ROBECO

Factsheet | Figures as of 29-02-2024

Robeco Financial Institutions Bonds OI EUR

Robeco Financial Institutions Bonds is an actively managed fund that mainly invests in subordinated euro-denominated bonds issued by financial institutions. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The fund offers a diversified exposure to subordinated bonds issued by banks and insurance companies and the focus of the fund is, in general, towards higher rated issuers (investment grade).

Jan Willem de Moor, Jan Willem Knoll
Fund manager since 16-05-2011

Performance

	Fund	Index
1 m	-0.21%	-0.34%
3 m	3.26%	3.39%
Ytd	0.64%	0.33%
1 Year	9.47%	8.74%
2 Years	0.88%	-0.12%
3 Years	-0.60%	-1.34%
5 Years	1.23%	0.98%
Since 08-2014	1.84%	2.09%

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
2023	10.49%	10.09%
2022	-12.87%	-13.94%
2021	0.88%	0.58%
2020	2.75%	2.56%
2019	9.34%	10.45%
2021-2023	-0.97%	-1.60%
2019-2023	1.76%	1.54%

Annualized (years)

Index

Bloomberg Euro-Aggregate: Corp. Fin. Subordinated 2% Issuer Cap (EUR)

General facts

Morningstar	★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 1,815,833,443
Size of share class	EUR 4,349,671
Outstanding shares	36,557
1st quotation date	08-08-2014
Close financial year	31-12
Ongoing charges	0.54%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	4.00%
Management company	Robeco Institutional Asset Management B.V.

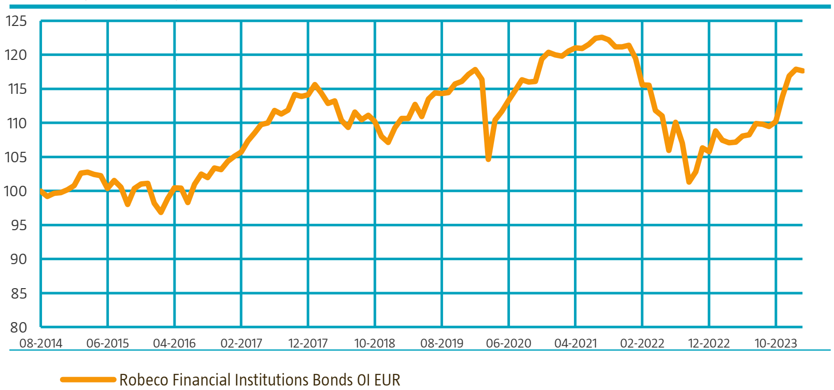
Sustainability profile

- Exclusions
- ESG Integration
- Engagement

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

Performance

Indexed value (until 29-02-2024) - Source: Robeco



Performance

Based on transaction prices, the fund's return was -0.21%.
The negative return was driven by an increase in underlying government bond yields. The average index spread ended the month at 200 basis points, 22 basis points tighter than at the end of January. The index excess return of subordinated bonds over underlying government bonds was therefore positive, at 0.92%. This positive spread performance was not enough to offset the impact of higher underlying government bond yields. The performance of the underlying portfolio, measured gross of fees, was better than that of the index. The beta overweight position contributed positively, as the asset class had a positive excess return over government bonds. Issuer selection made a small positive contribution too. Measured on a risk-adjusted basis, the underweight in real estate hybrids and the overweight in insurance perpetuals contributed positively to the relative performance. The overweight in bank CoCos detracted from the relative performance. Individual positions that contributed most were Fidelidade and Athora, while the underweights in Aroundtown and Svenska Handelsbanken helped too. Names that detracted were Deutsche Bank, Erste Bank and ASR.

