

Robeco Emerging Conservative Equity Fund (AUD)

As of 30 September 2020

Robeco Emerging Conservative Equity Fund (AUD) invests through the Luxembourg domiciled fund Robeco Emerging Conservative Equity in low-volatile stocks in emerging markets across the world. The fund's long-term aim is to achieve returns comparable to those on emerging-markets stocks, but at an expected lower level of downside risk. The selection of these low-volatile stocks is carried out using a quantitative model, which ranks stocks in a variety of ways, including market sensitivity, volatility, distress risk, valuation and sentiment.



Pim van Vliet, Arlette van Ditshuizen, Maarten Polfliet, Jan Sytze Mosselaar, Arnoud Klep, Yaowei Xu
Fund Manager since 14/02/2011

Reference Index

MSCI Emerging Markets Index (Net Return) (AUD)

Key Information

APIR Code	ETLO381AU
Type of fund	Equities
Currency	AUD
Fund inception date	12/11/2013
Strategy inception date	14/02/2011
Total size of fund	AUD \$ 260,806,359
Strategy FUM	AUD \$ 4,909,982,012
Daily tradable	Yes
Distribution paid	Yes
Responsible entity	Equity Trustees Limited
Currency hedging	Nil

Fees

Management fee	0.96%
Buy/Sell spread	0.30% / 0.40%

Investment Objective

The objective of Robeco Emerging Conservative Equity Fund (AUD) is to deliver long-term equity returns at an expected lower risk than that of a market capitalisation weighted index. It aims to achieve a higher Sharpe ratio than equities in the long term. The fund invests in stocks that show lower volatility combined with good upside potential. It combines the outcome of a stock selection model with a disciplined portfolio construction algorithm. This prudent investment approach results in a low turnover portfolio of low-volatile stocks with low valuation and positive market sentiment.

Expectation of Fund Manager

The Robeco Emerging Conservative Equity Fund (AUD) invests in low volatility stocks with lower expected downside risk and good upside potential. The more stable stocks tend to be overlooked by investors, though they offer relatively high returns given their risk profile. We expect the fund to do particularly well during down markets and volatile market conditions. In a very bullish environment, the fund could lag the overall market, yet still deliver good absolute returns. In the long term, we expect stable equity returns and high income with considerably lower downside risk.

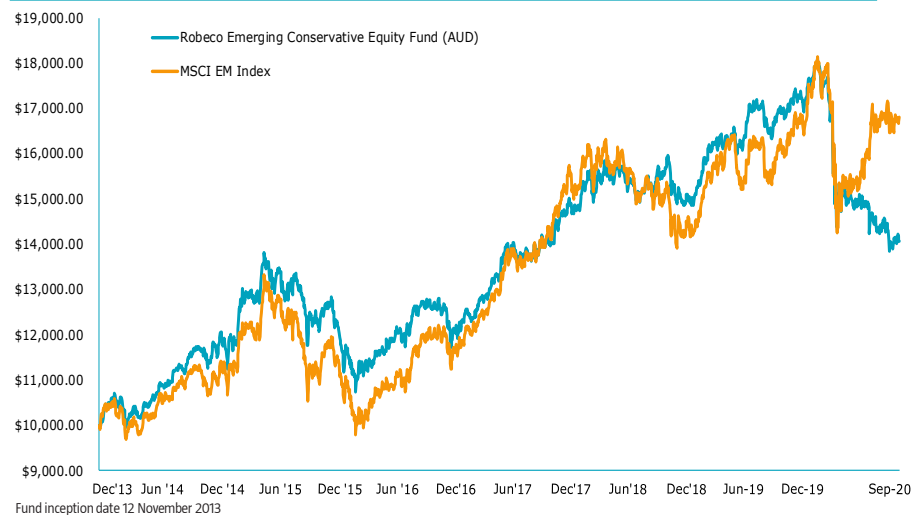
Net Performance (AUD)%

Period	Fund Return	Index Return	Fund Volatility	Index Volatility	Fund Return / Volatility	Index Return / Volatility
1-Month	1.66%	1.53%	-	-	-	-
3-Month	-0.76%	5.24%	-	-	-	-
6-Month	-1.91%	10.47%	-	-	-	-
1-Year	-13.23%	4.02%	11.89%	13.37%	-1.11	0.30
3-Year*	1.57%	5.55%	10.13%	11.72%	0.16	0.47
5-Year*	3.61%	8.52%	9.51%	7.95%	0.38	1.07
Calendar to Date	-15.89%	-3.06%	-	-	-	-
Since Inc.*	5.76%	7.75%	9.24%	10.71%	0.62	0.72
Since Inc (cum.)	47.02%	67.18%				

*Annualised (for periods longer than one year)

Fund return after fees, before taxes. Past performance is not a reliable indicator of future performance.

Net Performance Growth of \$10,000



Manager's Comments

Performance

The conservative equities that the fund typically selects as part of its investment strategy performed in line with the market last month. From a factor perspective, all three factors had a limited impact on relative performance. Main negative contributors were the underweight in index heavyweights Taiwan Semiconductor and Samsung while holding Russian energy giant Lukoil. Moreover, holding several Chinese banks continued to detract, as sentiment around these stocks is still negative due to worries on non-performing loans. Positive contributions came from avoiding the setback of e-commerce and online stocks such as Tencent, Pinduoduo, Meituan, and Xiaomi, which together form significant underweight in the portfolio, and are also the main detractors from relative performance on a YTD basis. Moreover, holding Taiwanese semiconductor and United Microelectronic was the largest single stock contributor.

