

Robeco Investment Grade Corporate Bonds B EUR

Robeco Investment Grade Corporate Bonds is an actively managed fund that invests in euro-denominated securities. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The investment process combines a top-down market view to assess credit attractiveness and factors that drive credit market returns in the short term with skillful issuer selection to create a broadly diversified portfolio. The fund has a conservative profile and a limited exposure to derivatives.



Peter Kwaak
Fund manager since 27-03-2009

Performance

| | Fund | Index |
|---------------|--------|--------|
| 1 m | 0.44% | 0.73% |
| 3 m | 0.30% | 0.60% |
| Ytd | 2.01% | 2.77% |
| 1 Year | -4.69% | -4.04% |
| 2 Years | -6.54% | -6.07% |
| 3 Years | -3.07% | -2.66% |
| 5 Years | -1.32% | -1.03% |
| 10 Years | 0.42% | 0.88% |
| Since 03-2009 | 2.42% | 2.97% |

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 | -13.84% | -13.87% |
| 2021 | -1.66% | -1.25% |
| 2020 | 3.07% | 3.04% |
| 2019 | 5.73% | 6.23% |
| 2018 | -1.09% | -1.07% |
| 2020-2022 | -4.41% | -4.30% |
| 2018-2022 | -1.80% | -1.63% |

Annualized (years)

Index

Bloomberg Euro Aggregate: Corporates ex financials 2% Issuer Cap

General facts

| | |
|------------------------------|--|
| Morningstar | ★★★★ |
| Type of fund | Bonds |
| Currency | EUR |
| Total size of fund | EUR 104,582,820 |
| Size of share class | EUR 2,064,068 |
| Outstanding shares | 23,641 |
| 1st quotation date | 27-03-2009 |
| Close financial year | 31-12 |
| Ongoing charges | 0.93% |
| Daily tradable | Yes |
| Dividend paid | Yes |
| Ex-ante tracking error limit | 2.50% |
| Management company | Robeco Institutional Asset Management B.V. |
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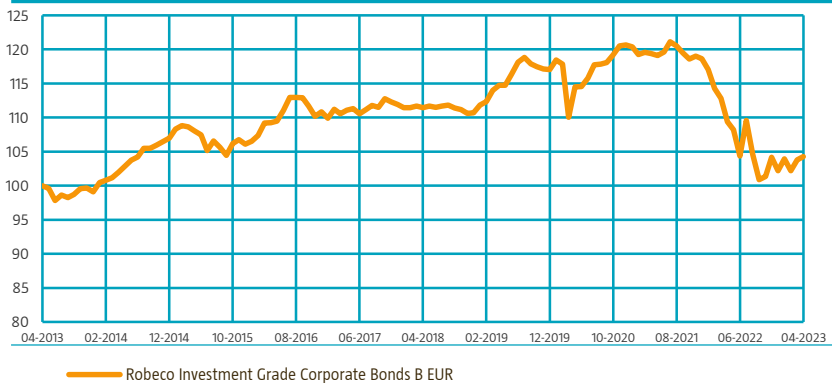
Sustainability profile

- Exclusions
- ESG Integration
- Engagement

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

Performance

Indexed value (until 30-04-2023) - Source: Robeco



Performance

Based on transaction prices, the fund's return was 0.44%.

This return was driven by a decline in credit spreads: the average index spread ended the month at 126 basis points, 8 basis points tighter than at the end of March. Spreads reached an intra-month low at 120 basis points in mid-April, after which spreads widened in the last weeks of the month. The index excess return of corporate bonds over underlying government bonds was positive, at 0.6%. The performance of the underlying portfolio, measured gross of fees, was worse than that of the index. The portfolio had a beta overweight position during the month, which contributed positively. Unfortunately, the positive beta contribution was more than offset by a negative contribution from issuer selection. Subordinated debt underperformed senior debt in April, which meant that the overweight in corporate hybrids contributed negatively. On an individual name level, the largest positive contributors were Pepsi, Accor and Holcim. The largest negative contributions came from the positions in Westlake, OMV, Enel and EDF. In the last three cases we (also) hold hybrids.