Market development

Capital markets continued to have a good appetite for risk in February: equity markets posted new highs and spreads in the investment grade and high yield market continued to tighten. New issue activity remained high. We participated in some of these new deals, acquiring new CoCos of ABN AMRO and UBS and new Tier-2 bonds issued by Danske Bank and BPCE. We also participated in new senior unsecured bond issues from Alpha Bank, BPER and Raiffeisen Bank. Sentiment in the rates market was less positive in February, as markets have become more cautious due to the outlook for rate cuts by central banks. Strong economic data (US labor market data for instance) and inflation numbers that in some cases disappointed the market led to a strong repricing of potential rate cuts for 2024. Bonds of some smaller German banks suffered as the market started to worry about their large holdings in the US CRE market. In the portfolio we do not hold any of the names involved, though spreads of banks like Deutsche Bank and Commerzbank also widened a bit. The widening was not large enough for us to add to the existing positions in these two names.

Expectation of fund manager

In our last quarterly outlook, we noted consensus views had begun to shift towards a soft landing. That did not change in the last quarter, as more economists and strategists abandoned their bear case views on the economy. We argue that this is precisely the time to remain cautious, especially for non-financial debt. That said, the banking sector globally remains relatively cheap. In particular, senior bank bonds have generally lagged the market and can still be considered on the cheap side. AT1 bonds have performed quite well and are now below median levels, albeit still higher than pre-March. Banks benefit from the higher rates environment via improved interest margins. As we think that banks are in the sweet spot within the broader credit market, we are happy to run a small long beta position for the fund. As CoCos have showed a good recovery in the last months, we have taken some profit and we have thereby reduced the allocation to this part of the market. We have increased exposure to senior paper in the last quarters, as we participated in interesting new issues from banks in Poland, Romania and Greece.

Top 10 largest positions

The fund has a benchmark that caps benchmark weights at 2%. For diversification reasons, actual individual positions will be limited to 3% at max. Holdings typically consist of exposures to large and strong banks and insurance companies.

Fund price

29-02-24	EUR	118.98
High Ytd (02-02-24)	EUR	119.23
Low Ytd (09-01-24)	EUR	117.39

Fees

Management fee	0.40%
Performance fee	None
Service fee	0.12%

Legal status

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

Issue structure	Open-end
UCITS V	Yes
Share class	OI EUR

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

Registered in

Austria, Germany, Italy, Luxembourg, Singapore, Spain, Switzerland

Currency policy

All currency risks are hedged into the euro. Derivatives are used to lower interest rate sensitivity and can also be used for various other reasons, for instance for hedging single positions, for arbitrage, and for leverage to gain extra exposure to the credit market.

Risk management

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

Dividend policy

This share class of the fund does not distribute dividend.

Derivative policy

Robeco Financial Institutions Bonds fund make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

Fund codes

ISIN	LU1090433381
Bloomberg	ROBOIHE LX
WKN	A1171K
Valoren	24982591

Top 10 largest positions

Holdings	Sector	%
Ageas SA/NV	Financials	2.86
CaixaBank SA	Financials	2.77
Erste Group Bank AG	Financials	2.76
ELM BV for Helvetia Schweizerische Versicherungsge	Financials	2.71
Banco Bilbao Vizcaya Argentaria SA	Financials	2.70
Raiffeisen Bank International AG	Financials	2.67
ASR Nederland NV	Financials	2.66
HSBC Holdings PLC	Financials	2.45
Credit Agricole Assurances SA	Financials	2.45
ING Groep NV	Financials	2.42
Total		**26.45**

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.33	1.66
Information ratio	0.94	0.46
Sharpe ratio	-0.18	0.15
Alpha (%)	1.33	0.76
Beta	1.02	1.05
Standard deviation	7.11	7.97
Max. monthly gain (%)	3.95	5.56
Max. monthly loss (%)	-5.28	-10.05

Above mentioned ratios are based on gross of fees returns

Hit ratio

	3 Years	5 Years
Months outperformance	27	40
Hit ratio (%)	75.0	66.7
Months Bull market	17	34
Months outperformance Bull	14	25
Hit ratio Bull (%)	82.4	73.5
Months Bear market	19	26
Months Outperformance Bear	13	15
Hit ratio Bear (%)	68.4	57.7

