

**ROBECO**

# Robeco (LU) Funds III

(formerly Robeco Interest Plus Funds)

Société d'Investissement à Capital Variable

Incorporated under Luxembourg law

RCS B 40 490

# 16

Annual Report 2016

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# General Information

## **Robeco (LU) Funds III (formerly Robeco Interest Plus Funds)**

(hereafter 'the Company')

Undertaking for collective investment in transferable securities incorporated as a 'Société d'Investissement à Capital Variable' (SICAV) under Luxembourg law.

### **Register of Companies**

RCS Luxembourg B 40 490

### **Registered Office**

Centre Etoile

11/13, Boulevard de la Foire

L-1528 Luxembourg

Grand Duchy of Luxembourg

### **Board of Directors**

Edith J. Siermann

Stefan Gordijn, Managing Director, Robeco Groep N.V., Rotterdam, the Netherlands

D. Rob van Bommel, Managing Director, Robeco, Rotterdam, the Netherlands.

### **Management Company**

Robeco Luxembourg S.A.

5, rue Heienhaff

L-1736 Senningerberg

Grand Duchy of Luxembourg

### **Cabinet de révision agréé (independent auditor)**

KPMG Luxembourg, Société coopérative

39, Avenue John F. Kennedy

L-1855 Luxembourg

Grand Duchy of Luxembourg

### **Depositary, Domiciliary and Paying Agent**

RBC Investor Services Bank S.A.

14, Porte de France

L-4360 Esch-sur-Alzette

Grand Duchy of Luxembourg

### **Administration Agent and Registrar**

Robeco Luxembourg S.A.

Delegated to:

RBC Investor Services Bank S.A.

14, Porte de France

L-4360 Esch-sur-Alzette

Grand Duchy of Luxembourg

### **Investment Adviser**

Robeco Luxembourg S.A.

Delegated to:

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

Weena 850, NL-3014 DA Rotterdam, The Netherlands (address as of May 2016)

### **Fund Manager**

Appointed by RIAM:

Olaf Penninga

## Subscriptions and publications

No subscription can be accepted on the basis of financial reports such as this report. Subscriptions may only be accepted on the basis of the current prospectus, supplemented by the Company's latest annual report, and in the event that the Company's annual report has been published more than eight months previously, its latest semi-annual report. Financial reports, the prospectus and the Key Investor Information Document are available through the website [www.robeco.com](http://www.robeco.com) and may be obtained free of charge at the Company's registered office.

## Representative and paying agent in Switzerland

RobecoSAM A.G., Josefstrasse 218, CH-8005 Zurich, is the Company's appointed representative in Switzerland. Copies of the Key Investor Information Document and prospectus, Articles of incorporation, (semi) annual reports and a list of all purchases and sales in the investment portfolio during the reporting period are available from the above address free of charge. UBS A.G., Bahnhofstrasse 45, CH-8001 Zurich is the Company's paying agent in Switzerland.

## Information service in Germany

Copies of the articles of incorporation, Key Investor Information Document and prospectus and the annual and semiannual reports may be obtained free of charge from the offices of the information service in Germany: Robeco Deutschland, Taunusanlage 17, D-60325 Frankfurt am Main. The prices at which shares are issued and repurchased are published on [www.robeco.de](http://www.robeco.de). A list of all purchases and sales in the Company's investment portfolio during the reporting period is available at the paying agent/information service in Germany free of charge.

## Language versions

This report is also published in German. Only the English edition is binding and will be presented to the annual general meeting of shareholders.

# Report of the Board of Directors

## General

### Website

An information update on the subfund's investment policies, returns and investment portfolio can be found on [www.robeco.com/luxembourg](http://www.robeco.com/luxembourg).

### Changes in the structure of Robeco Groep N.V. and Robeco Institutional Asset Management B.V. ("RIAM" or "Robeco")

In 2016, Robeco Group has separated its activities into Robeco Institutional Asset Management B.V. and Robeco Groep N.V. RIAM now has its own Supervisory Board and executive management to emphasize its position on an autonomous global asset manager with its headquarters in Rotterdam, preserving the strong name and history. Robeco Groep N.V. is transformed from an operating company into a financial holding company. By means of this new governance structure, the activities at holding level are to be clearly separated from the asset management activities of subsidiary companies Boston Partners, Harbor Capital Advisors, Transtrend, RobecoSAM, Canara Robeco Asset Management Company and RIAM. On 13<sup>th</sup> May 2016, RIAM has installed its own supervisory board, composed of Jeroen J.M. Kremers (chairman), Gihan Ismail, Masaaki Kawano and Jan J. Nooitgedagt.

### New share classes

#### Activation of share classes

Share class	Effective
class FH GBP shares	18/08/2016
class IH USD shares	22/09/2016

### Name change

Following the Extraordinary General Meeting held on 3 March 2017 the name of the fund was changed from Robeco Interest Plus Funds to Robeco (LU) Funds III. This change is effective from 31 March 2017.

## General introduction

### Economy

In the year 2016 a number of very different factors played significant a role. It was a year that can be characterized as turbulent, yet one in which global economic activity grew by 3.1<sup>1</sup>%, slightly above the rate for 2015. The markets started the year depressed as a result of concerns about an imminent recession in the US, sparked by disappointing growth in the first quarter. Fears of a recession made way for hope for a more positive trend in the US economy following Donald Trump's surprising victory in the presidential elections of 8 November.

