ROBECO

Factsheet | Figures as of 30-04-2023

Robeco Corporate Hybrid Bonds IH USD

Robeco Corporate Hybrid Bonds is an actively managed fund that invests in global corporate hybrids bonds issued by nonfinancials. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. Corporate hybrids are deeply subordinated bonds with equity-like features. The bonds are mainly issued by investment grade issuers. The fund selects the best-in-class hybrid bonds, with the best risk-return characteristics.

Peter Kwaak
Fund manager since 15-09-2017

Performance

	Fund	Index
1 m	0.49%	0.80%
3 m	-0.61%	-0.07%
Ytd	2.58%	3.03%
1 Year	0.47%	0.35%
2 Years	-3.21%	-2.62%
3 Years	1.46%	1.41%
Since 09-2018	2.58%	2.67%

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	-9.29%	-9.34%
2021	1.43%	2.63%
2020	5.79%	5.37%
2019	15.27%	14.74%
2020-2022	-0.90%	-0.66%

Annualized (years)

Index

Bloomberg Global Corporate Hybrids 3% Issuer Cap

General facts

Type of fund	Bonds
Currency	USD
Total size of fund	USD 245,183,357
Size of share class	USD 2,254,374
Outstanding shares	20,144
1st quotation date	18-09-2018
Close financial year	31-12
Ongoing charges	0.56%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	5.00%
Management company	Robeco Institutional Asset Management B.V.
Management company	Robeco Institutional Asset Management B.V.

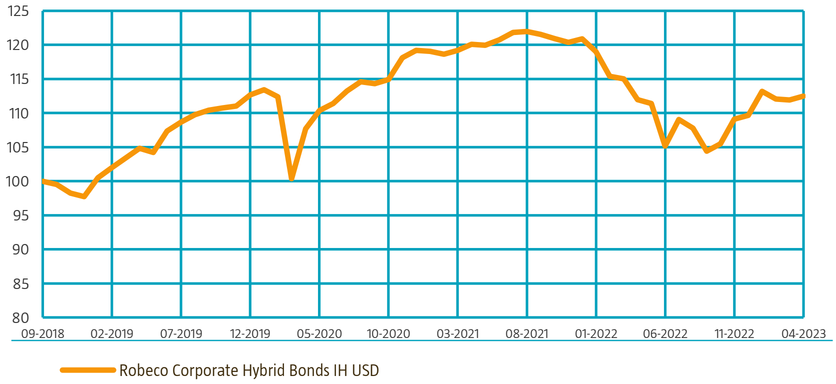
Sustainability profile

Exclusions
ESG Integration
Engagement

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

Performance

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



Performance

Based on transaction prices, the fund's return was 0.49%.
The performance of the portfolio was a bit lower than that of the index. The portfolio beta was a bit above one during the month. The performance impact was neutral, as spreads did not move much over the month. Issuer selection made a negative contribution to the relative performance. The overweights in Enbridge and TransCanada hybrids worked well. Relative performance was lost via holdings in Rabobank, PCCW and Southern Company.

Market development

The Global Corporate Hybrids Index delivered a total return of 0.63% last month (EUR, hedged). The average credit spread on the Global Corporate Hybrid index tightened 3 basis points (bps) to a level of 266 bps. Financial markets were relatively quiet in April and credit spreads traded in a narrow range, as broad measures of volatility including VIX and MOVE trended lower. 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 shore up liquidity. This did not turn the tide for First Republic and the bank was ultimately acquired by JPMorgan. Most company earnings exceeded expectations, as the latter had been guided down to relatively low levels. In the real estate sector there continue to be defaults in office property loans due to rising vacancy rates, higher interest rates and tighter lending standards. Primary markets were relatively subdued due to the earnings calendar.

Expectation of fund manager

We aim for a portfolio beta slightly above one in corporate hybrids. Spreads had recovered from the very wide levels seen last year, but the weakness in the financial sector led to higher spread levels again. Current yield levels at 6-7% look very attractive, for investment-grade corporate issuers. Corporate hybrids offer a significant yield pickup and are issued by large, high-quality companies. These investment-grade issuers are well positioned to handle any slowdown in economic growth, given their size and diversification.

Top 10 largest positions

The largest overweight positions in DTS terms are EDF (Electricité de France), TransCanada, Rabobank, Southern Company and Vodafone. We like the high yields on these bonds, relative to the market average. In terms of portfolio percentage weights, the largest issuer positions are around 4%.

Fund price

30-04-23	USD	112.52
High Ytd (03-02-23)	USD	114.07
Low Ytd (20-03-23)	USD	109.80

Fees

Management fee	0.40%
Performance fee	None
Service fee	0.12%
Expected transaction costs	0.01%

Legal status

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

Issue structure	Open-end
UCITS V	Yes
Share class	IH USD

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

Registered in

Luxembourg, Singapore, Switzerland

Currency policy

All currency risks are hedged.

Risk management

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

Dividend policy

This share class of the fund will not distribute a dividend.

