ROBECO

Factsheet | Figures as of 28-02-2019

Robeco Global Credits OIH EUR

Robeco Global Credits invests primarily in a diversified portfolio of global investment grade corporate bonds. The selection of these bonds is based on fundamental analysis. This fund has the flexibility to invest in other fixed income asset classes such as high yield, Emerging Credits and Asset Backed Securities. The fund can take limited active duration (interest-rate sensitivity) positions. This share class hedges the duration of the portfolio to nearly zero.

Victor Verberk
Fund manager since 04-06-2014

Performance

	Fund	Index
1 m	0.71%	0.20%
3 m	1.31%	2.75%
Ytd	1.74%	1.88%
1 Year	-1.93%	0.04%
2 Years	0.80%	0.27%
3 Years	3.22%	1.76%
Since 11-2015	2.00%	1.74%

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
2018	-3.20%	-3.76%
2017	4.00%	3.66%
2016	3.90%	4.59%
2016-2018	1.51%	1.42%

Annualized (years)

Fund price

28-02-19	EUR	106.50
High Ytd (27-02-19)	EUR	106.72
Low Ytd (08-01-19)	EUR	104.42

Index

Bloomberg Barclays Global Aggregate - Corporates (hedged into EUR)

General facts

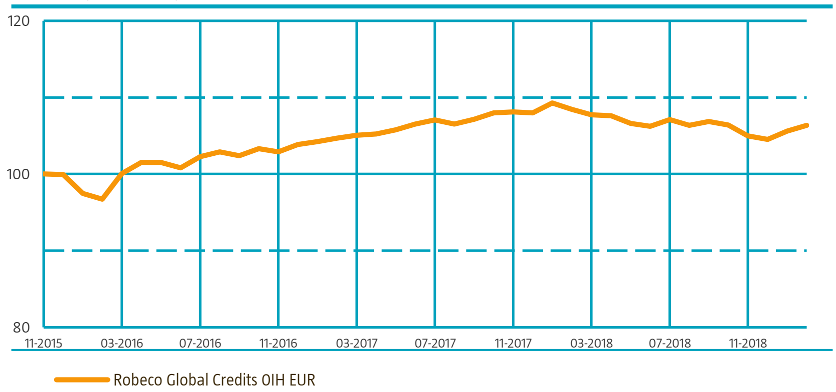
Morningstar	★★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 1,244,567,765
Size of share class	EUR 19,347
Outstanding shares	181
1st quotation date	19-11-2015
Close financial year	31-12
Ongoing charges	0.49%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	5.00%
Management company	Robeco Luxembourg S.A.

Fees

Management fee	0.40%
Performance fee	None
Service fee	0.08%
Expected transaction costs	0.26%

Performance

Indexed value (until 28-02-2019) - Source: Robeco



Performance

Based on transaction prices, the fund's return was 0.71%.
The fund's beta was 1.2 during the month. The beta position had a positive effect on the fund's return. The overweight risk is for a large part the result of a small number of banks that trade at wide levels and add a lot of risk in the DTS methodology. Issuer selection made a positive contribution to the performance. As European markets caught up with US markets, the funds recovered the performance lost in January. As market sentiment improved, financial bonds, particularly subordinated financials, came back in favor. The fund still has a modest overweight in this sector.

Market development

The Global Aggregate Corporate Bond Index returned +0.20% (hedged to euros) as credit spreads tightened and rates moved up. The 10-year US Treasury yield increased 9 bps to 2.71%, while the German 10-year yield increased 3 bps to 0.18%. The credit spread on the Global Corporate Bond Index decreased 10 bps to 1.26%. Market strength continued into February as flows into emerging markets picked up. Although economic data worldwide continues to disappoint, the direction of data and rhetoric by politicians is improving. Chinese officials continue to change policies to improve money availability and stimulate economic growth. The market is also increasingly optimistic about the probability of a trade deal between the US and China. High yield markets are outperforming investment grade markets. The Global Corporate Bond Index delivered a positive excess return of +0.67% versus government bonds. US corporate bonds underperformed European corporate bonds with excess returns of +0.62% and +0.87% respectively. High yield (+1.61%) and emerging market credits (+1.00%) outperformed global investment grade markets.

