ROBECO

Factsheet | Figures as of 29-02-2024

Robeco European High Yield Bonds IH EUR

Robeco European High Yield Bonds is an actively managed fund that invests in bonds with a sub-investment grade rating, issued primarily by European and US issuers. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The portfolio is broadly diversified, with a structural bias towards the higher rated part in high yield (BB/B). Performance drivers are the top-down beta positioning as well as bottom-up issuer selection.



Roeland Moraal, Daniel de Koning, Sander Bus, Christiaan Lever
Fund manager since 03-10-2005

Performance

	Fund	Index
1 m	0.29%	0.35%
3 m	3.48%	3.70%
Ytd	0.80%	0.83%
1 Year	9.81%	10.68%
2 Years	3.49%	3.45%
3 Years	1.33%	1.64%
5 Years	2.63%	2.91%
10 Years	3.58%	3.56%
Since 10-2005	5.48%	5.36%

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	11.84%	13.00%
2022	-9.40%	-10.02%
2021	2.57%	3.51%
2020	1.79%	2.33%
2019	11.20%	10.68%
2021-2023	1.29%	1.72%
2019-2023	3.30%	3.57%

Annualized (years)

Index

Bloomberg Pan-European HY Corporate ex Financials 2.5% Issuer Constraint index

General facts

Morningstar	★★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 409,352,921
Size of share class	EUR 179,970,638
Outstanding shares	673,888
1st quotation date	03-10-2005
Close financial year	31-12
Ongoing charges	0.72%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	5.00%
Management company	Robeco Institutional Asset Management B.V.

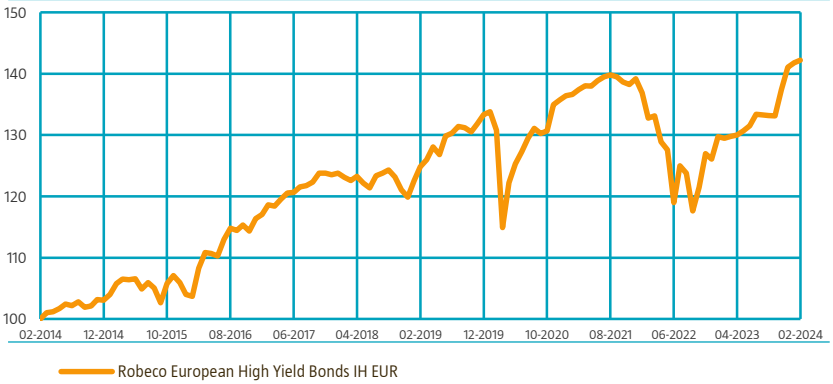
Sustainability profile

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 0.29%.
In February, the high yield bond index recorded a total return of 0.35%. The index's strong credit returns were offset by losses in rates. The fund underperformed the benchmark by 1 bp. Our up-in-quality strategy paid off, as higher-rated bonds performed better when adjusted for risk. Our positive issuer selection contribution was compensated by an equal beta contribution detraction. From a sector perspective, the underperformance due to an overweight position in banking was balanced by gains from an overweight in consumer non-cyclical and underweight in technology. The overweight in Ardagh dragged down performance, as the packaging company missed the earnings estimates. Conversely, our underweight position in Atos paid off following news on a stall in the sale of the business with maturities approaching. Our overweight in Catalent added to performance as a new acquisition was announced. Our position in Deutsche Bank detracted some performance as fears increased on its exposure to US commercial real estate.

Market development

In February, European high yield bond spreads experienced a further tightening, with a decrease of 36 basis points to 311 basis points at month-end. Concurrently, the yield-to-worst increased, concluding the month at 6.16%, a reduction of 16 bps. Corporate earnings for the month have been mostly in line with expectations, favoring the overall spread tightening. Inflation in the Eurozone's largest economies has fallen to 2-year lows. However, the positive effects from energy/fuel costs are rebounding in certain economies. Policymakers at the ECB keep monitoring wage growth closely, fearing that it could make the 'last mile' in the inflation fight tougher, and the target rate of 2% would not be reached so soon. Of a different opinion is the BoE, where comments on the possibility of a cut before reaching the inflation target echoed. Global data was still robust for the most part, and hopes for a soft landing continued. Market participants had to adjust lower their expectations on upcoming Fed cuts for this year, after inflation came in above expectations at 3.1%. In terms of new issuance, European high yield was relatively muted, printing EUR ~2 bln worth of bonds.

