

Robeco High Yield Bonds CH 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	-1.19%	-0.85%
3 m	5.01%	3.80%
Ytd	-10.25%	-12.59%
1 Year	-10.25%	-12.59%
2 Years	-3.90%	-4.56%
3 Years	-1.60%	-1.59%
5 Years	0.29%	0.11%
10 Years	3.11%	2.53%
Since 04-1998	5.02%	

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
01-2022 - 12-2022	-10.25%
01-2021 - 12-2021	2.90%
01-2020 - 12-2020	3.15%
01-2019 - 12-2019	11.64%
01-2018 - 12-2018	-4.62%

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

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 7,127,561,285
Size of share class	EUR 216,671,733
Outstanding shares	2,735,700
1st quotation date	21-01-2013
Close financial year	31-12
Ongoing charges	0.76%
Daily tradable	Yes
Dividend paid	Yes
Ex-ante tracking error limit	5.00%
Management company	Robeco Institutional Asset Management B.V.

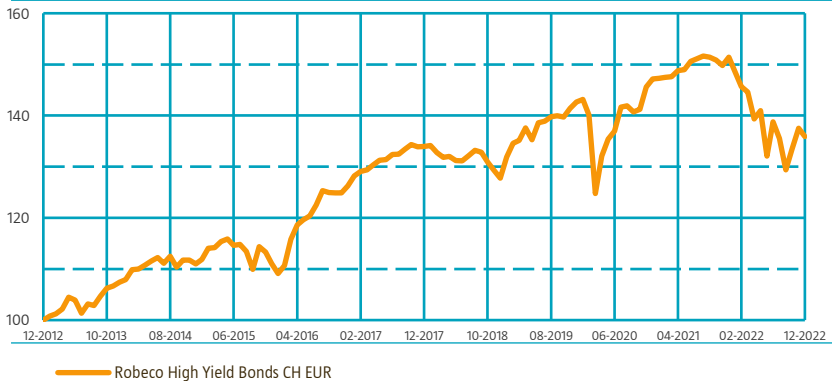
Sustainability profile

- Exclusions
- ESG Integration
- Engagement

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

Performance

Indexed value (until 31-12-2022) - Source: Robeco



Performance

Based on transaction prices, the fund's return was -1.19%.

The high yield bond index had a negative total return in December at 0.88% on the back of wider spreads in combination with wider underlying rates. The latter driven by mild concerns around the Fed's future rate hike policy, as CPI numbers were softer than expected but Powell indicated not to be done yet. The fund outperformed its benchmark this month. The fund delivered a strong outperformance year-to-date, which is now over 300 bps. The outperformance was mainly on the back of issuer selection, as beta policy was more or less flat for the month. Our quality bias made a large positive contribution for the month, as we saw an increase in dispersion. We also benefited from our regional overweight in Europe versus the US, as European spreads moved tighter versus wider US spreads. No big outliers on an issuer level. We gained a few bps due to our overweight positions in Olympus Water, SPCM, Crown Cork and Spectrum Brands. On the other hand, we lost some bps due to our overweights in Kloeckner, CSC and B&G Foods. The largest gainers for the year are not owning Bausch and Carvana, both adding more than 20 bps to performance.

Market development

The last month of the year was a month of two halves for the high yield market. US economic data was mixed, with cooler-than-expected inflation data, but strong labor markets and increased housing market pressures. This downward surprise in the US CPI that caused spread markets to rally in the first weeks was countered by a hawkish surprise from the Fed and ECB. Both central banks stepped down to 50 bps hikes in December, but remained hawkish in their signaling for 2023. Markets picked this up as negative and spreads again moved wider. The Bank of Japan also surprised with an announcement that it was adjusting its yield curve control policy. Weak economic data reinforced recession and default fears in the market and we saw the ongoing trend of decompression increasing. Another driver for markets came from China. There we saw relaxation of its zero-Covid policy, creating some expectations of demand coming back online. The initial reaction from the ground was muted as people now fear going out the door. High yield issuance totaled USD 2.3 bln in December, which was the second-lightest primary volume of the past four years. Spreads and yields widened 14 and 33 bps respectively.

Expectation of fund manager

Our base case is that the US as well as Europe will experience a recession in 2023. Although we expect the recessions to play out to be mutually reinforcing, the root cause will be different. The US is likely to experience a classic boom-bust cycle, whereas the European recession will be driven largely by an energy supply shock. As the probability of a recession rises and becomes part of the consensus view, market dispersion will increase. The lower-quality end of the credit spectrum is likely to see an increased default rate, while the higher end could benefit from lower rates and a flight to quality. Once a recession is fully priced in and spreads reach their own peak, that would be the time to go outright long, even in high yield. Typically, that point is reached well before default rates have peaked. The Fed and the ECB are determined to keep monetary policy tight until they see confirmation that inflation will reach their target. The good news is that inflation has started to moderate, which means the end of the hiking cycle is in sight. But that does not mean the Fed is anywhere close to cutting rates. Beta has decreased a bit as valuations have moved to long-term averages.