However, this upswing in market sentiment was not based solely on the victory of the Republican candidate Trump. Accelerated wage growth in the US was already evident some time before the presidential elections, contributing to a rise in consumer confidence. Elsewhere in the world, the second half of 2016 also appeared to be a tipping point for growth and inflation dynamics, aided by the recovery in the price of oil. Major emerging markets such as Brazil and Russia climbed out of a deep recession, China's industrial activity rebounded after strong monetary stimulus, and Europe's growth rate accelerated despite political unrest in the region.

Britain's decision to leave the EU was just as surprising as the result of the presidential elections in the US, in terms of both the outcome and the economic repercussions. Until now, the strong decline in the pound sterling has warded off most of the negative consequences of increased uncertainty among investors in the UK. However, the timescale and the objectives of the British government in leaving the EU can be termed as ambitious, to say the least.

The central banks maintained their accommodative role last year, but it is becoming more and more obvious that efforts to stimulate the economy via higher stock prices are becoming less effective. This development has also led to a shift in focus from monetary to fiscal policy in the economists' debate on which policy instrument to apply. Institutions such as the International Monetary Fund (IMF) and the European Commission advocated that countries which have some fiscal latitude should put it to use. This is a clear change of stance, since these institutions previously actually supported restrictive fiscal policy. The US Federal Reserve (Fed) decided on just one interest rate hike (in December), which had been broadly anticipated by the financial markets in light of the strong recovery in the labor market, with unemployment falling to 4.7%. The European Central Bank (ECB) extended its purchasing program further in 2016, both in volume and scope. However, in December it announced that it would reduce its monthly purchase volume from EUR 80 billion to EUR 60 billion until December 2017. The Bank of Japan (BoJ) introduced a new policy instrument

<sup>1</sup> Preliminary figure IMF per January 2017.

fixing the yield on Japanese 10-year government bond at 0%. A side effect of this move is that it allows the Japanese government more leeway for fiscal stimulus. The People's Bank of China (PBoC) appears more comfortable with its current path of controlled depreciation of the yuan.

A notable characteristic of the socio-economic landscape in 2016 was the emergence of populism. Populists succeeded in launching a more high-profile movement accusing the establishment of not focusing enough on economic disparity, immigration and terrorism.

Investors shied away from high-risk investments in early 2016, at a time when the malaise in the oil market had become more pronounced and the danger of recession seemed acute. A flattening yield curve and increasing credit risk premiums in corporate bond markets underpinned this. The poor stance taken by the Chinese authorities with regard to local trade distortions reinforced this negative sentiment. However, the January effect – 'as January goes, so goes the year' – did not hold true this year. The MSCI World All Countries Index booked above-average returns from a long-term perspective (11.1% in euro terms). Emerging markets generated even better numbers, with overall returns of 14.5% in euros, after having lagged developed markets for four years. Brazil and Russia turned out to be winners here.

### **Bond markets outlook**

The first six months of 2016 saw positive gains across all bond markets. This was the result of steadily falling yields all over the world. The all-time low was finally reached in early July, after which yields tended to rise, with the result of the elections in the US rapidly pushing up US bond yields in particular. Expectations regarding future tax reductions and fiscal stimulus measures gave a major boost to confidence in US growth prospects. In December, the Fed raised its official short-term interest rate by 0.25% to 0.75%. Subsequent interest rate hikes are likely to follow and these could also push yields higher. The European and the Japanese central banks have both announced that they will continue their bond purchasing programs for the time being. This is expected to keep yields under pressure in these markets, but here too, yields may rise if markets start anticipating the end of these programs. As in 2016, with elections taking place in several European countries, political risk could result in unexpected developments.

Corporate bonds benefited from a tail wind. The oil price recovery was an important stimulus for US (high yield) bonds in particular. The European corporate bond market benefited from the ECB's decision to extend its purchasing program to include corporate bonds. Improved economic growth in the US may turn out to be positive in the short term. Higher corporate profits and less chance of defaults can provide further support for this asset class for the time being. However, in the longer term, steadily increasing corporate debt levels give cause for concern. A climate of rising bond yields and steeper yield curves is good news for the profitability of banks and insurance companies. We remain positive on the returns outlook for (subordinated) bonds issued by financial institutions.

Emerging market bonds had a good year too. From a valuation perspective, loans issued in local currency still have plenty to offer. Yields are considerably higher than those in developed markets and many exchange rates are still far removed from their early 2013 levels. However, this category looks vulnerable in light of higher official short-term interest rates in the US, and a US dollar that might appreciate further. Moreover, the underlying economic and political developments in many of these countries give little cause for optimism.

### **Risk management**

The presence of risks is inherent to the character of 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 Group Internal Audit department (third line).

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 information memorandum, 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 Group 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. Management 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.

### **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 asset management – are subject to the European and national rules of financial supervision. Observance of these rules is supervised by the empowered regulators (in the Netherlands the Authority for the Financial Markets, AFM and the Central Bank of the Netherlands, DNB). In Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF). It is also in the interest of investors in Robeco-managed funds that Robeco complies with all the applicable laws and regulations. Robeco has implemented a meticulous process with clear responsibilities in order to ensure that new laws and regulations are reported and implemented in a timely fashion.