Expectation of fund manager

We have reached the end of one of the sharpest hiking cycles in modern history. Economies in Europe and the US have so far moved through it without being derailed. Monetary policies in Europe and the US were effective in the fight against inflation. Markets have declared victory and fully embraced a soft landing. However, we remain cautious, as it is likely we have not fully seen the impact of the tightening cycle. Central banks are gradually pivoting, but rate cuts are still a few months away it seems. Markets have performed quite a bit better than many would have thought, and short risk was a costly position to be in. We continue to see sectors struggle to maintain pricing power, especially with inflation coming down. The market overall has moved a lot and in many parts valuations are outright rich. We believe selection will be key, not all companies are equal, so it is important to remain vigilant and invest in those companies where risk return is properly balanced. We maintain an up and quality approach to our portfolio and are still positive on financials on the back of valuations, maintaining a beta below 1.

Top 10 largest positions

Our top ten holdings consist mostly of companies in the automotive and telecommunications sectors. In the automotive sector, we have large positions in ZF Industries, Forvia (formerly called Faurecia) and Renault. In large communications names, we are underweight in Cellnex and overweight in Virgin Media. Other top holdings are in healthcare research provider IQVIA and vehicle rental company Avis.

Fund price

29-02-24	EUR	267.06
High Ytd (20-02-24)	EUR	268.59
Low Ytd (05-01-24)	EUR	263.46

Fees

Management fee	0.55%
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	IH EUR

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

Registered in

Austria, Chile, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Singapore, Spain, Switzerland, United Kingdom

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 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 European High Yield Bonds make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

Fund codes

ISIN	LU0226955762
Bloomberg	RGCEHBI LX
Sedol	B0NMZM9
WKN	A0HGD7
Valoren	2242481

Top 10 largest positions

Holdings	Sector	%
ZF Europe Finance BV	Consumer Cyclical	3.24
Forvia SE	Consumer Cyclical	2.80
Vmed O2 UK Financing I PLC	Communications	2.07
Cellnex Finance Co SA	Communications	1.82
Renault SA	Consumer Cyclical	1.82
Crown European Holdings SA	Capital Goods	1.79
IQVIA Inc	Consumer Non Cyclical	1.79
Loxam SAS	Capital Goods	1.70
Avis Budget Finance Plc	Transportation	1.53
Telefonica Europe BV	Communications	1.50
Total		**20.08**

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.07	1.02
Information ratio	0.34	0.37
Sharpe ratio	0.10	0.30
Alpha (%)	0.36	0.41
Beta	1.04	0.98
Standard deviation	7.90	9.14
Max. monthly gain (%)	5.13	6.41
Max. monthly loss (%)	-6.73	-12.20

Above mentioned ratios are based on gross of fees returns

Hit ratio

	3 Years	5 Years
Months outperformance	18	32
Hit ratio (%)	50.0	53.3
Months Bull market	24	41
Months outperformance Bull	10	18
Hit ratio Bull (%)	41.7	43.9
Months Bear market	12	19
Months Outperformance Bear	8	14
Hit ratio Bear (%)	66.7	73.7

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BA1/BA2	BA3/B1
Option Adjusted Modified Duration (years)	2.7	2.8
Maturity (years)	3.3	3.4
Yield to Worst (%, Hedged)	5.5	6.0
Green Bonds (%, Weighted)	5.5	6.5

Changes

Before April 2009 the benchmark was the Barclays Pan-European High Yield Corporate 2.5% Issuer Cap (Hedged into EUR)

Sector allocation

The fund currently has overweights in less cyclical sectors such as packaging and chemicals along with an off-benchmark position in financials. Additionally, there are overweights in the cyclical automotive sector and in healthcare. On the other hand, the fund holds underweights in cyclical sectors like retail, supermarkets and transportation, but also in communications.

Sector allocation		Deviation index
Consumer Cyclical	17.1%	-9.4%
Consumer Non Cyclical	16.3%	1.2%
Capital Goods	15.0%	5.5%
Communications	14.3%	-11.2%
Basic Industry	9.0%	2.9%
Banking	7.3%	7.3%
Technology	3.0%	0.3%
Transportation	2.6%	-2.7%
Insurance	2.4%	2.4%
Utility Other	2.1%	0.8%
Owned No Guarantee	1.3%	1.3%
Other	3.9%	-4.1%
Cash and other instruments	5.7%	5.7%

Currency denomination allocation

All currency risks are hedged to the currency of the share class. The currency denomination allocation shows the currency distribution of the portfolio before this FX hedging.

Currency denomination allocation		Deviation index
Euro	85.0%	-3.7%
Pound Sterling	9.3%	-1.9%
Swiss Franc	0.0%	-0.1%

Rating allocation

The biggest investments are in BB and B bonds. The fund also has positions in a number of investment grade instruments that trade at attractive, high yield-like spreads.

