

## Robeco High Yield Bonds GH EUR

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



Sander Bus, Roeland Moraal  
Fund manager since 01-03-2001

### Performance

	Fund	Index
1 m	-0.25%	0.19%
3 m	1.60%	2.58%
Ytd	4.19%	5.64%
1 Year	4.50%	4.98%
2 Years	-3.37%	-3.81%
3 Years	-0.06%	0.27%
5 Years	1.25%	1.16%
10 Years	3.27%	2.82%
Since 04-1998	5.05%	

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
2022	-10.24%	-12.59%
2021	2.90%	4.21%
2020	3.30%	4.62%
2019	11.62%	10.56%
2018	-4.63%	-4.55%
2020-2022	-1.55%	-1.59%
2018-2022	0.31%	0.11%

Annualized (years)

### Index

Bloomberg US Corporate High Yield + Pan Euro HY ex Financials 2.5% Issuer Cap

### General facts

Morningstar	★★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 6,546,978,123
Size of share class	EUR 3,194,723
Outstanding shares	36,423
1st quotation date	04-09-2013
Close financial year	31-12
Ongoing charges	0.78%
Daily tradable	Yes
Dividend paid	Yes
Ex-ante tracking error limit	5.00%
Management company	Robeco Institutional Asset Management B.V.

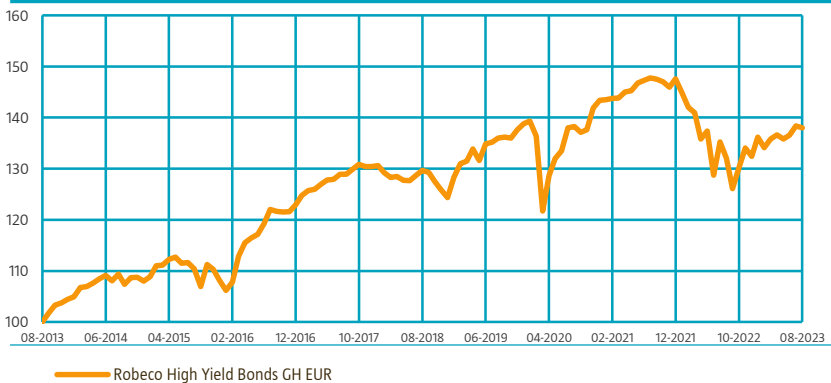
### Sustainability profile

- Exclusions
- ESG Integration
- Engagement

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

### Performance

Indexed value (until 31-08-2023) - Source: Robeco



### Performance

Based on transaction prices, the fund's return was -0.25%.

In August, the high yield bond index saw a modest positive total return of 0.19%. Excess return came out at 15 basis points, driven by the carry on high yield. The fund underperformed the benchmark by 35 bps. While the beta influence was negligible, the main cause for this lag was spread decompression. Lower-rated bonds outperformed in risk-adjusted terms, with BB-rated bonds being the month's laggards in both the euro and dollar denominations. Our quality bias negatively impacted our relative performance. As the US market outperformed Europe, we also lost on our overweight in Europe. On a sector level, our underweight in the communications sector negatively impacted results, as some of the distressed names rebounded somewhat in an illiquid and uneventful month. Examples here are Dish and Altice, companies we do not have exposure to. On a ticker level, we benefited from the overweight in water treatment company Olympus Water.

### Market development

In August, the high yield market's spreads widened by 7 basis points, reaching 382 basis points. The yield-to-worst wrapped up the month 12 basis points higher at 8.15%. US jobs growth data was weaker than forecasted in July, and was revised lower for the previous two months, marking the first sign of cooling after 18 months of interest rate rises. However, with the unemployment rate still hovering around the lows, coupled with a growth in wages and a 0.2% rise in core inflation, Fed Chairman Powell maintained a hawkish tone at Jackson Hole. Moreover, corporate earnings depicted a robust economy, highlighting strong business results. In Europe, inflation remained at much higher levels than the ECB targets, despite some early signs of cooling of the economy. August produced its usual subdued primary bond issuance, recording USD 9.3 billion in the US high-yield sector. There was a small rise in default activities, with five companies defaulting and another six engaging in distressed exchanges, cumulatively valued at USD 6.1 billion.

