ROBECO

Factsheet | Figures as of 30-04-2023

RobecoSAM US Green Bonds D USD

RobecoSAM US Green Bonds is an actively managed fund that invests in USD-denominated green bonds issued by governments, government-related agencies and corporates. 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 Regulation (EU) 2019/2088 of 27 November 2019 on Sustainability-related disclosures in the financial sector. The fund invests at least two-thirds of its total assets in USD-denominated green bonds with a minimal rating of "BBB-" or equivalent by at least one of the recognized rating agencies. Green bonds selection is based on external vendor data or the internally developed framework, about which more information can be obtained via the website www.robeco.com/si. The fund's objective is also to provide long term capital growth.

Michiel de Bruin, Peter Kwaak
Fund manager since 27-07-2021

Performance

	Fund	Index
1 m	0.70%	0.92%
3 m	0.72%	0.82%
Ytd	3.23%	3.54%
1 Year	-0.33%	0.33%
Since 07-2021	-6.60%	-6.02%

Annualized (for periods longer than one year)
*Most representative for long term record due to startup costs of fund
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	-12.75%	-12.25%

Annualized (years)

Index

Bloomberg MSCI US Green Bond Index

General facts

Type of fund	Bonds
Currency	USD
Total size of fund	USD 260,200,242
Size of share class	USD 104,346
Outstanding shares	1,177
1st quotation date	27-07-2021
Close financial year	31-12
Ongoing charges	0.81%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	3.50%
Management company	Robeco Institutional Asset Management B.V.
Management company	Robeco Institutional Asset Management B.V.

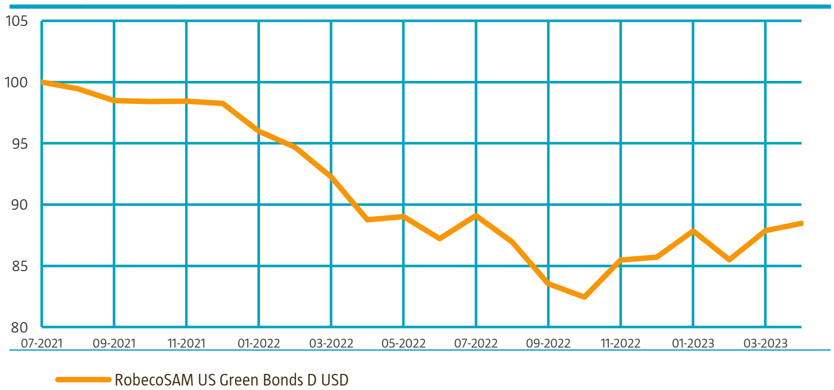
Sustainability profile

- 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 0.70%.
The fund posted a positive absolute return over the month, underperforming its index slightly. The total return of the fund was 0.77%. The Bloomberg MSCI US Green Bond Index delivered a total return of 0.92% this month. The credit spread on the USD Green Bond Index widened by 16 bps to 108 basis points. Our credit beta positioning and issuer selection made a negative contribution for the month.

Market development

Global bond yields ended the month of April at similar levels as in March. In the US, 10-year Treasuries traded within a 3.3% to 3.6% range, ending the month at 3.42%. US government bonds rallied at the beginning of the month, as the ISM Manufacturing Index and job openings came in below expectations. In Europe, front-end German bond yields traded in a 2.5% to 3.0% range. On the last day of the month, bonds rallied strongly, with the 2-year German yield dropping 14 bps to 2.69%. 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 was acquired by JPMorgan in a transaction organized by the US government. 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, despite lower rate and spread volatility.

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. All time-series show a recession could start somewhere toward the end of the year – and we believe central banks will cause one. Recent developments in the banking sector will lead to more tightening lending standards, which will put additional pressure on the economy. We do believe risks are more skewed to the US market this time. Our concern is with leveraged sectors that might be rate sensitive like covenant-lite leveraged loans, real estate, and CLOs. We are far enough into the business and rate cycle that when markets become too bearish, buying on the dip makes sense. This time, the sell-off in AT-1 and subordinated financials 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.

Fund price

30-04-23	USD	88.65
High Ytd (06-04-23)	USD	89.43
Low Ytd (02-03-23)	USD	85.12

Fees

Management fee	0.60%
Performance fee	None
Service fee	0.16%
Expected transaction costs	0.06%

Legal status

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

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

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

Registered in

Belgium, Luxembourg, Switzerland

Currency policy

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

The fund does not distribute a dividend.

Fund codes

ISIN	LU2352503812
Bloomberg	ROUGBDU LX
Valoren	112945597

Characteristics

	Fund	Index
Rating	AA3/A1	A1/A2
Option Adjusted Modified Duration (years)	5.8	5.5
Maturity (years)	7.0	7.7
Yield to Worst (%)	4.8	4.8
Green Bonds (%)	89.9	97.0

Sustainability

The fund’s sustainable investment objective is to invest in green bonds. Green bonds are bonds that are recognized as such by external sources and which proceeds are used to finance or re-finance in part or in full new and/or existing environmentally-friendly projects. The green bond selection is based on external data or an internally developed five-step Green bond framework. The five-step framework states that the issuer's green bond framework must be aligned with market standards related to green bonds such as such as the ICMA Green Bond Principles. Next, the allocation of the investment proceeds must contribute to at least one of the six objectives of the EU Taxonomy nor do any significant harm to the other five. The six objectives of the EU Taxonomy Regulation are climate change mitigation and adaptation, sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection of healthy ecosystems. The third and fourth steps require that the bond issuer reports on the use of proceeds and that the issuance aligns with the wider sustainability strategy of the issuer. The fifth and last step states that the issuer must respect international norms related to conduct such as international labor rights, human rights and the UN Global Compact. In addition, the investment process also takes into account exclusions following Robeco's exclusion policy and integrates financially material ESG factors in the bottom-up issuer analysis to assess the impact on the issuer's fundamentals.

