

Robeco Emerging Stars Equities ML USD

Robeco Emerging Stars Equities is an actively managed fund that invests in emerging countries equities all over world. The selection of these shares is based on a fundamental analysis. The fund's objective is to achieve a better return than the index. The fund selects investments based on a combination of top-down country analysis and bottom-up stock selection. We focus on companies that have both a healthy and solid business model growth prospects as a reasonable valuation. The fund has a focused, concentrated portfolio with a small number of larger bets.



Jaap van der Hart, Karnail Sangha
Fund manager since 02-11-2006

Performance

	Fund	Index
1 m	-0.16%	-1.13%
3 m	-3.84%	-4.74%
Ytd	6.15%	2.78%
1 Year	-1.06%	-6.51%
2 Years	-11.13%	-12.62%
3 Years	5.68%	4.33%
5 Years	-1.21%	-1.05%
Since 02-2014	2.68%	3.01%

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.

Performance

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



Performance

Based on transaction prices, the fund's return was -0.16%.

In April, the fund outperformed the MSCI Emerging Markets Index, with both country allocation and stock selection contributing positively. Key positive contributors were the underweight position in China, the overweight position in Hungary and positive stock selection results in China and South Korea. Within China, the positions in insurance company PICC P&C and gas distribution company Kunlun contributed positively. Chinese internet companies were down significantly. As a consequence, not having a position in Tencent, JD.com and Meituan contributed positively, but this was counterbalanced by the portfolio position in Alibaba. Within South Korea, the preferred shares of Hyundai Motor and LG Chem performed strongly, significantly exceeding the return for ordinary shares. The largest negative contributions in April came from the underweight position in India, no position in Saudi Arabia and stock selection in South Africa and Brazil. In South Africa, Naspers lagged the market, in line with the performance for its key holding in Tencent. In Brazil, retailer Sendas underperformed due to the higher interest rate and capex costs.

Market development

In April, emerging markets declined by 2.7% in euro terms, lagging the 0.1% return for developed markets. The best emerging countries were the Central European countries (Hungary, Poland and the Czech Republic), Indonesia and the UAE, while China, Turkey and Taiwan were the worst performing ones. China's economic recovery after the end of the Covid measures is happening, with Q1 GDP growth at 4.5%, and improving retail sales and export numbers. Yet the market was still down on some geopolitical concerns and high expectations at the start of the year. Turkey will have elections in May, which will be a close race between President Erdogan and opposition leader Kilicdaroglu. Inflation is gradually coming down across emerging markets, and interest rates have largely been kept stable in April.

Expectation of fund manager

The global environment is still challenging for equity markets, as inflation remains relatively high and global central banks have continued to raise interest rates. This has led to financial stress for some European and US banks, and global growth is likely to slow down. Emerging markets, however, seem relatively well positioned, as inflation is actually lower in many countries, they were earlier in hiking interest rates in this cycle and growth in China is picking up after the end of the zero-Covid policy. After last year's correction, market valuations have become more attractive. Emerging markets in particular are attractively valued relative to developed markets, with discounts of around 30% based on earnings multiples.

Index

MSCI Emerging Markets Index (Net Return, USD)

General facts

Morningstar	★★
Type of fund	Equities
Currency	USD
Total size of fund	USD 1,675,223,344
Size of share class	USD 5,304,645
Outstanding shares	41,419
1st quotation date	04-02-2014
Close financial year	31-12
Ongoing charges	2.28%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	-
Management company	Robeco Institutional Asset Management B.V.
Management company	Robeco Institutional Asset Management B.V.

Sustainability profile



Exclusions



ESG Integration



Voting & Engagement

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

Top 10 largest positions

TSMC and Samsung Electronics are two globally leading technology companies that combine good growth prospects with attractive valuations. The valuation for Chinese e-commerce company Alibaba has become much more attractive, while it still has positive growth opportunities. Naspers is a South Africa-listed holding company for Tencent and several other internet companies across emerging markets, and is trading at a large discount to the underlying value. Several banks from various emerging countries also appear in the top ten. Here we see attractive valuations, structural growth opportunities, and shorter-term benefit from rising rates.

Fund price

30-04-23	USD	127.73
High Ytd (26-01-23)	USD	136.24
Low Ytd (02-01-23)	USD	120.18

Fees

Management fee	2.00%
Performance fee	None
Service fee	0.20%
Expected transaction costs	0.10%

Legal status

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

Registered in

Luxembourg, Singapore, Switzerland, United Kingdom

Currency policy

The fund is allowed to pursue an active currency policy to generate extra returns and can engage in currency hedging transactions.

Risk management

Risk management is fully integrated into the investment process to ensure that positions always meet predefined guidelines.

Dividend policy

In principle, the fund does not intend to distribute dividend and so both the income earned by the fund and its overall performance are reflected in its share price.

