by 11 EM central banks in April. The collapse in oil demand kept crude prices subdued, with WTI crude prices turning negative for the first time ever. However, they recovered towards the end of the month. EMEA was a strong performer during the month, thanks to the relatively strong performance of Poland, Russia and the UAE. Meanwhile, Latin America lagged, as the rapid spread of Covid-19 accentuated the economic woes of the region. The resignation of Justice minister Moro dealt another blow to investor confidence in Brazil, the largest economy in the region.

Expectation of fund manager

Due to their solid financial position and a rising domestic customer base, emerging markets are well-positioned nowadays to withstand lower growth in developed markets. Economic growth is likely to stay higher than for developed markets. The long-term outlook for emerging markets is positive, and is still supported by relatively attractive valuation levels, a higher long-term earnings growth outlook and potential currency appreciation.

SI fund classification

	Yes	No	N/A
Voting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engagement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PRI ESG Integration Classification

	Yes	No	N/A
Screening	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sustainability Themed Fund	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Top 10 largest positions

Vanguard International Semiconductor and China Life Insurance are based in Taiwan. PagSeguro is a digital payments provider in Brazil. NC Soft is a South Korean games developer. China Resources Cement is the largest Chinese holding, followed by Vipshop (online retailer) and Shimao Property. Polyus is a gold miner based in Russia. Realtek Semiconductor and Tripod Technology are Taiwan-based IT hardware companies.

Legal status

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

Registered in

Italy, Luxembourg, Spain, Switzerland, United Kingdom

Currency policy

The fund is allowed to pursue an active currency policy to generate extra returns. However, given the high transaction costs involved, the fund will be reluctant to use this possibility.

Risk management

Risk management is fully integrated 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.

Fund codes

ISIN	LU0835595199
Bloomberg	REMSCIU LX
Valoren	19649322

ESG integration policy

Robeco Emerging Markets Smaller Companies Equities integrates ESG factors into its investment process by analyzing the impact of financially material ESG factors to a company's competitive position and value drivers. We believe that this enhances our ability to understand existing and potential (long-term) risks and opportunities of a company. The impact of material ESG factors can be positive or negative, reflecting risks or opportunities, that ensue from a company's ESG analysis. If ESG risks and opportunities are significant, the ESG analysis could impact a stock's fair value and the portfolio allocation decision. In addition to ESG integration, Robeco also has an exclusion policy and conducts proxy voting and engagement activities focused on specific themes, such as climate change, aiming to improve a company's sustainability profile.

Top 10 largest positions

Holdings	Sector	%
China Resources Cement Holdings Ltd	Materials	2.68
Polyus Pjsc Gdr	Materials	2.67
Ncsoft Corp	Communication Services	2.35
Shimao Property Holdings Ltd	Real Estate	2.31
Vanguard International Semiconductor Cor	Information Technology	2.25
Tripod Technology Corp	Information Technology	2.21
Vipshop Holdings Ltd Adr	Consumer Discretionary	2.18
Realtek Semiconductor Corp	Information Technology	2.05
Pagseguro Digital Ltd	Information Technology	2.03
China Life Insurance Co Ltd/Taiwan	Financials	2.03
Total		22.77

Top 10/20/30 weights

Top 10	22.77%
Top 20	41.34%
Top 30	57.07%

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	4.62	4.70
Information ratio	-0.14	0.23
Sharpe ratio	-0.29	-0.19
Alpha (%)	-0.93	0.69
Beta	0.95	0.92
Standard deviation	19.93	18.00
Max. monthly gain (%)	11.96	11.96
Max. monthly loss (%)	-22.27	-22.27

Above mentioned ratios are based on gross of fees returns.

Hit ratio

	3 Years	5 Years
Months outperformance	16	30
Hit ratio (%)	44.4	50.0
Months Bull market	18	29
Months outperformance Bull	6	12
Hit ratio Bull (%)	33.3	41.4
Months Bear market	18	31
Months Outperformance Bear	10	18
Hit ratio Bear (%)	55.6	58.1

Above mentioned ratios are based on gross of fees returns.