Expectation of fund manager

China’s growth engine continues to slow down, putting pressure on global economic growth. This has an impact on commodity prices and on China’s main trading partners. As a result we see PMIs in the Asian region decline, pointing towards a slowdown in the entire region. So far commodity prices are holding up well which is partly due to the better shape China’s industrial sector is in. Authorities have rationalized several industries with overcapacity. Over the past month, Chinese authorities have implemented new loosening measures. In the US federal Reserve chairman Powell announced a surprising pause in the rate hiking cycle. It was a key reason for last month’s market performance. No further rate hikes is good news for many emerging markets as they are reliant on offshore dollar liquidity. In Europe, Italy and Brexit fears have been put aside for now. Especially volatility around new Brexit news may pop-up soon as the talks continue. The reversal of monetary tightening however seems to be much more important than economic data.

SI fund classification

	Yes	No	N/A
Engagement	✔	☐	☐
ESG Integration	✔	☐	☐
Exclusion	✔	☐	☐

Top 10 largest positions

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Legal status

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

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

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

Registered in

Belgium, 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 so as to ensure that the fund's positions remain within set limits at all times.

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.

Derivative policy

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

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

Holdings	**Sector**	**%**
United Overseas Bank Ltd	Financials	2.20
Bankia Sa	Financials	1.80
Volkswagen International Finance Nv	Industrials	1.80
Aib Group Plc	Financials	1.71
Asr Nederland Nv	Financials	1.67
Banco De Sabadell Sa	Financials	1.64
Vodafone Group Plc	Industrials	1.61
Kinder Morgan Energy Partners Lp	Industrials	1.54
Duke Energy Florida Llc	Utilities	1.50
Dp World Plc	Agencies	1.45
Total		**16.93**

Statistics

	3 Years
Tracking error ex-post (%)	3.25
Information ratio	0.58
Sharpe ratio	1.32
Alpha (%)	3.11
Beta	0.44
Standard deviation	3.06
Max. monthly gain (%)	3.47
Max. monthly loss (%)	-1.47

Above mentioned ratios are based on gross of fees returns.

Hit ratio

	3 Years
Months outperformance	20
Hit ratio (%)	55.6
Months Bull market	20
Months outperformance Bull	7
Hit ratio Bull (%)	35.0
Months Bear market	16
Months Outperformance Bear	13
Hit ratio Bear (%)	81.3

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	**Index**
Rating	BAA1/BAA2	A3/BAA1
Option Adjusted Modified Duration (years)	0.4	6.4
Maturity (years)	7.6	8.9
Yield to Worst (%, Hedged)	1.0	0.9

Sector allocation

The sector allocation is largely driven by bottom-up issuer selection. Corporate bonds are attractive again after the end of QE. Also, senior financial securities and emerging market corporates have become more attractive. Utilities and insurance bonds outperformed other sectors.

Sector allocation	
Industrials	46.0%
Financials	35.0%
Agencies	5.8%
Covered	4.2%
Utilities	2.8%
ABS	2.5%
Treasuries	0.7%
Sovereign	0.1%
Not Classified	0.1%
Cash and other instruments	2.8%

Currency denomination allocation

The fund continues to be overweight euro denominated bonds. After the December repricing, the fund's allocation to USD denominated bonds was increased. In percentage weights, the allocations to euro, dollar and pound are 43%, 49% and 5%, respectively. All currency exposures are hedged back to Barclays Aggregate Corporate Index.

Currency denomination allocation	
US Dollar	47.8%
European Euro	46.4%
United Kingdom Pound Sterling	6.4%
Canadian Dollar	0.0%
Japanese Yen	0.0%
Australian Dollar	0.0%
Swiss Franc	0.0%
Other	-0.6%

Duration allocation

The duration of the fund was in line with its benchmark.

Duration allocation	
Canadian Dollar	0.2
US Dollar	0.1
United Kingdom Pound Sterling	0.1
European Euro	0.0

Rating allocation

The fund remains underweight in AA- and A-rated credits and overweight in AAA, BBB and BB credits, mostly due to investments in covered bonds, emerging market corporates and subordinated bonds issued by financials respectively.

Rating allocation	
AAA	5.5%
AA	2.2%
A	15.2%
BAA	61.3%
BA	11.1%
B	1.5%
NR	0.3%
Other	0.0%
Cash and other instruments	2.8%

Subordination allocation

In the allocation to the capital structure we increasingly favor senior bonds over subordinated bonds. The exposure to subordinated bonds had already been reduced in the last few quarters and this trend continues.

Subordination type allocation	
Senior	75.2%
Tier 2	12.2%
Hybrid	5.4%
Tier 1	4.3%
Subordinated	0.0%
Other	0.1%
Cash and other instruments	2.8%

Investment policy

The Robeco Global Credits 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. 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 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.

Team info

The Robeco Global Credits 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.

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

Disclaimer

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