

## RobecoSAM SDG Credit Income D3 USD

RobecoSAM SDG Credit Income is an actively managed fund that invests in companies that contribute to realizing the UN Sustainable Development Goals (SDGs). The selection of these bonds is based on fundamental analysis. The fund will invest in a broad array of fixed income sectors and utilize income efficient implementation strategies. The fund takes into account the contribution of a company to the UN SDGs. The portfolio is built on the basis of the eligible investment universe and the relevant SDGs using an internally developed framework about which more information can be obtained via the website [www.robeco.com/si](https://www.robeco.com/si). The fund's objective is to maximize current income.



Victor Verberk, Reinout Schapers, Evert Giesen  
Fund manager since 20-04-2018

## Performance

	Fund
1 m	1.11%
3 m	-0.05%
Ytd	3.53%
1 Year	0.91%
2 Years	-4.07%
3 Years	0.19%
Since 06-2019	0.51%

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
2022	-10.83%
2021	-0.43%
2020	6.20%
2020-2022	-1.94%

Annualized (years)

## Reference index

Bloomberg Customized BBB-BB rated Global Corporate index

## General facts

Morningstar	★★★
Type of fund	Bonds
Currency	USD
Total size of fund	USD 1,015,049,137
Size of share class	USD 12,071,203
Outstanding shares	135,100
1st quotation date	18-06-2019
Close financial year	31-12
Ongoing charges	1.72%
Daily tradable	Yes
Dividend paid	Yes
ex-ante RatioVaR limit	-
Management company	Robeco Institutional Asset Management B.V.
Management company	Robeco Institutional Asset Management B.V.

## Sustainability profile

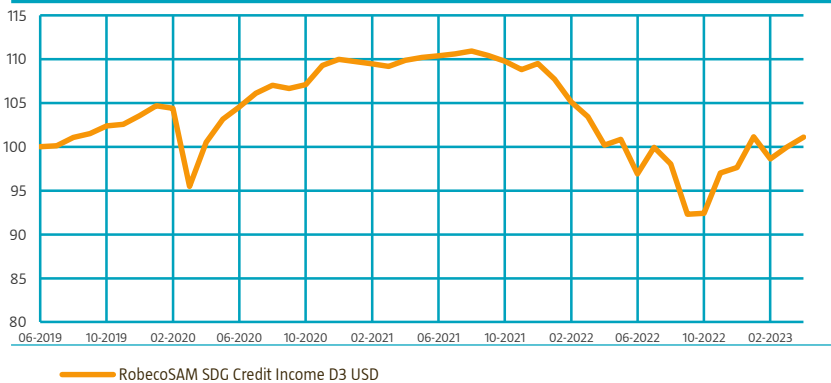
- Exclusions+
- ESG Integration
- Target Universe

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

For more information on target universe methodology see <https://www.robeco.com/si>

## Performance

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



## Performance

Based on transaction prices, the fund's return was 1.11%.

The fund had positive total returns over April. With spreads relatively stable and Treasury yields only slightly down, the total return was to a large extent driven by the portfolio yield in April. Credit returns made a positive contribution in April, mainly driven by the holdings in the banking and insurance sectors. In the banking sector, the holdings in CoCo bonds made the strongest contribution. On an issuer level, the top contributors were mainly in the financial sector, including Banco Santander, Nationwide and Banco de Sabadell. The fund's duration exposure made a small positive contribution to total returns, as Treasury yields declined slightly over April.

## Market development

In April, financial markets were relatively quiet, credit spreads traded in a narrow range and volatility in Treasury markets was also limited. Global High Yield Index spreads rose 4 bps to 5.51% and spreads on the Bloomberg Global Aggregate-Corporates Index declined 4 bps to 1.49%. In emerging markets, the CEMBI spread declined 3 bps to 3.72%. 5Y Treasury yields declined 9 bps to 3.48%. 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". The bank was acquired by JPMorgan in a transaction organized by the US government. In Europe, there was stronger performance in the banking sector. Reported earnings show that banks are benefiting from the higher rate environment. Banks are not facing the same problems as US regional banks, as European regulations are more strict on interest rate hedging. Two European banks announced a call of their CoCo bonds, which is positive for the sentiment around the asset class.