Market development

Financial markets were relatively calm in April, though spreads widened in the second half of the month. Problems in the US regional banking sector continued to pop up. First Republic Bank, which is mainly active in the market for wealthy clients, was the latest victim. The bank faces similar issues as other regional banks, with large unrealized losses on "assets held to maturity". In March, a group of larger US banks provided USD 30 bln of uninsured deposits to this bank to shore up liquidity. This did not turn the tide and the bank was finally acquired by JPMorgan. There was not much spillover of this stress at US regional banks to other sectors or to the European credit market. Spreads widened a bit in the second half of the month. A big part of this widening was driven by a general widening in swap spreads. Spreads over swaps for non-financial corporate debt actually hardly widened in the last weeks of the month.

Expectation of fund manager

Central banks have been experimenting with monetary policy for many years now. The economic system created debt in all corners of society. A fast and aggressive hiking cycle will reveal many problems, not just at Silicon Valley Bank. A recession could start somewhere toward the end of the year – and we believe central banks will cause one. Recent developments in the banking sector will lead to a further tightening of lending standards, which will put additional pressure on the economy. Our concern is with leveraged sectors that are interest rate sensitive like real estate. We have increased our overweight beta position during March. Valuations had improved after the spread widening, especially in the financial sector. We are far enough into the business and rate cycle that when markets become too bearish, buying on the dip makes sense. This time, the sell-off in subordinated debt of financials led to a buying opportunity. Valuations for non-financials did not change that much and valuations for cyclicals are often not fully reflecting the recession risk yet.

Top 10 largest positions

Electricité de France, OMV, Enel, Deutsche Bahn, Celanese and SSE Plc are the largest issuer positions in terms of duration times spread versus the benchmark. These bonds are either hybrids, lower rated or have longer maturities. The spreads are attractive relative to peers.

Fund price

| | | |
|---------------------|-----|-------|
| 30-04-23 | EUR | 87.31 |
| High Ytd (02-02-23) | EUR | 88.95 |
| Low Ytd (02-03-23) | EUR | 85.83 |

Fees

| | |
|----------------------------|-------|
| Management fee | 0.70% |
| Performance fee | None |
| Service fee | 0.16% |
| Expected transaction costs | 0.08% |

Legal status

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

Registered in

Belgium, Italy, Luxembourg, Netherlands, Singapore, Spain, Switzerland

Currency policy

The fund invests in Euro denominated securities only.

Risk management

Risk management is fully embedded in the investment process to ensure that the fund's positions remain within set limits at all times.

Dividend policy

The fund distributes dividend. This fund aims to pay a quarterly dividend of 1.00%. The dividends referred to are target dividends and may be subject to change as a result of market conditions. Any income earned by the fund is reflected in its share price. This means that the fund's total performance is reflected in its share-price performance.

Derivative policy

Robeco Investment Grade Corporate Bonds make use of derivatives for hedging purposes. These derivatives are very liquid.

Fund codes

| | |
|-----------|--------------|
| ISIN | LU0418691944 |
| Bloomberg | ROBCBBE LX |
| Sedol | B4PTRV9 |
| WKN | AOYFGT |
| Valoren | 10042001 |

Top 10 largest positions

Holdings

Mercedes-Benz International Finance BV
TotalEnergies SE
Medtronic Global Holdings SCA
Thermo Fisher Scientific Inc
Orange SA
Iberdrola International BV
Enel SpA
Deutsche Bahn Finance GMBH
International Business Machines Corp
PepsiCo Inc
Total

| Sector | % |
|--------------|--------------|
| Industrials | 3.17 |
| Industrials | 3.02 |
| Industrials | 2.71 |
| Industrials | 2.34 |
| Industrials | 2.31 |
| Utilities | 2.28 |
| Utilities | 2.21 |
| Agencies | 1.95 |
| Industrials | 1.90 |
| Industrials | 1.86 |
| Total | 23.75 |

