For Professional Investors Only

**Factsheet** | Figures as of 30-04-2023

# Robeco Financial Institutions Bonds F EUR

Robeco Financial Institutions Bonds is an actively managed fund that mainly invests in subordinated euro-denominated bonds issued by financial institutions. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long-term capital growth. The fund offers a diversified exposure to subordinated bonds issued by banks and insurance companies and the focus of the fund is, in general, towards higher rated issuers (investment grade).

**Jan Willem de Moor**
**Fund manager since 16-05-2011**

## Performance

| | Fund | Index |
|---|---|---|
| 1 m | 0.10% | 0.62% |
| 3 m | -1.50% | -0.75% |
| Ytd | 1.32% | 1.90% |
| 1 Year | -4.19% | -5.04% |
| 2 Years | -5.97% | -6.32% |
| 3 Years | -1.06% | -1.90% |
| 5 Years | -0.39% | -0.53% |
| Since 11-2017 | -0.34% | -0.52% |

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 | -12.94% | -13.94% |
| 2021 | 0.79% | 0.58% |
| 2020 | 2.69% | 2.56% |
| 2019 | 11.68% | 10.45% |
| 2018 | -4.57% | -3.32% |
| 2020-2022 | -3.41% | -3.89% |
| 2018-2022 | -0.81% | -1.06% |

Annualized (years)

## Index

Bloomberg Euro Aggregate Corporates Financials Subordinated 2% Issuer Cap

## General facts

| | |
|---|---|
| Morningstar | ★★★★ |
| Type of fund | Bonds |
| Currency | EUR |
| Total size of fund | EUR 1,717,342,831 |
| Size of share class | EUR 95,214,385 |
| Outstanding shares | 969,965 |
| 1st quotation date | 16-11-2017 |
| Close financial year | 31-12 |
| Ongoing charges | 0.62% |
| Daily tradable | Yes |
| Dividend paid | No |
| Ex-ante tracking error limit | 4.00% |
| Management company | Robeco Institutional Asset Management B.V. |
| Management company | Robeco Institutional Asset Management B.V. |

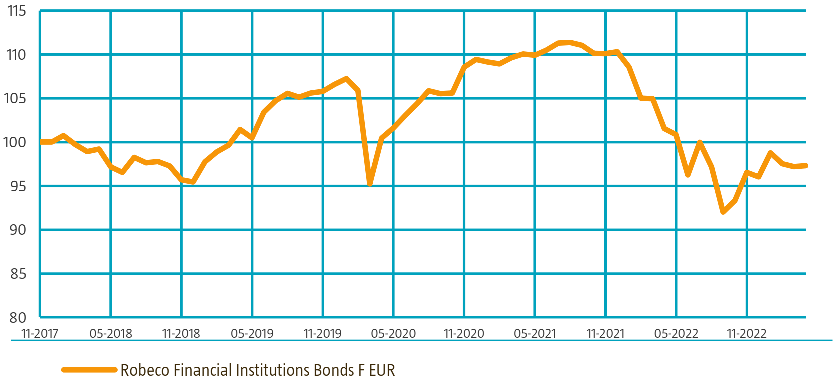
## Sustainability profile

- 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 0.10%.
This return was mostly driven by the carry of subordinated bonds that trade at an attractive spread over government bonds. The average index spread ended the month at 294 basis points, 3 basis points tighter than at the end of March. Spreads reached an intra-month low at 277 basis points at the middle of April, after which spreads widened in the last weeks of the month. The index excess return of subordinated bonds over underlying government bonds was positive, at 0.4%. The performance of the underlying portfolio, measured gross of fees, was a bit better than that of the index. The portfolio had a beta overweight position during the month, which contributed positively, as the asset class had a positive excess return over government bonds. We closed the long swap spread position that we entered in March, when swap spreads had risen as a result of the troubles at SVB and Credit Suisse. The trade contributed positively as spreads tightened. The contribution of individual issuer selection was neutral. Positive contributions came from Aroundtown (no holding, underweight versus the benchmark), Aegon and Sabadell. Negative contributions came from Deutsche Bank, HSBC and Crédit Mutuel.

## 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 the European banking sector. The specific issues of deposit outflows and large exposures to commercial real estate are mostly a phenomenon for smaller US banks. The publication of first-quarter earnings by European banks demonstrated that the sector is in good health and that profitability is improving as a result of the more attractive interest rate environment. One European sector that continues to be under pressure as a result of higher interest rates is the real estate sector. We have no holdings in this sector.