## Expectation of fund manager

Central banks have been experimenting with monetary policy for years – and have invented a lot of new monetary instruments and strategies along the way. The result has been low or negative yields for way too long. The economic system created debt in all corners of society. A fast and aggressive hiking cycle will for sure reveal many problems. Recent examples are Silicon Valley Bank and Credit Suisse getting into problems. All time-series show a recession could start somewhere toward the end of the year – and we believe central banks will definitely cause one. Recent developments in the banking sector will lead to more tightening of lending standards, which will put additional pressure on the economy. We do believe risks are more skewed to the US market this time. We are far enough into the business cycle and rate cycle that when markets become too bearish, buying on the dip makes sense. The sell-off in CoCos led to excessive risk premiums and a buying opportunity in that segment. Valuations for non-financials are less attractive and valuations for cyclicals are not fully reflecting recession risks at the moment.

## Top 10 largest positions

The top ten positions mostly consist of high yield-rated corporates and holdings in subordinated financials. Our subordinated financials positions are mainly in Tier-2 securities. Our high yield holdings are to a large extent in subordinated financials.

## Fund price

30-04-23	USD	89.35
High Ytd (02-02-23)	USD	91.57
Low Ytd (20-03-23)	USD	86.85

## Fees

Management fee	1.50%
Performance fee	None
Service fee	0.16%
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	D3 USD
This fund is a subfund of Robeco Capital Growth Funds, SICAV.	

## Registered in

Luxembourg, 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

This share class of the fund will distribute dividend.

## Derivative policy

The fund make use of derivatives for hedging purposes as well as for investment purposes.

## Fund codes

ISIN	LU2012947201
Bloomberg	RCRD3HU LX
Valoren	48587256

## Top 10 largest positions

### Holdings

CaixaBank SA  
Deutsche Bank AG  
Banco de Sabadell SA  
Nationwide Building Society  
Santander UK Group Holdings PLC  
Volkswagen Financial Services NV  
Societe Generale SA  
Celanese US Holdings LLC  
Credit Agricole Assurances SA  
Standard Chartered PLC

### Total

Sector	%
Financials	1.71
Financials	1.71
Financials	1.64
Financials	1.60
Financials	1.55
Industrials	1.51
Financials	1.50
Industrials	1.50
Financials	1.49
Financials	1.43
<b>Total</b>	<b>15.63</b>

## Statistics

	3 Years
Information ratio	0.12
Sharpe ratio	0.07
Alpha (%)	0.25
Beta	0.97
Standard deviation	7.13
Max. monthly gain (%)	4.99
Max. monthly loss (%)	-5.78

Above mentioned ratios are based on gross of fees returns

## Characteristics

	Fund
Rating	BAA1/BAA2
Option Adjusted Modified Duration (years)	5.0
Maturity (years)	5.8
Yield to Worst (% , Hedged)	7.8
Green Bonds (% , Weighted)	6.3

