

**ROBECO**  
The Investment Engineers

20

**Rolinco N.V.**

**Investment company with variable capital incorporated under Dutch law  
Undertaking for Collective Investment in Transferable Securities  
Chamber of Commerce registration number 24107720**

**Annual Report 2020**

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# Rolinco N.V.

(investment company with variable capital, having its registered office in Rotterdam, the Netherlands)

## **Management board (and manager)**

Robeco Institutional Asset Management B.V. ('RIAM')

## **Executive Committee ('ExCo') of RIAM**

Policymakers RIAM:

G.O.J.M. (Gilbert) Van Hassel \* (CEO)

K. (Karin) van Baardwijk \* (Deputy CEO)

A.J.M. (Lia) Belilos-Wessels

M.C.W. (Mark) den Hollander \*

M.F. (Mark) van der Kroft (since 1 September 2020)

M.O. (Martin) Nijkamp

H-C. (Christoph) von Reiche

V. (Victor) Verberk

P.J.J. (Peter) Ferket \* (until 22 May 2020)

\* also statutory director

## **Supervisory board of RIAM:**

M.F. (Maarten) Slendebroek (Chair, since 13 August 2020)

S. (Sonja) Barendregt-Roojers (Vice Chair)

S.H. (Stanley) Koyanagi (since 13 August 2020)

J.J.M. (Jeroen) Kremers (until 30 March 2020)

M.A.A.C. (Mark) Talbot

R.R.L. (Radboud) Vlaar

More information on the ExCo and the Supervisory Board can be found on the website [www.robeco.com](http://www.robeco.com).

## **Depository and Transfer Agent**

J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch

Strawinskylaan 1135,

NL-1077 XX Amsterdam

## **Fund managers**

Vera Krückel (until 30 April 2020)

Steef Bergakker (since 1 May 2020)

Marco van Lent

## **Fund agent and Paying agent**

ING Bank N.V.

Bijlmerplein 888

NL-1102 MG Amsterdam

## **Independent Auditor**

KPMG Accountants N.V.

Papendorpseweg 83

NL-3528 BJ Utrecht

## **Address**

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Chamber of Commerce registration number 24107720

# Report by the manager

## General information

### Legal aspects

Rolinco N.V. (the 'fund') is an investment company with variable capital established in the Netherlands. The fund is an Undertaking for Collective Investment in Transferable Securities (UCITS), as referred to in Section 1:1 of the Dutch Financial Supervision Act (hereinafter: 'Wft') and the EU Directive for Undertakings for Collective Investment in Transferable Securities (2014/91/EU, UCITS V). UCITS have to comply with certain restrictions to their investment policy in order to protect investors.

Robeco Institutional Asset Management B.V. ('RIAM') manages the fund. In this capacity, RIAM handles the asset management, risk management, administration, marketing and distribution of the fund. RIAM holds an AIFMD license as referred to in Section 2:65 Wft, as well as a license to manage UCITS as referred to in Section 2:69b Wft. RIAM is moreover authorized to manage individual assets and give advice with respect to financial instruments. RIAM is subject to supervision by the Dutch Authority for the Financial Markets (the 'AFM').

The assets of the fund are held in custody by J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch. J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch is appointed as the depositary of the fund as referred to in Section 4:62n Wft. The depositary is responsible for supervising the fund insofar as required under and in accordance with the applicable legislation. The manager, the fund and J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch have concluded a depositary and custodian agreement.

The fund is subject to statutory supervision by the AFM. The fund is entered in the register as stated in Section 1:107 Wft.

In 2020, the AFM has determined that Robeco must undertake a number of remedial measures to improve the processes in relation to the Money Laundering and Terrorist Financing (Prevention) Act ('Wwft') and the Sanctions Act ('Sw') in Robeco Retail, Robeco's on-line execution-only platform for Dutch retail customers. The improvements have commenced in 2020 and are scheduled to be completed by the end of 2021. Subsequent to the above, and as a separate matter, the AFM has indicated that it has concerns about the way in which Robeco has set up its business operations. Robeco has engaged with the AFM to substantiate Robeco's views in this respect.

### Robeco

When 'Robeco' is mentioned it means RIAM as well as the activities of other companies that fall within the scope of Robeco's management.

### Supervision by the Supervisory Board of Robeco Institutional Asset Management B.V.

The Supervisory Board of Robeco Institutional Asset Management B.V. supervises the general affairs of Robeco and its businesses as managed by the Management Board and Executive Committee, including the funds under management. During the meetings of the Supervisory Board, attention was paid, among other things, to developments in the financial markets and the performance of the funds.

Based on periodic reports, the Supervisory Board discussed the results of the funds with Management Board and Executive Committee. These discussions focused on the investment results, the development of assets under management as a result of market movements and the net inflow of new money as well as operational matters.

In the meetings of the Audit & Risk Committee of the Supervisory Board, amongst other things the interim financial reports and the reports of the independent auditor were regularly on the agenda. In addition, risk management, incident management, the tax position and quarterly reports from internal audit, compliance, legal affairs and risk management were discussed. Furthermore, the Audit & Risk Committee and Supervisory Board discussed the improvements for Robeco's processes, following to the measures imposed by the AFM in relation to the Dutch Money Laundering and Terrorist Financing (Prevention) Act and the Dutch Sanctions Act. Attention was also paid to fund governance and compliance with the principles that RIAM has established in order to secure a careful handling of (potential) conflicts of interest between RIAM as a fund manager and the investors in the funds. The following subjects were on the agenda, among others: an annual report of fund governance related monitoring activities prepared by the Compliance department, the Audit Report of KPMG and the annual reports and semi-annual reports of the funds. The Supervisory Board has determined that RIAM's principles for fund governance are applied.

### Market Impact Covid-19

Robeco considers the ongoing Covid-19 pandemic as a significant event which may impact the investment funds under management. The impact of the pandemic on people, companies and the economy at large remain uncertain. Pending herd immunity as a result of a substantial vaccination rate, the global economy will, however, still be impacted by opening and closing of (business) operations. Furthermore, a slowdown in the trajectory towards herd immunity as a result of risks relating to vaccine logistics, vaccine side effects, reduced effectiveness, or public resistance to (mandatory) vaccination, may have a negative impact on markets.

# Report by the manager (continued)

## General information (continued)

### Our operational measures for business continuity

In response to the ongoing Covid-19 crisis, Robeco is constantly monitoring the latest developments and has taken all measures necessary to manage the situation and to ensure business continuity, while ensuring the health and safety of our clients, our employees and our suppliers. Our operational measures and capabilities are such that Robeco remains fully functional in managing client portfolios and serving clients. Our systems and platforms are designed to enable our staff, most of whom have worked from home throughout the crisis based on their local health and safety measures, to operate as normal. Our approach is one of vigilance and flexibility, allowing us to implement new or revised measures smoothly and as necessary.

### Sustainable Finance Disclosure Regulation

In March 2018, the European Commission announced the adoption of the European Union's Sustainable Finance Action Plan (the 'Plan'), set out in response to the landmark signing of the Paris Agreement, and the United Nations 2030 Agenda for Sustainable Development. The Plan aims to bring in harmonized rules on sustainability related disclosures and policies, and to make it easier for end investors to ultimately assess the underlying sustainability criteria of an individual investment vehicle. The successful implementation of the EU Sustainable Finance Plan is of strategic importance for Robeco. A project management team of over 30 staff representing all key departments in Robeco are leading the efforts in this process. In 2020, Robeco has been preparing for the implementation of Level 1 of the Regulation on sustainability-related disclosures in the financial services sector (SFDR), that sets out which sustainability related disclosures must be made for an investment product. These disclosures have been made in the prospectus and other key investor documents, on the website and in future annual reports, starting as of the end of 31 December 2021. This means that the 2021 annual report will reflect conformity to the new requirements for sustainability reporting.

### Outsourcing some of the operational activities to J.P. Morgan

Early 2018, Robeco announced that it would be outsourcing part of its operations and administration activities to J.P. Morgan. The decision to outsource is part of the Robeco's strategic plan for the 2017-2021 period, which envisages further international growth in both investment and client servicing activities. In the course of 2018, J.P. Morgan became Robeco's service provider for fund accounting, operations, custody, depositary and securities lending, in two phases. In April 2019, J.P. Morgan became Robeco's transfer agent for all funds. In July 2020, J.P. Morgan also became Robeco's service provider for the middle office services.

### Share classes

The ordinary shares have been divided into three series. Each series is designated as a share class. At balance sheet date, the first two series were open. The series include the following share classes:

Share class A: Rolinco

Share class B: Rolinco - EUR G.

The management fee for the Rolinco - EUR G share class (without distribution fee) is lower than for the Rolinco share class.

### Attribution to share classes

The administration of the fund is such that attribution of the results to the different share classes takes place on a daily basis and pro rata. Issues and repurchases of own shares are registered per share class. The differences between the various share classes are explained in notes 9, 11 and 14 to the financial statements.

### Conversion of bearer shares

In the past, the fund issued shares in the form of bearer shares (also known as 'K-certificates'). In connection with the coming into effect of the Dutch Conversion of Bearer Shares Act (Wet omzetting aandelen aan toonder, the 'Act'), the holders of bearer shares had until 31 December 2020 to convert these into registered shares. All bearer shares which have not been converted in time were, on the basis of the Act, acquired by the fund for no consideration per 1 January 2021. From 1 January 2021 through 31 December 2025, holders of K-certificates in the fund may exchange their K-certificate for a replacement registered share. To this end, shareholders should submit their bearer shares through their own bank to the fund agent (ING Bank).

### Tax features

On the basis of Section 28 of the Dutch Corporation Tax Act, the fund has the status of a fiscal investment company. This means that 0% corporate income tax is due, providing that, after deducting 15% in Dutch dividend tax, the fund makes its profit available for distribution to shareholders in the form of dividend within eight months of the close of the financial year and satisfies any other relevant regulations.

# Report by the manager (continued)

## General information (continued)

### Liquidity of ordinary shares

The fund is an open-end investment company, meaning that, barring exceptional circumstances, it issues and repurchases ordinary shares on a daily basis at prices approximating net asset value, augmented or reduced by a limited surcharge or discount. The only purpose of this surcharge or discount is to cover the costs incurred by the fund for the entry and exit of investors. The actual maximum surcharge or discount is published on [www.robeco.com/riam](http://www.robeco.com/riam). The surcharges and discounts are recognized in the profit and loss account.

Both the Rolinco and Rolinco - EUR G share class are listed on Euronext Amsterdam<sup>1</sup>, Euronext Fund Service segment. In addition, the fund is listed on the stock exchanges of Berlin, Dusseldorf, Frankfurt, Hamburg, Luxembourg, Munich, Vienna and Zurich.

The cumulative preference shares are listed on Euronext Amsterdam, Euronext Fund Service segment.

<sup>1</sup> Depending on the distributor, investments can be made in Rolinco or Rolinco - EUR G.

### Key investor information and prospectus

A prospectus has been prepared for Rolinco N.V. with information on the fund, the costs and the risks. A key investor information document has been prepared for each share class of the investment company with information on the product and its associated costs and risks. These documents are available free of charge at the fund's offices and at [www.robeco.com](http://www.robeco.com).

### Audit committee task

An audit committee must be set up for investment funds that are classified as public interest entities (PIE). The Robeco funds are exempt from appointing an audit committee on the basis of Article 3 of the 'Besluit instelling auditcommissie'. This means that Robeco's funds with PIE status do not have an audit committee. However, the absence of an audit committee does not mean that the associated tasks will be canceled, but that they must have been assigned elsewhere in the Robeco organization. Within Robeco, these tasks will be performed by the Management Board and Executive Committee of RIAM.

### Information for investors in the respective countries

The information below applies only to investors in the respective countries.

#### Representative and paying agent in Switzerland

ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zürich, is appointed as the fund's representative in Switzerland. Copies of the Key Investor Information, the Prospectus, Articles of Association, annual and semi-annual reports, and a list of all purchases and sales in the fund's securities portfolio during the reporting period are available from the above address free of charge.

UBS Switzerland AG, Bahnhofstrasse 45, CH-8001 Zurich, is the fund's paying agent in Switzerland. Postal address: Badenerstrasse 574, Postfach, CH-8098 Zürich.

#### Representative and paying agent in Germany

State Street Bank GmbH - Frankfurt Branch (Agent Fund Trading), Solmsstrasse 83, D-60486 Frankfurt am Main is the fund's appointed paying agent in Germany. The information address for Germany is Robeco Deutschland, Taunusanlage 17, D-60325 Frankfurt am Main. The prospectus, the Articles of Association and the annual/semi-annual reports may be obtained free of charge from the information address. The prices at which shares are bought and sold are published on [www.robeco.de](http://www.robeco.de).

#### Financial services in Belgium

CACEIS Belgium N.V., Havenstraat 86C Bus 320, 1000 Brussels, is appointed as financial services provider in Belgium. The most recent periodic reports, the prospectus and the Key Investor Information and other information about the fund are available from them in Dutch and English.

### Translations

This report is also published in Dutch and German. Only the original version published in Dutch is legally valid.

# Report by the manager (continued)

## Key figures per share class

### Overview 2016-2020

Rolinco	2020	2019	2018	2017	2016	Average
<b>Performance in % based on:</b>						
- Market price <sup>1,2</sup>	20.6	36.8	-7.4	20.4	7.2	14.4
- Net asset value <sup>1,2</sup>	20.6	36.5	-6.3	20.0	6.6	14.5
- MSCI All Country World Index (Net Return) <sup>3</sup>	6.7	28.9	-4.8	8.9	11.1	9.6
Dividend in EUR <sup>4</sup>	0.80	1.00	0.80	0.60	0.60	
Total net assets <sup>5</sup>	342	309	260	307	286	

Rolinco - EUR G	2020	2019	2018	2017	2016	Average
<b>Performance in % based on:</b>						
- Market price <sup>1,2</sup>	21.2	37.4	-7.0	21.0	7.7	15.0
- Net asset value <sup>1,2</sup>	21.2	37.1	-5.9	20.6	7.1	15.1
- MSCI All Country World Index (Net Return) <sup>3</sup>	6.7	28.9	-4.8	8.9	11.1	9.6
Dividend in EUR <sup>4</sup>	0.80	1.00	0.80	0.60	0.60	
Total net assets <sup>5</sup>	564	480	341	368	318	

<sup>1</sup> The differences between the performance based on market price and the performance based on net asset value is caused by the fact that the market price is the NAV of the previous trading day corrected for the surcharge or discount as described under Liquidity of ordinary shares.