Rating allocation		Deviation index
BAA	9.4%	9.4%
BA	63.2%	4.2%
B	19.7%	-16.1%
CAA	1.9%	-3.0%
CA		-0.3%
NR	0.1%	0.1%
Cash and other instruments	5.7%	5.7%

ESG Important information

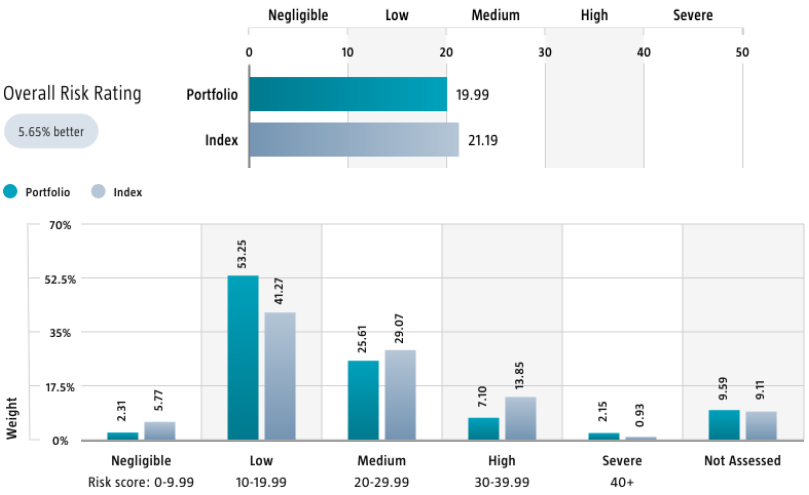
The sustainability information in this factsheet can help investors integrate sustainability considerations in their process. This information is for informational purposes only. The reported sustainability information may not at all be used in relation to binding elements for this fund. A decision to 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 2% 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 Pan-European HY Corporate ex Financials 2.5% Issuer Constraint index.

Sustainalytics ESG Risk Rating

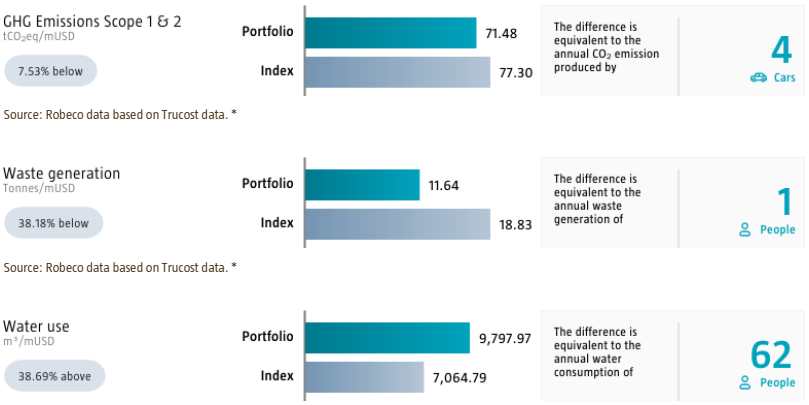
The Portfolio Sustainalytics ESG Risk Rating chart displays the portfolio's ESG Risk Rating. This is calculated by multiplying each portfolio component's Sustainalytics ESG Risk Rating by its respective portfolio weight. The Distribution across Sustainalytics ESG Risk levels chart shows the portfolio 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.



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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. *

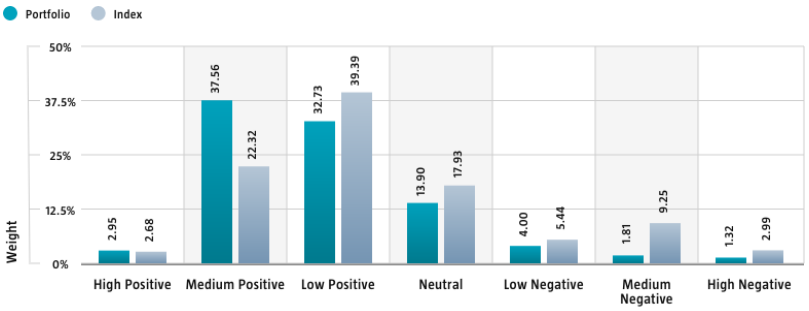
Source: Robeco data based on Trucost data. *