Fund codes

ISIN	LU1025004828
Bloomberg	RESEMLU LX
Sedol	BNZB428
Valoren	23585805

Top 10 largest positions

Holdings	Sector	%
Taiwan Semiconductor Manufacturing Co Lt	Information Technology	8.01
Samsung Electronics Co Ltd	Information Technology	5.20
Alibaba Group Holding Ltd	Consumer Discretionary	5.06
Naspers Ltd	Consumer Discretionary	4.92
Kia Corp	Consumer Discretionary	3.63
Grupo Financiero Banorte SAB de CV	Financials	3.15
Itau Unibanco Holding SA ADR	Financials	3.07
Bank Rakyat Indonesia Persero Tbk PT	Financials	2.90
Hana Financial Group Inc	Financials	2.85
China Resources Land Ltd	Real Estate	2.85
Total		41.65

Top 10/20/30 weights

TOP 10	41.65%
TOP 20	64.88%
TOP 30	82.37%

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	5.41	5.33
Information ratio	0.58	0.37
Sharpe ratio	0.30	-0.03
Alpha (%)	3.04	2.58
Beta	1.10	1.09
Standard deviation	20.70	21.36
Max. monthly gain (%)	17.36	17.36
Max. monthly loss (%)	-13.04	-19.38

Above mentioned ratios are based on gross of fees returns

Hit ratio

	3 Years	5 Years
Months outperformance	22	36
Hit ratio (%)	61.1	60.0
Months Bull market	20	31
Months outperformance Bull	13	21
Hit ratio Bull (%)	65.0	67.7
Months Bear market	16	29
Months Outperformance Bear	9	15
Hit ratio Bear (%)	56.3	51.7

Above mentioned ratios are based on gross of fees returns

Sustainability

The fund incorporates sustainability in the investment process through exclusions, ESG integration, engagement and voting. The fund does not invest in 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 investment analysis to assess existing and potential ESG risks and opportunities. In the stock selection the fund limits exposure to elevated sustainability risks. In addition, where a stock issuer is flagged for breaching international standards in the ongoing monitoring, the issuer will become subject to engagement. Lastly, the fund makes use of shareholder rights and applies proxy voting in accordance with Robeco's proxy voting policy.

Asset Allocation

Asset allocation

Equity	99.7%
Cash	0.3%

Sector allocation

In April, the weight in technology decreased, while the weight in financials increased. Information technology, financials and consumer discretionary remain the largest sectors in the fund. In these sectors we find the best opportunities for companies that combine good growth prospects with attractive valuations.

Sector allocation

		Deviation index
Financials	29.3%	7.1%
Consumer Discretionary	25.1%	12.1%
Information Technology	24.1%	4.4%
Real Estate	5.7%	3.8%
Energy	4.7%	-0.3%
Materials	4.1%	-4.7%
Utilities	2.9%	0.2%
Consumer Staples	2.7%	-3.9%
Health Care	1.3%	-2.6%
Communication Services	0.0%	-10.1%
Industrials	0.0%	-6.2%

Country allocation

There were no significant changes in positioning in April. The weight in South Korea increased slightly, while the weight in Taiwan decreased slightly. South Korea, China and Taiwan remain the largest countries in the portfolio.

Country allocation

		Deviation index
Korea	24.4%	12.4%
China	22.0%	-9.4%
Taiwan	14.8%	0.0%
India	8.5%	-5.2%
Brazil	7.7%	2.7%
South Africa	4.9%	1.3%
Thailand	3.6%	1.5%
Mexico	3.2%	0.5%
Hungary	2.9%	2.7%
Indonesia	2.9%	0.9%
Viet Nam	1.5%	1.5%
United Arab Emirates (U.A.E.)	1.3%	-0.1%
Other	2.2%	-9.0%

Currency allocation

The fund currently has no forward currency contracts.

Currency allocation

		Deviation index
Korean Won	24.4%	12.4%
Taiwan Dollar	14.8%	0.0%
Hong Kong Dollar	14.8%	-10.0%
Indian Rupee	8.5%	-5.2%
Brasilian Real	7.7%	2.7%
Chinese Renminbi (Yuan)	6.8%	1.4%
South African Rand	4.9%	1.3%
Thailand Baht	3.7%	1.6%
Mexico New Peso	3.1%	0.4%
Hungarian Forint	2.9%	2.7%
Indonesian Rupiah	2.9%	0.9%
Vietnam Dong	1.5%	1.5%
Other	3.9%	-9.8%

Investment policy

Robeco Emerging Stars Equities is an actively managed fund that invests in emerging countries equities all over world. The selection of these shares is based on a fundamental analysis. The fund's objective is to achieve a better return than the index. The fund promotes ESG (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 proxy voting. The fund selects investments based on a combination of top-down country analysis and bottom-up stock selection. We focus on companies that have both a healthy and solid business model growth prospects as a reasonable valuation. The fund has a focused, concentrated portfolio with a small number of larger bets. The majority of stocks selected will be components of the Benchmark, but stocks 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, whilst still controlling relative risk through the applications of limits (on VaR Ratio) to the extent of 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

Jaap van der Hart is the Lead Portfolio Manager of Robeco's High Conviction Emerging Stars strategy. Over time, he has been responsible for the investments in South America, Eastern Europe, South Africa, Mexico, China and Taiwan. He also coordinates the country allocation process. He started his career in the investment industry in 1994 at Robeco's Quantitative Research department and moved to the Emerging Markets Equity team in 2000. Jaap holds a Master's in Econometrics from Erasmus University Rotterdam. He has published several academic articles on stock selection in emerging markets. Karnail Sangha is a Portfolio Manager within the Emerging Markets Equity team and provides analytical research coverage on India. He is Co-Portfolio Manager for the Emerging Stars and Sustainable Emerging Stars Equity strategies. Prior to joining Robeco in 2000, Karnail was a Risk Manager/Controller at Aegon Asset Management where he started his career in the industry in 1999. He holds a Master's in Economics from Erasmus University Rotterdam and is a CFA® charterholder. Karnail is also fluent in Hindi and Punjabi.

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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Morningstar

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