<sup>2</sup> Any dividend payments that are distributed in any year are assumed to have been reinvested in the fund.

<sup>3</sup> Currencies have been converted at rates supplied by World Market Reuters.

<sup>4</sup> The dividend relates to the reporting year mentioned and is distributed in the following financial year. The figure for 2020 is a proposal.. Further information on the proposed dividend can be found in the section Proposed profit appropriation on page 34.

<sup>5</sup> In millions of euros.

## General introduction

### Financial market environment

The end of 2019 saw the global economy in a late phase of economic expansion. The pickup in leading indicators early on in January 2020, spurred by the long awaited Phase 1 trade agreement between the US and China on 15 January, seemed promising. Unfortunately, later that month an exogenous shock emerged as the Covid-19 virus started to spread across the globe. At the end of the first quarter of 2020, the economy plunged into the deepest global recession since the 1930s, peaking around April as a result of a widespread economic and social lockdown. This was the result of governments attempting to contain the spread of the virus, after the WHO declared a pandemic on 11 March. Real GDP declined by 6.8% in China in the first quarter, and 31.4% at an annual rate in the US GDP in the second quarter. As the Covid-19 infection curves started to flatten in response to severe lockdowns, subsequent gradual re-openings led to economic activity picking up in May and June, with an early, lopsided recovery extending into the third quarter of 2020. However, as the virus re-emerged to kick off a second Covid-19 wave in August, the policy pendulum began to swing back and forth between re-openings and lockdowns, leading to economic momentum stalling in the fourth quarter. The IMF estimates that global GDP contracted by 3.5% in 2020 despite the global rebound in activity observed since April, with China already fully recovering lost output by the fourth quarter of 2020. The economic recovery from the Covid-19 pandemic remained uneven and incomplete at the end of 2020.

In the absence of herd immunity, governments continue to face a 'trilemma' between solving the health crisis, maintaining economic momentum, and safeguarding personal freedoms. The policy stimulus to mitigate the damage to the real economy from lockdowns has been significant, with central banks lowering interest rates to the effective lower bound, and governments stimulating their economies to such an extent that global sovereign debt to GDP levels for advanced G20 economies is now the highest it has been in 150 years.

In addition to Covid-19, 2020 witnessed a number of other major events. Donald Trump lost the US presidential election in November, and with the run-off Senate-election in Georgia the Democrats now enjoy a majority in the House of Representatives and effective control of the Senate. On Christmas Eve, British Prime Minister Boris Johnson managed to announce a post-Brexit trade deal. The new trade relations between the EU and the UK will resemble the Canadian model with tariff-free flows of goods between the EU and the UK. However, services are subject to import and export duties.



# Report by the manager (continued)

## General introduction (continued)

### Outlook for the equity markets

In 2020 financial markets have clearly been rewarding countries that addressed the pandemic quickly and effectively. Though the MSCI World Index only gained 6.3% (unhedged, EUR), countries that managed Covid-19 well such as South Korea (+ 32.5%) and China (+ 29.5%) enjoyed strong outperformances. As they wait for the arrival of vaccines and ensuing herd immunity, the quality of government responses to Covid-19 will remain a pricing determinant in cross-country financial market outcomes. 2020 was a truly historic year for many equity indices, with a massive, tech-led relief rally after the global recession peaked in March. After falling 34%, the S&P500 rallied 47% since the bottom of 23 March. Abundant global liquidity from central banks and swift fiscal stimulus from governments led to strong multiple expansion even as the recession lingered. Looking ahead, the enhanced coordination between monetary and fiscal policy, with central banks acting as credible fiscal financiers, will be supportive for equity markets. Excess liquidity and increasingly targeted fiscal stimulus will likely sustain equity valuations. Nonetheless, the easy gains have been realized. The onus now is on earnings growth to accelerate in order to boost equity returns. We think earnings growth around the 20% mark in 2021 is a realistic assumption given the early expansion phase of the business cycle. High private savings, increasing optimism among CEOs, positive wealth effects from a resilient housing market, and the continuing low interest rate environment will boost consumption and investments as herd immunity against Covid-19 becomes within reach. Upside risk to our equity outlook is that the global economic recovery is more swift and highly synchronized compared to consensus expectations. In the current environment of abundant excess liquidity and ongoing fiscal stimulus this could catapult market sentiment from rational exuberance into irrational euphoria, stretching valuation levels even further. Downside risks to our equity outlook are an unanticipated slowdown in the trajectory towards herd immunity or an economically unwarranted steep rise in (real) long term interest rates due to a hiccup in central bank forward guidance.

## Investment policy

### Introduction

Rolinco N.V.'s investment philosophy focuses on stocks that benefit from four secular growth trends: 'Digital World', 'Emerging Middle Class', 'Connected Enterprise' (formerly known as 'Industrial Renaissance') and 'Healthy Aging'. While the selection of these trends did not change during the year, the weights did.

### Investment objective

The fund aims to achieve a substantially higher return than the MSCI All Country World Index (Net Return) over the longer term through a well-diversified worldwide equity portfolio consisting largely of so-called 'Growth' stocks.

### Implementation of the investment policy

When policymakers unleashed an unprecedented wave of policy stimulus to counter an acute economic slowdown after the Covid-19 outbreak, we continued our move to a less defensive positioning. We have thus increased exposure to the trend 'Connected Enterprise' from 27% to 35%. We bought or added to names which had been hit too hard by the Covid-19 pandemic, like Informa, Capgemini and Aptiv. We also bought names that provided exposure to the digital transformation that enterprises globally seem to be speeding-up since the pandemic started, like TSMC, Siemens and Analog Devices. In combination with selling names like robot-maker Fanuc and forklift-maker Kion, we greatly improved the sustainability profile within this trend.

Another route to becoming less defensive was through lowering the weight of 'Healthy Aging' from 32% to 23.5%. We sold rate-sensitive insurance holdings Sun Life Financial and Voya and moved to a higher weight for alternative-assets managers like KKR. We also sold consumer-facing medical-technology companies like GN Store Nord and Dentsply Sirona, as we feared they might suffer disproportionately from ongoing social-distancing rules.

The weight of 'Emerging Middle Class' came down slightly from 20% to 18.5% due to its lagging performance and despite significantly adding to our three Chinese holdings. With JD.com and Alibaba, we have two e-commerce players which should get a permanent boost from the Covid-19 pandemic. The social-media, games and fintech company Tencent benefits from Staying-at-Home. We sold our holdings in Cogna Educaçao and Maruti Suzuki.

The weight of 'Digital World' went from 21% to 22.5%, partly driven by strong performance and partly by adding new names to broaden exposure to sub-trends that benefit from the Covid-19 pandemic. We bought Amazon and StoneCo (e-commerce), Adyen (payments), Chegg (online education) and Just Eat Takeaway (online food services). A new position in Sony (gaming, music, video) benefited the sustainability profile of the fund.

### Currency policy

Rolinco N.V. pursues an active currency policy with the euro as its base currency. The currency risk arises from the selection of specific stocks and the currencies in which they are denominated. Stock selection in the portfolio is mainly based on the chosen trends and not on the underlying country or currency. The various currency risks may be hedged, but this option was not implemented during the period under review. For further quantitative information on the currency risk, we refer to the information on currency risk provided on page 21.

### Derivatives positions

Rolinco N.V. does not hold any hedge positions nor did it have any hedge position during 2020.



# Report by the manager (continued)

## Investment result

### Investment result per share class

Share class	Price in EUR x 1 31/12/2020	Price in EUR x 1 31/12/2019	Dividend paid May 2020 <sup>1</sup>	Investment result in reporting period in % <sup>2</sup>
<i>Rolinco</i>			1.00	
- Market price	55.87	47.36		20.6
- Net asset value	55.87	47.36		20.6
<i>Rolinco EUR G</i>			1.00	
- Market price	59.97	50.51		21.2
- Net asset value	59.97	50.51		21.2

<sup>1</sup> Ex-dividend date.

<sup>2</sup> Any dividend payments that are distributed in any year are assumed to have been reinvested in the fund.

### Net returns per share <sup>1</sup>

EUR x 1

<b>Rolinco</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Investment income	0.57	0.73	0.66	0.54	0.47
Change in value	9.39	12.53	-2.54	6.47	1.76
Management costs, service fee and other costs	-0.55	-0.49	-0.45	-0.42	-0.35
<b>Net result</b>	<b>9.41</b>	<b>12.77</b>	<b>-2.33</b>	<b>6.59</b>	<b>1.88</b>

<b>Rolinco – EUR G</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Investment income	0.60	0.78	0.70	0.57	0.49
Change in value	10.05	13.35	-2.69	6.69	1.90
Management costs, service fee and other costs	-0.33	-0.29	-0.27	-0.25	-0.21
<b>Net result</b>	<b>10.32</b>	<b>13.84</b>	<b>-2.26</b>	<b>7.01</b>	<b>2.18</b>

<sup>1</sup> Based on the average amount of shares outstanding during the reporting year. The average number of shares is calculated on a daily basis.

Coming into 2020 on the heels of a blockbuster year in 2019, investor sentiment on global equities was riding high early on. But before long, equities were jolted by the Covid-19 outbreak and sunk into a bear market over merely 21 trading days, on concerns of an acute slowdown in economic activity. After capping off the first quarter at -19.6%, global equities staged a remarkable recovery over the next nine months, helped by unprecedented monetary and fiscal policy support around the globe. The MSCI All Country World index (net return) gained 6.7%. Rolinco N.V. generated a positive return of 21.9% (gross of fees) on the back of successful trend- and stock selection. The fund's return was above the index return in all but one month, in both up- and down-markets.

Three of the four trends in which Rolinco N.V. invests, generated a return above the index. By far the best-performing trend was 'Digital World' (+42.5%, all measured in EUR) as Staying-at-Home led to strong demand for e-games, e-commerce and e-payments. Adyen (+148%) was the star performer of the fund, with PayPal (+98%) also a strong beneficiary. 'Connected Enterprise' (+31%) came in second with two semiconductor-related names taking top spots: TSMC has risen 83% since our purchase, while Teradyne (+62%) again appeared among the top-ranked names. Although several holdings within the 'Healthy Aging' trend (+14%) were hit by the ongoing Covid-19 pandemic, as elective procedures are being postponed, it still performed better than the index. Thermo Fischer Scientific (+32%), the manufacturer of the PCR-tests used to detect the virus, obviously felt a strong tailwind from the pandemic. The 'Emerging Middle Class' trend (+2.7%) was the only to lag the index, but still generated a positive return. JD.com (+104%), the Chinese e-commerce name that we bought after the pandemic had started, has more than doubled since its purchase. Citigroup on the contrary was the single-biggest detractor from overall return, despite a strong recovery in Q4.

### Return and risk

The net investment result over the reporting period was achieved with a highly active investment style, as measured by active share which has hovered between 86% and 90% throughout the reporting period. The realized beta of the Rolinco N.V. portfolio was 0.99, meaning that we have taken only slightly lower investment risks than the market itself (which by definition has a beta of 1). The volatility of the fund's realized return of 27.8% (annualized) was in line with the 27.6% for the index. Combining this investment risk with the realized return resulted in a Sharpe ratio of 0.98 for Rolinco N.V., compared to 0.42 for the index, indicating that the amount of return per realized volatility was significantly higher for Rolinco N.V.

# Report by the manager (continued)

## Risk management

A description of the risk management regarding financial instruments can be found in the notes to the financial statements on pages 19 through 27.

## Movements in net assets

During the reporting period the net assets of the Rolinco N.V. fund rose by EUR 116.8 million to EUR 911.6 million. This increase can be explained by the following items. On balance, shares were redeemed to the amount of EUR 23.9 million. Adding the net result increased these assets by EUR 156.9 million. EUR 16.2 million was distributed in dividend.

### Survey of movements in net assets

	2020 EUR' 000	2019 EUR' 000
<b>Assets at opening date</b>	<b>794,825</b>	<b>608,464</b>
Company shares issued	61,724	71,033
Company shares repurchased	(85,483)	(87,717)
Purchase 6.5% cumulative preference shares	(148)	(23)
<b>Situation on closing date</b>	<b>770,918</b>	<b>591,757</b>
Investment income	9,303	12,246
Receipts on surcharges and discounts on issuance and repurchase of own shares	115	120
Management fee	(5,428)	(5,150)
Service fee	(1,175)	(870)
Other costs	(18)	(122)
	<b>2,797</b>	<b>6,224</b>
Changes in value	154,043	210,210
<b>Net result</b>	<b>156,840</b>	<b>216,434</b>
Dividend paid	(15,794)	(12,992)
Dividend paid on cumulative preference shares	(371)	(374)
<b>Assets at closing date</b>	<b>911,593</b>	<b>794,825</b>

## Remuneration policy

The fund itself does not employ any personnel and is managed by RIAM. In the Netherlands, persons performing duties for the fund at management-board level and portfolio managers are employed by Robeco Nederland B.V. The remuneration for these persons comes out of the management fee. RIAM's remuneration policy, that applies to all staff working under RIAM's responsibility, is subject to the applicable requirements of the European frameworks of the AIFMD, MiFID, the UCITS Directive, the ESMA guidelines on sound remuneration policies under the UCITS Directive, as well as the Dutch Remuneration Policy (Financial Enterprises) Act (Wet beloningsbeleid financiële ondernemingen). The remuneration policy has the following objectives:

- To stimulate employees to act in the best interests of clients and avoid taking undesirable risks.
- To promote a healthy corporate culture, with a strong focus on sustainable results in accordance with the long-term objectives of RIAM and its stakeholders.
- To attract and retain good staff and to reward talent and performance fairly.