Significant changes in the field of legislation and regulation that could affect the funds managed by Robeco also took place in 2016. An important example of this is the amendment of the European Investment Institution's Directive for Collective Investment in Securities (UCITS Directive). This amended directive, also referred to as UCITS V, came into force on 18 March 2016. The principal requirements from this directive – appointing an authorized external custodian and establishing a balanced remuneration policy in line with the strategy and the risk profile of Robeco and its funds – have been implemented in a timely fashion and to their full extent.

Another notable development relates to the introduction of a new European framework for market abuse (Market Abuse Regulation, MAR). This regulation entered into force with direct effect on 3 July and has led to the renewal of policies at Robeco relating to market abuse, particularly in terms of the elements market sounding and detection of suspicious transactions or transactions by directors and other day-to-day policymakers.

During the reporting year, Robeco also made the necessary preparations for the implementation of the new European directive relating to markets for financial instruments (MiFID II), which takes effect on 3 January 2018. A core project group analyzed the impact of MiFID II for Robeco during the first three quarters of 2016. European distributors of funds managed by Robeco will in principle no longer be permitted to receive and hold commission based on MiFID II. In addition, it will be necessary to identify a 'target market' for each fund. Moreover, more information will have to be provided to both retail and institutional clients, for instance on the costs incurred for the fund and its distribution. The rules contained in MiFID II relating to the infrastructure of the financial markets contain no direct obligations for Robeco as a fund manager, but are liable to have an indirect impact. This applies for instance to the obligation to trade liquid derivatives and bonds via trading platforms in future. Robeco will also apply the new rules relating to best execution to its funds.

The European regulation relating to the central settlement of derivatives (EMIR) contains three different types of obligations for certain forms of derivatives: (1) reporting to the regulators, (2) central settlement via central clearing institutions, and (3) supplementary requirements for bilateral transactions, such as the periodic reconciliation of derivative positions and exchange of collateral. This regulation entered into force at the end of 2012 and is taking effect in stages. The reporting, reconciliation and exchange of collateral obligations have already entered into effect and have been implemented for the Robeco funds. The central settlement of interest-rate swaps in the currencies GBP, EUR, USD and JPY entered into force on 21 June 2016 for the Robeco funds. The central settlement obligation for credit default swaps will enter into force on 9 August 2017. The variation margining requirements for derivative transactions not settled centrally will enter into force on 1 March 2017.

The Securities Financing Transaction Regulation (SFTR) entered into force on 12 January 2016. As of this date, information on securities lending and repo transactions including total return swaps must be included in the prospectus of newly established funds. For funds that already existed when the SFTR took effect, this obligation will apply from 13 July 2017. Information on securities financing transactions entered into must also be included in the funds' semi-annual and annual reports. The obligation to report securities financing transactions to an entity known as a trade repository will take effect as of the third quarter of 2018 for the funds managed by Robeco. The SFTR also contains a retention obligation for information on securities financing transactions for a period of at least five years. A project group is active at Robeco to supervise and monitor the implementation of the SFTR.

### **Developments**

RIAM constantly works to improve and tighten its processes and methods for measuring and controlling financial risks, among others in the field of market and counterparty risk. In the field of market risk, Risk Management focuses on

developing what are known as customized stress tests that make it possible to expose portfolio-specific risks. In the context of counterparty risk, Risk Management has set up a counterparty due diligence process. This process makes it easier for RIAM to independently assess the creditworthiness of the investment funds' counterparties. RIAM is thus less dependent on assessments made by rating bureaus.

## Investment results

Investment results				
	Price in currency x 1 31/12/2016	Price in currency x 1 31/12/2015	Investment result reporting period in %	Investment result 3 years average in %
<b>Robeco Flex-o-Rente</b>				
Class DH EUR shares	107.29	109.20	-1.8	0.2
Class EH EUR shares <sup>1</sup>	91.51	94.09	-1.8	0.2
Class FH EUR shares <sup>2</sup>	101.12	102.56	-1.4	0.5
Class GH EUR shares <sup>1,2</sup>	97.09	99.46	-1.4	0.5
Class IH EUR shares	113.36	114.83	-1.3	0.6
Merril Lynch EUR LIBOR Overnight Index			-0.3	-0.1
Class DH CHF shares	95.57	97.87	-2.4	-0.4
Class IH CHF shares	99.51	101.42	-1.9	0.0
Merril Lynch CHF LIBOR Overnight Index			-0.8	-0.5
Class FH GBP shares <sup>3</sup>	98.87	100.00	-1.1	
Merril Lynch GBP LIBOR Overnight Index			0.1	
Class DH USD shares	107.66	108.16	-0.5	0.8
Class IH USD shares <sup>4</sup>	98.94	100.00	-1.1	
Merril Lynch USD LIBOR Overnight Index			0.4	0.2

<sup>1</sup> Assuming reinvestment of the distributed dividend. See Notes on page 24.

<sup>2</sup> Investment result 3 years average over the period 3 September 2013 until 31 December 2016.

<sup>3</sup> Period 18 August 2016 until 31 December 2016.

<sup>4</sup> Period 22 September 2016 until 31 December 2016.