### Expectation of fund manager

Markets have been talking about the upcoming US recession for more than a year. Over the past few quarters, we have elaborated about the increased risks of a recession, too. As of yet, a recession has not arrived. In Europe, Germany did recently slip into a technical recession after we witnessed two consecutive quarters of negative GDP growth. Markets are 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. Risks lie in those parts of the market that are vulnerable to these much higher rates, like over-indebted LBOs or certain debt-laden sectors. Luckily we have not seen a capex cycle that has created over-supply situations. Yet, we think accidents are likely to happen, and have seen some already. Stock picking is ever more important, as the current environment will certainly create winners and losers. For now, the beta remains below one.

### Top 10 largest positions

Our top ten holdings consist mostly of BB-rated large caps in the communications, automotive and packaging sectors. In communications, we are slightly overweight in large US operators like Charter and Sprint. In automotive, we own large overweight positions in Forvia (formerly called Faurecia) and ZF Industries. Other top holdings are in US supermarket operator Albertsons, and in the packaging sector with Crown Holdings and Mauser Packaging.

### Fund price

31-08-23	EUR	87.71
High Ytd (02-02-23)	EUR	92.02
Low Ytd (25-05-23)	EUR	86.03

### Fees

Management fee	0.55%
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	GH EUR
This fund is a subfund of Robeco Capital Growth Funds, SICAV	

### Registered in

Belgium, Luxembourg, Netherlands, Singapore, Switzerland

### 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

In principle, the fund will distribute dividend annually. This fund aims to pay an annual dividend of 6%. The dividends referred to are target dividends and may be subject to change as a result of market conditions.

### Derivative policy

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

### Fund codes

ISIN	LU0940004756
Bloomberg	ROBGER LX
WKN	A2ALK4
Valoren	21527927

### Top 10 largest positions

#### Holdings

CCO Holdings LLC / CCO Holdings Capital Corp  
Forvia SE  
Albertsons Cos Inc / Safeway Inc / New Albertsons  
ZF Europe Finance BV  
Crown European Holdings SA  
Olympus Water US Holding Corp  
Mauser Packaging Solutions Holding Co  
FMG Resources August 2006 Pty Ltd  
Standard Industries Inc/NJ  
Vmed O2 UK Financing I PLC  
**Total**

Sector	%
Communications	2.21
Consumer Cyclical	1.48
Consumer Non Cyclical	1.41
Consumer Cyclical	1.32
Capital Goods	1.31
Basic Industry	1.30
Capital Goods	1.19
Basic Industry	1.13
Capital Goods	1.13
Communications	1.10
<b>Total</b>	<b>13.57</b>

### Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.39	1.57
Information ratio	0.28	0.55
Sharpe ratio	0.02	0.23
Alpha (%)	0.34	0.93
Beta	0.91	0.89
Standard deviation	7.25	8.38
Max. monthly gain (%)	5.19	5.19
Max. monthly loss (%)	-5.86	-10.67

Above mentioned ratios are based on gross of fees returns

### Hit ratio

	3 Years	5 Years
Months outperformance	17	32
Hit ratio (%)	47.2	53.3
Months Bull market	21	37
Months outperformance Bull	7	16
Hit ratio Bull (%)	33.3	43.2
Months Bear market	15	23
Months Outperformance Bear	10	16
Hit ratio Bear (%)	66.7	69.6

Above mentioned ratios are based on gross of fees returns.

### Characteristics

	Fund	Index
Rating	BA1/BA2	BA3/B1
Option Adjusted Modified Duration (years)	3.5	3.4
Maturity (years)	4.9	4.5
Yield to Worst (% , Hedged)	5.9	6.8
Green Bonds (% , Weighted)	3.3	2.4

### Changes

Benchmark changes: Since start - 31/3/2005 Barclays Global High Yield (Hedged into EUR) 1/4/2005 - 30/4/2005 Barclays US Corporate High Yield & Pan European High Yield (Hedged into EUR) 1/5/2005 - 31/3/2009 Barclays US Corporate High Yield & Pan European High Yield 2.5% Issuer Cap (Hedged into EUR) 1/4/2009 - now Barclays US Corporate High Yield & Pan European High Yield ex Financials 2.5% Issuer Cap (Hedged into EUR)

### 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.

### Sector allocation

Overweights are in less cyclical sectors like paper, chemicals and packaging, as well as in financials, which is an off-benchmark position. Underweights are in sectors that are exposed to consumer discretionary spending like retail, leisure and gaming. We also have underweights in telecommunications and media.