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BAA1/BAA2	BAA1/BAA2
Option Adjusted Modified Duration (years)	3.8	3.8
Maturity (years)	4.5	4.3
Yield to Worst (%, Hedged)	5.3	4.9
Green Bonds (%, Weighted)	6.6	7.8

Changes

The benchmark of the fund is Bloomberg Barclays Euro-Aggregate: Corporates Financials Subordinated 2% Issuer Cap (EUR). The fund aims to outperform by taking positions that deviate from the benchmark within predefined risk limits. This share class of the fund hedged the interest rate duration until 10 December 2019 to nearly zero, therefore the benchmark of the fund was not representative. Since 11 December 2019, the duration hedge was removed and the benchmark is representative to compare the fund performance.

Sector allocation

The fund only invests in financials – excess cash may be invested in (German) government bonds.

Sector allocation		Deviation index
Financials	89.5%	-10.5%
Treasuries	4.3%	4.3%
Agencies	3.5%	3.5%
Cash and other instruments	2.8%	2.8%

Currency denomination allocation

The fund is allowed to invest in currencies other than euros. Approx. 6% of the fund is invested in bonds issued in pound sterling and US dollars. All foreign currency exposures are hedged.

Currency denomination allocation		Deviation index
Euro	88.7%	-11.3%
Pound Sterling	4.6%	4.6%
U.S. Dollar	3.9%	3.9%

Duration allocation

The fund aims to hold an interest rate position that is neutral versus the benchmark.

Duration allocation		Deviation index
Euro	3.8	0.0

Rating allocation

The fund does not follow an active rating strategy – the current rating allocation is a result of bottom-up bond selection. The fund is allowed to invest in high yield and around 16% of the portfolio is currently invested in high yield-rated bonds.

Rating allocation		Deviation index
AAA	1.9%	1.9%
AA	2.4%	2.4%
A	12.4%	-10.6%
BAA	65.7%	-11.3%
BA	14.4%	14.4%
B	0.4%	0.4%
Cash and other instruments	2.8%	2.8%

Country allocation

Country allocation is to a large extent bottom-up driven. We are underweight in French banks, as spreads are tight. The largest overweight can be found in Spanish banks.

Country allocation		Deviation index
Netherlands	15.2%	5.4%
France	14.5%	-11.0%
Spain	10.9%	2.6%
United Kingdom	10.0%	0.9%
Germany	7.1%	-4.0%
Belgium	6.8%	2.8%
Austria	6.2%	0.7%
Switzerland	5.7%	0.1%
Denmark	4.2%	0.2%
United States	3.1%	2.4%
Finland	2.4%	-1.4%
Other	10.9%	-1.6%
Cash and other instruments	2.8%	2.8%

Subordination allocation

About 69% of the portfolio is invested in Tier-2 debt: 45% is invested in Tier-2 bonds issued by banks and 24% in Tier-2 bonds issued by insurance companies. About 14% of the portfolio is invested in Tier-1 debt, of which bank Tier-1 CoCo bonds represent about 10%. On top of the bank CoCo bonds, we hold around 4% in insurance CoCo bonds. The exposure to senior bonds mainly consists of German Bunds, though we also hold senior bank bonds issued by banks like Permanent TSB Group, Alpha Bank, mBank and Banca Transilvania. The categories hybrid and subordinated contain subordinated debt issued by insurance companies.