Statistics

| | 3 Years | 5 Years |
|----------------------------|---------|---------|
| Tracking error ex-post (%) | 0.42 | 0.44 |
| Information ratio | 1.11 | 1.33 |
| Sharpe ratio | -0.35 | -0.05 |
| Alpha (%) | 0.51 | 0.60 |
| Beta | 1.01 | 1.01 |
| Standard deviation | 6.46 | 6.30 |
| Max. monthly gain (%) | 5.06 | 5.06 |
| Max. monthly loss (%) | -4.49 | -6.54 |

Above mentioned ratios are based on gross of fees returns

Hit ratio

| | 3 Years | 5 Years |
|----------------------------|---------|---------|
| Months outperformance | 23 | 39 |
| Hit ratio (%) | 63.9 | 65.0 |
| Months Bull market | 18 | 30 |
| Months outperformance Bull | 14 | 20 |
| Hit ratio Bull (%) | 77.8 | 66.7 |
| Months Bear market | 18 | 30 |
| Months Outperformance Bear | 9 | 19 |
| Hit ratio Bear (%) | 50.0 | 63.3 |

Above mentioned ratios are based on gross of fees returns

Characteristics

| | Fund | Index |
|---|---------|---------|
| Rating | A3/BAA1 | A3/BAA1 |
| Option Adjusted Modified Duration (years) | 5.0 | 5.0 |
| Maturity (years) | 5.2 | 5.5 |
| Yield to Worst (%) | 4.0 | 3.7 |
| Green Bonds (%) | 8.9 | 7.8 |

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 does not invest in the financial sector. There is no exposure to banks, brokers, finance or insurance companies. The fund can invest in the finance subsidiaries of automotive companies. Agencies held in the fund are mainly government-owned utility and energy companies.

| Sector allocation | | Deviation index |
|----------------------------|-------|-----------------|
| Industrials | 77.0% | -8.8% |
| Utilities | 11.7% | -2.5% |
| Agencies | 6.2% | 6.2% |
| Treasuries | 2.9% | 2.9% |
| Local Authorities | 1.0% | 1.0% |
| Cash and other instruments | 1.1% | 1.1% |

Currency denomination allocation

The fund invests only in investment-grade non-financial corporate bonds denominated in euros.

| Currency denomination allocation | | Deviation index |
|----------------------------------|-------|-----------------|
| Euro | 98.9% | -1.1% |

Duration allocation

The fund does not have an active duration policy. It follows the duration of the benchmark.

| Duration allocation | | Deviation index |
|---------------------|-----|-----------------|
| Euro | 5.0 | 0.0 |

Rating allocation

Any AAA-rated exposure is mainly in German government bonds.

| Rating allocation | | Deviation index |
|----------------------------|-------|-----------------|
| AAA | 3.5% | 3.1% |
| AA | 6.7% | 2.1% |
| A | 32.1% | -4.1% |
| BAA | 54.8% | -4.1% |
| BA | 1.8% | 1.8% |
| Cash and other instruments | 1.1% | 1.1% |

Investment policy

Robeco Investment Grade Corporate Bonds is an actively managed fund that invests in euro-denominated securities. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The fund aims for a better sustainability profile compared to the Benchmark by promoting certain E&S (i.e. Environmental and Social) characteristics within the meaning of Article 8 of the European Sustainable Finance Disclosure Regulation and integrating ESG and 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 investment process combines a top-down market view to assess credit attractiveness and factors that drive credit market returns in the short term with skillful issuer selection to create a broadly diversified portfolio. The fund has a conservative profile and a limited exposure to derivatives. 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

Peter Kwaak is Portfolio Manager Investment Grade in the Credit team. Prior to joining Robeco in 2005, he was Portfolio Manager Credits at Aegon Asset Management for three years and at NIB Capital for two years. Peter has been active in the industry since 1998. He holds a Master's in Economics from Erasmus University Rotterdam and he is a CFA® charterholder.

Team info

The Robeco Investment Grade Corporate Bonds 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

Investors outside Luxembourg are subject to their national tax regime applying to foreign investment funds. We advise individual investors to contact their financial or fiscal adviser regarding their specific fiscal situation.

Morningstar

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