Top 10 largest positions

Our top ten holdings consist mostly of BB-rated large caps in the automotive and communications sectors. In automotive, we own large overweight positions in ZF Friedrichshafen and Goodyear, which we consider top-tier suppliers. In communications, positions are in some of the large US telecom operators like Sprint, Charter and Level 3. Other top holdings are in US supermarket operator Albertsons, Australian mining giant Fortescue and Netflix.

Fund price

31-12-22	EUR	79.17
High Ytd (%)	EUR	91.87
Low Ytd (%)	EUR	76.35

Fees

Management fee	0.55%
Performance fee	None
Service fee	0.16%
Expected transaction costs	0.00%

Legal status

Investment company with variable capital incorporated under Luxembourg law (SICAV)	
Issue structure	Open-end
UCITS V	Yes
Share class	CH EUR
This fund is a subfund of Robeco Capital Growth Funds, SICAV	

Registered in

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

Fund codes

ISIN	LU0871827548
Bloomberg	RHYBCHE LX
Sedol	BJOWZCS
WKN	A1W9F3
Valoren	20354221

Top 10 largest positions

Holdings

CCO Holdings LLC / CCO Holdings Capital Corp
Sprint Capital Corp
Albertsons Cos Inc / Safeway Inc / New Albertsons
FMG Resources August 2006 Pty Ltd
ZF Europe Finance BV
Faurecia SE
Standard Industries Inc/NJ
Level 3 Financing Inc
IQVIA Inc
Goodyear Tire & Rubber Co/The
Total

Sector	%
Communications	1.99
Communications	1.74
Consumer Non Cyclical	1.41
Basic Industry	1.41
Consumer Cyclical	1.20
Consumer Cyclical	1.13
Capital Goods	1.11
Communications	1.11
Consumer Non Cyclical	1.07
Consumer Cyclical	1.05
Total	13.21

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.61	1.48
Information ratio	0.44	0.59
Sharpe ratio	-0.06	0.16
Alpha (%)	0.54	0.89
Beta	0.91	0.90
Standard deviation	10.27	8.34
Max. monthly gain (%)	5.18	5.18
Max. monthly loss (%)	-10.87	-10.87

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	20	36
Months outperformance Bull	7	16
Hit ratio Bull (%)	35.0	44.4
Months Bear market	16	24
Months Outperformance Bear	11	16
Hit ratio Bear (%)	68.8	66.7

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BAA3/BA1	BA3/B1
Option Adjusted Modified Duration (years)	3.7	3.8
Maturity (years)	4.2	5.1
Yield to Worst (% , Hedged)	5.3	6.7
Green Bonds (% , Weighted)	3.1	1.9

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 food and paper & 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. The energy sector is still underweight, but not to the same extent as in the past. We also have underweights in pharma and telecom & cable, but this is largely driven by idiosyncratic risk.

Sector allocation		Deviation index	
Capital Goods	15.9%	5.1%	
Communications	14.1%	-5.4%	
Consumer Cyclical	12.8%	-12.3%	
Consumer Non Cyclical	12.3%	-0.3%	
Basic Industry	10.7%	5.2%	
Energy	8.8%	-2.2%	
Banking	5.1%	5.1%	
Technology	4.3%	-2.5%	
Transportation	1.4%	-2.3%	
Financial Other	0.9%	0.9%	
Owned No Guarantee	0.8%	0.8%	
Other	2.2%	-2.9%	
Cash and other instruments	10.7%	10.7%	

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 hedging.

Currency denomination allocation		Deviation index	
U.S. Dollar	58.8%	-18.2%	
Euro	28.3%	7.6%	
Pound Sterling	2.1%	-0.1%	

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	2.8	-0.2	
Euro	0.8	0.1	
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	11.0%	11.0%	
BA	52.4%	1.4%	
B	18.9%	-19.9%	
CAA	6.4%	-3.2%	
CA		-0.5%	
C		-0.1%	
NR	0.2%	0.2%	
Cash and other instruments	10.7%	10.7%	

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	54.7%	-15.2%	
France	5.8%	1.1%	
Germany	5.4%	2.1%	
United Kingdom	4.2%	-1.2%	
Italy	2.8%	0.2%	
Netherlands	2.7%	1.1%	
Canada	2.5%	-0.6%	
Belgium	1.7%	1.4%	
Australia	1.4%	0.9%	
Spain	1.3%	-0.9%	
Switzerland	1.2%	0.6%	
Other	5.7%	-0.1%	
Cash and other instruments	10.7%	10.7%	

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 Co-Head of the Credit team and Lead Portfolio Manager Global High Yield Bonds. 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 Lead Portfolio Manager European 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.

Morningstar

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