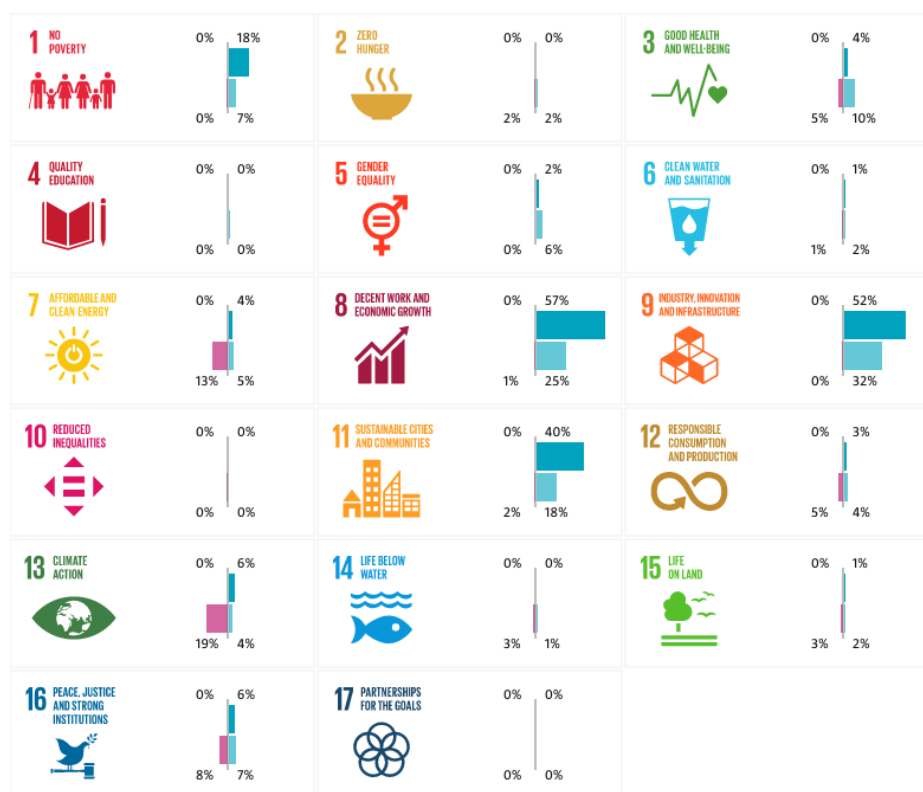
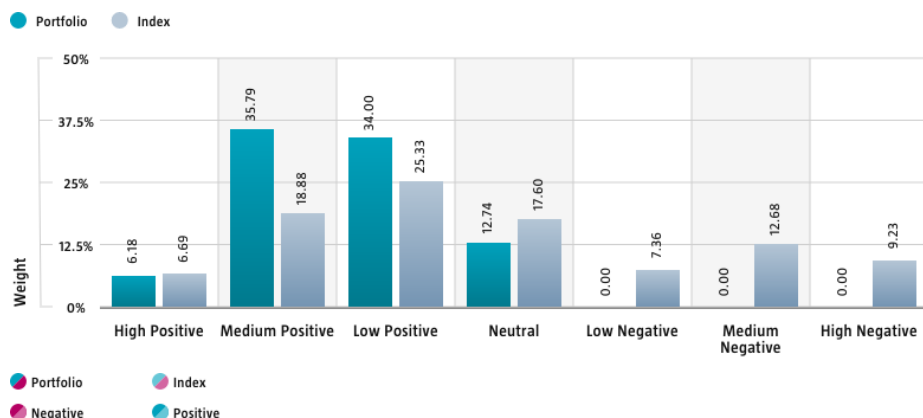
## Sustainability

Sustainability is incorporated in the investment process by the means of a target universe, exclusions, ESG integration, and a minimum allocation to ESG-labeled bonds. The fund solely invests in credits issued by companies with a positive or neutral impact on the SDGs. The impact of issuers on the SDGs is determined by applying Robeco's internally developed three-step SDG Framework. The outcome is a quantified contribution expressed as an SDG score, considering both the contribution to the SDGs (positive, neutral or negative) and the extent of this contribution (high, medium or low). In addition, 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. ESG factors are integrated in the bottom-up security analysis to assess the impact of financially material ESG risk on the issuer's fundamental credit quality. Furthermore, the fund invests at least 5% in green, social, sustainable, and/or sustainability-linked bonds. Lastly, where a credit issuer is flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to exclusion.

## SDG Impact Alignment

This distribution across SDG scores shows the portfolio weight allocated to companies with a positive, negative and neutral impact alignment with the Sustainable Development Goals (SDG) based on Robeco's SDG Framework. The framework, which utilizes a three-step approach to assess a company's impact alignment with the relevant SDGs, provides a methodology for assigning companies with an SDG score. The score ranges from positive to negative impact alignment with levels from high, medium or low impact alignment. This results in a 7-step scale from -3 to +3. If the data set does not cover the full portfolio, the figures shown above each impact level sum to the coverage level to reflect the data coverage of the portfolio, with minimal deviations that reflect rounding. Weights < 0.5% will show as 0. If an index has been selected, the same figures are also provided for the index.