## Performance analysis

The fund can take short positions in government bond futures as well as long positions. It aims to benefit from rising yields as well as from falling yields. The duration positioning of the fund is fully driven by our quantitative model. The model correctly signaled lower bond yields in January and February. In May and June the overlay anticipated higher bond yields. Bond yields however declined further in these months. The fund suffered from the rise in yields after the US elections. The fund generated a small negative return over the reporting period.

The fund started the reporting period anticipating lower bond yields (hence rising bond prices) in the US, Germany and Japan. The quantitative model uses financial-market data to capture expectations on macro-economic variables like growth, inflation and monetary policy. Falling commodity prices signaled low inflation pressure. Declining equity markets signaled increasing pessimism about economic growth. The trend in global bond markets, one of the technical indicators in the model, was also positive. As the model forecasted lower yields in the US, Germany and Japan, the fund's duration (interest-rate sensitivity) was six years, the maximum duration position. Bond yields declined indeed in January and February. Renewed worries about the Chinese economy and falling oil prices put pressure on risky assets. Inflation below target and a further decline in inflation expectations pushed several central banks to further monetary easing, including the introduction of negative rates by the Bank of Japan. The fund benefited strongly from the resulting decline in bond yields due to its long duration positions.

During March and April, the model outcomes became less positive for government bonds. Equity markets rose and commodity prices recovered, signaling optimism on growth and reduced downward pressure on inflation. The trend factor also became less positive. The fund closed its long positions and switched to short positions in the US, Germany and Japan. In May and June the fund was positioned for higher yields, although the short positions in Germany and Japan were closed before the Brexit referendum. The model became less negative on bonds in June, as optimism in equity markets waned and bond market momentum improved. Yields declined in June, especially after the Brexit vote. The short positions thus generated negative returns in this month.



The model outcomes remained negative for US bonds until October. US equity markets reflected more optimism on growth and the monetary policy variable was negative for US bonds due to mounting expectations of a Fed rate hike. US yields rose indeed over these months, albeit less for longer-dated bonds than for shorter-dated debt. The underweight position in the US thus contributed positively to the fund's performance. In Germany the model outcomes were mainly neutral over this period. The model outcomes for Japanese bonds alternated between neutral and positive during this period, driven by a weaker growth outlook and expectations of further monetary stimulus. The Bank of Japan, however, disappointed these expectations and Japanese bond yields rose.

The fund opened long positions in Germany and the US in early November as optimism on economic growth cooled in the run-up to the US elections and inflation expectations declined. Bond yields, however, rose sharply following the Trump victory in the US elections. The fund performance was thus negatively impacted by the positions in Germany and the US. The positions were closed as expectations for growth and inflation rose on the back of expected US fiscal stimulus. In Japan the fund was correctly positioned for higher yields in November.

In December the model outcomes turned negative for US and German bonds as well. Japanese yields continued to rise indeed, but US and German yields declined somewhat towards the end of the year. The fund's short positions in Germany and the US performed negatively during this recovery in bond prices.

With short positions in the US, Germany and Japan, the fund's duration was minus six years, the minimum duration, at the end of December.

## Fund Governance

Robeco has its own Principles on Fund Governance, available through the website. The objective of these Principles is to give more detailed guidelines for the organizational structure and working methods of fund managers or independent investment institutions and to provide guarantees for integrity in the fund's activities and ensure the careful provision of services. Compliance is the division within Robeco, which continuously monitors actual compliance with the principles. Once every three years Robeco's Internal Audit department carries out an audit of the fund governance as structured and implemented at Robeco.

## Sustainability investing

### Integrated approach

Robeco adopts a holistic approach to integrating sustainability into investment decisions. Sustainability is a long-term driver for change in markets, countries and companies which in turn can impact future performance. From an investment perspective, we believe the inclusion of material sustainability factors strengthens our investment process and leads to better-informed investment decisions. The integration of sustainability factors in our investment strategies is well embedded in the organization. Our portfolio managers and analysts closely cooperate with the engagement specialists from the Governance and Active Ownership and Sustainability Investing Research team. We base our judgments about the sustainability of companies and countries in which we invest on a combination of proprietary sustainability research and research from leading providers including RobecoSAM, Sustainalytics, RepRisk and Glass Lewis. Our research is further enriched with information we derive from our active conversations with companies and countries about their sustainability performance.

### Stewardship Policy

Carrying out stewardship responsibilities is an integral part of Robeco's sustainability investing approach. Robeco has a Stewardship policy in place and is a signatory to different Stewardship Codes including the UK Stewardship Code and the Japanese Stewardship Code. Robeco's stewardship activities are executed within our organization; we do not outsource stewardship activities. Exercising voting rights and engagement are important aspects of our stewardship approach.

### Principles for Responsible Investment (PRI)

Robeco's focus on sustainability investing is underlined by the commitment to the United Nations supported Principles for Responsible Investment (PRI). Robeco was awarded three years in a row with the highest score of the PRI assessment, which confirms the companies' leading position in the field of Sustainability Investing.

### Sustainable Development Goals

On 25 September 2015, the United Nations General Assembly formally adopted the universal, integrated and transformative 2030 Agenda for Sustainable Development, along with a set of 17 Sustainable Development Goals (SDGs). The SDGs build on the success of the Millennium Development Goals and addresses a range of social needs including education, health, social protection, and job opportunities, while tackling climate change and environmental protection. As a signatory of the Dutch SDG Investing Agenda, Robeco is committed to contribute to the SDGs as we

consider them as catalytic drivers for positive change. Furthermore Robeco is involved in various initiatives that investigate how the investment industry can contribute to the realization of SDGs.