Sector allocation		Deviation index	
Capital Goods	17.1%	5.6%	
Consumer Non Cyclical	13.4%	0.5%	
Consumer Cyclical	13.3%	-12.8%	
Communications	12.9%	-5.1%	
Basic Industry	10.9%	5.2%	
Energy	9.4%	-1.0%	
Banking	6.3%	6.3%	
Technology	4.3%	-2.6%	
Transportation	1.9%	-1.7%	
Owned No Guarantee	0.8%	0.8%	
Industrial Other	0.7%	-1.0%	
Other	1.6%	-1.7%	
Cash and other instruments	7.3%	7.3%	

### 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 hedging.

Currency denomination allocation		Deviation index	
U.S. Dollar	58.3%	-19.3%	
Euro	31.5%	11.6%	
Pound Sterling	2.9%	0.5%	

### Duration allocation

Robeco High Yield Bonds does not pursue an active duration policy. HY bonds tend to have a limited effective sensitivity to underlying moves in government bond yields. In our 0-duration share classes, the underlying rate risk is hedged to 0 to 6-month duration.

Duration allocation		Deviation index	
U.S. Dollar	2.6	-0.1	
Euro	0.8	0.2	
Pound Sterling	0.1	0.0	

### Rating allocation

Most exposure is in Ba and B issuers. The fund has a large underweight in the categories Caa and below. We have an allocation to BBBs, mainly consisting of former rising stars that still trade at attractive spread levels, as well as positions lower in the capital structure of European banks.

Rating allocation		Deviation index	
A	0.2%	0.2%	
BAA	13.0%	13.0%	
BA	54.4%	5.5%	
B	19.3%	-20.9%	
CAA	5.6%	-4.6%	
CA		-0.4%	
C		-0.3%	
NR	0.1%	0.1%	
Cash and other instruments	7.3%	7.3%	

### Country allocation

Country risk analysis is incorporated in our proprietary credit research, but we do not implement any specific top-down country policy in the portfolio. We have a preference for Europe versus the United States based on valuations.

Country allocation		Deviation index	
United States	55.8%	-14.7%	
France	6.6%	2.1%	
Germany	6.1%	2.8%	
United Kingdom	5.2%	-0.4%	
Spain	2.7%	0.4%	
Canada	2.5%	-0.9%	
Netherlands	2.1%	0.7%	
Italy	2.1%	-0.4%	
Luxembourg	1.9%	0.0%	
Switzerland	1.3%	0.7%	
Belgium	1.2%	0.9%	
Other	5.3%	1.5%	
Cash and other instruments	7.3%	7.3%	

## Investment policy

Robeco High Yield Bonds is an actively managed fund that invests in high yield corporate bonds. The selection of these bonds is mainly 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 invests in corporate bonds with a sub-investment grade rating, issued primarily by issuers from developed markets (Europe/US). The portfolio is broadly diversified, with a structural bias towards the higher rated part in high yield. Performance drivers are the top-down beta positioning as well as bottom-up issuer selection. The majority of bonds selected will be components of the benchmark, but bonds outside the Benchmark index 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

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. 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.

## Team info

The Robeco 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 0.05% 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.

## Fiscal treatment of investor

The fiscal consequences of investing in this fund depend on the investor's personal situation. For private investors in the Netherlands real interest and dividend income or capital gains received on their investments are not relevant for tax purposes. Each year investors pay income tax on the value of their net assets as at 1 January if and inasmuch as such net assets exceed the investor's tax-free allowance. Any amount invested in the fund forms part of the investor's net assets. Private investors who are resident outside the Netherlands will not be taxed in the Netherlands on their investments in the fund. However, such investors may be taxed in their country of residence on any income from an investment in this fund based on the applicable national fiscal laws. Other fiscal rules apply to legal entities or professional investors. We advise 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.

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