Subordination type allocation		Deviation index
Tier 2	69.5%	-21.8%
Tier 1	13.4%	13.1%
Senior	8.7%	8.7%
Hybrid	5.4%	-2.5%
Subordinated	0.2%	-0.3%
Cash and other instruments	2.8%	2.8%

ESG Important information

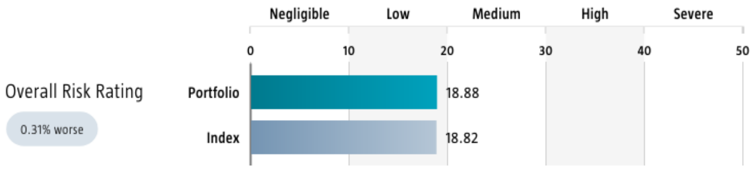
The sustainability information in this factsheet can help investors integrate sustainability considerations in their process. This information is for informational purposes only. The reported sustainability information may not at all be used in relation to binding elements for this fund. A decision to invest should take into account all characteristics or objectives of the fund as described in the prospectus. The prospectus is available on request and free of charge on the Robeco website.

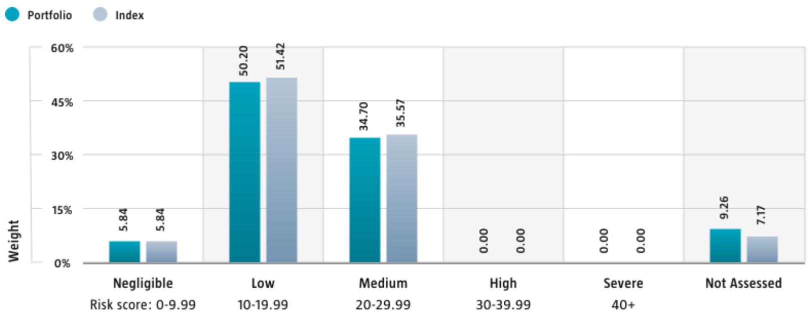
Sustainability

The fund incorporates sustainability in the investment process via exclusions, ESG integration, a minimum allocation to ESG-labeled bonds, 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. Furthermore, the fund invests at least 5% in green, social, sustainable, and/or sustainability-linked bonds. Lastly, where issuers are flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to engagement.
The following sections display the ESG-metrics for this fund along with short descriptions. For more information please visit the sustainability-related disclosures.
The index used for all sustainability visuals is based on Bloomberg Euro-Aggregate: Corp. Fin. Subordinated 2% Issuer Cap (EUR).

Sustainalytics ESG Risk Rating

The Portfolio Sustainalytics ESG Risk Rating chart displays the portfolio's ESG Risk Rating. This is calculated by multiplying each portfolio component's Sustainalytics ESG Risk Rating by its respective portfolio weight. The Distribution across Sustainalytics ESG Risk levels chart shows the portfolio allocations broken into Sustainalytics' five ESG risk levels: negligible (0-10), low (10-20), medium (20-30), high (30-40) and severe (40+), providing an overview of portfolio exposure to the different ESG risk levels. Index scores are provided alongside the portfolio scores, highlighting the portfolio's ESG risk level compared to the index.
Only holdings mapped as corporates are included in the figures.

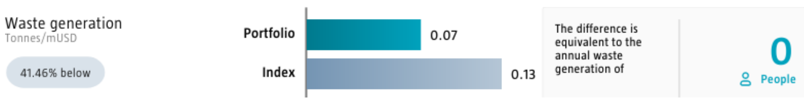




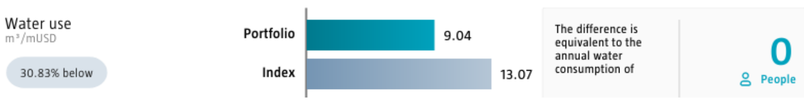
Environmental Footprint

Environmental footprint expresses the total resource consumption of the portfolio per mUSD invested. Each assessed company's footprint is calculated by normalizing resources consumed by the company's enterprise value including cash (EVIC). We aggregate these figures to portfolio level using a weighted average, multiplying each assessed portfolio constituent's footprint by its respective position weight. For comparison, index footprints are shown besides that of the portfolio. The equivalent factors that are used for comparison between the portfolio and index represent European averages and are based on third-party sources combined with own estimates. As such, the figures presented are intended for illustrative purposes and are purely an indication. Only holdings mapped as corporates are included in the figures.