### Responsibility for the remuneration policy

The Supervisory Board of RIAM supervises the correct application of the remuneration policy and is responsible for the annual evaluation. Changes in the remuneration policy have to be approved by the Supervisory Board of RIAM. The Nomination & Remuneration Committee of the Supervisory Board of RIAM provides advice to the Supervisory Board of RIAM in the execution of these tasks, with the involvement of the Monitoring Committee. In the application and evaluation of the remuneration policy, RIAM regularly makes use of the services of various external advisers. The remuneration of fund managers consists of a fixed component and a variable component.

### Fixed remuneration

The fixed salary of each employee is based on his/her role and experience and is in accordance with the RIAM salary ranges, which have also been derived from benchmarks in the investment management sector. The fixed salary is deemed to be adequate remuneration for the employee to properly execute their responsibilities, regardless of whether the employee receives any variable remuneration.

# Report by the manager (continued)

## Remuneration policy (continued)

### Variable remuneration

The available budget/pool for variable remuneration is approved in advance by the Supervisory Board of RIAM based on a proposal made by the Nomination & Remuneration Committee of the Supervisory Board of RIAM. The total budget/pool is based, in principle, on a percentage of RIAM's operating result. In order to ensure that the total variable remuneration accurately reflects the performance of RIAM and the funds that it manages, when determining the budget/pool, a correction is made for risks that may occur in the year concerned and furthermore for multiple-year risks that may affect the risk profile of RIAM.

The variable remuneration component for the fund managers depends on the multi-year performance of the fund. The system is linked to outperformance with regard to risk-adjusted pre-determined annual targets. The calculated outperformance over a one-year, three-year and five-year period is taken into account when determining the variable remuneration. Also important in this determination are behavior, the extent to which team- and individual qualitative and predetermined objectives have been achieved and the extent to which Robeco corporate values are observed. The fund manager's contribution to the various organizational objectives is also taken into consideration. Poor performance, unethical or non-compliant behavior will be taken into account when determining individual awards and could result in a reduction of variable remuneration. For the senior fund manager, the Identified Staff regime also applies (see below).

### Identified Staff

RIAM has a specific and more stringent remuneration policy for employees who could have a material impact on the risk profile of the fund. These employees are designated to be 'Identified Staff'. For 2020, in addition to the Management Board, RIAM has designated 96 employees as Identified Staff, including all senior portfolio managers, senior management and the heads of the control functions (HR, Compliance, Risk Management, Business Control, Internal Audit and Legal). Among other things the performance targets of these employees that are used to determine the award of variable pay are subject to additional risk analyses, both prior to the performance year and at the end when the results are evaluated. In addition, in all cases at least 70% of the payment of variable remuneration granted to these employees will be deferred for a period of four years, and 50% will be converted into instruments ('Robeco Cash Appreciation Rights') whose value will follow the company's future results.

### Risk control

RIAM has implemented additional risk management measures with regard to the variable remuneration. For instance, RIAM has the possibility with regard to all employees to reclaim the granted variable remuneration ('claw-back') when this has been based on incorrect assumptions, fraudulent acts, serious improper behavior, serious neglect of duties or behavior that has resulted in a considerable loss for RIAM. After the granting but before the actual payment of the deferred variable remuneration components to Identified Staff, an additional assessment is performed to check whether new information would result in decreasing the previously granted remuneration components (the so-called 'malus arrangement'). The malus arrangement can be applied because of (i) misconduct or a serious error of judgement on the part of the employee (ii) a considerable deterioration of RIAM's financial results that was not foreseen at the time the remuneration was granted (iii) a serious violation of the risk management system, leading to changed circumstances compared with the granting of the variable remuneration or (iv) fraud committed by the employee concerned.

### Annual assessment

RIAM's remuneration policy and the application thereof was evaluated in 2020 under the responsibility of the Supervisory Board of RIAM, advised by the Nomination & Remuneration Committee of the Supervisory Board of RIAM. As a result, the remuneration policy will be updated in view of the new Sustainable Finance Disclosure Regulation (SFDR) and further enhanced to ensure full compliance with all regulations.

### Remuneration in 2020

Of the total amounts granted in remuneration<sup>1</sup> by RIAM in 2020 to the group's Board, Identified Staff and Other Employees, the following amounts are to be assigned to the fund:

#### Remuneration in EUR x 1

Staff category	Fixed pay for 2020	Variable pay for 2020
Board (4 members) <sup>2</sup>	12,353	21,759
Identified Staff (96) (ex Board) <sup>2</sup>	118,137	83,554
Other employees (631 employees)	286,827	93,657

The total of the fixed and variable remuneration charged to the fund is EUR 616,287. Imputation occurs according to the following key:

$$\text{Total remuneration (fixed and variable) x } \frac{\text{Total fund assets}}{\text{Total assets under management (RIAM)}}$$

The fund itself does not employ any personnel and has therefore not paid any remuneration above EUR 1 million.

<sup>1</sup> The remunerations relate to activities performed for one or more Robeco entities.

<sup>2</sup> The 2019 remuneration figures have been corrected. The 2019 variable remuneration awards have been revised to EUR 7,632 for the current and former statutory directors and to EUR 61,856 for the identified staff. Subsequently a total of 2 employees was paid remuneration amounting to over EUR 1 million in 2019.

# Report by the manager (continued)

## Remuneration policy (continued)

### Remuneration manager

The manager (RIAM) has paid to 5 employees a total remuneration above EUR 1 million.

## Sustainable investing

All Robeco's investment activities comply with the Principles for Responsible Investing (PRI). In 2020, Robeco was awarded an A+ for all applicable modules that were assessed as part of the Principles for Responsible Investment (PRI) 2020 report. This was the seventh year in a row that Robeco obtained the highest score for the majority of the modules assessed by PRI. Responsibility for implementing Sustainable investing lies with the CIO Fixed Income and Sustainability, who also has a seat on Robeco's Executive Committee.

### Focus on stewardship

Fulfilling our responsibilities in the field of stewardship forms an integral part of Robeco's approach to Sustainable investing. A core aspect of Robeco's mission is fulfilling our fiduciary duties towards our clients and beneficiaries. Robeco manages investments for a variety of clients with different investment needs. We always strive in everything we do to serve our clients interests to the best of our ability.

In our view, the fact that more and more stewardship codes are being introduced around the globe is a positive development, and we are strong advocates of active ownership. For this reason we publish our own stewardship policy on our website. This policy describes how we deal with possible conflicts of interest, how we monitor the companies in which we invest, how we conduct activities in the field of engagement and voting, and how we report on our stewardship activities.

To mark our strong commitment to stewardship, we have become signatories to many different stewardship codes. In 2018 Eumedion, the Dutch governance platform for institutional investors, published a Dutch stewardship code. Robeco was a participant in the working group that wrote this code. In previous years we became signatories to the stewardship codes of the United Kingdom, Japan and Brazil. In addition, Robeco a.o. meets the Taiwanese Stewardship Principles for Institutional Investors, the US ISG stewardship principles, the Principles for Responsible Ownership in Hong Kong, Singapore Stewardship Principles and the Korean Stewardship Code.

### ESG integration by Robeco

Sustainability can bring about changes in markets, countries and companies in the long term. And since changes affect future performance, ESG factors can in our view add value to our investment process. We therefore look at these factors in the same way as we consider a company's financial position or market momentum. We have research available from leading sustainability experts, including our own proprietary research from the sustainable investing research team. This dedicated Sustainable Investing research team works together very closely with the investment teams to provide them with in-depth sustainability information.

The investment analysis focuses on the most material ESG factors and the connection with the financial performance of a company. We can then focus on the most relevant information in performing our investment-analysis and can reach enhanced investment decisions. Besides integrating ESG, Active Ownership and exclusions into all of our investment processes, in 2020 we continued developing new sustainable investment funds with specific sustainable goals and criteria, including Paris aligned fixed income funds and a circular economy fund. Our quantitative investment strategies added a new sustainability characteristic to their approach by making sure the environmental footprint (GHG (greenhouse gas) emissions) is always below that of the benchmark. This is supported by the philosophy not to run risks that we do not believe will be rewarded in the future.

### Contributing to the Sustainable Development Goals

Robeco is a signatory in the Netherlands to the Sustainable Development Goals Investing Agenda. To help our customers contribute to the objectives, we worked on analyzing the SDG<sup>1</sup> contribution of companies and developing SDG investment solutions. Currently multiple solutions are available both in equity and fixed income and the amount of assets that are managed in line with this SDG methodology is increasing rapidly.

Furthermore, Robeco contributes to the SDGs by integrating ESG factors in its decision-making process for investments and encourages companies to act in support of these goals by means of a constructive dialogue. The SDGs are continually considered during the engagement and voting activities.

<sup>1</sup> Sustainable Development Goals

### Combating climate change

Robeco's climate change policy is focused on integrating climate issues in investments when financially material and engaging with companies. Furthermore Climate risks for our funds are being assessed and monitored by the financial risk management department. In 2020 Robeco expanded its climate change policy by announcing the ambition to achieve net-zero greenhouse gas (GHG) emissions by 2050 across all its assets under management. As this is a long-term ambition, a roadmap will be developed and interim targets will be set. These targets will include reduction of portfolio emissions, but also investment in climate solutions such as green bonds and engagement with investee companies to drive emission reductions in the real economy and create real world impact.

# Report by the manager (continued)

## Sustainable investing (continued)

### Exclusion

Robeco pursues an exclusion policy for companies that are involved in the production of or trade in controversial weapons such as cluster munition and anti-personnel mines, for tobacco companies and for companies that severely and structurally violate either the United Nations Global Compact (UNGC) or OECD Guidelines for Multinational Enterprises. We apply strict criteria for this last category and if a dialogue fails the company can be excluded. Robeco publishes its exclusion policy and the list of exclusions on its website. In 2020 Robeco decided to expand the exclusion policy for its funds with certain fossil fuel companies. Companies that derive 25% or more of their revenues from thermal coal or oil sands, or 10% from Arctic drilling, are barred from all funds. For our sustainable and impact fund range the revenue hurdles are 10% for thermal coal and oil sands and 5% for Arctic drilling. The exclusions were implemented at the end of the fourth quarter of 2020.

### Active ownership

Constructive and effective activities under active ownership encourage companies to improve their management of risks and opportunities in the field of ESG. This in turn establishes a better competitive position and improved profitability and moreover has a positive impact on the community. Active ownership involves voting and engagement. Robeco exercises its voting rights for the shares in its investment funds all over the world. In 2020, we voted at 31 shareholder meetings on behalf of Rolinco N.V. At 40 (68%) of the 60 meetings, we cast at least one vote against management's recommendation. In addition, Robeco enters into an active dialogue with the companies in which it invests on questions concerning the environment, society and corporate governance. In 2020, our activities towards achieving active ownership were again awarded high scores under the Principles for Responsible Investment (PRI). Robeco has Active Ownership specialists in both Rotterdam and Hong Kong. In 2020 Robeco engaged with over 222 companies on different issues ranging from corporate governance to food security to climate change. For Rolinco N.V., we entered into a dialogue with 16 companies, involving 16 value engagement cases. More information on our processes and themes can be found in the Stewardship Policy.

The primary focus of this engagement is to address strategic ESG issues that might affect value creation in the long term. Hereafter, 2020 case studies are provided to illustrate Robeco's approach towards fulfilling our stewardship responsibilities.

### Robeco's Active Ownership response to Covid-19

Robeco has been active with its engagement partners and in the media since the start of the Covid-19 pandemic with regard to the ESG-related impact of the crisis. Below, we highlight a few activities that have taken place since March.

#### 1. Robeco signed the Investor Statement on Coronavirus Response

As long-term investors, Robeco urged the business community to take what steps they could and to consider the following steps in particular: provide paid leave if necessary, prioritize health and safety of workers, maintain employment, maintain supplier/customer relationships, and exhibit financial prudence. You can find the statement here: <https://www.iccr.org/investor-statement-coronavirus-response>.

#### 2. Active Ownership participated in working groups PRI and ICCR

Two PRI working groups and one working group within the Interfaith Center for Corporate Responsibility (ICCR) have started:

- The first PRI working group focused on short-term responses and ensuring responsible ESG approaches remain at the front of investor activities.
- The second PRI working group focused on a future economic recovery phase which will consider how the financial system should function to ensure sustainable outcomes.
- The ICCR group focused mainly on US companies.

#### 3. Robeco calls on pharmaceutical sector to maximize efforts in combatting Covid-19

In collaboration with other international asset managers, pension funds and insurers, Robeco has supported several initiatives that call on pharmaceutical companies to uphold their social license to operate and maximize cooperation to minimize the spread of the virus. First, Robeco engaged along with other global investors with Roche, producer of important diagnostics for test capacity to test patients for Covid-19, to call upon the company to provide the formula for creating test reagents in the labs to support the global crisis response. In addition, Robeco joined two separate efforts with the ICCR and a group of Dutch institutional investors by releasing an investor statement targeted at pharmaceuticals, asking them to adopt a collaborative approach to the design and delivery of health technologies and govern with financial prudence and a commitment to uphold their social license to operate by ensuring affordable access for all.

#### 4. Impact on and call to the garment industry

The Platform Living Wages Financials published a public statement outlining investors' expectations on how the garment industry should manage the Covid-19 crisis responsibly.

The International Labor Organization (ILO) has published a Call to Action by garment industry employer and worker organizations, leading brands and retailers to work with governments and financial institutions to tackle the devastating economic disruption and threat to livelihoods caused by the Covid-19 pandemic. Employers, workers, retailers and major brands involved in the collaboration will form an international working group – convened by the ILO – to implement measures to limit the damage caused by the pandemic to enterprises and livelihoods. Several companies under engagement participated in this call to action, and we also encouraged other brands to join the initiative in our public statement.

# Report by the manager (continued)

## Sustainable investing (continued)

### Active ownership (continued)

#### Robeco's Active Ownership response to Covid-19 (continued)

Robeco also published an article by Masja Zandbergen on ESG and the Coronavirus, "The most important ESG issue in the Coronavirus crisis is our response", early on in the crisis that gained a good deal of traction. This article is part of our dedicated Covid-19 webpage on which we share the views and analysis of our investment teams and financial specialists.