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SDG Impact Alignment

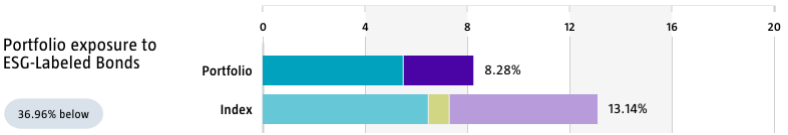
This distribution across SDG scores shows the portfolio weight allocated to companies with a positive, negative and neutral impact alignment with the Sustainable Development Goals (SDG) based on Robeco's SDG Framework. The framework utilizes a three-step approach to assess a company's impact alignment 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	5.52%	6.50%
Social Bonds	0.00%	0.00%
Sustainability Bonds	0.00%	0.82%
Sustainability-Linked Bonds	2.76%	5.82%

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

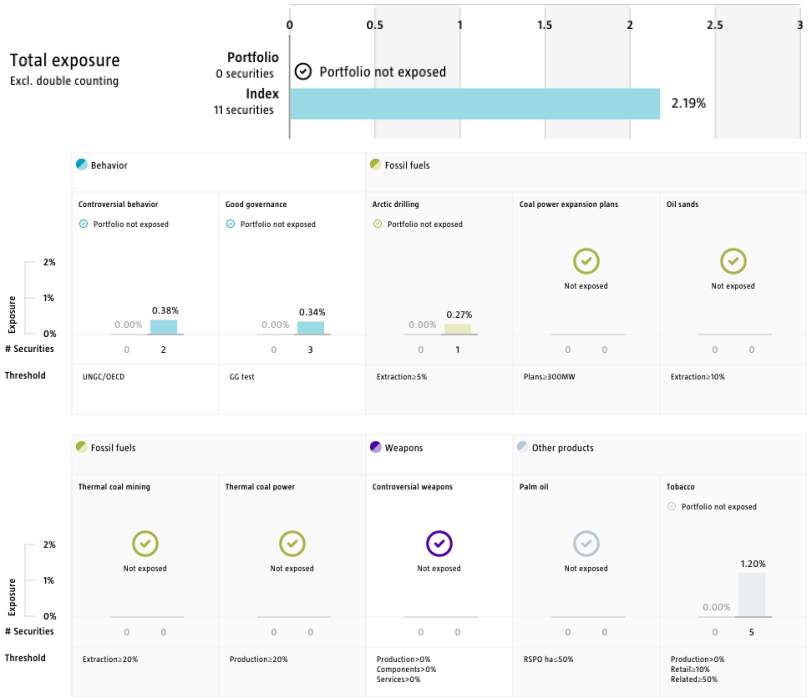
Robeco distinguishes between three types of engagement. Value Engagement focuses on long-term issues that are financially material and/or are causing adverse sustainability impacts. The themes can be broken into Environmental, Social, Governance, or Voting-related. SDG Engagement aims to drive a clear 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)	4.52%	10	21
Environmental	0.44%	3	7
Social	1.38%	2	8
Governance	0.00%	0	0
Sustainable Development Goals	1.93%	3	4
Voting Related	0.77%	2	2
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 European High Yield Bonds is an actively managed fund that invests in bonds with a sub-investment grade rating, issued primarily by European and US issuers. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The portfolio is broadly diversified, with a structural bias towards the higher rated part in high yield (BB/B). Performance drivers are the top-down beta positioning as well as bottom-up issuer selection.
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

Roeland Moraal is Portfolio Manager High Yield in the Credit team. Before assuming this role, he was Portfolio Manager in the Robeco Duration team and worked as an Analyst with the Institute for Research and Investment Services. Roeland started his career in the industry in 1997. He holds a Master's in Applied Mathematics from the University of Twente and a Master's in Law from Erasmus University Rotterdam. Daniel de Koning is Portfolio Manager High Yield in the Credit team. Prior to joining Robeco in 2020, he was Portfolio Manager High Yield at NN Investment Partners. Daniel started his career in 2011 at APG Asset Management, where he held roles of Credit Analyst and Portfolio Manager High Yield. He holds a Master's in Business Economics from the University of Amsterdam and he is a CFA® and CAIA® charterholder. Sander Bus is CIO and Portfolio Manager High Yield Bonds in the Credit team. He has been dedicated to High Yield at Robeco since 1998. Previously, Sander worked for two years as a Fixed Income Analyst at Rabobank where he started his career in the industry in 1996. He holds a Master's in Financial Economics from Erasmus University Rotterdam and he is a CFA® charterholder. Christiaan Lever is Portfolio Manager High Yield and Emerging Credits in the Credit team. Before assuming this role in 2016, he was Financial Risk Manager at Robeco, focusing on market risk, counterparty risk and liquidity risk within fixed Income markets. Christiaan has been active in the industry since 2010. He holds a Master's in Quantitative Finance and in Econometrics from Erasmus University Rotterdam.

Team info

The Robeco European High Yield fund is managed within Robeco's credit team, which consists of nine portfolio managers and twenty-three credit 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 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

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Sustainability images

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

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