ROBECO

Factsheet | Figures as of 30-04-2023

Robeco Sustainable Asian Bonds F USD

Robeco Sustainable Asian Bonds is an actively managed fund that invests in corporate and government bonds in Asia. The selection of these bonds is based on fundamental analysis. The fund's objective is to achieve a better return than the index. The fund invests at least two-thirds of its total assets in bonds (which may include contingent convertible bonds (also "coco" bonds)) and similar fixed income securities and asset backed securities issued by entities incorporated or exercising a preponderant part of their economic activities in Asia.

Thu Ha Chow, Reinout Schapers
Fund manager since 17-05-2022

Current MIFID legislation prevents us from reporting performance data for funds with less than a 12 month track record.

Index

JP Morgan Asia Credit Index

General facts

Type of fund	Bonds
Currency	USD
Total size of fund	USD 10,436,899
Size of share class	USD 26,205
Outstanding shares	260
1st quotation date	17-05-2022
Close financial year	31-12
Ongoing charges	0.71%
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

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

The total return of the index in the month was 0.89% and that of the fund was 1.16%, outperforming the index by 27 bps. The outperformance was driven primarily by issuer selection. Within country selection, an active underweight in China detracted from performance. Within sectors, the underweight in sovereign and agencies contributed negatively to the fund's performance and the overweight to banking added to performance.

Market development

Asian Credit's return was 0.89%. Positive total returns were driven by falling Treasury yields and tighter spreads in investment grade. Volatility came down in April, after an eventful month of March, but markets still struggled to find a clear direction. Recession fears are still present for developed markets and investors also worry about sticky inflation. In many emerging markets, this inflation pressure is more absent and this could give central banks room to start lowering rates ahead of their developed market peers. Within emerging markets, Asia remains relatively strong and the new issue market remains open, although largely for high grade issuers. A remarkable debutant was Pertamina Geothermal Energy with a 5-year green bond. This subsidiary of Pertamina is an important part of the group's decarbonization strategy.

Expectation of fund manager

We expect a recession in the US and Europe could start towards the end of the year, caused by a fast and aggressive central bank hiking cycle. The Federal Reserve is likely to have finished hiking rates and could be set to pause for a longer period than markets expect. Recent events in the banking sector will lead to a further tightening of lending standards. Concerns are about US interest-sensitive and leveraged asset classes like leveraged loans and commercial real estate, especially offices. The reopening of China post-Covid 19 is progressing faster than anticipated, but is more beneficial to the domestic services sector and the Asian region than to the global economy. Also China's outbound international tourism has not returned to pre-pandemic levels. Within this environment, we prefer higher-quality credit as it should be more resilient to a global economic downturn.

Top 10 largest positions

Top positions are primarily in sovereigns and financials. The fund is overweight in senior and subordinated financials. New issuance from Asian banks is mainly via senior bonds and often with an attractive new issue premium attached. The top positions in AA/AAA agency paper reflect our view of the strong fundamental of these issuers.

Fund price

30-04-23	USD	100.79
High Ytd (03-02-23)	USD	101.11
Low Ytd (03-01-23)	USD	97.07

Fees

Management fee	0.50%
Performance fee	None
Service fee	0.16%
Expected transaction costs	0.50%

Legal status

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

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

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

Registered in

Luxembourg, Singapore, Switzerland

Currency policy

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.

Fund codes

ISIN	LU2465793268
Bloomberg	RSSAFUD LX
Valoren	119171419

Top 10 largest positions

Holdings	Sector	%
Indonesia Government International Bond	Sovereign	4.04
Philippine Government International Bond	Sovereign	3.85
Alibaba Group Holding Ltd	Industrials	3.09
Nakilat Inc	Agencies	2.10
Export-Import Bank of Korea	Agencies	2.06
HSBC Holdings PLC	Financials	2.01
Temasek Financial I Ltd	Agencies	1.99
Sumitomo Mitsui Trust Bank Ltd	Financials	1.99
Macquarie Bank Ltd	Financials	1.98
Woori Bank	Financials	1.96
Total		**25.07**

Characteristics

	Fund	Index
Rating	A2/A3	BAA1/BAA2
Option Adjusted Modified Duration (years)	4.4	4.5
Maturity (years)	6.0	7.0
Yield to Worst (%)	5.8	6.7
Green Bonds (%)	19.1	8.2

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 invests in credits issued by companies with a positive, neutral or low negative impact on the SDGs. The exposure to credits issued by companies with a low negative impact is at max 20% and the average SDG score of the fund must be greater than zero. The impact of issuers on the SDGs is determined by applying Robeco's internally developed three-step SDG Framework. The outcome is quantified with a proprietary SDG score methodology, 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. Financially material ESG factors are integrated in the bottom-up security analysis to assess the impact 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.