### Integration of ESG factors in investment processes

For the Rolinco fund, we screen all additions to the portfolio on their sustainability performance taking into account both ESG data from Robeco's proprietary ESG dashboard as well as additional information by RobecoSAM and Sustainalytics research. In our fundamental analysis of and engagement with companies, we particularly focus on governance and cybersecurity issues. Referring to these two, we have ongoing engagements with five holdings in Rolinco N.V. Our four trends inherently have a strong sustainability angle to them as we invest for example in companies that help the electrification of automobiles, companies that contribute to more efficient production processes through further automation and robotization and companies that enable a healthier and wealthier aging. In addition to that, Rolinco N.V. does not invest in oil and gas-, steel- or chemical companies. This leads to a High Sustainability rating as awarded by Morningstar.

## In Control Statement

Robeco Institutional Asset Management B.V. has a description of internal control, which is in line with the requirements of the Dutch Financial Supervision Act (Wet op het financieel toezicht, or 'Wft') and the Dutch Market Conduct Supervision of Financial Enterprises Decree (Besluit Gedragstoezicht financiële ondernemingen, or 'BGfo').

### Findings

In 2020, the AFM has determined that Robeco must undertake a number of remedial measures to improve the processes in relation to the Money Laundering and Terrorist Financing (Prevention) Act ('Wwft') and the Sanctions Act ('Sw') in Robeco Retail, Robeco's on-line execution-only platform for Dutch retail customers. The improvements have commenced in 2020 and are scheduled to be completed by the end of 2021. Subsequent to the above, and as a separate matter, the AFM has indicated that it has concerns about the way in which Robeco has set up its business operations. Robeco has engaged with the AFM to substantiate Robeco's views in this respect.

### Report of internal control

Except for the aforementioned findings, we noted nothing that would lead us to conclude that operational management does not function as described in this statement. We therefore declare with reasonable assurance that the design of internal control, as mentioned in article 121 BGfo meets the requirements of the Wft and related regulations and that operational management has been effective and has functioned as described throughout the reporting year, except for the findings described above. Based upon this conclusion, we as the Board of Directors of Robeco Institutional Asset Management B.V. are committed to have a description of internal control which meets the requirements mentioned in article 121 BGfo and we will extend our ongoing compliance enhancements to incorporate required measures.

Rotterdam, 30 April 2021  
The Manager



# Annual financial statements

## Balance Sheet

		31/12/2020	31/12/2019
Before profit appropriation	Notes	EUR' 000	EUR' 000
<b>ASSETS</b>			
<b>Investments</b>			
Equities	1	883,063	769,621
<b>Total investments</b>		<b>883,063</b>	<b>769,621</b>
<b>Accounts receivable</b>			
Receivables on securities transactions		1,899	784
Dividends receivable	2	202	193
Other receivables, prepayments and accrued income	3	2,928	2,207
<b>Total accounts receivable</b>		<b>5,029</b>	<b>3,184</b>
<b>Other assets</b>			
Cash and cash equivalents	4	24,938	24,482
<b>LIABILITIES</b>			
<b>Accounts payable</b>			
Interest payable		205	207
Payables on securities transactions		—	1,024
Payable to affiliated parties	5	633	562
Other liabilities, accruals and deferred income	6	599	669
<b>Total accounts payable</b>		<b>1,437</b>	<b>2,462</b>
<b>Accounts receivable and other assets less accounts payable</b>		<b>28,530</b>	<b>25,204</b>
<b>Assets less liabilities</b>		<b>911,593</b>	<b>794,825</b>
<b>Composition of shareholders' equity</b>			
Issued capital	8, 9	15,524	16,027
Other reserve	8	733,455	556,442
Undistributed earnings	8	156,840	216,434
		<b>905,819</b>	<b>788,903</b>
<b>6.5% cumulative preference shares</b>	7, 8	5,774	5,922
<b>Shareholders' equity</b>		<b>911,593</b>	<b>794,825</b>

The numbers of the items in the financial statements refer to the numbers in the Notes.

# Annual financial statements (continued)

## Profit and loss account

	Notes	2020 EUR' 000	2019 EUR' 000
Investment income	10	9,303	12,246
Unrealized gains	1	167,923	186,160
Unrealized losses	1	(65,803)	(15,341)
Realized gains	1	67,427	67,556
Realized losses	1	(15,504)	(28,165)
Receipts on surcharges and discounts on issuance and repurchase of own shares		115	120
<b>Total operating income</b>		<b>163,461</b>	<b>222,576</b>
<b>Costs</b>	14, 15		
Management fee	11	5,428	5,150
Service fee	11	1,175	870
Other costs	13	18	122
<b>Total operating expenses</b>		<b>6,621</b>	<b>6,142</b>
<b>Net result</b>		<b>156,840</b>	<b>216,434</b>

The numbers of the items in the financial statements refer to the numbers in the Notes.

# Annual financial statements (continued)

## Cash flow statement

	Notes	2020 EUR' 000	2019 EUR' 000
<b>Cash flow from investment activities</b>			
Net result		156,840	216,434
Unrealized changes in value	1	(102,120)	(170,819)
Realized changes in value	1	(51,923)	(39,391)
Purchase of investments	1	(240,781)	(308,931)
Sale of investments	1	281,206	331,924
Increase (-)/decrease (+) accounts receivable	2, 3	(1,115)	(903)
Increase (+)/decrease (-) accounts payable	5, 6	(990)	1,371
		<b>41,117</b>	<b>29,685</b>
<b>Cash flow from financing activities</b>			
Received for shares subscribed		61,724	71,033
Paid for repurchase of own shares		(85,483)	(87,717)
Purchase 6.5% cumulative preference shares	7	(148)	(23)
Dividend accrued on cumulative preference shares		4	(1)
Dividend paid		(15,794)	(12,992)
Dividend paid on 6.5% cumulative preference shares	7	(371)	(374)
Increase (-)/decrease (+) accounts receivable	3	(734)	(355)
Increase (+)/decrease (-) accounts payable	6	(35)	(356)
		<b>(40,837)</b>	<b>(30,785)</b>
<b>Net cash flow</b>		<b>280</b>	<b>(1,100)</b>
Currency and cash revaluation		176	(307)
<b>Increase (+)/decrease (-) cash</b>		<b>456</b>	<b>(1,407)</b>
Cash at opening date	4	24,482	25,889
<b>Total cash at opening date</b>		<b>24,482</b>	<b>25,889</b>
Cash at closing date	4	24,938	24,482
<b>Total cash at closing date</b>		<b>24,938</b>	<b>24,482</b>

The numbers of the items in the financial statements refer to the numbers in the Notes.

# Notes

## General

The annual financial statements have been drawn up in conformity with Part 9, Book 2 of the Dutch Civil Code and the Wft. The fund's financial year is the same as the calendar year. The notes referring to fund shares concern ordinary shares outstanding.

The original financial statements were drafted in Dutch. This document is an English translation of the original. In the case of any discrepancies between the English and the Dutch text, the latter will prevail.

The ordinary shares are divided into two series, both of which are open. Each series is designated as a share class. The fund includes the following share classes:

Share class A: Rolinco  
Share class B: Rolinco - EUR G

## Accounting principles

### General

The financial statements are produced according to the going concern assumption. Unless stated otherwise, items shown in the financial statements are stated at nominal value and expressed in thousands of euros. Assets and liabilities are recognized or derecognized in the balance sheet on the transaction date.

### Liquidity of ordinary shares

The fund is an open-end investment company, meaning that, barring exceptional circumstances, it issues and repurchases ordinary shares on a daily basis at prices approximating net asset value, augmented or reduced by a limited surcharge or discount. The only purpose of this surcharge or discount is to cover the costs incurred by the fund for the entry and exit of investors. The actual maximum surcharge or discount is published on [www.robeco.com/riam](http://www.robeco.com/riam). The surcharges and discounts are recognized in the profit and loss account.

### Cumulative preference shares

The intrinsic value of a cumulative preference share is determined on the basis of the paid-up amount, with the addition of accrued but not yet payable dividends.

### Financial investments

Financial investments are classified as trading portfolio and are valued at fair value, unless stated otherwise. The fair value of stocks is determined on the basis of market prices and other market quotations at closing date. Transaction costs incurred in the purchase and sale of investments are included in the purchase or sale price as appropriate. Transaction costs incurred in the purchase and sale of investments are included in the purchase or sale price as appropriate. Transaction costs incurred in the purchase of investments are therefore recognized in the first period of valuation as part of the value changes in the profit and loss account. Transaction costs incurred in the sale of investments are part of the realized results in the profit and loss account. Derivative instruments with a negative fair value are recognized under the derivatives item under investments on the liability side of the balance sheet.

### Recognition and derecognition of items in the balance sheet

Investments are recognized or derecognized in the balance sheet on the transaction date. Equities and derivatives are recognized in the balance sheet on the date the purchase transaction is concluded. Equities are derecognized in the balance sheet on the date the sale transaction is concluded. Derivatives are fully or partially derecognized in the balance sheet on the date the sales transaction is concluded or if the contract is settled on the expiry date. Accounts receivable and payable are recognized in the balance sheet on the date that contractual rights or obligations with respect to the receivables or payables arise. Receivables and payables are derecognized in the balance sheet when, as a result of a transaction, the contractual rights or obligations with respect to the receivables or payables no longer exist.

### Cash and cash equivalents

Cash and cash equivalents are carried at nominal value. If cash is not freely disposable, this is factored into the valuation.

Cash expressed in foreign currencies is converted into the functional currency as at the balance sheet date at the exchange rate applicable on that day. Please refer to the currency table on page 35.

### Accounts receivable

Receivables are valued after initial recognition at amortized cost based on the effective interest method, less impairments. Given the short-term character of the receivables, the value is equal to the nominal value.

### Debt

Non-current debts and other financial obligations are valued, after initial recognition, at the amortized cost price based on the effective interest method. Given the short-term character of the debt, the value is equal to the nominal value.

# Notes (continued)

## Accounting principles (continued)

### Foreign currencies

Transactions in currencies other than the euro are converted into euros at the exchange rates valid at the time. Assets and liabilities expressed in other currencies are converted into euros at the exchange rate prevailing at balance-sheet date. The exchange rate differences thus arising or exchange rate differences arising on settlement are recognized in the profit and loss account. Investments in foreign currencies are converted into euros at the rate prevailing on the balance sheet date. This valuation is part of the valuation at fair value. Exchange rate differences are recognized in the profit and loss account under changes in value.

### Securities lending

Investments for which the legal ownership has been transferred by the fund for a given period of time as a result of securities-lending transactions, will continue to be included in the fund's Balance sheet during this period, since their economic advantages and disadvantages, in the form of investment income and changes in value, will be added to or deducted from the fund's result. The way in which collateral ensuing from securities-lending transactions is reported depends on the nature of this collateral. If the collateral is received in the form of investments these are not recognized in the balance sheet as the economic advantages and disadvantages relating to the collateral will be for the account and risk of the counterparty. If the collateral is received in cash it will be recognized in the balance sheet as in this case the economic advantages and disadvantages will be for the account and risk of the fund.

## Principles for determining the result

### General

Investment results are determined by investment income, rises or declines in stock prices and rises or declines in foreign exchange rates. Results are allocated to the period to which they relate and are accounted for in the profit and loss account.

### Recognition of income

Income items are recognized in the profit and loss account when an increase of the economic potential associated with an increase of an asset or a reduction of a liability has occurred and the amount of this can be reliably established.

### Recognition of expenses

Expense items are recognized when a reduction of the economic potential associated with a reduction of an asset or an increase of a liability has occurred and the amount of this can be reliably established.

### Investment income

This includes the net cash dividends declared during the year under review, the nominal value of stock dividends declared, interest received and paid and proceeds. Accrued interest at balance sheet date is taken into account.

### Changes in value

Realized and unrealized capital gains and losses on securities and currencies are presented under this heading. Realization of capital gains takes place on selling as the difference between the realizable sales value and the average historical cost price. Unrealized capital gains relate to value changes in the portfolio between the beginning of the financial year and the balance sheet date, corrected by the realized gains when positions are sold or settlement takes place.

## Principles for cash flow statement

### General

This cash flow statement has been prepared using the indirect method. Cash comprises items that may or may not be directly callable.

### Attribution to share classes

The administration of the fund is such that attribution of the results to the different share classes takes place on a daily basis and pro rata. Issues and repurchases of own shares are registered per share class.

## Risk management

The presence of risks is inherent to asset management. It is therefore very important to have a procedure for controlling these risks embedded in the company's day-to-day operations. The manager (RIAM) ensures that risks are effectively controlled via the three-lines-of-defense model: RIAM management (first line), the Compliance and Risk Management departments (second line) and the Internal Audit department (third line).

# Notes (continued)

## Risk management (continued)

The management of RIAM has primary responsibility for risk management as part of its day-to-day activities. The Compliance and Risk Management departments develop and maintain policy, methods and systems that enable the management to fulfill their responsibilities relating to risk. Furthermore, portfolios are monitored by these departments to ensure that they remain within the investment restrictions under the Terms and Conditions for Management and Custody and the prospectus, and to establish whether they comply with the internal guidelines. The Risk Management Committee decides how the risk management policies are applied and monitors whether risks remain within the defined limits. The Internal Audit department carries out audits to assess the effectiveness of internal control.

RIAM uses a risk-management and control framework that helps control all types of risk. Within this framework, risks are periodically identified and assessed as to their significance and materiality. Internal procedures and measures are focused on providing a structure to control both financial and operational risks. Control measures are included in the framework for each risk. Active monitoring is performed to establish the effectiveness of the procedures and measures of this framework.

### Operational risk

Operational risk is the risk of loss as a result of inadequate or failing processes, people or systems. Robeco constantly seeks opportunities to simplify processes and reduce complexity in order to mitigate operational risks. Automation is a key resource in this regard and uses systems that can be seen as the market standard for financial institutions. The use of automation increases the risk associated with IT. This risk can be divided into three categories. The risk of access by unauthorized persons is managed using preventive and detective measures to control access to both the network and systems and data. Processes such as change management and operational management provide for monitoring of an operating system landscape. Finally, business continuity measures are in place to limit the risk of breakdown as far as possible and to recover operational status as quickly as possible in the event of a disaster. The effectiveness of these measures is tested periodically by means of internal and external monitoring.