Asset Allocation

Asset allocation		
Equity		99.3%
Cash		0.7%

Sector allocation

The fund has a good exposure to domestic demand-related themes. This is reflected in the large overweight for consumer discretionary and financials.

Sector allocation		Deviation index	
Information Technology	20.2%		7.1%
Financials	19.6%		7.7%
Industrials	11.9%		-2.4%
Consumer Discretionary	10.6%		0.6%
Materials	8.9%		-3.7%
Communication Services	7.3%		2.0%
Real Estate	6.5%		0.8%
Utilities	4.5%		0.0%
Consumer Staples	4.2%		-6.0%
Energy	3.5%		0.4%
Health Care	2.8%		-6.6%
Other	0.0%		0.1%

Country allocation

The fund is overweight in China, Taiwan, India, Russia and the United Arab Emirates. Within these overweight countries, the fund has the largest exposure to domestic demand-related themes.

Country allocation		Deviation index	
China	23.0%		2.1%
Taiwan	20.4%		4.5%
Brazil	12.1%		2.1%
Korea	8.1%		-2.9%
India	6.7%		-0.3%
Russia	4.5%		0.7%
South Africa	4.1%		-2.1%
United Arab Emirates (U.A.E.)	3.5%		2.7%
Mexico	2.2%		-0.3%
United States	2.0%		2.0%
Indonesia	1.7%		0.0%
Hong Kong	1.6%		1.6%
Other	10.1%		-10.1%

Currency allocation

There are no currency hedges/futures in the portfolio.

Currency allocation		Deviation index	
Hong Kong Dollar	21.0%		10.1%
New Taiwan Dollar	20.4%		4.5%
Brazil Real	10.1%		0.1%
Korean Won	8.0%		-3.0%
Indian Rupee	6.7%		-0.3%
US Dollar	5.4%		4.1%
South African Rand	5.1%		-1.1%
European Euro	4.1%		2.4%
UAE Dirham	3.5%		2.7%
Chinese Yuan Renminbi	3.5%		-5.6%
Russian Ruble	2.6%		-0.6%
Mexican Peso	2.1%		-0.4%
Other	7.5%		-12.9%

Investment policy

Robeco Emerging Markets Smaller Companies invests globally in emerging economies. The focus is on companies which combine a sound business model and solid growth prospects with a reasonable valuation. These companies are less internationally active and their performance has a strong relation with the domestic economic development. The first step in portfolio composition is the top-down country selection, as research shows that country specific factors drive stock returns in emerging markets. The second step is in-depth fundamental analysis of companies and serves to identify stocks with the ability to outperform in the long run. Key items of our fundamental analysis are: growth prospects of sector, position of company within sector, competitive strength, financial health and strategy, corporate governance and management quality. We screen stocks with our proprietary quantitative model for attractive characteristics. Risk management is fully integrated in the investment process to ensure that positions meet predefined guidelines and the portfolio is well diversified. The fund can protect investors from negative currency developments through active currency hedging. The fund aims to be fully invested. Robeco Emerging Markets Smaller Companies aims to outperform the MSCI Emerging Markets Mid Cap Index over a full market cycle. This Sub-fund may invest in China A-shares via the QFII and/or a Stock Connect Programme which may entail additional clearing and settlement, regulatory, operational and counterparty risks.

Fund manager's CV

Karnail Sangha is Fund Manager of Robeco's Emerging Smaller Companies Fund and is responsible for the team's investments in India and Pakistan. Prior to joining Robeco in 2000, Mr. Sangha was Risk Manager/Controller at AEGON Asset Management. Karnail holds a Master's degree in Economics from Erasmus University, Rotterdam. He became a CFA charter holder in 2003. Rob Schellekens is fund manager of Robeco's Emerging Smaller Companies Fund and is responsible for the team's investments in Russia, South America ex-Brazil and the Middle East. Before joining the emerging markets team in April 2006, Rob was junior Portfolio Manager of Robeco Global Industrials. Prior to joining Robeco in 2005, he was employed by Integra (ING Group) as investment desk analyst in Peru. Before that he held positions at Queensbury Group and Royal Bank of Canada Global Investment Management in Canada. Rob graduated from the Queen's University in Canada and he holds a Bachelors Honors degree in Economics.

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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Morningstar

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