Top 10 largest positions

Holdings	Sector	%
Alibaba Group Holding Ltd ADR	Consumer Discretionary	3.65
Hcl Technologies Ltd	Information Technology	2.01
Yum China Holdings Inc	Consumer Discretionary	1.92
United Microelectronics Corp	Information Technology	1.81
Bank Of China Ltd	Financials	1.74
China Mobile Ltd	Communication Services	1.74
Chunghwa Telecom Co Ltd	Communication Services	1.71
Tencent Holdings Ltd	Communication Services	1.69
China Construction Bank Corp	Financials	1.68
Samsung Electronics Co Ltd	Information Technology	1.63
Total		19.57

ESG integration policy

Environmental, Social and Governance (ESG) factors are systematically integrated in the highly disciplined investment process, by using the ESG scores from the RobecoSAM Corporate Sustainability Assessment. The ESG integration aims for a total ESG score of the portfolio higher than the index. Moreover, the scores on the Environmental, Social and Governance dimensions should also be higher than the index, to ensure that the ESG enhancement is reached across all three dimensions. This ensures that stocks with higher ESG scores are more likely to be included in the portfolio while stocks of companies that have very poor ESG scores are more likely to be divested from the portfolio. With these portfolio construction rules we aim for an ESG profile of the fund that is above average compared to its peers. In addition, stocks with corporate governance issues or stocks that have major litigation or regulatory risk may be excluded from the investable universe. Next to ESG integration, Robeco has an exclusion policy and conducts proxy voting and engagement activities based on International Corporate Governance Network objectives.

SI fund classification

	Yes	No	N/A
Voting	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Engagement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PRI ESG Integration Classification

	Yes	No	N/A
Screening	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sustainability Themed Fund	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Asset allocation

Asset allocation	
Equity	98.5%
Cash	1.5%

Sector allocation

The Robeco Emerging Conservative Equity Fund (AUD) is not benchmark driven. It uses a quantitative stock selection model for bottom-up selection of stocks with low absolute risk and high expected return characteristics. The current weights in defensive sectors are high compared to regular indices. This is due to the fact that these sectors contain a relatively large number of stable and attractively priced stocks.

Sector allocation	Weight	Deviation index
Financials	19.8%	2.7%
Communication Services	16.6%	3.9%
Information Technology	15.5%	-3.0%
Consumer Discretionary	10.8%	-9.4%
Industrials	9.4%	5.0%
Consumer Staples	7.4%	1.3%
Utilities	6.7%	4.7%
Materials	6.4%	-0.5%
Energy	4.2%	-1.2%
Real Estate	1.8%	-0.6%
Health Care	1.2%	-3.1%
Other	0.2%	0.2%

Country allocation

The Emerging Conservative Equity Fund (AUD) is not benchmark driven. It uses a quantitative stock selection model for bottom-up selection of stocks with low absolute risk and high expected return characteristics. The current weights in certain countries are high compared to regular indices. This is due to the fact that these countries contain a relatively large number of stable stocks, which are attractively priced.

Country allocation	Weight	Deviation index
China	35.0%	-6.9%
Taiwan	22.6%	9.8%
Korea	8.2%	-3.9%
Russia	7.5%	4.5%
Malaysia	5.4%	3.7%
Brazil	4.5%	-0.1%
India	4.5%	-3.7%
Mexico	2.5%	0.9%
Turkey	2.5%	2.2%
Saudi Arabia	2.1%	-0.7%
Thailand	1.3%	-0.5%
Kuwait	0.8%	0.8%
Other	3.1%	-6.1%

Important information MSCI

Source MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

Disclaimer

This document has been prepared and issued in Australia by Robeco Hong Kong Limited ("Robeco") (ARBN 156 512 659), which is exempt from holding an Australian Financial Services License pursuant to ASIC Class Order 03/1103. Robeco is regulated by the Securities and Futures Commission under the laws of Hong Kong and those laws may differ from Australian laws. This document is distributed only to "wholesale clients" as that term is defined under the Corporations Act 2001 (Cth). This document is not for distribution or dissemination, directly or indirectly, to any other class of persons. It is being supplied to you solely for your information and may not be reproduced, forwarded to any other person or published, in whole or in part, for any purpose. Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298, AFSL 240975) is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), which is a publicly listed company on the Australian Securities Exchange (ASX: EQT). Equity Trustees is the Responsible Entity of the Robeco Emerging Conservative Equity Fund (AUD) (ARSN 165 582 543). This document is neither an offer to sell or a solicitation of any offer to acquire interests in any investment. The information contained in this document is of a general nature only and is not intended to be securities or financial product advice and should not be relied upon as such. In preparing this document, Robeco, have not taken into account the investment objectives, financial situation and needs of any particular person. Before making any investment decision, you should consider whether the investment is appropriate in light of those matters. Neither Robeco, Equity Trustees nor any of its related parties, their employees or directors ("We") provide warranty as to the accuracy, reliability and completeness of the information in this document and you rely on this information at your own risk. To the maximum extent permitted by law, we disclaim all liability to any person relying on the information contained in this document in respect of any loss or damage (including consequential loss or damage) however caused which may be suffered or arise directly or indirectly in respect of such information. Past performance is not a reliable indicator of future performance. The return of capital is not guaranteed. Applications can only be accepted on an application form attached to a current Product Disclosure Statement. The information in this publication is derived from sources considered to be reliable. The performance figures in this document are based on end-of-month exit prices and are calculated on the basis of total returns with reinvestment of dividend.