### Compliance risk

Compliance risk is the risk of sanctions, financial loss or reputation damage as a result of non-compliance with the laws and regulations applicable to the activities of Robeco and the funds it manages. Robeco's activities – collective and individual portfolio management – are subject to European and national rules of financial supervision. Observance of these rules is supervised by the national competent authorities (in the Netherlands the Authority for the Financial Markets, AFM and the Central Bank of the Netherlands, DNB). It is in the interest of investors in Robeco-managed funds that Robeco complies with all the applicable laws and regulations. Robeco has implemented a structured process with clear responsibilities with the aim of accurately implementing new laws and regulations in a timely fashion.

Changes in the field of legislation and regulation that could affect the funds managed by Robeco also took place in 2020. An example of this are the extensive reporting requirements under the EU Regulation on reporting and transparency of securities financing transactions (SFTR), for funds involved in such transactions. In the implementation, Robeco closely aligned with relevant trade associations, who were focusing heavily on industry best practices in relation to SFTR reporting, and its specialist service providers involved in regulatory reporting on behalf of the funds.

Robeco made sure its funds and governance arrangements are designed to comply with new ESMA guidelines which were launched in the course of 2020, such as the ESMA guidelines on liquidity stress testing in UCITS and AIFs and ESMA guidelines on the MiFID II compliance function (also addressed to UCITS management companies and AIFMs that provide investment services).

Robeco's policies and methodologies were already well in line with the majority of these new ESMA guidelines. Where needed or appropriate, disclosures, policies and processes were adjusted to ensure adequate implementation of the guidelines.

In 2020, the AFM has determined that Robeco must undertake a number of remedial measures to improve the processes in relation to the Money Laundering and Terrorist Financing (Prevention) Act ('Wwft') and the Sanctions Act ('Sw') in Robeco Retail, Robeco's on-line execution-only platform for Dutch retail customers. The improvements have commenced in 2020 and are scheduled to be completed by the end of 2021. Subsequent to the above, and as a separate matter, the AFM has indicated that it has concerns about the way in which Robeco has set up its business operations. Robeco has engaged with the AFM to substantiate Robeco's views in this respect.

The new EU regulatory framework on sustainable finance, consisting of multiple pieces of legislation, including the new Sustainable Finance Disclosure Regulation (SFDR), Taxonomy Regulation and amendments to existing frameworks (including the UCITS Directive and AIFMD), will introduce extended reporting and disclosures, aiming for increased comparability between sustainable funds and to avoid greenwashing. The framework also requires the integration of sustainability (risks) in the organization, governance, risk management and investment processes of Robeco. In 2020, Robeco has prepared for this new framework, which will enter into force in different phases, from March 2021 to January 2023.



# Notes (continued)

## Risk management (continued)

### Compliance risk (continued)

The aforementioned developments were adequately addressed in exceptional and challenging times, with the Covid-19 pandemic affecting clients, employees, service providers and financial markets. Robeco has proved its resilience as we were perfectly able to ensure continuity of operations globally. The past few years the level of regulation has increased consistently while the regulatory environment is evolving as well by moving from a principle-based to a more rule-based environment. Compliance with rules and regulations and the associated required conduct have been key themes for Robeco and will continue to be so.

### Developments Financial Risk Management

Robeco is continuously working to enhance its risk management methodologies, infrastructure and processes.

Over the past year, Financial Risk Management focused on the topic Liquidity Risk and Sustainability Risk. The steps taken were in anticipation on the new ESMA Liquidity Stress Testing Requirements and the upcoming Sustainable Finance Disclosure Regulation (SFDR) and Task Force on Climate Related Financial Disclosures (TCFD) guidelines.

In September 2019 ESMA published their final guidelines on Liquidity Stress Testing. Over the past year, Financial Risk Management enhanced the existing liquidity risk framework to incorporate the new ESMA requirements. Stress Testing was widened to cover both historical and hypothetical scenarios for asset and funding liquidity. The implemented stress tests are fund-specific and allow us to identify key liquidity risk factors for each fund. Liquidity Stress Testing was also implemented on aggregate level. Historical scenarios comprise different phases of Global Financial Crisis (2008-2009), as well as replication of Covid-19 liquidity crunch in March 2020. The framework is applicable at all stages of a portfolio's lifecycle and has direct link to contingency planning.

Financial Risk Management drafted a sustainability risk policy that prescribes the way in which portfolio sustainability risks are monitored from the second line of defense. It entails a framework in which risk limits and targets are monitored and an active dialogue takes place between the first and second line of defense. Within the sustainability risk policy, special attention goes to climate related risks. The sensitivity of portfolios to climate risks are measured and monitored by using scenario analysis and a climate risk indicator based on the environmental footprint of companies. The policy is compliant with the upcoming SFDR regulation and covers all aspects that are defined in TCFD guidance. Alongside with the development of this policy, FRM is collaborating with other departments to integrate sustainability risk data in all systems within Robeco.

In anticipation of Brexit, the majority of our trading counterparties decided to relocate from the United Kingdom to mainland Europe. All new trading counterparties have been reviewed by risk management, in accordance with their trading role and the requirements outlined in the counterparty risk policy.

## Risks relating to financial instruments

### Investment risk

The value of investments may fluctuate. Past performance is no guarantee of future results. The net asset value of the fund depends on developments in the financial markets and can therefore either rise or fall. Shareholders run the risk that their investments may end up being worth less than the amount invested, or even worth nothing. The general investment risk can also be characterized as market risk.

### Market risk

Market risk can be divided into three types: price risk, currency risk and concentration risk. Market risks are contained using limits on quantitative risk measures such as tracking error, volatility or value-at-risk. This means that the underlying risk types (price risk, currency risk and concentration risk) are also indirectly contained.

#### Price risk

The net asset value of the fund is sensitive to market movements. In addition, investors should be aware of the possibility that the value of investments may vary as a result of changes in political, economic or market circumstances, as well as changes in an individual business situation. The entire portfolio is exposed to price risk. The degree of price risk that the fund runs depends among other things on the risk profile of the fund's portfolio. More detailed information on the risk profile of the fund's portfolio can be found in the section on Implementation of the investment policy on page 8.

#### Currency risk

All or part of the securities portfolio of the fund may be invested in currencies, or financial instruments denominated in currencies other than the euro. As a result, fluctuations in exchange rates may have both a negative and a positive effect on the investment result of the fund. Currency risks may be hedged with currency forward transactions and currency options. Currency risks can be limited by applying relative or absolute currency concentration limits.

As at the balance sheet date, there were no positions in currency futures contracts.

# Notes (continued)

## Risks relating to financial instruments (continued)

### Market risk (continued)

#### Currency risk (continued)

The table below shows the gross and net exposure to the various currencies, including cash, receivables and debts. Further information on the currency policy can be found on page 8.

Currency exposure	31/12/2020 Gross position EUR' 000	31/12/2020 Net position EUR' 000	31/12/2020 % of net assets	31/12/2019 % of net assets
AUD	18,524	18,524	2.03	2.05
BRL	—	—	—	1.14
CAD	9	9	—	1.99
CHF	17,727	17,727	1.94	2.05
DKK	141	141	0.02	2.02
EUR	158,951	158,951	17.44	17.05
GBP	50,883	50,883	5.58	4.32
HKD	35,208	35,208	3.86	2.87
INR	—	—	—	0.96
JPY	59,632	59,632	6.54	7.05
KRW	31,507	31,507	3.46	2.30
NOK	17,081	17,081	1.87	2.08
RUB	7,031	7,031	0.77	—
SEK	170	170	0.02	1.10
USD	514,729	514,729	56.47	53.02
<b>Total</b>	<b>911,593</b>	<b>911,593</b>	<b>100.00</b>	<b>100.00</b>

#### Concentration risk

Based on its investment policy, the fund may invest in financial instruments from issuing institutions that operate mainly within the same sector or region, or in the same market. In the case of concentrated investment portfolios, events within the sectors, regions or markets in which they invest have a more pronounced effect on the fund assets than in less concentrated investment portfolios. Concentration risks can be limited by applying relative or absolute country or sector concentration limits.

As at the balance sheet date, there were no positions in the stock market index futures contracts.

# Notes (continued)

## Risks relating to financial instruments (continued)

### Market risk (continued)

#### Concentration risk (continued)

The table below shows the exposure to stock markets through stocks per country in amounts and as a percentage of the fund's total equity capital.

#### Concentration risk by country

		31/12/2020 Total exposure	31/12/2020 % of net assets	31/12/2019 % of net assets
	Equities EUR' 000	EUR' 000		
Australia	18,340	18,340	2.01	2.01
Bermuda	8,366	8,366	0.92	–
Brazil	–	–	–	1.14
Canada	–	–	–	1.97
Cayman Islands	76,022	76,022	8.34	3.07
China	8,912	8,912	0.98	1.85
Denmark	–	–	–	2.01
France	74,685	74,685	8.19	8.07
Germany	17,393	17,393	1.91	2.12
India	–	–	–	0.96
Israel	–	–	–	0.88
Japan	59,483	59,483	6.53	7.06
Jersey	18,337	18,337	2.01	1.12
Netherlands	39,698	39,698	4.36	1.95
Norway	16,869	16,869	1.85	2.05
Russia	7,030	7,030	0.77	1.12
South Korea	31,400	31,400	3.44	2.29
Sweden	–	–	–	1.05
Switzerland	17,619	17,619	1.93	2.04
Taiwan	27,089	27,089	2.97	–
United Kingdom	50,866	50,866	5.58	6.31
United States of America	410,954	410,954	45.08	47.76
<b>Total</b>	<b>883,063</b>	<b>883,063</b>	<b>96.87</b>	<b>96.83</b>

The sector concentrations are shown below.

#### Concentration risk by sector

	31/12/2020 % of net assets	31/12/2019 % of net assets
Communication Services	7.63	8.05
Consumer Discretionary	20.49	13.11
Consumer Staples	5.11	5.76
Financials	9.83	16.15
Health Care	12.44	14.74
Industrials	6.26	9.61
Information Technology	33.40	26.48
Materials	–	1.02
Real Estate	1.71	1.91
Other assets and liabilities	3.13	3.17
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### Leverage risk

The fund may make use of derivative instruments, techniques or structures. They may be used for hedging risks, and for achieving investment objectives and ensuring efficient portfolio management. These instruments may be leveraged, which will increase the fund's sensitivity to market fluctuations. The risk of derivative instruments, techniques or structures will always be limited within the conditions of the fund's integral risk management. The degree of leverage in the fund, measured using the gross method (where 0% exposure indicates no leverage) over the year, as well as on the balance sheet date, is shown in the table below. The gross method means that the absolute underlying value of the long positions and the short positions in derivatives are added up and represented as a percentage of the assets.

# Notes (continued)

## Risks relating to financial instruments (continued)

### Leverage risk (continued)

	Lowest exposure during the reporting year	Highest exposure during the reporting year	Average exposure during the reporting year	Exposure at the reporting year end
Rolinco N.V.	0%	1%	0%	0%

### Credit risk

Credit risk occurs when a counterparty of the fund fails to fulfill its financial obligations arising from financial instruments in the fund. Credit risk is limited as far as possible by exercising an appropriate degree of caution in the selection of counterparties. In selecting counterparties, the assessments of independent rating bureaus are taken into account, as are other relevant indicators. Wherever it is customary in the market, the fund will demand and obtain collateral in order to mitigate credit risk. The figure that best represents the maximum credit risk is given in the table below.

	31/12/2020		31/12/2019	
	EUR' 000	% of net assets	EUR' 000	% of net assets
Accounts receivable	5,029	0.55	3,184	0.40
Cash and cash equivalents	24,938	2.74	24,482	3.08
<b>Total</b>	<b>29,967</b>	<b>3.29</b>	<b>27,666</b>	<b>3.48</b>

No account is taken of collateral received in the calculation of the total credit risk. Credit risk is contained by applying limits on the exposure per counterparty as a percentage of the fund assets. As at the balance sheet date there were no counterparties with an exposure of more than 5% of the fund's total assets.

### Risk of lending financial instruments

In the case of securities-lending transactions, collateral is requested and obtained for those financial instruments that are lent. In the case of securities-lending transactions, the fund incurs a specific type of counterparty risk that the borrower cannot comply with the obligation to return the financial instruments on the agreed date or to furnish the requested collateral. The lending policy of the fund is designed to control these risks as much as possible. To mitigate specific counterparty risk, the fund receives collateral prior to lending the financial instruments.

All counterparties used in the securities lending process are pre-approved by Robeco. The approval process takes into account the entities credit rating (if available) and whether the counterparty is subject to prudential regulation. Any relevant incidents involving the entity are also taken into account.

The fund accepts collateral by selected issuers in the form of:

- bonds issued (or guaranteed) by governments of OECD member states;
- local government bonds with tax raising authority;
- corporate bonds that are FED or ECB eligible collateral;
- bonds of supranational institutions and undertakings with an EU, regional or world-wide scope;
- stocks listed on the main indexes of stock markets as disclosed in the prospectus;
- cash.

In addition, concentration limits are applied to collateral to restrict concentration risks in the collateral and there are also liquidity criteria for containing the liquidity risks in the collateral. Finally, depending on the type of lending transaction and the type of collateral, collateral with a premium is requested relative to the value of the lending transaction. This limits the negative effects of price risks in the collateral.

# Notes (continued)

## Risks relating to financial instruments (continued)

### Risk of lending financial instruments (continued)

The table below gives an overview of the positions lent out as a percentage of the portfolio (total of the instruments lent out) and relative to the fund's assets.