Sector allocation

In terms of credit risk: overweights can be found in financials (overweight banking and insurance versus underweight US REITs) and overweight corporates (mainly technology and basic industry names). Front-end duration of the fund was slightly increased further in April by buying 5-year German Bobls. A pullback in bond prices during the month provided good entry opportunities. Central banks are coming to the end of their tightening cycle and the outlook for bonds is brightening, also because inflation has peaked. The fund remains positioned for a re-steeping of the curve and is significantly overweight between 1 to 5-year maturities versus underweight positions in bonds with maturities of 10-year and longer. We expect curves to normalize later this year. The fund also continued its small underweight in yen rates. Inflation in Japan is too high and we expect higher bond yields, as the BoJ is likely to widen the YCC policy band further.

Sector allocation		Deviation index
Financials	31.0%	4.1%
Supranational	19.9%	9.3%
Agencies	15.5%	-8.5%
Utilities	14.8%	-1.7%
Industrials	12.4%	0.1%
Local Authorities	2.7%	1.4%
Sovereign	1.3%	-6.4%
Covered	0.0%	-0.4%
CMBS	0.0%	-0.2%
ABS	0.0%	-0.1%
Cash and other instruments	2.4%	2.4%

Currency denomination allocation

The fund mainly invests in USD-denominated green bonds. At the end of the month, the exposure to USD-denominated bonds was 88%, with close to 10% held in EUR-denominated green bonds. In terms of credit risk (DTS), this meant we are overweight risk in EUR bonds versus underweight risk in USD bonds. The fund does not take active currency risk, as positions are hedged to the benchmark.

Currency denomination allocation		Deviation index
U.S. Dollar	87.8%	-12.2%
Euro	9.8%	9.8%

Duration allocation

While inflation is still elevated, we have seen peak inflation levels in both the US and Europe. In addition, after a year of central bank tightening, it is expected that much higher interest rate levels will increasingly start to bite. We expect this to limit the room to hike rates further in this cycle to 25 bps for the Fed and 50 bps for the ECB. Further out, we believe that Fed and ECB policy rates will fall back to neutral levels sooner than markets currently think. Against this background, we continue to gradually scale into duration.

Duration allocation		Deviation index
U.S. Dollar	5.8	0.3
Euro	0.3	0.3
Japanese Yen	-0.2	-0.2

Rating allocation

Positions across rating categories reflect the macro and credit strategies applied to the fund. In terms of credit risk (DTS), the fund has an underweight in investment grade bonds (overweight in AAA-rated bonds) and an overweight in BB-rated bonds. The position in BB-rated bonds is close to 3%.

Rating allocation		Deviation index
AAA	31.7%	15.0%
AA	8.3%	-3.2%
A	31.0%	-10.8%
BAA	23.8%	-6.2%
BA	2.7%	2.7%
Cash and other instruments	2.4%	2.4%

Subordination allocation

The fund mainly invests in senior unsecured green bonds with investment grade ratings. Subordinated green bonds are allowed, and there is room for BB-rated bonds. All bonds must first pass our proprietary 5-step eligibility screening process. In this process we check for alignment with the green bond principles, and review the use of proceeds in relation to the EU Taxonomy on green projects and activities. We also check for reporting on the allocation of proceeds and environmental impact. In addition, we evaluate the issuer's strategy on sustainability, and check for social safeguards and any controversial behavior.

Subordination type allocation		Deviation index
Senior	93.4%	-6.1%
Tier 2	1.9%	1.7%
Hybrid	1.7%	1.5%
Tier 1	0.6%	0.6%
Cash and other instruments	2.4%	2.4%

Investment policy

RobecoSAM US Green Bonds is an actively managed fund that invests in USD-denominated green bonds issued by governments, government-related agencies and corporates. 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 finances or re-finances new and/or existing environmentally-friendly projects by investing in green bonds which are designed to support specific climate-related or environmental projects. The fund integrates ESG (Environmental, Social and Governance) factors 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. The fund also aims to provide long term capital growth. The fund invests at least two-thirds of its total assets in US-dominated green bonds with a minimal rating of "BBB-" or equivalent by at least one of the recognized rating agencies. Green bonds selection is based on external vendor data or the internally developed framework, about which more information can be obtained via the website www.robeco.com/si. The Benchmark is aligned with the sustainable investment objective of the fund by applying clearly defined rules for classifying green bonds. 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, whilst still controlling relative risk through the applications of limits (on currencies and issuers) to the extent of deviation from the Benchmark. This will consequently limit the deviation of the performance relative to the Benchmark. the Benchmark is aligned with the sustainable investment objective of the fund by applying clearly defined rules for classifying green bonds.

Fund manager's CV

Michiel de Bruin is Head of Euro Sovereigns within the Global Macro team and Portfolio Manager. Prior to joining Robeco in 2018, Michiel was Head of Global Rates and Money Markets at BMO Global Asset Management in London. He held various other positions before that, including Head of Euro Government Bonds. Before he joined BMO in 2003, he was, among others, Co-Head of Fixed income Sales and Trading at NIB Financial Markets in Amsterdam. Michiel started his career in the industry in 1986. He is a Certified European Financial Analyst and holds a Bachelor's in Applied Sciences from University of Applied Sciences in Amsterdam. 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.

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.

Morningstar

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