

Robeco Global Credits IH EUR

The Robeco Global 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 global credits markets with investment grade credit acting as the core of the global strategy. It does have the freedom to invest into other asset classes within the fixed income credit universe.



Victor Verberk
Fund manager since 04-06-2014

Performance

	Fund	Index
1 m	0.77%	0.80%
3 m	-0.81%	-1.43%
Ytd	1.22%	0.05%
1 Year	3.54%	2.21%
Since 06-2014	3.70%	2.65%
<small>Annualized (for periods longer than one year)</small>		

Fund price

31-07-15	EUR	104.24
High Ytd (20-04-15)	EUR	106.42
Low Ytd (02-01-15)	EUR	102.93

Reference index

Barclays Global Aggregate - Corporates (hedged into EUR)

General facts

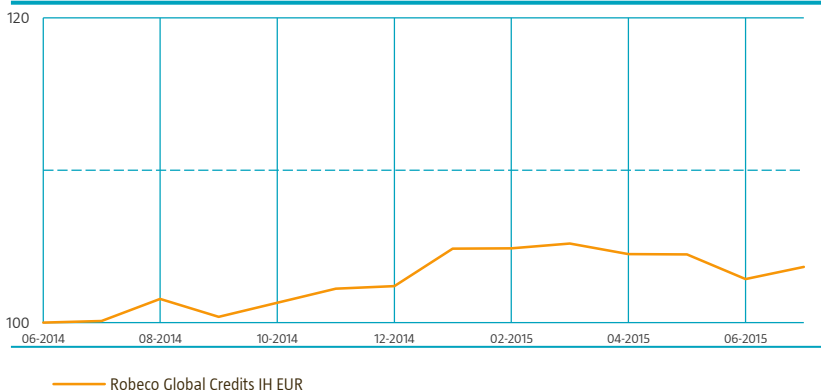
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 149,115,367
Size of share class	EUR 13,544,804
Outstanding shares	130,001
1st quotation date	04-06-2014
Close financial year	31-12
Ongoing charges	0.49%
Daily tradable	Yes
Dividend paid	No
ex-ante RatioVaR limit	-
Management company	Robeco Luxembourg S.A.

Fees

Management fee	0.40%
Service fee	0.08%

Performance

Indexed value (30-06-2014 - 31-07-2015)



Performance

Based on transaction prices, the fund's return was 0.77%.

The fund's beta was between 1 and 1.10 during the month, reflecting our overweight view on corporate bonds. The beta position had a small negative effect on the fund's total return, as the index excess return was -0.18% this month. Issuer selection made a positive contribution to the fund's total return. Positions that performed well were Softbank, Coca Cola Enterprise and Royal Bank of Scotland. Bonds that did not perform well were Qualcomm, Anadarko and Kinder Morgan.

Market development

The Global Aggregate Corporate Index returned 0.80% over the month (hedged in EUR). The yield on 10-year US Treasury bonds ended the month at 2.18%, declining 17 basis points during the month. The yield on 10-year German government bonds declined 12 basis points to 0.64% at the end of the month. The global corporate bond index delivered a negative excess return of -0.18% versus government bonds. The US corporate-bond market (-0.47% excess return) underperformed the Euro investment-grade corporate market (0.48%). Emerging-market corporate bonds performed negatively (-0.72%), while US High Yield delivered -1.15% in excess return over Treasuries. The outperformance of Euro-denominated credit started after a Greek exit from the Eurozone was avoided. The only real thing that has been accomplished so far is bridge financing for a few months, but markets do expect that negotiations on a third bail-out program for Greece will be successful. Spreads recovered and the market for new issuance opened up again. However, the amount that was issued was not as large as feared by some. The biggest factor weighing negatively on sentiment was the sell-off in Chinese equity markets. Even large-scale government interventions have so far not been able to stop the price declines.

Expectation of fund manager

On 18 June, our last Quarterly Outlook took place. We keep our intention to be overweight credit beta, but the targeted overweight is only a small one. Although a Greek exit has been avoided, we would not be surprised to see more tough negotiations ahead, for instance on the subject of debt sustainability. We have reduced the positions in sub insurance debt and corporate hybrids, as these parts of the market seem to be most sensitive to a potential change in sentiment.

	Yes	No	N/A
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"/>

Top 10 largest positions

The largest positions are in both financials and corporates. In financials, we favor subordinated bonds, mainly Tier-2 capital issued by banks and insurers. In corporates we like European corporate hybrids, though for tactical reasons we have reduced the exposure that we hold during July.

