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ROBECO

Factsheet | Figures as of 31-07-2023

Robeco Financial Institutions Bonds C 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
Fund manager since 16-05-2011

Performance

	Fund	Index
1 m	1.50%	1.42%
3 m	2.50%	1.91%
Ytd	3.86%	3.85%
1 Year	-0.26%	-2.00%
2 Years	-5.33%	-5.98%
3 Years	-1.51%	-2.26%
5 Years	0.30%	-0.01%
10 Years	2.94%	2.51%
Since 05-2011	4.07%	3.53%

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.

Rolling 12 month returns

	Fund
08-2022 - 07-2023	-0.26%
08-2021 - 07-2022	-10.16%
08-2020 - 07-2021	6.62%
08-2019 - 07-2020	-0.32%
08-2018 - 07-2019	6.57%

Initial charges or eventual custody charges which intermediaries might apply are not included.

Index

Bloomberg Euro Aggregate Corporates Financials Subordinated 2% Issuer Cap

General facts

Morningstar	★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 1,636,898,114
Size of share class	EUR 100,745,916
Outstanding shares	1,128,303
1st quotation date	17-09-2013
Close financial year	31-12
Ongoing charges	0.62%
Daily tradable	Yes
Dividend paid	Yes
Ex-ante tracking error limit	4.00%
Management company	Robeco Institutional Asset Management B.V.
Management company	Robeco Institutional Asset Management B.V.

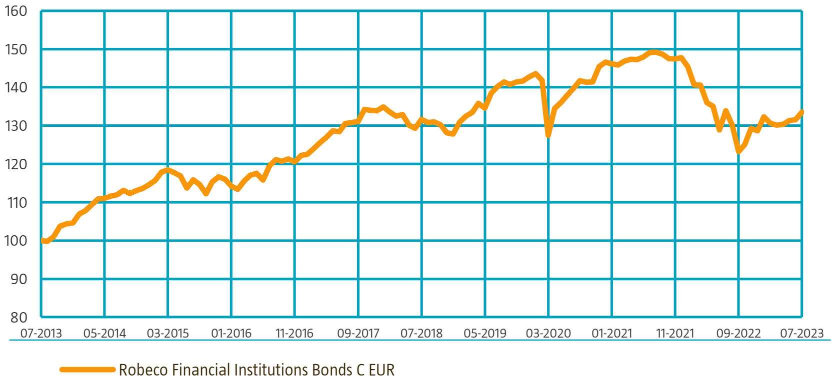
Sustainability profile

Exclusions
ESG Integration
Engagement

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

Performance

Indexed value (until 31-07-2023) - Source: Robeco



Performance

Based on transaction prices, the fund's return was 1.50%.
This return was driven by a combination of carry and spread tightening of subordinated bonds and outperformance versus the index. The average index spread ended the month at 269 basis points, 14 basis points tighter than at the end of June. The index excess return of subordinated bonds over underlying government bonds was positive, at 1.1%. The performance of the underlying portfolio, measured gross of fees, was better than that of the index. The portfolio had a beta overweight position during the month, which contributed positively, as the asset class had a positive excess return over government bonds. The contribution of individual issuer selection was just negative. Looking at individual names, the largest positive contributors to the relative performance were the underweights (no positions) in Unibail-Rodamco and Aroundtown. Other positive contributions came from the overweights in Deutsche Bank, Société Générale and ING Group. Our holdings in Achmea, Fidelidade and Raiffeisen Bank contributed negatively.

Market development

Credit spreads tightened in July, reflecting optimism that the economy has weathered inflation and interest rate shocks without significant recessionary pressures. Risky assets were boosted by softer inflation data in key economies, such as the lowest reported core CPI print in the US since February 2021. Despite evidence that inflation is declining, signs of a robust economy and strong labor markets placed selling pressure on underlying government bond yields. At the end of the month, the results of the European bank stress test were published. As expected, the outcome did not contain significant surprises and the publication of the results was no market driver. Banks like Barclays, CaixaBank, HSBC and BBVA announced the redemption of CoCos that have their first call date in September. Although not unexpected, this did help in further restoring confidence in the asset class of AT1 CoCos. Bank earnings so far have also contributed to the positive sentiment for financials. It is clear that most banks are enjoying the higher interest rate environment, while credit quality in their loan books remains benign for now.

Expectation of fund manager

We are in a period that marks the end of a 15-year experiment of low and negative interest rates. This has ended in an overheated situation where central banks were forced to act aggressively. Markets are now stuck between a stubborn inflation environment and a pending recession. These are interconnected. To kill the inflation monster, central banks almost have to force the economy into a recession to cool off labor markets. The time-lags between central bank action and impact make it virtually impossible to avoid overshooting or undershooting. In this environment, a buy-on-dips (and sell-the-rally) strategy from a conservative basis remains our preferred approach. Although 10-year German Bund yields seem close to the cycle peak, volatility and uncertainty remain. Valuations for financials are still relatively attractive, especially taking into account that European banks are enjoying the tailwind of higher interest rates. Still, we have taken some chips off the table, mostly by reducing our holdings in CoCos a bit. This enables us to buy on the dip again, in the event that we would see more volatility again in the second half of the year.