#### Positions lent out

Type of instrument	31/12/2020			31/12/2019		
	Amount in EUR' 000	% of portfolio	% of net assets	Amount in EUR' 000	% of portfolio	% of net assets
Shares lent out	14,787	1.67	1.62	45,311	5.89	5.70
<b>Total</b>	<b>14,787</b>	<b>1.67</b>	<b>1.62</b>	<b>45,311</b>	<b>5.89</b>	<b>5.70</b>

The following table gives an overview of the positions lent out and the collateral received per counterparty.

All outstanding lending transactions are transactions with an open-ended term. That means that there is no prior agreement as to how long the securities are lent out and when they may be reclaimed by the fund if required.

#### Counterparties

		Manner of settlement and clearing	31/12/2020		31/12/2019	
			Positions lent out EUR' 000	Collateral received EUR' 000	Positions lent out EUR' 000	Collateral received EUR' 000
Barclays	United Kingdom	Tripartite <sup>1</sup>	–	–	5,597	6,077
Deutsche Bank	Germany	Tripartite <sup>1</sup>	–	–	249	273
Goldman Sachs	United States	Tripartite <sup>1</sup>	8,288	8,405	–	–
J.P. Morgan	United States	Tripartite <sup>1</sup>	–	–	5,566	5,990
Merrill Lynch	United States	Tripartite <sup>1</sup>	3,011	3,170	16,469	17,352
Morgan Stanley	United States	Tripartite <sup>1</sup>	3,487	3,671	15,529	16,366
UBS	Switzerland	Tripartite <sup>1</sup>	1	1	1,901	2,128
<b>Total</b>			<b>14,787</b>	<b>15,247</b>	<b>45,311</b>	<b>48,186</b>

<sup>1</sup> Tripartite means that the collateral is in the custody of an independent third party.

This collateral is not included on the balance sheet.

# Notes (continued)

## Risks relating to financial instruments (continued)

### Risk of lending financial instruments (continued)

The table below contains a breakdown of collateral received according to type. All securities received have an open-ended term.

#### Collateral by type

			31/12/2020	31/12/2019
	Currency	Rating of government bonds	Market value in EUR' 000	Market value in EUR' 000
Cash	EUR		7,218	1,131
Government bonds	EUR	Investment grade	720	9,874
Government bonds	GBP	Investment grade	629	8,849
Government bonds	JPY	Investment grade	5,427	5,261
Government bonds	USD	Investment grade	1,253	15,096
Real-estate funds listed in OECD countries	USD		–	142
Stocks listed in non-OECD countries	GBP		–	4
Stocks listed in non-OECD countries	HKD		–	359
Stocks listed in non-OECD countries	SGD		–	55
Stocks listed in non-OECD countries	USD		–	5
Stocks listed in OECD countries	AUD		–	56
Stocks listed in OECD countries	CAD		–	34
Stocks listed in OECD countries	CHF		–	110
Stocks listed in OECD countries	DKK		–	155
Stocks listed in OECD countries	EUR		–	1,091
Stocks listed in OECD countries	GBP		–	1,146
Stocks listed in OECD countries	JPY		–	3,926
Stocks listed in OECD countries	USD		–	892
<b>Total</b>			<b>15,247</b>	<b>48,186</b>

J.P. Morgan has been appointed depositary of all collateral received. The securities are managed by RIAM and are held on separate accounts per counterparty. In line with the provisions in the prospectus, the collateral received has not been reinvested.

J.P. Morgan is the intermediary for all of the fund's securities-lending transactions. As compensation for its services, J.P. Morgan receives a fee of (A) 25% of the gross income on these securities-lending transactions for loans which generates a return of 0.5% or less and (B) 10% of the gross income from these securities-lending transactions for any loans which generate a return greater than 0.5%. An external agency periodically assesses whether the agreements between the fund and J.P. Morgan are still in line with the market. The fund's revenues and J.P. Morgan & RIAM's fee are included in the following table.

#### Income from securities lending

	Gross revenues in EUR' 000	2020 Fee paid to J.P. Morgan in EUR' 000	Net fund revenues in EUR' 000	Gross revenues in EUR' 000	2019 Fee paid to J.P. Morgan in EUR' 000	Net fund revenues in EUR' 000
Shares lent out	54	13	41	37	9	28
<b>Total</b>	<b>54</b>	<b>13</b>	<b>41</b>	<b>37</b>	<b>9</b>	<b>28</b>

### Liquidity risk

We distinguish between Asset Liquidity Risk and Funding Liquidity risk, which are closely connected:

Asset liquidity risk arises when transactions cannot be executed in a timely fashion at quoted market prices and/or at acceptable transaction cost levels due to the size of the trade. Or in more extreme cases, when they cannot be conducted at all. Asset liquidity risk is a function of transaction size, transaction time and transaction cost.

Funding liquidity risk arises when the redemption requirements of clients or other liabilities cannot be met without significantly impacting the value of the portfolio. Funding liquidity risk will only arise if there is also Asset liquidity risk.



# Notes (continued)

## Risks relating to financial instruments (continued)

### Manager

Robeco Institutional Asset Management B.V. (“RIAM”) is the fund manager. In this capacity, RIAM handles the asset management, administration, marketing and distribution of the fund. RIAM holds an AIFMD license as referred to in Section 2:65 Wft. In addition, RIAM is licensed as a manager of UCITS (2:69b Wft, the Dutch Financial Supervision Act), which includes managing individual assets and giving advice on financial instruments. RIAM is subject to supervision by the Dutch Authority for the Financial Markets (Stichting Autoriteit Financiële Markten, “AFM”). RIAM has listed the fund with AFM. RIAM is a 100% subsidiary of ORIX Corporation Europe N.V. via Robeco Holding B.V. ORIX Corporation Europe N.V. is a part of ORIX Corporation.

### Depository

The assets of the fund are held in custody by J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch. J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch is appointed as the depository of the fund as referred to in Section 4:62n Wft. The depository is responsible for supervising the fund insofar as required under and in accordance with the applicable legislation. The manager, the fund and J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch have concluded a depository and custodian agreement.

### Liability of the depository

The depository is liable to the fund and/or the Shareholders for the loss of a financial instrument under the custody of the depository or of a third party to which custody has been transferred. The depository is not liable if it can demonstrate that the loss is a result of an external event over which it in all reasonableness had no control and of which the consequences were unavoidable, despite all efforts to ameliorate them. The depository is also liable to the fund and/or the shareholders for all other losses they suffer because the depository has not fulfilled its obligations as stated in this depository and custodian agreement either deliberately or through negligence. Shareholders may make an indirect claim upon the liability of the depository through the manager. If the manager refuses to entertain such a request, the shareholders are authorized to submit the claim for losses directly to the depository.

### Affiliated parties

The fund and the manager may utilize the services of and carry out transactions with parties affiliated to the fund, as defined in the BGfo, such as RIAM, Robeco Nederland B.V and ORIX Corporation. The services entail the execution of tasks that have been outsourced to these parties such as (1) securities lending, (2) hiring temporary staff and (3) issuance and repurchase of the fund’s shares. Transactions that can be carried out with affiliated parties include the following: treasury management, derivatives transactions, lending of financial instruments, credit extension, purchase and sale of financial instruments on regulated markets or through multilateral trading facilities. All these services and transactions are executed at market rates.

## Notes to the balance sheet

### 1. Equities

#### Movements in the stock portfolio

	2020 EUR' 000	2019 EUR' 000
Book value (fair value) at opening date	769,621	582,097
Purchases	240,781	308,931
Sales	(281,206)	(331,924)
Unrealized gains	102,124	170,803
Realized gains	51,743	39,714
<b>Book value (fair value) at closing date</b>	<b>883,063</b>	<b>769,621</b>

EUR (37,500) thousand of the realized and unrealized results on the equity portfolio relates to exchange rate differences.

A breakdown of this portfolio is given under Schedule of Investments. A sub-division into regions and sectors is provided under the information on concentration risk under the information on Risks relating to financial instruments.

#### Transaction costs

Brokerage costs and exchange fees relating to investment transactions are discounted in the cost price or the sales value of the investment transactions. These costs and fees are charged to the result ensuing from changes in value. The quantifiable transaction costs are shown below.

	2020 EUR' 000	2019 EUR' 000
Equities	232	389

RIAM wants to be certain that the selection of counterparties for equity transactions (brokers) occurs using procedures and criteria that ensure the best results for the fund (best execution).

No costs for research were charged to the fund during the reporting period.

### 2. Dividends receivable

These are receivables arising from net dividends declared but not yet received.

### 3. Other receivables, prepayments and accrued income

This concerns:

	31/12/2020 EUR' 000	31/12/2019 EUR' 000
Dividend tax to be reclaimed	1,298	1,307
<b>Sub-total (investment activities)</b>	<b>1,298</b>	<b>1,307</b>
Dividend accrued on 6.5% cumulative preference shares	193	197
Receivables from issuance of new shares	1,437	703
<b>Sub-total (financing activities)</b>	<b>1,630</b>	<b>900</b>
<b>Total</b>	<b>2,928</b>	<b>2,207</b>

### 4. Cash and cash equivalents

This concerns:

	31/12/2020 EUR' 000	31/12/2019 EUR' 000
Freely available cash	24,938	24,482
<b>Total</b>	<b>24,938</b>	<b>24,482</b>

## Notes to the balance sheet (continued)

### 5. Payable to affiliated parties

This concerns the following payables to RIAM:

	31/12/2020 EUR' 000	31/12/2019 EUR' 000
Payable for management fee	514	480
Payable for service fee	119	82
<b>Total</b>	<b>633</b>	<b>562</b>

### 6. Other liabilities, accruals and deferred income

This concerns:

	31/12/2020 EUR' 000	31/12/2019 EUR' 000
Costs payable	–	35
<b>Sub-total (investment activities)</b>	<b>–</b>	<b>35</b>
Dividends payable	252	296
Payable for acquisition of own shares	347	338
<b>Sub-total (financing activities)</b>	<b>599</b>	<b>634</b>
<b>Total</b>	<b>599</b>	<b>669</b>

### 7. 6.5% cumulative preference shares

At balance-sheet date, 122,988 cumulative preference shares were outstanding. The shares have been included in the balance sheet at their original nominal value of NLG 100, which is equal to EUR 45.38. The nominal value of the shares was originally NLG 100 per share. With the introduction of the euro, these shares were re-denominated to EUR 40 each. These shares give the holder the right to a cumulative preference dividend of EUR 2.95 annually, but do not form part of the fund assets. The shares are listed on Euronext Amsterdam, Euronext Fund Service segment. Since the amendment to the Articles of Association on 14 August 2012, these shares are being redeemed by the fund.

The intrinsic value of a cumulative preference share is determined on the basis of the paid-up amount of EUR 45.38, with the addition of accrued but not yet payable dividends. In order to correctly present the assets due to ordinary shareholders, this dividend has been included in the value of the cumulative preference shares and deducted from the general reserve. The modifications are shown in the table below.

#### Change in cumulative preference shares

	2020	2019	Movements in 2020
Number of outstanding cumulative preference shares	122,988	126,173	(3,185)
Total value of cumulative preference shares EUR' 000	5,581	5,725	(144)
Dividend accrued EUR' 000	193	197	(4)
<b>Total</b>	<b>5,774</b>	<b>5,922</b>	<b>(148)</b>

	31/12/2020	31/12/2019
Dividend paid out on cumulative preference shares EUR' 000	371	374

## Notes to the balance sheet (continued)

### 8. Shareholders' equity

#### Composition and movements in shareholders' equity

	2020 EUR' 000	2019 EUR' 000
<b>Issued capital Rolinco</b>		
Situation on opening date	6,524	7,354
Received on shares issued	224	315
Paid for shares repurchased	(622)	(1,145)
Situation on closing date	<b>6,126</b>	<b>6,524</b>
<b>Issued capital Rolinco - EUR G</b>		
Situation on opening date	9,503	9,104
Received on shares issued	1,028	1,231
Paid for shares repurchased	(1,133)	(832)
Situation on closing date	<b>9,398</b>	<b>9,503</b>
<b>6.5% cumulative preference shares</b>		
Situation on opening date	5,922	5,944
Paid for shares repurchased	(144)	(23)
Dividend accrued on cumulative preference shares	(4)	1
Situation on closing date	<b>5,774</b>	<b>5,922</b>
<b>Other reserves</b>		
Situation on opening date	556,442	624,383
Received on shares issued	60,472	69,487
Paid for shares repurchased	(83,728)	(85,740)
Addition of result in previous financial year	200,640	(51,313)
Dividend paid on cumulative preference shares	(371)	(374)
Dividend accrued on cumulative preference shares	–	(1)
Situation on closing date	<b>733,455</b>	<b>556,442</b>
<b>Undistributed earnings</b>		
Situation on opening date	216,434	(38,321)
Rolinco - dividend paid	(6,422)	(5,884)
Rolinco - EUR G - dividend paid	(9,372)	(7,108)
Dividend paid on cumulative preference shares	(371)	(374)
Addition to other reserves	(200,269)	51,687
Net result for financial year	156,840	216,434
Situation on closing date	<b>156,840</b>	<b>216,434</b>
<b>Situation on closing date</b>	<b>911,593</b>	<b>794,825</b>

The authorized share capital of EUR 150 million is divided into 129,999,990 ordinary shares and 10 priority shares with a nominal value of EUR 1 each and 500,000 cumulative preference shares with a nominal value of EUR 40 each. The priority shares have already been issued. The ordinary shares are divided into 60,000,000 Rolinco shares, 60,000,000 Rolinco - EUR G shares and 9,999,990 C shares (not open for trading). Fees are not included in the share premium reserve.