Sustainability investing carried out by funds at Robeco is implemented with minimum restrictions to the investment universe, and consists of a combination of effective measures:

Exercising voting rights

Engagement

Exclusions

Integrating ESG factors<sup>1</sup> into the investment processes.

### **French Energy Transition Law**

In France a law was introduced to encourage asset owners to integrate climate risk as well as environmental and social dimensions in their public disclosures. The aim of this law is to channel funds to the Energy Transition and Green Growth. Robeco offers in its ESG proposition the option to decarbonize portfolios, measure the impact of this decarbonisation and report on the impact of it, which fully meets the requirements of this law.

### **Exercising voting rights**

Given the type of investments of the fund, exercising of voting rights is not applicable.

### **Engagement**

Robeco actively uses its ownership rights to engage with companies on behalf of our clients in a constructive manner. We believe improvements in sustainable corporate behavior can result in an improved risk return profile of our investments. Robeco aims to improve a company's behavior on environmental, social and/or corporate governance (ESG) related issues with the aim of improving the long term performance of the company and ultimately the quality of investments for our clients.

Robeco enters into active dialogue with companies about good corporate governance and a socially responsible corporate policy. In our opinion this will increase shareholder value for the investors in the longer term. We use an integral approach, which combines the expertise of our investment analysts, our sustainability investing research analysts and our engagement specialists. By using financially material information as the basis for our talks, we strive to ensure that our dialogue introduces added value and improves the risk/return profile of the company. This enables us to generate value for both the investors and the company.

Robeco also engages with companies that breach the UN Global Compact. The UN Global Compact defines several universal principles with which organizations must comply. These principles are of a general nature and focus on respecting human rights, good working conditions, combating corruption and exercising due care for the environment. If a company structurally breaches one or more of these principles, Robeco starts a dialogue with it. If after three years of dialogue, a company has made insufficient progress in eliminating or mitigating the breach, Robeco can decide to exclude the company from its investment universe.

### **Exclusions**

Robeco's exclusion policy is based on three main exclusion criteria. Firstly, it excludes companies that are involved in the production of controversial weapons or essential components for such weapons, or that derive income from the sale or transport of these weapons. We base our policy of not investing in such companies on a legislative amendment in the Netherlands governing investments in cluster-munition companies effective since 1 January 2013. Secondly, there is a policy for excluding countries. Robeco considers any country that systematically violates the human rights of its citizens to be controversial. These exclusions relate to investment-related sanctions that are imposed by the UN, US or EU. Thirdly, an unsuccessful dialogue may in time lead to a company's exclusion from the investment universe. In such cases a dialogue with a company concerns serious and systematic violations of widely accepted international directives on good corporate governance. Robeco focuses in particular on the United Nations Global Compact. The Executive Committees of RIAM and RobecoSAM have the final authority to exclude companies and countries.

### **Integrating ESG factors into the investment processes**

With respect to Sustainability investing, the investment universe and the type of investments of the Company are such that it is not feasible to implement the ESG factors into the investment processes.

Luxembourg, 26 April 2017

The Board of Directors

Past performance is no indication of current or future performance. These performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

<sup>1</sup> ESG stands for environmental, social and governance.

# Other data (unaudited)

## Savings directive information

Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) is subject to the EU savings directive.

## Stock-exchange listing

Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) DH EUR shares are listed on the Luxembourg Stock Exchange.

## Global exposure

The table below presents an overview of the method used to calculate the global exposure and the highest, lowest and average level of leverage during the period of 1 January 2016 through 31 December 2016.

Global exposure							
Method used to calculate the global exposure	Expected level of leverage	Lowest level of leverage	Highest level of leverage	Average level of leverage	Lowest level of VaR	Highest level of VaR	Average level of VaR
Absolute VaR	175%	47%	114%	87%	-0.36%	-2.08%	-1.25%

The VaR used is based on daily data using Parametric Modeling (using 3 years exponentially weighted data with a 0.995 decay factor). The interval is scaled up to a monthly (22 days) VaR and 99% confidence interval is applied.

## Joint interest of directors

At 1 January 2016 and at 31 December 2016 the members of the Board of Directors held no personal interests in investments of the Company.

## Remuneration policy and remuneration paid

The fund itself does not employ any personnel and is managed by Robeco Luxembourg SA (RoLux) . The remuneration for persons working for RoLux comes out of the management fee. RoLux's remuneration policy, which applies to all employees working under its's responsibility, complies with the applicable requirements laid down in the European framework documents of the UCITS Directive and the ESMA guidelines for a responsible remuneration policy under the UCITS Directive, The remuneration policy has the following objectives:

- To promote that employees act in the clients' interests and do not take any undesired risks.
- To promote a healthy corporate culture aimed at realizing sustainable results in accordance with the long-term objectives of RoLux and its stakeholders.
- To attract and retain good employees and to reward talent and performance fairly.

RoLux has delegated the portfolio management of the Fund(s) to Robeco Institutional Asset Management B.V. ("RIAM"). RIAM has a license as manager of AIF's en UCITS of the Authority for the Financial Markets (AFM) in the Netherlands. RIAM has a remuneration policy for its employees that as well complies with the European framework documents of the of the UCITS directive en AIFMD and the ESMA guidelines for a responsible remuneration policy under the UCITS directive and AIFMD.