Sector allocation

The overweight in industrials vs the underweight in agencies reflects our view that certain industries will be able to pass on inflation better than state-owned enterprises (SOEs), which will need to be mindful of their policy roles. Additionally, Chinese SOEs are also trading with tight spreads due to the perception of state support in a risk-off environment. The underweight in sovereigns, agencies and local authorities reflects concern that fiscal pressure is rising, as most governments are looking to offset the inflationary pressures on consumers by increasing subsidies and the strong USD could also constrain external balances. The fund is structurally underweight to Macau gaming, given its negative SDG contribution.

Sector allocation		Deviation index
Financials	28.4%	9.9%
Industrials	26.8%	7.0%
Agencies	16.9%	-23.7%
Treasuries	12.2%	12.2%
Sovereign	7.9%	-7.0%
Utilities	4.5%	2.1%
Local Authorities	0.0%	-3.8%
Cash and other instruments	3.3%	3.3%

Currency denomination allocation

Currently, the fund invests in hard-currency bonds only. In addition to USD-denominated bonds, the fund regularly holds EUR-denominated bonds, of which the currency exposure is hedged back to the US dollar, the fund's base currency.

Currency denomination allocation		Deviation index
U.S. Dollar	96.7%	-3.3%

Duration allocation

The fund's long spread duration reflects the attractive valuations.

Duration allocation		Deviation index
U.S. Dollar	4.4	-0.1

Rating allocation

The fund underweights the A-rated securities, predominately in China, due to tight valuations. The fund is overweight in BB securities, predominantly subordinated financials.

Rating allocation		Deviation index
AAA	14.2%	13.4%
AA	9.2%	-1.3%
A	20.5%	-11.3%
BAA	40.4%	-1.1%
BA	12.3%	4.4%
B		-2.6%
CAA		-0.7%
CA		-0.3%
C		-0.1%
NR		-3.7%
Cash and other instruments	3.3%	3.3%

Subordination allocation

The fund is overweight in subordinated financials and in strong banks, as capital and liquidity ratios remain strong, given the shoring up of balance sheets during the pandemic. They should also benefit from rising net interest income given their strong deposit base in a rising yield environment. Also, the fund is overweight in subordinated bonds from issuers in the communications sector, given their stable business models and attractive valuations.

Subordination type allocation		Deviation index
Senior	80.9%	-9.8%
Tier 2	7.1%	3.2%
Hybrid	5.2%	2.7%
Tier 1	3.4%	0.5%
Cash and other instruments	3.3%	3.3%

Investment policy

Robeco Sustainable Asian Bonds is an actively managed fund that invests in corporate and government bonds in Asia. The selection of these bonds is based on fundamental analysis. The fund's objective is to achieve a better return than the index. The fund invests at least two-thirds of its total assets in bonds (which may include contingent convertible bonds (also "coco" bonds)) and similar fixed income securities and asset backed securities issued by entities incorporated or exercising a preponderant part of their economic activities in Asia.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.

Fund manager's CV

Based in Singapore, Thu Ha Chow is Head of Fixed Income Asia and Portfolio Manager with a focus on Asian credits. Prior to joining Robeco in 2022, she was Portfolio Manager and Asia Strategist at Loomis Sayles & Co and Head of Asian Credit at Aberdeen Asset Management, both in Singapore. Previously Thu Ha worked for 15 years in London where she held senior fixed income positions at Deutsche Asset Management and Threadneedle Asset Management in addition to 3 years in investment banking at Credit Suisse First Boston. She started her career in 1998 after obtaining a Master's in Economics and Philosophy from London School of Economics. 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.

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

Disclaimer

Source: Robeco. As of 30-04-2023, NAV to NAV in denominated currency of the respective share class with dividends re-invested. The performance figures are calculated starting from the first quotation date. ©2023 Morningstar. All Rights Reserved. The information contained here in: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely by Morningstar. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no indication of current or future performance.

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