#### Special controlling rights under the Articles of Association

The 10 priority shares in the company's share capital are held by Robeco Holding B.V. According to the company's Articles of Association, the rights and privileges of the priority shares include the appointment of managing directors and the amendment to the Articles of Association. The Management Board of Robeco Holding B.V. determines how the voting rights are exercised:

G.O.J.M. (Gilbert) Van Hassel  
K. (Karin) van Baardwijk  
M.C.W. (Mark) den Hollander

## Notes to the balance sheet (continued)

### 8. Shareholders' equity (continued)

#### Survey of movements in net assets

	2020 EUR' 000	2019 EUR' 000
<b>Assets at opening date</b>	<b>794,825</b>	<b>608,464</b>
Company shares issued	61,724	71,033
Company shares repurchased	(85,483)	(87,717)
Purchase 6.5% cumulative preference shares	(148)	(23)
<b>Situation on closing date</b>	<b>770,918</b>	<b>591,757</b>
Investment income	9,303	12,246
Receipts on surcharges and discounts on issuance and repurchase of own shares	115	120
Management fee	(5,428)	(5,150)
Service fee	(1,175)	(870)
Other costs	(18)	(122)
	<b>2,797</b>	<b>6,224</b>
Changes in value	154,043	210,210
<b>Net result</b>	<b>156,840</b>	<b>216,434</b>
Dividend paid	(15,794)	(12,992)
Dividend paid on cumulative preference shares	(371)	(374)
<b>Assets at closing date</b>	<b>911,593</b>	<b>794,825</b>

### 9. Assets, shares outstanding and net asset value per share

	31/12/2020	31/12/2019	31/12/2018
<b>Rolinco</b>			
Fund assets in EUR' 000	342,270	308,958	260,611
Situation of number of shares issued at opening date	6,523,263	7,353,992	7,995,142
Shares issued in financial year	224,809	314,515	72,596
Shares repurchased in financial year	(621,700)	(1,145,244)	(713,746)
Number of shares outstanding	6,126,372	6,523,263	7,353,992
Net asset value per share in EUR	55.87	47.36	35.44
Dividend paid per share during the financial year	1.00	0.80	0.60
<b>Rolinco - EUR G</b>			
Fund assets in EUR' 000	563,549	479,945	341,909
Situation of number of shares issued at opening date	9,501,913	9,102,531	9,095,914
Shares issued in financial year	1,029,075	1,231,133	620,755
Shares repurchased in financial year	(1,133,081)	(831,751)	(614,138)
Number of shares outstanding	9,397,907	9,501,913	9,102,531
Net asset value per share in EUR	59.97	50.51	37.56
Dividend paid per share during the financial year	1.00	0.80	0.60

## Notes to the profit and loss account

### Income

#### 10. Investment income

This concerns:

	2020 EUR' 000	2019 EUR' 000
Dividends received*	9,386	12,305
Interest	(124)	(87)
Net revenues from securities lending	41	28
<b>Total</b>	<b>9,303</b>	<b>12,246</b>

\* This concerns net dividends received. Factored into this amount as withholding tax reclaimable from the country that withheld the tax plus withholding tax that is subject to a remittance reduction from the Dutch tax authorities. The remittance reduction is offset against the dividend tax payable on dividends distributed by the fund.

### Costs

#### 11. Management fee and service fee

The management fee and service fee are charged by the manager. The fees are calculated daily on the basis of the fund assets.

##### Management fee and service fee specified in the prospectus

	Rolinco %	Rolinco - EUR G %
Management fee	1.00	0.50
Service fee <sup>1, 2</sup>	0.16	0.16

<sup>1</sup> For the share classes, the service fee is 0.16% per year on assets up to EUR 1 billion, 0.14% on assets above EUR 1 billion and 0.12% on assets above EUR 5 billion.

<sup>2</sup> Until 1 April 2020, the service fee was 0.12% per year on assets up to EUR 1 billion, 0.10% on assets above EUR 1 billion, and 0.08% on assets above EUR 5 billion.

The management fee covers all current costs resulting from the management and marketing of the fund. If the manager outsources operations to third parties, any costs associated with this will also be paid from the management fee. The management fee for the Robeco share class also include the costs related to registering participants in this share class.

The service fee paid to RIAM covers the administration costs, the costs of the external auditor, other external advisers, regulators, costs relating to reports required by law, such as the annual and semi-annual reports, and the costs relating to the meetings of shareholders. The costs for the external auditor incurred by the fund are paid by RIAM from the service fee. The fund's result therefore does not include the costs for the external auditor. Of the costs paid by RIAM for the external auditor, EUR 10 thousand related to the audit of Rolinco N.V. The other costs paid by RIAM for the external auditor relate exclusively to assurance activities for the regulator that the fund complies with the UCITS provisions and assurance activities for the examination of the prospectus.

#### 12. Performance fee

Rolinco N.V. is not subject to a performance fee.

#### 13. Other costs

This concerns:

	2020 EUR' 000	2019 EUR' 000
Custody fee	2	59
Costs for fund agent	8	30
Depository fee	8	33
<b>Total</b>	<b>18</b>	<b>122</b>



## Notes to the profit and loss account (continued)

### Costs (continued)

#### 14. Ongoing charges

	Rolinco		Rolinco - EUR G	
	2020	2019	2020	2019
	%	%	%	%
Management fee	1.00	1.00	0.50	0.50
Service fee <sup>1</sup>	0.15	0.12	0.15	0.12
Other cost <sup>2</sup>	0.00	0.02	0.00	0.02
Proportion of income on securities lending payable	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1.15</b>	<b>1.14</b>	<b>0.65</b>	<b>0.64</b>

<sup>1</sup> Until 1 April 2020, the service fee was 0.12% per year on assets up to EUR 1 billion, 0.10% on assets above EUR 1 billion, and 0.08% on assets above EUR 5 billion.

<sup>2</sup> Until 1 April 2020, the Custody fee and bank cost was 0.02%, Costs for fund agent was 0.02% and Depositary fee was 0.01%. From 1 April 2020, Service fee covers all the costs.

The percentage of ongoing charges is based on the average net assets per share class. The average assets are calculated on a daily basis. The ongoing charges include all costs charged to the share classes in the reporting period, excluding the costs of transactions in financial instruments and interest charges. The ongoing charges do not include any payment of entry or exit costs charged by distributors.

The proportion of securities-lending income payable as defined in the Information on the Risks of lending Financial Instruments on page 24 is included separately in the ongoing charges.

#### 15. Maximum costs

For some cost items, the fund's prospectus specifies a maximum percentage of average net assets. The table below compares these maximum percentages with the costs actually charged.

	2020	2020 % of	Maximum as
	EUR' 000	net assets	specified in the prospectus <sup>1</sup>
Management fee for Rolinco	3,033	1.00	1.00
Service fee for Rolinco	455	0.15	0.16
Management fee for Rolinco - EUR G	2,395	0.50	0.50
Service fee for Rolinco - EUR G	720	0.15	0.16
Custody fee and bank cost *	2	0.00	0.00
Costs for fund agent *	8	0.00	0.00
Depositary fee *	8	0.00	0.00

<sup>1</sup> The prospectus also specifies a maximum percentage of the total cost. This amounts to 1.46% for the Rolinco share class and 0.96% for the Rolinco - EUR G share class.

\* Until 1 April 2020, the Custody fee and bank cost was 0.02%, Costs for fund agent was 0.02% and Depositary fee was 0.01%. From 1 April 2020, Service fee covers all the costs.

#### 16. Turnover rate

The turnover rate for the reporting period was 48% (for the previous reporting period it was 67%). This rate shows the rate at which the fund's portfolio is turned over and is a measure of the incurred transaction costs resulting from the portfolio policy pursued and the ensuing investment transactions. The turnover rate is determined by expressing the amount of the turnover as a percentage of the average fund assets. The average fund assets are calculated on a daily basis. The amount of the turnover is determined by the sum of the purchases and sales of investments less the sum of issuance and repurchase of own shares. The sum of issues and repurchases of own participating units is determined as the balance of all issues and repurchases in the fund.

#### 17. Transactions with affiliated parties

During the reporting period the fund paid RIAM the following amounts in management fee and service fees:

	Counterparty	2020	2019
		EUR' 000	EUR' 000
Management fee	RIAM	5,428	5,150
Service fee	RIAM	1,175	870

## Notes to the profit and loss account (continued)

### Costs (continued)

#### 18. Fiscal status

The fund has the status of a fiscal investment institution. A detailed description of its fiscal status is included in the general information of the management report on page 4.

#### 19. Proposed profit appropriation

For the financial year 2020, dividend distribution will take place on the basis of the fiscal result in order to fulfill the fiscal distribution obligation. Based on the number of shares outstanding on 31 December 2020 it has been proposed to determine the dividend per share for the financial year 2020 at:

- EUR 0.80 per share (previous year: EUR 1.00) for the Rolinco share class.
- EUR 0.80 per share (previous year: EUR 1.00) for the Rolinco - EUR G share class.

If necessitated by legislation and regulations or changes in the number of shares outstanding, an amended dividend proposal will be submitted to the General Meeting of Shareholders. If this proposal is accepted, the dividend will be payable according to the schedule in the table below.

Shareholders will be offered the opportunity to reinvest the dividend (less dividend tax) in Rolinco and Rolinco - EUR G shares. Costs charged by distributors to their customers for this will be borne by the shareholder. In some countries and with some distributors, reinvestment will not be possible for technical reasons.

Agenda	Dividend dates (Transfer Agent)	Dividend dates (Euronext)	Explanation
Record date	Monday, June 7, 2021	Thursday, June 10, 2021	Participating units issued up to Dealing Day 7 June 2021 are entitled for the dividend distribution. Euronext will use the settlement positions as of 10 June 2021.
Ex-dividend date	Tuesday, June 8, 2021	Wednesday, June 9, 2021	The NAV per share will be quoted ex-dividend as of the Dealing Day 8 June 2021. The NAV per share of the Dealing Day 8 June 2021 will be published on 9 June 2021. Euronext will stamp this NAV with date 9 June 2021.
Application for reinvestment	Wednesday, June 23, 2021	Wednesday, June 23, 2021	Deadline for reinvestment application.
Reinvestment date	Friday, June 25, 2021	Monday, June 28, 2021	The Dealing Day of reinvestment will be 25 June 2021. Execution at Euronext will take place on 28 June 2021.
Payment date cash and shares	Wednesday, June 30, 2021	Wednesday, June 30, 2021	

#### 20. Register of Companies

The fund has its registered office in Rotterdam and is listed in the Trade Register of the Chamber of Commerce in Rotterdam, under number 24107720.

## Currency table

### Exchange rates

	31/12/2020	31/12/2019
	EUR = 1	EUR = 1
AUD	1.5856	1.5968
BRL	6.3554	4.5155
CAD	1.5588	1.4556
CHF	1.0816	1.0870
CNY	8.0018	7.8190
DKK	7.4435	7.4725
GBP	0.8951	0.8473
HKD	9.4872	8.7463
INR	89.4017	80.1220
JPY	126.3254	121.9877
KRW	1,329.1423	1,298.1151
NOK	10.4760	9.8637
RUB	90.4991	69.7199
SEK	10.0485	10.5078
USD	1.2235	1.1225

# Schedule of Investments

As at 31 December 2020

Investments	Currency	Quantity/ Nominal Value	Market Value EUR' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing				
Equities				
<i>Australia</i>				
Macquarie Group Ltd.	AUD	210,000	18,340	2.01
			<u>18,340</u>	<u>2.01</u>
<i>Bermuda</i>				
Alibaba Health Information Technology Ltd.	HKD	3,466,000	8,366	0.92
			<u>8,366</u>	<u>0.92</u>
<i>Cayman Islands</i>				
Alibaba Group Holding Ltd., ADR	USD	74,940	14,254	1.56
JD.com, Inc., ADR	USD	280,000	20,115	2.21
New Oriental Education & Technology Group, Inc., ADR	USD	66,800	10,145	1.11
StoneCo Ltd. 'A'	USD	197,971	13,578	1.49
Tencent Holdings Ltd.	HKD	301,600	17,930	1.97
			<u>76,022</u>	<u>8.34</u>
<i>China</i>				
Ping An Insurance Group Co. of China Ltd. 'H'	HKD	890,000	8,912	0.98
			<u>8,912</u>	<u>0.98</u>
<i>France</i>				
Capgemini SE	EUR	147,000	18,640	2.05
Dassault Systemes SE	EUR	50,600	8,407	0.92
Kering SA	EUR	14,288	8,493	0.93
LVMH Moet Hennessy Louis Vuitton SE	EUR	36,840	18,821	2.06
Schneider Electric SE	EUR	171,800	20,324	2.23
			<u>74,685</u>	<u>8.19</u>
<i>Germany</i>				
Siemens AG	EUR	148,000	17,393	1.91
			<u>17,393</u>	<u>1.91</u>
<i>Japan</i>				
Hoya Corp.	JPY	247,100	27,913	3.06
Keyence Corp.	JPY	25,900	11,892	1.31
Sony Corp.	JPY	241,700	19,678	2.16
			<u>59,483</u>	<u>6.53</u>
<i>Jersey</i>				
Aptiv plc	USD	172,200	18,337	2.01
			<u>18,337</u>	<u>2.01</u>
<i>Netherlands</i>				
Adyen NV, Reg. S	EUR	8,400	16,002	1.76
Heineken NV	EUR	158,470	14,456	1.59
Just Eat Takeaway.com NV, Reg. S	EUR	100,000	9,240	1.01
			<u>39,698</u>	<u>4.36</u>
<i>Norway</i>				
Salmar ASA	NOK	350,918	16,869	1.85