Derivative policy

Robeco Corporate Hybrid bonds make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

Fund codes

ISIN	LU1874124479
Bloomberg	ROCHIHU LX
Valoren	43546293

Top 10 largest positions

Holdings	Sector	%
Engie SA	Utilities	4.54
BP Capital Markets PLC	Industrials	4.52
Volkswagen International Finance NV	Industrials	4.49
Iberdrola International BV	Utilities	4.47
Deutsche Bahn Finance GMBH	Agencies	4.39
Merck KGaA	Industrials	4.35
Orange SA	Industrials	4.29
OMV AG	Industrials	4.28
TotalEnergies SE	Industrials	4.27
SSE PLC	Utilities	4.15
Total		**43.77**

Statistics

	3 Years
Tracking error ex-post (%)	1.43
Information ratio	0.40
Sharpe ratio	0.09
Alpha (%)	0.59
Beta	1.13
Standard deviation	6.58
Max. monthly gain (%)	3.72
Max. monthly loss (%)	-5.56

Above mentioned ratios are based on gross of fees returns

Hit ratio

	3 Years
Months outperformance	18
Hit ratio (%)	50.0
Months Bull market	20
Months outperformance Bull	11
Hit ratio Bull (%)	55.0
Months Bear market	16
Months Outperformance Bear	7
Hit ratio Bear (%)	43.8

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	BAA1/BAA2	BAA2/BAA3
Option Adjusted Modified Duration (years)	3.3	3.3
Maturity (years)	4.0	4.2
Yield to Worst (%, Hedged)	8.1	7.7
Green Bonds (%, Weighted)	7.0	10.0

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

Sector positioning mainly reflects bottom-up issuer selection. The fund's largest percentage weight holdings are in the utility and energy sectors. In risk terms, the largest overweights are in energy, banking and basic industry. The utility sector remains an underweight position relative to the market, partially offset by an overweight in agencies. Exposure to the financial sector stood at 5% at the end of the period.

Sector allocation		Deviation index
Industrials	55.0%	14.0%
Utilities	23.8%	-10.8%
Agencies	8.6%	-15.8%
Financials	5.7%	5.7%
Treasuries	4.0%	4.0%
Local Authorities	1.1%	1.1%
Covered	1.0%	1.0%
Cash and other instruments	0.7%	0.7%

Currency denomination allocation

In risk terms, the fund has a significant overweight in euro-denominated hybrids, against an underweight position in US dollar hybrids. The underweight position in GBP (pound sterling) denominated hybrids is relatively small, as GBP bonds are only 3% of the benchmark. Currency positions are hedged, so the fund does not take active currency risks. The credit beta of the portfolio was close to neutral at the end of the month.

Currency denomination allocation		Deviation index
Euro	85.2%	26.9%
U.S. Dollar	14.1%	-24.4%
Pound Sterling	0.0%	-3.2%

Duration allocation

The fund's interest-rate sensitivity tracks the duration of the index. Interest rate futures can be used to maintain this neutral duration position.

Duration allocation		Deviation index
Euro	2.2	0.0
U.S. Dollar	0.9	0.0
Pound Sterling	0.2	0.0

Rating allocation

In terms of portfolio weight, the portfolio is mainly invested in BBB-rated bonds. Around 9% is invested in BB-rated hybrids. In risk terms, the overweight position in BBs is offset by an underweight in BBBs. The BB-rated corporate hybrids in the fund are issued by corporates with investment grade ratings.

Rating allocation		Deviation index
AAA	4.0%	4.0%
A	5.0%	1.0%
BAA	81.0%	-15.0%
BA	9.3%	9.3%
Cash and other instruments	0.7%	0.7%

Subordination allocation

The fund predominantly invests in corporate hybrids, which offer high yields for investment grade ratings. Corporate hybrids are subordinated bonds issued by high-quality, non-financial issuers. The fund can also invest in the hybrid capital of banks and insurers, and in the senior debt of non-financial corporates. These bonds can offer an attractive risk/return profile relative to the corporate hybrid market.

Subordination type allocation		Deviation index
Hybrid	82.7%	-17.3%
Senior	9.8%	9.8%
Tier 1	4.6%	4.6%
Tier 2	2.2%	2.2%
Cash and other instruments	0.7%	0.7%

Investment policy
Robeco Corporate Hybrid Bonds is an actively managed fund that invests in global corporate hybrids bonds issued by nonfinancials. 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. Corporate hybrids are deeply subordinated bonds with equity-like features. The bonds are mainly issued by investment grade issuers. The fund selects the best-in-class hybrid bonds, with the best risk-return characteristics. 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 Corporate Hybrid 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 0.01% 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.

Fiscal treatment of investor
Investors who are not subject to (exempt from) Dutch corporate-income tax (e.g. pension funds) are not taxed on the achieved result. Investors who are subject to Dutch corporate-income tax can be taxed for the result achieved on their investment in the fund. Dutch bodies that are subject to corporate-income tax are obligated to declare interest and dividend income, as well as capital gains in their tax return. Investors residing outside the Netherlands are subject to their respective national tax regime applying to foreign investment funds. We advise individual 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.

Morningstar

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