### Responsibility for the remuneration policy

RoLux' remuneration Policy is determined and applied by and on behalf of RoLux with the approval of its shareholder, the (Board of) Robeco Holding B.V. For each review the (Board of) Robeco Holding B.V. shall obtain prior advice from the Supervisory Board of Robeco Institutional Asset management B.V., which is also responsible for the oversight over RoLux's operations, including the remuneration of its staff." In the application and evaluation of the remuneration policy, RoLux occasionally makes use of the services of various external advisers.

### Fixed salary

Each individual employee's fixed salary is determined on the basis of function and experience according to RoLux' salary ranges and in reference to the benchmarks of the investment management industry in the relevant region. The fixed salary is deemed adequate remuneration for the employee to properly execute his or her responsibilities, regardless of whether or not variable remuneration is received.

# Other data (unaudited) Continued

## Variable remuneration

The total available variable remuneration pool is established annually by and on behalf of RoLux and approved by the (remuneration committee of the) Supervisory Board of Robeco. With respect to Directors of RoLux, it is noted that the shareholder of RoLux determines their remuneration.

The total budget is based, in principle, on a percentage of the operating result. To ensure that the total variable remuneration is an accurate representation of performance and does not adversely affect RoLux' financial situation, the total amount of variable remuneration is determined taking the following factors into account:

1. The financial result compared to the budgeted result and long-term objectives;
2. The required risk-minimization measures and the measurable risks.

To the extent the variable remuneration pool allows, each employee's variable remuneration will be determined at the reasonable discretion of RoLux, taking into account individual and team and/or department performance, assessed on the basis of pre-agreed financial and non-financial performance factors ("KPIs"). If this performance-related variable remuneration (partly) exceeds the fixed threshold amount, 40% of the payment will be deferred for a period of at least three years. The deferred parts will be converted into hypothetical 'Robeco Group' shares, the value of which moves with the company's future results. Negative performance has a decreasing effect on an employee's variable remuneration, which can even go down to zero.

## Identified Staff

RoLux has a specific and more stringent remuneration policy for staff who may have a material impact on the risk profile of the fund. These persons are designated to be 'Identified Staff'. For 2016, in addition to the Board, RoLux has identified 1 other person as Identified Staff. Among other things the performance targets of these staff 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, whereby 50% will be converted into hypothetical 'Robeco Group' shares whose value will follow the company's future results.

## Risk control

RoLux has implemented additional risk-management measures with regard to the variable remuneration. For instance, RoLux has the possibility with regard to all employees to reclaim the granted variable remuneration ('claw-back') when this has been based on incorrect information, fraudulent acts, serious improper behavior, serious negligence in the performance of his tasks or behavior that has resulted to considerable losses for RoLux. 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 serious mistakes (ii) a considerable deterioration of RoLux 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

RoLux's remuneration policy and the application thereof was evaluated in 2016 under the responsibility of the Supervisory Board, advised by the Remuneration Committee. In this case, special attention was given to the new ESMA guidelines for a responsible remuneration policy under the UCITS Directive. This resulted in a number of changes in the remuneration policy that were not of a material nature.

## Remuneration in 2016

The total remuneration granted for RoLux is shown in the table below:

### Total remuneration RoLux in EUR x 1

Staff category	Fixed pay for 2016	Variable pay for 2016
Board and Identified Staff * (4 members)	302,468	44,125
Other employees (6 employees)	159,024	46,464

## Other data (unaudited) Continued

Of the total amounts granted in remuneration in 2016 to the Board, Identified Staff and Other Employees, the following amounts are to be assigned to the fund:

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### Remuneration assigned to the fund in EUR x 1

<u>Staff category</u>	<u>Fixed pay for 2016</u>	<u>Variable pay for 2016</u>
Board and Identified Staff * (4 members)	1,868	273
Other employees (6 employees)	982	287

\* As identified staff concerns only one person, the remuneration of the identified staff is presented together with the board.

The total of the fixed and variable remuneration charged to the fund is EUR 3,410. Imputation occurs according to the following key:

Total remuneration (fixed and variable) x	<u>Total fund assets</u>
	Total assets under management (RoLux)

Said remuneration, which comes out of the management fee, is paid by RoLux and is therefore not charged to the fund separately.