For more information, please visit <https://www.robeco.com/docm/docu-brochure-robecosam-sdg-framework.pdf>



### Sector allocation

The fund invests in investment grade credit, high yield and emerging markets. In our view, the most attractive value can be found in the financial sector. There are many examples of bank and insurance bonds that trade at much higher spreads than similarly rated corporates. In April, we added senior Sabadell bonds and T2 instruments of Bank of Ireland. We have been cautious on high yield-rated corporates, but add when specific opportunities arise. In April, we participated in new dollar bonds of ZF Friedrichshafen and added a position in French automotive supplier Valeo. We sold positions in high yield corporates like Ineos Group and Nokia, which have rallied strongly.

#### Sector allocation

Financials	49.3%
Industrials	30.0%
Treasuries	4.3%
Agencies	3.5%
Covered	3.1%
Supranational	2.0%
Utilities	1.7%
ABS	0.8%
Sovereign	0.4%
Cash and other instruments	5.0%

### Currency denomination allocation

The currency exposure is hedged back to the fund's base currency.

#### Currency denomination allocation

U.S. Dollar	43.4%
Euro	40.8%
Pound Sterling	10.8%

### Duration allocation

The portfolio interest rate duration is 5 years.

#### Duration allocation

U.S. Dollar	5.0
Pound Sterling	0.0
Euro	0.0

### Rating allocation

The majority of the fund is invested in the BBB-BB space. We are cautious with our allocation towards high yield corporates as valuations are not reflecting recession risk.

#### Rating allocation

AAA	9.5%
AA	1.1%
A	6.8%
BAA	42.3%
BA	32.2%
B	1.9%
NR	1.1%
Cash and other instruments	5.0%

### Subordination allocation

The fund holds a significant allocation to banking and insurance, mainly via subordinated bonds.

#### Subordination type allocation

Senior	54.2%
Tier 2	19.4%
Tier 1	14.9%
Hybrid	6.4%
Subordinated	0.0%
Cash and other instruments	5.0%

## Investment policy

RobecoSAM SDG Credit Income is an actively managed fund that invests in companies that contribute to realizing the UN Sustainable Development Goals (SDGs). The selection of these bonds is based on fundamental analysis. The fund has sustainable investment as its objective within the meaning of Article 9 of the European Sustainable Finance Disclosure Regulation. The fund advances the UN Sustainable Development Goals (SDGs) by investing in companies whose business models and operational practices are aligned with targets defined by the 17 UN SDGs. The fund integrates ESG (Environmental, Social and Governance) factors in the investment process, applies Robeco's Good Governance policy. The fund applies sustainability indicators, including but not limited to normative, activity-based and region-based exclusions. The fund takes explicitly into account the contribution of a company to the UN SDGs. The fund's objective is also to maximize current income. The fund will invest in a broad array of fixed income sectors and utilize income efficient implementation strategies. The portfolio is built on the basis of the eligible investment universe and the relevant SDGs using an internally developed framework about which more information can be obtained via the website [www.robeco.com/si](http://www.robeco.com/si). The investment policy of the fund is not constrained by a benchmark.

## Fund manager's CV

Victor Verberk is CIO Fixed Income and Sustainability and Portfolio Manager Investment Grade Credits. Prior to joining Robeco in 2008, Victor was CIO at Holland Capital Management. Before that, he was Head of Fixed Income at MN Services and Portfolio Manager Credits at AXA Investment Managers. He has been active in the industry since 1997. Victor holds a Master's in Business Economics from Erasmus University Rotterdam and he is a Certified European Financial Analyst. Reinout Schapers is Co-Head Portfolio Management Investment Grade in the Credit team. Prior to joining Robeco in 2011, Reinout worked at Aegon Asset Management where he was a Head of European High Yield. Before that, he worked at Rabo Securities as an M&A Associate and at Credit Suisse First Boston as an Analyst Corporate Finance. Reinout has been active in the industry since 2003. He holds a Master's in Architecture from the Delft University of Technology. Evert Giesen is Portfolio Manager Investment Grade in the Credit team. Previously, he was an Analyst in Robeco's Credit team, responsible for covering the Automotive sector. Prior to joining Robeco in 2001, Evert worked at AEGON Asset Management for four years as a Fixed Income Portfolio Manager. He has been active in the industry since 1997 and holds a Master's in Econometrics from Tilburg University.

## 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.

## Morningstar

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## Disclaimer

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