

Dividend policy - 2020

With a wide range of distributing funds the dividend policy is established to explain the basic principles of the dividend paying funds. A distinction is made in funds domiciled in Luxembourg and the Netherlands.

Luxembourg domiciled funds

In Luxembourg investment funds are not legislatively compelled to distribute profits in forms of dividend. There is a distinction between the accumulation share classes and distribution share classes. Accumulation share classes will reinvest the received income automatically and the distribution share classes may distribute the received income.

Distributing share classes

Robeco offers different types of distributing share classes in its current range of Luxembourg funds. The variation in these share classes is based in the frequency of payment and the target client group. The table illustrates the types of the distribution share classes. These share classes can be combined with additional attributes as for example currency-, inflation- or duration hedging.

Type of shareclass	Distribution frequency*			Target group	Distribution fee
	Monthly	Quarterly	Annually		
Regular	Bx	B	E	Retail	yes
Privileged	Cx	C	G	Retail	no
Institutional	Iex	IB	IE/KE	Institutional	n/a

* Aimed distribution frequency

Policy

Within the dividend funds a clear distinction is made between the monthly & quarterly distributing share classes and the annual distributing share classes. The monthly and quarterly distributing share classes are aimed to accommodate investors and markets which are seeking for income, therefore stable and frequent paying funds are favoured. Investors seeking for high income are accommodated with the high dividend yield propositions. The annual distributing share classes are aimed to accommodate investors and markets which favour dividend payments based on the actual received income and not at the cost of capital. These share classes are also aimed at investors in markets with stringent regulations regarding distribution payments.

As such the dividend pay-out methodology for the monthly & quarterly distributing share classes and the annual distributing share classes differ.

Annual distributing share classes

The calculation of the dividend pay-out for the annual distributing share classes is derived from the income after deduction of fees and costs attributable to the specific share class:

$$\text{payable dividend per share} = \frac{\text{Income} - \text{costs}}{\text{number of outstanding shares}}$$

The dividend pay-out will be calculated after the end of each financial year. The amount of the dividend pay-out may fluctuate from year to year. If the calculated distribution amount for a share class is negative, no dividend will be distributed for this share class.

Monthly and Quarterly distributing share classes

The dividend pay-out for the monthly- and quarterly distributing share classes is based on a target dividend ratio. The initial target ratios for the distributing share classes are determined based on a long term view of the income earned on the underlying securities.

For fixed income funds the target ratios are based on the fixed coupon receivable per portfolio per strategy (credits, government bonds, high yield etc.). For equity funds the target ratios are determined by the average dividend yield of the underlying stocks based on long term simulations or fundamental estimates.

Differentiation in the target dividend ratios may be due to:

1. Local practices or preferences: In some markets high and frequent dividend paying funds are much wanted. These markets are accommodated with the high dividend propositions.
2. Currency differences: the target dividend ratio of an AUD share class may differ from the target ratio of a EUR share class due to the difference in yield of the AUD and EUR currency.
3. Hedging cost: For fixed-income funds the currency hedging cost are substantial, these costs have been taken into consideration when determining target ratios.

The dividend yields of the underlying portfolios are also partly dependent on market circumstances; declining or rising interest rates or stock/bond prices. Prices have an inverse relationship with the dividend yields. Rising prices suppress the dividend yields while dividend yields increase with declining prices.

Applying a policy with a fixed target dividend ratio implies that from time to time the dividend pay-out may be both out of income and capital or that the dividend pay-out is not fully the investment income which a share class has earned. A portfolio's dividend yield is a snapshot at a certain time. In its dividend policy Robeco applies a long term perspective aiming to ride out fluctuations caused by the market circumstances as these cannot be measured accurately beforehand.

Review target dividend ratio

The target ratio is reviewed at least annually* at the end of the financial year by GPD in collaboration with portfolio managers. The ratio will be adjusted if it is not in line with the long term expectations. In the review the past received interest payments and estimation of the expected income as well as of the future vision on markets are taken into account.

The review is based on:

1. The weighted average income received from coupon payments or dividend payments of the underlying securities in the portfolio received over the last three years.

2. The expected average income from coupon payments or dividend payments of the underlying securities in the portfolio for the long term.
3. The expected currency hedging cost for the share class.

* For a select number of fixed-income funds, the target ratio is reviewed on a quarterly basis, to align the distribution amount as much as possible with the actual income of the fund.

Payment of dividend

In principle the dividend pay outs take place in predefined months. The Board of Directors may decide to pay interim dividend payouts in different times than the predefined months. The annual (interim) dividend payout of a financial year takes place in the month April of the subsequent year. The quarterly (interim) dividend pay-out takes place in the months: March, June, September and December of the financial year. The target dividend pay-out of a quarterly distributing share class is based on the last NAV of February, May, August and November of the financial year. The monthly (interim) dividend pay-out takes place every month of the financial year. The target dividend pay-out of a monthly distributing share class is based on the NAV of the previous month of the financial year.

The dividend paying share classes, the payout dates and target ratios are available on the company [website](#).

Dutch domiciled funds

In the Netherlands the distribution of profit in form of dividend depends on the fiscal regime of the fund. Investment funds that fall under the FBI regime (fiscale beleggingsinstelling) are legally obliged to distribute profit within eight months after the end of the financial year unless the profit can be allocated to the so-called reinvestment reserve. Investment funds that fall under the VBI regime (vrijgestelde beleggingsinstelling) will not distribute profit in form of dividend.

Dividend policy

The investment fund under the FBI regime will distribute profit for each share class, after withholding 15% Dutch dividend tax, taking into account the profit available for distribution based on so-called mandatory distribution.

The dividend pay-out will be calculated after the end of each financial year. The amount of the dividend pay-out may fluctuate from year to year and could also be zero in a financial year. The Board of Directors may decide at their discretion to pay out interim dividends as well as a higher dividend amount than the so-called mandatory distribution.

Payment of dividend

The amount of dividend to be distributed takes place at proposal of the board of directors of the investment fund and the AGM decides on the dividend payment.

The dividend paying share classes, the payout dates and target ratios are available on the company [website](#).

Important Information

Robeco Institutional Asset Management B.V., hereafter Robeco, has a license as manager of UCITS and AIFs from the Netherlands Authority for the Financial Markets in Amsterdam. Although Robeco aims to provide accurate, complete and up-to-date information, obtained from sources of information believed to be reliable, no warranty or declaration, either explicit or implicit, is given as to the accuracy or completeness of such information. All rights relating to the information in this publication are and will remain the property of Robeco. No part of this publication may be reproduced, saved in an automated data file or published in any form or by any means, either electronically, mechanically, by photocopy, recording or in any other way, without Robeco's prior written permission. This publication is subject to change without notice. The information contained in this publication with respect to financial products or financial instruments may reflect a situation as per a specific date only and such situation can or will therefore be subject to changes. Please refer to the prospectus of the funds, the key investor information document or information memorandum made available for further details. The information contained in this document is not intended for users from other countries, such as US citizens and residents, where the offering of foreign financial services is not permitted, or where Robeco's services are not available.