

ROBECO

Summary document

Robeco UCITS ICAV - Robeco NextGen Global Small-Cap Equity UCITS ETF

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The Fund has the following E/S characteristics:

1. The Fund promotes having a lower carbon footprint than the MSCI World Small Cap Index (the "Benchmark").
2. The Fund promotes having a lower environmental footprint than the Benchmark.
3. The Fund promotes having a weighted average ESG score that is better than that of the Benchmark
4. The Fund promotes having a larger share of companies with a positive SDG score (1,2,3) in the portfolio than the Benchmark. In line with the Manager's exclusion policy, the Fund promotes: (i) a positive impact on climate change and the natural environment which is achieved through not investing in companies involved in oil sands and arctic drilling or that are engaged in the irresponsible use of raw materials; (ii) peace and stability which is achieved through not investing in certain companies involved with banned weapons and controversial weapons; (iii) the welfare of society which is achieved through not investing in companies that are involved in the production of tobacco; and (iv) the promotion of human rights and anti-corruption which is achieved through not investing in companies that are in breach of the ILO standards, UNGPs, UNGC or OECD Guidelines for Multinational Enterprises. The Fund adheres to certain minimum environmental and social safeguards through applying exclusion criteria with regards to products and business practices that the Manager believes are detrimental to society, such as exposure to controversial weapons, and certain fossil fuel-related activities. Via its exclusion policy, the Manager excludes investments in companies involved in thermal coal through several categories. Additionally, investments in companies involved in oil sands and arctic drilling are excluded under the climate-related exclusion categories. These exclusion categories are a part of the Manager's approach to the SFDR PAI indicators related to greenhouse gas emissions and relate to the promoted environmental characteristics of the Fund.
6. There is no reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the Fund. There is no reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.

Investment Strategy

Robeco NextGen Global Small-Cap Equity UCITS ETF is an actively managed sub-fund investing in stocks of companies in developed markets. The portfolio is optimised using a proprietary, AI-enhanced ("NextGen") quantitative stock selection model designed to deliver returns above the benchmark, sustainability characteristics above the benchmark, and manage risk relative to the benchmark. The AI-enhanced model incorporates proven return factors, such as value, quality, momentum, analyst revisions, low volatility, and short-term signals, to identify attractive investment opportunities. An AI overlay, leveraging machine learning techniques ("ML"), is then applied to refine the selection process. For further details on the AI-driven stock selection model, please refer to the sub-fund's prospectus.

Benchmark

Not applicable.

Planned asset allocation

The product plans to make a minimum of 50% sustainable investments. All investments are aligned with the E/S characteristics, with the exception of investments in the category "other" which are mostly cash and cash equivalents.

Monitoring and due diligence

Robeco has incorporated the sustainability aspects of the investment strategies into adequate investment due diligence processes and procedures for the selection and monitoring of investments, amongst others taking into account Robeco's risk appetite and sustainability risk management policies. Portfolio managers and analysts are primarily responsible for conducting investment due diligence on their strategies on a daily basis. They are supported by independent monitoring, performed by the Financial Risk Management and Investment Restrictions departments.

Data sources, methodologies and limitations

The product uses several sources for gathering sustainability data. Robeco scrutinises the data quality of each provider during due diligence assessments, that includes reviewing the data model, performing statistical checks and evaluating coverage. Data processing takes place in different forms, the preference is always to have data acquisition as automated as possible to avoid any operational risks or unnecessary human intervention.

Robeco maintains comprehensive methodology documents of our proprietary analytical frameworks on our website. In addition, for some social and environmental characteristics, Robeco relies on externally sourced content for which we aim to select the best of breed vendor

for each of our target characteristics. The primary limitation to the methodology or data source is the lack of corporate disclosure. Like many other financial market participants, we struggle to find adequate information on the principal adverse indicators. To overcome this issue, Robeco has resorted to using multiple data providers, since each has its own respective strengths and weaknesses.

Engagement strategy

The holdings of the fund are subject to the selection process of Robeco's value engagement program, that consists of a constructive dialogue between investors and investee companies to discuss how they manage ESG risks and opportunities, as well as stakeholder impact. Although this type of engagement is not directly related to the sustainable investment objective of the fund, it can be that adverse sustainability impacts are addressed via the value engagement program.

The holdings of the fund are subject to Robeco's enhanced engagement program, that focuses on companies that severely breach minimum standards which Robeco has set out in terms of corporate behavior, climate and biodiversity. In evaluating corporate behavior, we expect companies to comply with internationally accepted codes of conduct for corporate governance, social responsibility, the environment and transparency such as the UN Global Compact and OECD Guidelines for Multinational Enterprises. In the areas of climate change and biodiversity, we expect companies to make sufficient progress against Robeco's climate traffic light score or against the RSPO certification, respectively. The process for enhanced engagement theme selection is a formal part of our exclusion policy. Enhanced Engagement program includes the themes 'Global controversy', 'Acceleration to Paris', and 'Palm oil'.