## Expectation of fund manager

What happened at Silicon Valley Bank and Credit Suisse? We won't go into the finer details, but it starts with the rule of thumb that at the end of the hiking cycle (certainly after such a steep rise in central bank rates), there are casualties. In this case, two specific bank events occurred that we consider to be idiosyncratic – and which we do not believe mark the start of a systemic series of events. As a regional bank, Silicon Valley Bank operated under a flaw in the US banking regulation. Smaller banks have a lighter regulatory regime than the bigger banks. Naturally, the big US banks do not suffer from this regulatory flaw. Neither do European banks. We believe the banking sector has deleveraged a lot, capital ratios have increased and balance sheet risks have been made much more conservative. The fact that there are far fewer illiquid assets on balance sheets, liquidity has improved, and direct lines have been established to the central bank instead of Libor lines among the banks, means that this time around the banking sector is not the systemic risk factor. As valuation has improved sharply in March, we decided to increase our beta overweight position.

## Top 10 largest positions

The fund has a benchmark that caps benchmark weights at 2%. For diversification reasons, actual individual positions will be limited to 3% at max. Holdings typically consist of exposures to large and strong banks and insurance companies.

## Fund price

| | | |
|---|---|---|
| 30-04-23 | EUR | 98.14 |
| High Ytd (03-02-23) | EUR | 101.22 |
| Low Ytd (20-03-23) | EUR | 94.74 |

## Fees

| | |
|---|---|
| Management fee | 0.40% |
| Performance fee | None |
| Service fee | 0.16% |
| Expected transaction costs | 0.08% |

## Legal status

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

| | |
|---|---|
| Issue structure | Open-end |
| UCITS V | Yes |
| Share class | F EUR |

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

## Registered in

Austria, France, Germany, Ireland, Luxembourg, Netherlands, Singapore, Spain, 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 does not distribute dividend.

## Derivative policy

Robeco Financial Institutions Bonds fund make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

## Fund codes

| | |
|---|---|
| ISIN | LU1718492769 |
| Bloomberg | ROFIBFH LX |
| WKN | A2P1GY |
| Valoren | 39103696 |

## Top 10 largest positions

| Holdings | Sector | % |
|---|---|---|
| Argentum Netherlands BV for Swiss Life AG | Financials | 2.92 |
| Raiffeisen Bank International AG | Financials | 2.92 |
| Deutsche Bank AG | Financials | 2.90 |
| CaixaBank SA | Financials | 2.85 |
| ASR Nederland NV | Financials | 2.80 |
| Ageas SA/NV | Financials | 2.80 |
| ELM BV for Helvetia Schweizerische Versicherungsge | Financials | 2.78 |
| Societe Generale SA | Financials | 2.76 |
| Erste Group Bank AG | Financials | 2.73 |
| Mapfre SA | Financials | 2.45 |
| **Total** | | **27.92** |

## Statistics

| | 3 Years | 5 Years |
|---|---|---|
| Tracking error ex-post (%) | 1.42 | 1.34 |
| Information ratio | 1.00 | 0.52 |
| Sharpe ratio | -0.08 | 0.04 |
| Alpha (%) | 1.51 | 0.76 |
| Beta | 1.02 | 1.07 |
| Standard deviation | 6.94 | 7.95 |
| Max. monthly gain (%) | 3.95 | 5.56 |
| Max. monthly loss (%) | -5.27 | -10.05 |

Above mentioned ratios are based on gross of fees returns

## Hit ratio

| | 3 Years | 5 Years |
|---|---|---|
| Months outperformance | 24 | 36 |
| Hit ratio (%) | 66.7 | 60.0 |
| Months Bull market | 17 | 32 |
| Months outperformance Bull | 13 | 24 |
| Hit ratio Bull (%) | 76.5 | 75.0 |
| Months Bear market | 19 | 28 |
| Months Outperformance Bear | 11 | 12 |
| Hit ratio Bear (%) | 57.9 | 42.9 |

Above mentioned ratios are based on gross of fees returns.

