

## Robeco Financial Institutions Bonds Feeder Fund - zero duration D3H USD

The actively managed fund is a feeder Fund (the "Feeder Fund") and as such invests at least 85% of its assets in class Z2H shares of Robeco Capital Growth Funds SICAV - Robeco Financial Institutions Bonds ("the Master"). The Master invests mainly in subordinated euro-denominated bonds issued by financial institutions and similar nongovernment fixed income securities. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long term capital growth. The Feeder Fund uses derivatives to hedge the duration of the Master. The duration hedge will lead to intended performance differences between the Feeder Fund and the Master. Interest rate movements will have a different effect on the Master and the Feeder Fund.



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

### Performance

	Fund
1 m	0.12%
3 m	-1.32%
Ytd	0.81%
1 Year	1.56%
2 Years	-1.05%
3 Years	2.38%
Since 09-2018	1.70%

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
2022	-3.14%
2021	1.61%
2020	1.70%
2019	10.91%
2020-2022	0.03%

Annualized (years)

### Index

Bloomberg Euro Aggregate Corporates Financials  
Subordinated 2% Issuer Cap

### General facts

Type of fund	Bonds
Currency	USD
Total size of fund	USD 1,005,157
Size of share class	USD 159,026
Outstanding shares	1,635
1st quotation date	18-09-2018
Close financial year	31-12
Ongoing charges	1.67%
Daily tradable	Yes
Dividend paid	Yes
Ex-ante tracking error limit	0.80%
Management company	Robeco Institutional Asset Management B.V.
Management company	Robeco Institutional Asset Management B.V.

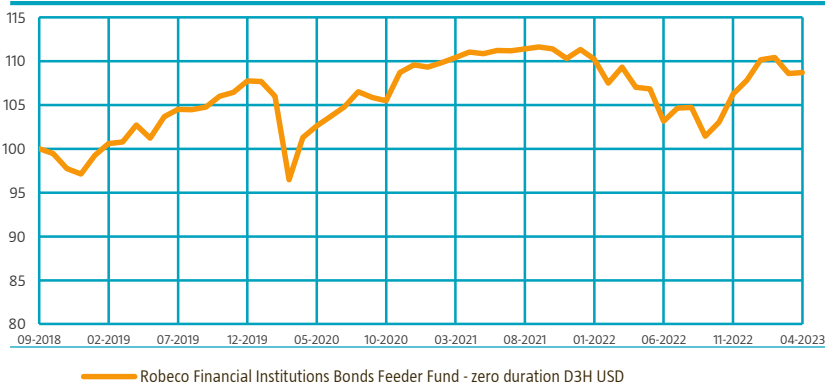
### Sustainability profile

- 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 0.12%.

This return was mostly driven by the carry of subordinated bonds that traded 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 underlying 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	USD	97.77
High Ytd (08-02-23)	USD	102.18
Low Ytd (20-03-23)	USD	93.70

### Fees

Management fee	1.50%
Performance fee	None
Service fee	0.16%
Expected transaction costs	0.28%

### Legal status

Investment company with variable capital incorporated under Luxembourg law (SICAV)	
Issue structure	Open-end
UCITS V	Yes
Share class	D3H USD
This fund is a subfund of the Robeco (LU) Funds III, SICAV	

### Registered in

Luxembourg, Singapore, 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 will distribute dividend.

### Derivative policy

The Feeder Fund uses derivatives to hedge the duration of the Master. The duration hedge will lead to intended performance differences between the Feeder Fund and the Master. Interest rate movements will have a different effect on the Master and the Feeder Fund.

### Fund codes

ISIN	LU1874123406
Bloomberg	ROFD3HE LX
Valoren	43545773

### Top 10 largest positions

#### Holdings

Argentum Netherlands BV for Swiss Life AG  
 Raiffeisen Bank International AG  
 Deutsche Bank AG  
 CaixaBank SA  
 ASR Nederland NV  
 Ageas SA/NV  
 ELM BV for Helvetia Schweizerische  
 Versicherungsge  
 Societe Generale SA  
 Erste Group Bank AG  
 Mapfre SA

#### Total

Sector	%
Financials	2.81
Financials	2.81
Financials	2.79
Financials	2.74
Financials	2.69
Financials	2.69
Financials	2.67
Financials	2.65
Financials	2.62
Financials	2.36
<b>Total</b>	<b>26.83</b>

### Statistics

	3 Years
Sharpe ratio	0.51
Standard deviation	5.38
Max. monthly gain (%)	3.28
Max. monthly loss (%)	-3.48

Above mentioned ratios are based on gross of fees returns

### Characteristics





	Fund
Rating	A3/BAA1
Option Adjusted Modified Duration (years)	0.3
Maturity (years)	0.9
Yield to Worst (% , Hedged)	8.6

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

Sector allocation		
Financials		86.6%
Treasuries		4.8%
Agencies		1.6%
Cash and other instruments		7.0%

### Currency denomination allocation

The underlying 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		
Euro		87.6%
Pound Sterling		3.0%
U.S. Dollar		2.4%

### Duration allocation

In the feeder, the duration of the underlying portfolio is hedged to reduce interest rate sensitivity.

Duration allocation		
Euro		0.2














### Rating allocation

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

Rating allocation		
AAA		4.8%
A		14.9%
BAA		57.8%
BA		14.3%
B		1.2%
Cash and other instruments		7.0%

### 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		
Netherlands		17.0%
France		15.5%
Germany		10.3%
Spain		7.8%
United Kingdom		7.4%
Switzerland		7.4%
Austria		6.9%
Belgium		5.7%
Denmark		4.4%
Portugal		2.5%
Australia		2.3%
Other		5.8%
Cash and other instruments		7.0%

### Subordination allocation

About 70% of the underlying 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 underlying 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		
Tier 2		67.1%
Tier 1		16.4%
Senior		6.0%
Hybrid		3.3%
Subordinated		0.2%
Cash and other instruments		7.0%

## Investment policy

The actively managed fund is a feeder Fund (the "Feeder Fund") and as such invests at least 85% of its assets in class Z2H shares of Robeco Capital Growth Funds SICAV - Robeco Financial Institutions Bonds ("the Master"). The Master invests mainly in subordinated eurodenominated bonds issued by financial institutions and similar nongovernment fixed income securities. The selection of these bonds is based on fundamental analysis. The fund's objective is to provide long term capital growth. Through its investment in the Master, 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 Feeder Fund uses derivatives to hedge the duration of the Master. The duration hedge will lead to intended performance differences between the Feeder Fund and the Master. Interest rate movements will have a different effect on the Master and the Feeder Fund. The Master aims to outperform the Benchmark by taking positions that deviate from the Benchmark. The Master 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 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.

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