# Financial statements

## Statement of net assets

In EUR x thousand

	Notes	Robeco Flex-o-Rente	
		31/12/2016	31/12/2015
Bonds at market value	2,6	221,292	162,415
CD/CPs at market value *	2,6	56,057	23,010
<b>Investment portfolio at market value</b>		<b>277,349</b>	<b>185,425</b>
Deposits and other cash	4	13,552	7,192
Unrealized gains on open forward exchange transactions	3	392	43
Unrealized gains on financial futures	4	1	215
Other assets		3,320	1,837
<b>Total assets</b>		<b>294,614</b>	<b>194,712</b>
Collateral due to brokers	5	550	0
Unrealized losses on open forward exchange transactions	3	35	268
Unrealized losses on financial futures	4	1,983	656
Other liabilities		577	595
<b>Total liabilities</b>		<b>3,145</b>	<b>1,519</b>
<b>Total net assets</b>		<b>291,469</b>	<b>193,193</b>
<b>Net asset value per DH EUR share</b>		<b>107.29</b>	<b>109.20</b>
<b>Net asset value per EH EUR share</b>		<b>91.51</b>	<b>94.09</b>
<b>Net asset value per FH EUR share</b>		<b>101.12</b>	<b>102.56</b>
<b>Net asset value per GH EUR share</b>		<b>97.09</b>	<b>99.46</b>
<b>Net asset value per IH EUR share</b>		<b>113.36</b>	<b>114.83</b>
<b>Net asset value per DH CHF share <sup>1</sup></b>		<b>95.57</b>	<b>97.87</b>
<b>Net asset value per IH CHF share <sup>1</sup></b>		<b>99.51</b>	<b>101.42</b>
<b>Net asset value per FH GBP share <sup>2</sup></b>		<b>98.87</b>	
<b>Net asset value per DH USD share <sup>3</sup></b>		<b>107.66</b>	<b>108.16</b>
<b>Net asset value per IH USD share <sup>3</sup></b>		<b>98.94</b>	

\* Certificates of deposit and commercial papers

<sup>1</sup> This class of shares is denominated in Swiss franc (CHF). The reference currency of the subfund is the euro (EUR).

<sup>2</sup> This class of shares is denominated in British pound (GBP). The reference currency of the subfund is the euro (EUR).

<sup>3</sup> This class of shares is denominated in US dollar (USD). The reference currency of the subfund is the euro (EUR).

The accompanying notes set out on pages 16 to 24 inclusive form an integral part of the financial statements.

## Statement of operations and changes in net assets

In EUR x thousand

	Notes	Robeco Flex-o-Rente	
		01/01/2016 31/12/2016	01/01/2015 31/12/2015
<b>Net assets at beginning of the reporting period</b>		<b>193,193</b>	<b>135,371</b>
Bond interest	2	3,807	1,744
Interest on CD/CP's		-124	-15
Bank and other interest		-29	-10
Other income		160	0
<b>Total</b>		<b>3,814</b>	<b>1,719</b>
Management fee	10	1,393	863
Service fee	10	288	182
Depositary fee	11	31	19
Interest on bank overdrafts		59	17
Taxes	8	89	58
Transaction costs	13	27	17
<b>Total expenses</b>		<b>1,887</b>	<b>1,156</b>
<b>Total net income on investments</b>		<b>1,927</b>	<b>563</b>
<b>Net realized and changes in unrealized results on investments and other financial instruments</b>		<b>-6,443</b>	<b>5,634</b>
<b>Net increase (+) / decrease (-) from operations</b>		<b>-4,516</b>	<b>6,197</b>
Distributed dividends	12	-101	0
Subscriptions, redemptions (net)		102,893	51,625
<b>Net assets at end of the reporting period</b>		<b>291,469</b>	<b>193,193</b>

The accompanying notes set out on pages 16 to 24 inclusive form an integral part of the financial statements.

## Number of shares outstanding

Movement in the reporting period 01/01/2016 through 31/12/2016	Class of shares	Shares at the beginning of the period	Shares subscribed	Shares redeemed	Shares at the end of the period
<b>Robeco Flex-o-Rente</b>	DH EUR	560,444	876,485	766,985	669,944
	EH EUR	16,866	2,901	5,523	14,244
	FH EUR	99,648	57,890	23,587	133,951
	GH EUR	60,786	41,469	20,173	82,082
	IH EUR	366,861	1,486,244	814,789	1,038,316
	DH CHF	147,053	247,565	69,966	324,652
	IH CHF	517,377	287,989	509,224	296,142
	FH GBP	0	4,210	0	4,210
	DH USD	105,724	115,623	73,707	147,640
	IH USD	0	81,678	6,192	75,486

# Notes to the financial statements as at 31 December 2016

## 1 General

Following the Extraordinary General Meeting held on 3 March 2017 the name of the fund was changed from Robeco Interest Plus Funds to Robeco (LU) Funds III. This change is effective from 31 March 2017.

Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) ('the Company') was incorporated on 2 June 1992 for an undetermined period of time as an open-ended investment company based in Luxembourg, issuing and redeeming its shares on a daily basis at prices at net asset value per share. The Company reserves the right to refuse any subscription request at any time. Its Articles of Incorporation were published in the 'Mémorial, Recueil des Sociétés et Associations' of the Grand Duchy of Luxembourg (the 'Mémorial') on 11 July 1992. The Articles of Incorporation were last amended on 31 March 2017 and such amendments were published in April 2017 in the Mémorial. Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) is a 'Société d'Investissement à Capital Variable' (Investment Company with variable capital) pursuant to the law of 10 August 1915, as amended, on commercial companies and to part I of the modified law of 17 December 2010 on undertakings for collective investment of the Grand Duchy of Luxembourg. The Company takes the form of an umbrella fund, i.e. it can be made up of several subfunds each representing an investment portfolio and other assets and liabilities corresponding to a different investment policy. Each subfund is therefore represented by a different type of share with one or more classes of shares. The Board of Directors has the authority to issue different classes of shares within each of the subfunds. Details of the characteristics of such classes of shares offered by the Company will be determined by the Board of Directors. The Directors of the Company may at any time decide upon the issue of Class DH, DHHI, FH, FHHI, IH, IHHI, MH and ZH shares (accumulating) and Class BH, BxH, BHHI, CH, CxH, CHHi, EH, GH, IBH, IEH, IExH, ZBH and ZEH shares (distribution) to investors in one or several subfunds. The reference currency of the classes of shares may be the euro (EUR), the US dollar (USD), the British pound (GBP), the Swiss franc (CHF), the Japanese yen (JPY), the Canadian dollar (CAD), the Mexican peso (MXN), the Hong Kong dollar (HKD), the Singapore dollar (SGD), the Swedish crown (SEK), the Norwegian crown (NOK), the Danish crown (DKK), the Polish zloty (PLN) or the Australian dollar (AUD). Only the shares mentioned in the paragraph 'Share Capital' are active at the reporting date. At the end of the reporting period, the only active subfund was Robeco Flex-o-Rente.