Source: Robeco data based on Trucost data. *



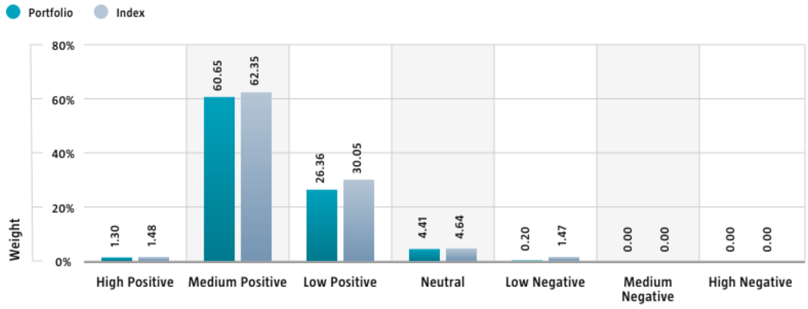
Source: Robeco data based on Trucost data. *



Source: Robeco data based on Trucost data. *

SDG Impact Alignment

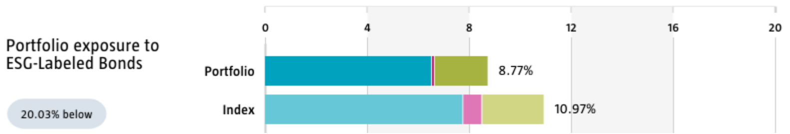
This distribution across SDG scores shows the portfolio weight allocated to companies with a positive, negative and neutral impact alignment with the Sustainable Development Goals (SDG) based on Robeco's SDG Framework. The framework utilizes a three-step approach to assess a company's impact alignment with the relevant SDGs and assign a total SDG score. The score ranges from positive to negative impact alignment with levels from high, medium or low impact alignment. This results in a 7-step scale from -3 to +3. For comparison, index figures are provided alongside that of the portfolio. Only holdings mapped as corporates are included in the figures.



Source: Robeco. Data derived from internal processes.

ESG Labeled Bonds

The ESG-labeled bond chart displays the portfolio's exposure to ESG-labeled bonds. Specifically, green bonds, social bonds, sustainability bonds, and sustainability-linked bonds. This is calculated as a sum of weights for those bonds in the portfolio that have one of above mentioned labels. Index exposure figures are provided alongside the portfolio exposure figures, highlighting the difference with the index.



	Portfolio weight	Index weight
Green Bonds	6.55%	7.78%
Social Bonds	0.11%	0.75%
Sustainability Bonds	2.11%	2.44%
Sustainability-Linked Bonds	0.00%	0.00%

Source: Bloomberg in conjunction with data derived from internal processes. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg").