# Schedule of Investments (continued)

As at 31 December 2020

Investments	Currency	Quantity/ Nominal Value	Market Value EUR' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing (continued)				
Equities (continued)				
<i>Norway (continued)</i>				
			16,869	1.85
<i>Russia</i>				
Sberbank of Russia PJSC Preference	RUB	2,643,110	7,030	0.77
			7,030	0.77
<i>South Korea</i>				
Samsung Electronics Co. Ltd.	KRW	515,252	31,400	3.44
			31,400	3.44
<i>Switzerland</i>				
Partners Group Holding AG	CHF	18,323	17,619	1.93
			17,619	1.93
<i>Taiwan</i>				
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	USD	303,972	27,089	2.97
			27,089	2.97
<i>United Kingdom</i>				
Ashtead Group plc	GBP	504,588	19,381	2.13
Informa plc	GBP	2,910,000	17,848	1.96
Prudential plc	GBP	906,148	13,637	1.49
			50,866	5.58
<i>United States of America</i>				
Akamai Technologies, Inc.	USD	157,500	13,515	1.48
Alphabet, Inc. 'A'	USD	12,207	17,486	1.92
Amazon.com, Inc.	USD	5,700	15,173	1.66
Analog Devices, Inc.	USD	149,355	18,033	1.98
Chegg, Inc.	USD	279,800	20,656	2.27
Cisco Systems, Inc.	USD	395,942	14,481	1.59
Citigroup, Inc.	USD	273,844	13,800	1.51
Colgate-Palmolive Co.	USD	218,820	15,293	1.68
Crown Castle International Corp., REIT	USD	54,204	7,052	0.77
DexCom, Inc.	USD	22,833	6,899	0.76
Edwards Lifesciences Corp.	USD	216,600	16,150	1.77
Electronic Arts, Inc.	USD	138,450	16,249	1.78
Equinix, Inc., REIT	USD	14,679	8,568	0.94
Illumina, Inc.	USD	31,339	9,477	1.04
Intuitive Surgical, Inc.	USD	13,869	9,273	1.02
IQVIA Holdings, Inc.	USD	104,400	15,288	1.68
Keysight Technologies, Inc.	USD	168,240	18,163	1.99
KKR & Co., Inc.	USD	309,662	10,247	1.12
Microsoft Corp.	USD	133,300	24,232	2.66
NIKE, Inc. 'B'	USD	160,000	18,500	2.03
Palo Alto Networks, Inc.	USD	73,735	21,417	2.35
PayPal Holdings, Inc.	USD	139,765	26,752	2.93
Qualys, Inc.	USD	80,356	8,004	0.88
Service Corp. International	USD	333,285	13,374	1.47
Teradyne, Inc.	USD	182,729	17,905	1.96

# Schedule of Investments (continued)

As at 31 December 2020

Investments	Currency	Quantity/ Nominal Value	Market Value EUR' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing (continued)				
Equities (continued)				
<i>United States of America (continued)</i>				
Thermo Fisher Scientific, Inc.	USD	52,617	20,030	2.20
Visa, Inc. 'A'	USD	83,557	14,937	1.64
			<u>410,954</u>	<u>45.08</u>
Total Equities			<u>883,063</u>	<u>96.87</u>
Total Transferable securities and money market instruments admitted to an official exchange listing			<u>883,063</u>	<u>96.87</u>
<b>Total Investments</b>			<b>883,063</b>	<b>96.87</b>
<b>Cash</b>			<b>24,938</b>	<b>2.74</b>
<b>Other Assets/(Liabilities)</b>			<b>3,592</b>	<b>0.39</b>
<b>Total Net Assets</b>			<b>911,593</b>	<b>100.00</b>

Rotterdam, 30 April 2021

The Manager

Robeco Institutional Asset Management B.V.

Policymakers RIAM:

G.O.J.M. (Gilbert) Van Hassel

K. (Karin) van Baardwijk

A.J.M. (Lia) Belilos-Wessels

M.C.W. (Mark) den Hollander

M.F. (Mark) van der Kroft

M.O. (Martin) Nijkamp

H-C. (Christoph) von Reiche

V. (Victor) Verberk

# Other information

## Provisions regarding appropriation of the result

According to articles 39 and 40 of the fund's Articles of Association, the profit - after payment of dividend on the priority shares and less any allocations to the reserves deemed desirable by the management board - shall be at the disposal of the General Meeting of Shareholders.

## Directors' interests

The policymakers of the management (also the manager) of the fund had no personal interests in the investments of the fund on 1 January 2020, the interests at 31 December 2020 are shown in the table below.

As at 31 December 2020	Description	Quantity
Heineken	Shares	550

## Convertible bond loan

**Statement concerning the 1967 6.5% bond loan issued by Rolinco N.V. and originally amounting to NLG 22,670,000, convertible into 6.5% cumulative preference shares as per 2007**

In pursuance of article 17 of the trust executed before H. Lambert, civil-law notary in Rotterdam, on 6 June 1967, we declare:

No bonds were offered for repayment over the course of 2020.

On 31 December 2018, the total bonds outstanding amounted to NLG 19,900.

These bonds were made eligible for redemption as of 1 July 2007.





# Independent auditor's report

To: the General Meeting of Shareholders of Rolinco N.V. and the Board of Directors of Robeco Institutional Asset Management B.V.

## **Report on the audit of the annual financial statements 2020 included in the annual report**

### ***Our opinion***

In our opinion the accompanying financial statements give a true and fair view of the financial position of Rolinco N.V. as at 31 December 2020, and of its result and cash flows for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### ***What we have audited***

We have audited the 2020 financial statements of Rolinco N.V. (hereafter: "the fund"), based in Rotterdam.

The financial statements consist of:

- 1 the balance sheet at 31 December 2020;
- 2 the profit and loss account for 2020;
- 3 the cash flow statement for 2020; and
- 4 the notes comprising a summary of the accounting policies and other explanatory information.

### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Rolinco N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Audit approach**

### **Summary**

#### **Materiality**

- Materiality of EUR 9 million
- 1% of equity

#### **Scope of the audit**

- Outsourcing of business processes to service providers

#### **Key audit matters**

- Existence and valuation of investments
- Accuracy of the investment income

#### **Opinion**

Unqualified

### **Materiality**

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 9 million (2019: EUR 8 million). Materiality is determined based on 1% of the equity of the fund (2019: 1%). We consider the equity to be the most appropriate benchmark, since the equity of an investment entity represents the value that an investor could receive on the sale of his share in the investment entity. Changes in the value of the investments are an important part of the total operating income and therefore the result of an investment entity. Due to the dependency on the value changes both the total operating income and the profit before tax are inherently volatile and therefore less suitable as benchmark for determining materiality. The materiality is determined on the basis of the characteristics of the fund, including the investment category.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We have agreed with those charged with governance (the Board of Directors of Robeco Institutional Asset Management B.V., also the manager) that misstatements in excess of EUR 0.5 million which are identified during our audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative reasons.

### **Scope of the audit**

#### ***Outsourcing of business processes to service providers***

The fund has no employees and its portfolio management, risk management and financial and investment administration are therefore performed by the manager of the fund, Robeco Institutional Asset Management B.V. (hereafter: 'RIAM'). We are responsible for obtaining sufficient and appropriate audit evidence regarding the services provided by RIAM and therefore we have gained insight into the nature and significance of these services. Based on



this assessment we identify the risks of material misstatement and design audit procedures to address these risks.

As part of our audit procedures we rely on the procedures performed by the external auditor of RIAM on the administrative organisation and internal controls relevant for the fund, and the reports specifically prepared for this (so-called ISAE 3402 type II reports). Our audit procedures consisted of determining the minimum expected internal controls at RIAM, and evaluating these internal controls which are included in the ISAE 3402 type II report, the procedures performed in order to test the existence and operating effectiveness of those internal controls and the outcome of these procedures. We also performed this work on relevant administrative processes and internal controls that RIAM itself outsourced to service providers, including the investment administration.

Based on the above procedures performed over these outsourced processes and additional work performed by us, we have determined that the for the fund relevant internal controls within the processes of RIAM (including those internal controls that have been outsourced to service providers) are sufficient to be relied upon in the performance of our audit of the fund's financial statements.

### ***Our focus on the risk of fraud and non-compliance with laws and regulations***

#### ***Our objectives***

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

With respect to fraud:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

With respect to non-compliance with laws and regulations:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the manager.

#### ***Our risk assessment***

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated

the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the fund and we inquired the manager as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

The potential effect of the identified laws and regulations on the financial statements varies considerably.

Firstly, the fund is subject to laws and regulations that directly affect the financial statements, including taxation and financial reporting (including related fund legislation). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items and therefore no additional audit response is necessary.

Secondly, the fund is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an indirect effect:

- the requirements by or pursuant to the Act on Financial Supervision (Wet op het financieel toezicht, Wft);
- the anti-money laundering laws and regulations (Wwft).

In accordance with the auditing standard we evaluated the following fraud and non-compliance risks that are relevant to our audit, including the relevant presumed risks:

- fraud risk relating to revenue recognition;
- fraud risk relating to management override of controls.

We rebutted the presumed fraud risk on revenue recognition as the fund invests in listed securities on regulated markets and has involvement of third parties in the dividend and/or income transactions like custodian and depositary. We therefore consider the risk of material misstatement in relation to revenue recognition due to fraud as low.

We communicated the identified risks of fraud and non-compliance with laws and regulations throughout our team and remained alert to any indications of fraud and/or non-compliance throughout the audit.

In our audit, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the manager that may represent a risk of material misstatement due to fraud.

We communicated our risk assessment and audit response to the manager. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.



### *Our response to the risks identified*

We performed the following audit procedures (not limited) to respond to the assessed risks:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In case of internal control deficiencies, where we considered there would be opportunity for fraud, we performed supplemental detailed risk-based testing.
- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by the fund. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- Assessment of matters reported on the (fund's) incident register/whistleblowing and complaints procedures with the entity and results of the manager's investigation of such matters.
- With respect to the risk of bribery and corruption, we evaluated the funds' controls and procedures such as the policy and governance regarding the monitoring of possible non-compliance with the anti-money laundering and terrorism financing laws and regulations (Wwft).
- We incorporated elements of unpredictability in our audit.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.
- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements.
- We considered the effect of actual, suspected or identified risk of non-compliance as part of our procedures on the related financial statement items.

We do note that our audit is based on the procedures described in line with applicable auditing standards. In addition to the requirements of the auditing standards we have performed the following additional procedures:

- Procedures with regards to the compliance with ICBE / UCITS investment restrictions pursuant to article 130 up to and including 143 of the 'Besluit Gedragstoezicht financiële ondernemingen Wft' ('BGfo');
- Procedures with regards to the compliance of the prospectus of the fund with the requirements pursuant to article 4:49 lid 2 Wft.

Our procedures to address identified risks of fraud and related to non-compliance with laws and regulations did not result in a key audit matter.

We do note that our audit is not primarily designed to detect fraud and non-compliance with laws and regulations and that the manager is responsible for such internal control as the



manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to those charged with governance. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

## **Existence and valuation of investments**

### **Description**

The fund's investments amount to more than 96% of the total assets. The investments are valued at fair value based on market information. The determination of the fair value for each investment category is disclosed on pages 18. The valuation of the investments has a significant impact on the financial results. We assess the risk of a material misstatement in the valuation of the investments as low due to the fact that 99% of the portfolio consists of liquid, listed investments which are traded on an active market. The remaining part consists of derivatives. Due to the amount of the investments in relation to the financial statements as a whole we identify the existence and valuation of investments as a key audit matter.

### **Our approach**

Our audit procedures consisted of the following:

- determining the existence of the investments by directly received confirmations from the custodian and other relevant counterparties.
- determining that the used price is based on the method which is defined for the relevant investment category, as stated on page 18. We performed this procedure by comparing the used valuations of the investments with our independent valuation which is based on observable market prices. In performing these procedures we have used our valuation specialists.

Furthermore we evaluated the sufficiency of the disclosure of investments in the financial statements as included under 'Investments' and 'Derivatives'.

### **Our observation**

Based on our procedures we conclude that the investments exist and that the valuation of the investments resulted in an acceptable valuation of the investments in the financial statements. The disclosure of the composition of and movements in investments is adequate.

## Accuracy of the investment income

### Description

The total operating income mainly consists of the changes in the value of investments and investment income. The total operating income is to a large extent decisive for the performance of the sub-fund and has therefore a significant effect on the overall view presented by the financial statements. In the audit over 2020, the changes in the value of investments – as part of the total operating income – were identified and assessed as financial statement accounts that do not contain a risk of material misstatement, given the nature of the underlying transactions and the correlation with the valuation of investments already included in the previous key audit matter. The investment income consists of dividends received and for a smaller amount interest expense and net revenue from securities lending. The investment income is based on the accounting policies as described in the notes on the financial statements on page 19. We consider the accuracy of investment income to be a key audit matter.

### Our approach

Our audit procedures consisted of the following:

- we have assessed the design, implementation and operating effectiveness of the relevant controls at the manager of the fund, as stated under 'Scope of the audit - Outsourcing of business processes to service providers'.
- we have assessed the accuracy of operating income by applying data analysis techniques where, based on the composition of the investments in combination with information on the return on investments that can be observed in the market, an expected outcome has been determined which subsequently has been compared with the investment income as accounted for. We have involved our specialists in this procedure.

Furthermore, we evaluated the sufficiency of the disclosure in the financial statements as included under 'Investment income'.

### Our observation

Based on our procedures performed we conclude that the investment income has been recognized accurately and that the disclosure of the investment income is sufficient.





## **Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the below procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The manager of the fund is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **Report on other legal and regulatory requirements**

### ***Engagement***

We were engaged by the General Meeting on 24 April 2014 as auditor of the fund as of the audit for year 2014 and have operated as statutory auditor since then.

### ***No prohibited non-audit services***

We have not provided any prohibited non-audit services as defined in Article 5 (1) of the European regulation on specific requirements for statutory audits of financial statements of Public Interest Entities.

## **Description of the responsibilities for the financial statements**

### ***Responsibilities of the manager of the fund for the financial statements***

The manager of the fund is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager of the fund is responsible for such internal control as the manager of the fund determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or errors.

As part of the preparation of the financial statements, the manager of the fund is responsible for assessing the fund's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the manager of the fund should prepare the financial statements using the going concern basis of accounting unless the manager of the fund either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so. The manager of the fund should disclose events and circumstances that may cast



significant doubt on the fund's ability to continue as a going concern in the financial statements.

### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during the audit.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Further details of our responsibilities with respect to the audit of the financial statements is included in the appendix to this audit report. This appendix forms part of our audit report.

Utrecht, 30 April 2021

KPMG Accountants N.V.

G.J. Hoeve RA

Appendix: Description of our responsibilities for the audit of the financial statements

## Appendix

### Description of our responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager;
- Concluding on the appropriateness of the manager's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a fund to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also submit an additional report to the Board of Directors of Robeco Institutional Asset Management B.V. (also responsible for the tasks generally performed by the audit committee) in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine the key audit matters: those matters that were of most significance in the audit of the financial



statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.