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

31-07-23	EUR	89.32
High Ytd (03-02-23)	EUR	91.95
Low Ytd (20-03-23)	EUR	85.08

Fees

Management fee	0.40%
Performance fee	None
Service fee	0.16%

Legal status

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

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

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

Registered in

Austria, Belgium, Chile, Germany, Luxembourg, Netherlands, 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 aims to pay a quarterly 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	LU0971565576
Bloomberg	ROBFIFH LX
Sedol	BJOWZD6
WKN	A116BD
Valoren	22332183

Top 10 largest positions

Holdings	Sector	%
Deutsche Bank AG	Financials	3.11
ASR Nederland NV	Financials	3.01
CaixaBank SA	Financials	3.00
ELM BV for Helvetia Schweizerische Versicherungsge	Financials	2.99
Erste Group Bank AG	Financials	2.97
Societe Generale SA	Financials	2.94
Raiffeisen Bank International AG	Financials	2.90
Ageas SA/NV	Financials	2.89
Mapfre SA	Financials	2.61
HSBC Holdings PLC	Financials	2.60
Total		**29.02**

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.36	1.33
Information ratio	0.97	0.66
Sharpe ratio	-0.19	0.10
Alpha (%)	1.43	0.91
Beta	1.02	1.06
Standard deviation	6.88	7.88
Max. monthly gain (%)	3.95	5.56
Max. monthly loss (%)	-5.27	-10.05

Above mentioned ratios are based on gross of fees returns

Hit ratio

	3 Years	5 Years
Months outperformance	26	39
Hit ratio (%)	72.2	65.0
Months Bull market	16	33
Months outperformance Bull	13	25
Hit ratio Bull (%)	81.3	75.8
Months Bear market	20	27
Months Outperformance Bear	13	14
Hit ratio Bear (%)	65.0	51.9

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)	6.4	5.9
Green Bonds (%, Weighted)	4.7	7.4

Changes

As of March 2012 the benchmark of CGF Financial Institutions Bonds will change from "BarCap Euro Universal, sub financials index (IG + HY) (EUR)" to "BarCap Euro-Aggregate: Corporates Financials Subordinated 2% issuer constraint (EUR)". In this new benchmark, High Yield bonds are excluded and the issuers are capped on max. 2% per single issuer, which limits the absolute risk towards a single issuer.

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.

Sector allocation

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

Sector allocation		Deviation index
Financials	90.5%	-9.5%
Treasuries	5.3%	5.3%
Agencies	1.6%	1.6%
Cash and other instruments	2.6%	2.6%

Currency denomination allocation

The fund is allowed to invest in currencies other than euros. Approx. 4% 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	93.7%	-6.3%
U.S. Dollar	2.1%	2.1%
Pound Sterling	1.6%	1.6%

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 14% of the portfolio is currently invested in high yield-rated bonds.

Rating allocation		Deviation index
AAA	5.3%	5.3%
A	13.5%	-8.7%
BAA	65.0%	-12.8%
BA	13.3%	13.3%
B	0.3%	0.3%
Cash and other instruments	2.6%	2.6%

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	18.4%	7.3%
France	15.2%	-9.3%
Spain	11.5%	3.2%
Germany	11.1%	0.0%
United Kingdom	8.1%	-0.5%
Austria	7.0%	2.1%
Belgium	6.0%	0.5%
Switzerland	5.7%	0.0%
Denmark	4.9%	1.4%
Australia	2.6%	-1.4%
Finland	2.2%	-1.1%
Other	4.7%	-4.8%
Cash and other instruments	2.6%	2.6%

Subordination allocation

About 73% of the portfolio is invested in Tier-2 debt: 44% is invested in Tier-2 bonds issued by banks and 29% in Tier-2 bonds issued by insurance companies. About 15% of the portfolio is invested in Tier-1 debt, of which bank Tier-1 CoCo bonds represent about 12%. 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 Permanent TSB Group. The categories hybrid and subordinated contain subordinated debt issued by insurance companies.

Subordination type allocation		Deviation index
Tier 2	73.0%	-18.4%
Tier 1	14.5%	14.2%
Senior	6.0%	6.0%
Hybrid	3.6%	-4.2%
Subordinated	0.2%	-0.3%
Cash and other instruments	2.6%	2.6%

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 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 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 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.

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 0.05% 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

Sustainalytics disclaimer

Disclaimer

Important information

Risk factors you should consider before investing: Markets: The value of investments and the income from them can go down as well as up and you may get back less than the amount invested. Exchange Rates: Investing globally can bring additional returns and diversify risk. However, currency exchange rate fluctuations may have a positive or negative impact on the value of your investment. Country : Less developed countries may face more political, economic or structural challenges than developed countries. This may mean your money is at greater risk. The risks outlined might be particularly relevant to this fund and should always be read in conjunction with all warnings and comments given in the prospectus and KIID for the fund. Other important information: The fund constitutes a recognised scheme under section 264 of the Financial Services and Markets Act. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. You should seek professional advice before making any investment decisions. This is not an invitation to subscribe for shares in the Fund and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Prospectus, relevant Key Investor Information Document (KIID) and other supplementary information for the Fund. These can be obtained free of charge from Northern Trust Global Serviced Limited, 50 Bank Street, Canary Wharf, London E14 5NT or from our website www.robeco.com. The ongoing charges mentioned in this publication express the operational costs including management fee, service fee, taxe d'abonnement, depositary fee and bank charges and is the one stated in the fund's latest annual report at closing date. Robeco Institutional Asset Management B.V., Rotterdam (Trade Register no. 24123167) is registered with the Netherlands Authority for the Financial Markets in Amsterdam and subject to limited regulation in the UK by the Financial Conduct Authority. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request. Unless otherwise stated, performances are i) net of fees based on transaction prices and ii) with dividends reinvested.