Engagement

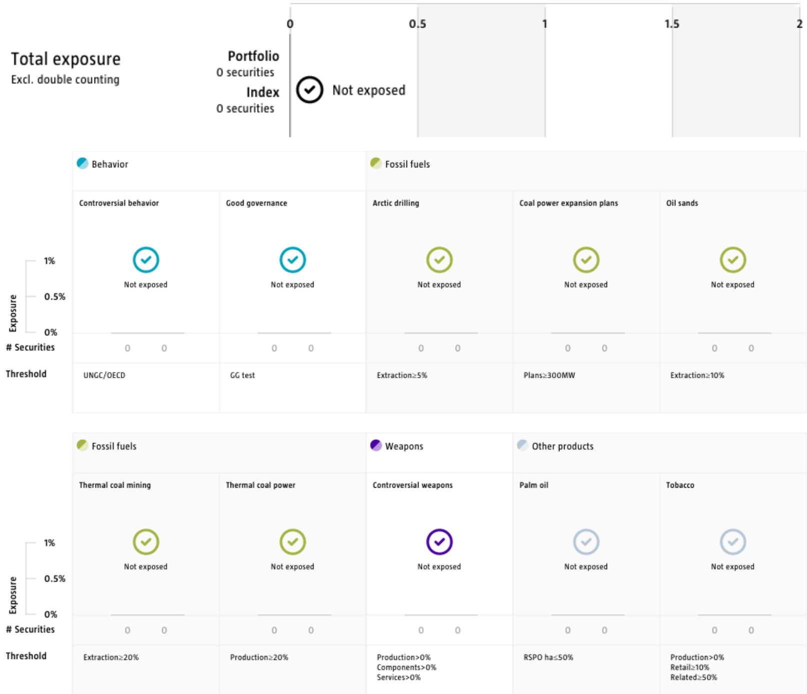
Robeco distinguishes between three types of engagement.
Value Engagement focuses on long-term issues that are financially material and/or are causing adverse sustainability impacts. The themes can be broken into Environmental, Social, Governance, or Voting-related. SDG Engagement aims to drive a clear and measurable improvement in a company's SDG contribution. Enhanced engagement is triggered by misconduct and focuses on companies severely breaching internationals standards. The report is based on all companies in the portfolio for which engagement activities have taken place during the past 12 months. Note that companies may be under engagement in multiple categories simultaneously. While the total portfolio exposure excludes double counting, it may not equal the sum of individual category exposures.

	Portfolio exposure	# companies engaged with	# activities with companies engaged with
Total (* excluding double counting)	9.12%	4	18
Environmental	6.73%	3	17
Social	0.00%	0	0
Governance	0.00%	0	0
Sustainable Development Goals	0.00%	0	0
Voting Related	2.39%	1	1
Enhanced	0.00%	0	0

Source: Robeco. Data derived from internal processes.

Exclusions

The Exclusions charts display the degree of adherence to exclusion applied by Robeco. For reference, index exposures are shown beside that of the portfolio. Thresholds are based on revenues unless otherwise indicated. For more information about the exclusion policy and which level applies, please refer to the Exclusion Policy and Exclusion List available on Robeco.com.



Source: We use several data sources such as Sustainalytics, RSPO (Roundtable on Sustainable Palm Oil), World Bank, Freedom House, Fund for Peace and International Sanctions; further policy document available Exclusion Policy

Investment policy

Robeco Financial Institutions Bonds is an actively managed fund that mainly invests in subordinated euro-denominated bonds issued by financial institutions. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The fund offers a diversified exposure to subordinated bonds issued by banks and insurance companies and the focus of the fund is, in general, towards higher rated issuers (investment grade).
The fund promotes E&S (i.e. Environmental and Social) characteristics within the meaning of Article 8 of the European Sustainable Finance Disclosure Regulation, integrates sustainability risks in the investment process and applies Robeco's Good Governance policy. The fund applies sustainability indicators, including but not limited to, normative, activity-based and region-based exclusions, and engagement.
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

Jan Willem de Moor is Portfolio Manager Investment Grade in the Credit team. Prior to joining Robeco in 2005, he worked at the Dutch Medical professionals' pension fund as an Equity Portfolio Manager and at SNS Asset Management as an Equity Portfolio Manager. Jan Willem has been active in the industry since 1994. He holds a Master's in Economics from Tilburg University. Jan Willem Knoll is Portfolio Manager Investment Grade in the Credit team. He joined the Credit team in 2016. Previously, Jan Willem headed the Financials Equity sell-side research team at ABN AMRO. He started his career in the industry in 1999 at APG, where he held several positions including Portfolio Manager of a global insurance portfolio and subsequently a pan-European financials portfolio. Jan Willem holds a Master's in Business Economics from the University of Groningen and he is a CFA® charterholder.

Team info

The Robeco Financial Institutions Bonds fund is managed within Robeco's credit team, which consists of nine portfolio managers and twenty-three credit analysts (of which four financials 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

Sustainability images

The figures shown in the sustainability visuals are calculated on subfund level.

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