Legal status

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

Issue structure	Open-end
UCITS IV	Yes
Share class	IH EUR
This fund is a subfund of Robeco Capital Growth Funds, SICAV.	

Registered in

Germany, Luxembourg, Netherlands, United Kingdom

Currency policy

All currency risks are hedged.

Risk management

Risk management is fully embedded in the investment process so as to ensure that the fund's positions remain within set limits at all times.

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

Fund codes

ISIN	LU1071420456
Bloomberg	RGBCIHE LX

ESG integration policy

The prime goal of integrating ESG factors in our analysis is to strengthen our ability to assess the downside risk of our credit investments. Our analysts include RobecoSAM sustainability data and use external sources to make an ESG assessment as a part of the fundamental analysis.

Top 10 largest positions

Holding	Sector	%
Citigroup Inc	Financials	1.90
Priceline Group Inc/The	Industrials	1.80
Wells Fargo & Co	Financials	1.80
Bank Of America Corp	Financials	1.70
Jpmorgan Chase & Co	Financials	1.50
Verizon Communications Inc	Industrials	1.50
Time Warner Inc	Industrials	1.40
At&T Inc	Industrials	1.40
Tesco Corporate Treasury Servi	Industrials	1.40
Bank Of Ireland	Financials	1.40
Total		15.80

Characteristics

	Fund	Index
Rating	A3/BAA1	A3/BAA1
Option Adjusted Modified Duration (years)	6.1	6.3
Maturity (years)	7.7	8.7
Yield to Worst (%)	3.3	3.5










Sector allocation

The sector allocation is to a large extent driven by bottom-up issuer selection.

Sector allocation		
Industrials		51.6%
Financials		34.1%
ABS		4.1%
Treasuries		1.4%
Utilities		1.3%
Agencies		0.5%
Cash and Cash Equivalents		7.0%

Currency denomination allocation

The Global Corporate benchmark is dominated by US dollar, euro and pound sterling issues. Currency exposures in the EUR share classes are hedged.

Currency denomination allocation		
US Dollar		54.8%
European Euro		44.1%
United Kingdom Pound Sterling		1.4%
Canadian Dollar		0.1%
Swiss Franc		0.0%
Australian Dollar		0.0%
Japanese Yen		0.0%
Korean Won		0.0%
Singapore Dollar		0.0%






Duration allocation

The duration of the fund is matched with the benchmark's interest-rate sensitivity, which is just over 6 years.

Duration allocation		
US Dollar		4.4%
European Euro		1.1%
United Kingdom Pound Sterling		0.5%
Canadian Dollar		0.1%
Japanese Yen		0.0%


Rating allocation

The fund is overweight BBB and BB due to investments in subordinated bonds issued by financials and subordinated corporate hybrid bonds.

Rating allocation		
AAA		5.3%
AA		4.0%
A		28.5%
BAA		44.2%
BA		11.0%
NR		0.2%
Cash and Cash Equivalents		6.8%

Subordination allocation

In the allocation to the capital structure we favor subordinated bonds, such as corporate hybrids and Tier-2 financials over senior bonds, given their attractive valuations.

Subordination type allocation		
Senior		67.0%
Tier 2		20.9%
Hybrid		4.7%
Subordinated		0.4%
Tier 1		0.0%
Other		0.0%
Cash and Cash Equivalents		7.0%

Investment policy

The Robeco Global 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 global credits markets with investment grade credit acting as the core of the global 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's Global Credits fund offers the flexibility of an integrated strategy. The fund invests in the best-of-class credits across all asset classes regardless of type or location, and does not follow a benchmark (though it has a reference index). The flexibility of an integrated credit strategy is increasingly required as central bank policies continue to desynchronize and as different credit markets reprice securities as their economies and companies improve at different rates. 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, high yield and emerging markets. This allocation is based on attaining the best risk reward profile for 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 M&S 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.

Team info

The Robeco Global Credits fund is managed within Robeco's credit team, which consists of eight portfolio managers and thirteen 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 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 0.01% 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.

Fiscal treatment of investor

Investors who are not subject to (exempt from) Dutch corporate-income tax (e.g. pension funds) are not taxed on the achieved result. Investors who are subject to Dutch corporate-income tax can be taxed for the result achieved on their investment in the fund. Dutch bodies that are subject to corporate-income tax are obligated to declare interest and dividend income, as well as capital gains in their tax return. Investors residing outside the Netherlands are subject to their respective national tax regime applying to foreign investment funds. We advise individual 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

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