## Characteristics

| | Fund | Index |
|---|---|---|
| Rating | BAA1/BAA2 | BAA1/BAA2 |
| Option Adjusted Modified Duration (years) | 3.9 | 3.9 |
| Maturity (years) | 4.6 | 4.3 |
| Yield to Worst (%, Hedged) | 6.6 | 6.1 |
| Green Bonds (%, Weighted) | 4.6 | 6.9 |

## 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 only invests in financials – excess cash may be invested in (German) government bonds.

| Sector allocation | | Deviation index |
|---|---|---|
| Financials | 90.1% | -9.9% |
| Treasuries | 5.0% | 5.0% |
| Agencies | 1.7% | 1.7% |
| Cash and other instruments | 3.2% | 3.2% |

## Currency denomination allocation

The fund is allowed to invest in currencies other than euros. Approx. 6% of the fund is invested in bonds issued in pound sterling and US dollars. All foreign currency exposures are hedged.

| Currency denomination allocation | | Deviation index |
|---|---|---|
| Euro | 91.2% | -8.8% |
| Pound Sterling | 3.1% | 3.1% |
| U.S. Dollar | 2.5% | 2.5% |

## Duration allocation

The fund aims to hold an interest rate position that is neutral versus the benchmark.

| Duration allocation | | Deviation index |
|---|---|---|
| Euro | 3.9 | 0.0 |

## Rating allocation

The fund does not follow an active rating strategy – the current rating allocation is a result of bottom-up bond selection. The fund is allowed to invest in high yield and around 16% of the portfolio is currently invested in high yield-rated bonds.

| Rating allocation | | Deviation index |
|---|---|---|
| AAA | 5.0% | 5.0% |
| A | 15.5% | -6.9% |
| BAA | 60.2% | -17.4% |
| BA | 14.9% | 14.9% |
| B | 1.2% | 1.2% |
| Cash and other instruments | 3.2% | 3.2% |

## Country allocation

Country allocation is to a large extent bottom-up driven. We are underweight in French banks, as spreads are tight. The largest overweight can be found in Spanish banks.

| Country allocation | | Deviation index |
|---|---|---|
| Netherlands | 17.7% | 7.6% |
| France | 16.1% | -7.6% |
| Germany | 10.7% | -0.7% |
| Spain | 8.1% | -0.2% |
| United Kingdom | 7.7% | -2.9% |
| Switzerland | 7.7% | 1.9% |
| Austria | 7.2% | 2.1% |
| Belgium | 6.0% | 0.0% |
| Denmark | 4.6% | 1.0% |
| Portugal | 2.6% | 2.1% |
| Australia | 2.4% | -1.6% |
| Other | 6.0% | -4.9% |
| Cash and other instruments | 3.2% | 3.2% |

## Subordination allocation

About 70% of the portfolio is invested in Tier-2 debt: 40% is invested in Tier-2 bonds issued by banks and 30% in Tier-2 bonds issued by insurance companies. About 17% of the portfolio is invested in Tier-1 debt, of which bank Tier-1 CoCo bonds represent about 13%. On top of the bank CoCo bonds, we hold around 4% in insurance CoCo bonds. The exposure to senior bonds mainly consists of German Bunds, though we also hold senior bank bonds issued by BCP. The categories hybrid and subordinated contain subordinated debt issued by insurance companies.

| Subordination type allocation | | Deviation index |
|---|---|---|
| Tier 2 | 69.8% | -21.5% |
| Tier 1 | 17.1% | 15.8% |
| Senior | 6.2% | 6.2% |
| Hybrid | 3.4% | -3.6% |
| Subordinated | 0.2% | -0.3% |
| Cash and other instruments | 3.2% | 3.2% |

## Investment policy

Robeco Financial Institutions Bonds is an actively managed fund that mainly invests in subordinated euro-denominated bonds issued by financial institutions. 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, and engagement. The fund offers a diversified exposure to subordinated bonds issued by banks and insurance companies and the focus of the fund is, in general, towards higher rated issuers (investment grade). 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

Jan Willem de Moor is Co-Head Portfolio Management Investment Grade in the Credit team. Prior to joining Robeco in 2005, he worked at the Dutch Medical professionals' pension fund as an Equity Portfolio Manager and at SNS Asset Management as an Equity Portfolio Manager. Jan Willem has been active in the industry since 1994. He holds a Master's in Economics from Tilburg University.

## Team info

The Robeco Financial Institutions Bonds fund is managed within Robeco's credit team, which consists of nine portfolio managers and twenty-three credit analysts (of which four financials 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 dedicated quantitative researchers and 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

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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