### Legal entity

The Company as a whole constitutes a single legal entity but the assets of any one subfund will only be available to satisfy the rights of investors in relation to that subfund and the rights of creditors whose claims have arisen in connection with the creation, operation or liquidation of the subfund. With respect to the relations as between shareholders, each subfund is deemed to be separate entity.

### Share capital

The capital of the Company will automatically be adjusted in case additional shares are issued or outstanding shares are redeemed without special announcements or measure of publicity being necessary in relation thereto.

Class DH and EH shares are available to all investors.

Class FH and GH shares (privileged shares) are available in certain countries, subject to the relevant regulatory approval, through specific distributors, selected by the Board of Directors.

Class IH shares are only available to institutional investors within the meaning of article 174 (2) of the law of 17 December 2010 on collective investment undertakings and may only be subscribed directly with the Registrar. If it appears that Class IH shares are being held by non-institutional investors the Company will redeem these shares. Class IH shares have a minimum subscription amount of (the equivalent of) EUR 500,000. The Board of Directors can waive this minimum subscription amount at its discretion.

The Company, for the account of classes of shares for which the currency of expression is USD, GBP or CHF (collectively of individually 'Hedged Class(es)'), engages in currency hedging transactions to preserve, to the extent possible, the currency of expression value of the Hedged Class assets against the fluctuations of the currencies, with a substantial weight, in which the assets of the Company allocable to the Hedged Class are denominated. The attention of the investors is drawn to the fact that the Company have several classes of shares which distinguish themselves by, inter alia, their reference currency and that they are exposed to the risk that the net asset value of a class denominated in one currency can move unfavourable vis-à-vis another class denominated in another currency.

### Sales commissions

The maximum sales commission is 3%, except for shares that are only available to institutional investors for which the maximum sales commission is 0.50%. The percentage represents a percentage of the total subscription amount. This commission rate is to be



considered as a maximum rate and the sales agents may decide at their discretion to waive this sales commission in whole or in part. The Company reserves the right to refuse any subscription request at any time. Sales commissions are not booked in the fund.

#### **Dividend policy**

The general policy regarding the appropriation of net income and capital gains is as follows:

##### [Class DH, FH and IH shares](#)

Income is automatically reinvested and added to the relevant class and will thus contribute to a further increase in value of the total net assets.

##### [Class EH and GH shares](#)

After the end of the reporting period, the Company can recommend what distribution shall be made from the net investment income and capital gains attributable to the relevant class. The annual general meeting of shareholders will determine the dividend payment. The Board of Directors of the Company may decide to distribute interim dividends in accordance with Luxembourg law.

##### [General remarks](#)

As provided by the 2010 law, the Company may decide to distribute dividends with no other limit than the obligation that any such dividend distribution does not reduce the net asset value of the Company below the legal minimum amount. Similarly, the Company may decide to distribute interim dividends and may decide to pay dividends in shares. If dividends are distributed, payments of cash dividends to registered shareholders are made in the currency of the relevant class to such shareholders at the addresses they have given to the Registrar. Dividend announcements (including names of paying agents) shall be published in a leading newspaper circulating in the countries where the Company's shares have been sold as determined by the Board of Directors. Dividends not collected within five years will lapse and accrue for the benefit of the Company in accordance with Luxembourg law.

#### **Open-ended fund**

Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) is an open-ended investment company, meaning that, barring exceptional circumstances, Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) issues and purchases its shares on a daily basis at prices at net asset value per share. The Company reserves the right to refuse any subscription request at any time.

#### **Swing pricing**

Shares are issued and redeemed on the basis of the net asset value per share. However, the actual costs of purchasing or selling assets and investments for a sub-fund may deviate from the latest available prices, as appropriate, in calculating the net asset value per share. This deviation can be caused by duties and charges and spread from buying and selling prices of the underlying investments ("spreads"). These costs have an adverse effect on the value of a sub-fund and its underlying share classes and are known as dilution. To mitigate the effects of dilution, the Directors may, at their discretion, make a dilution adjustment to the net asset value per share. The Directors will retain the discretion in relation to the circumstances under which to make such a dilution adjustment. At the end of the reporting period, no swing adjustment was made.

#### **Pooling and co-management**

For the purpose of efficient management and to reduce administrative costs, the Board of Directors may decide to co-manage some or all of the assets of the Company with assets of other Luxembourg UCIs of the Robeco Group ('co-managed units'). In this case, the assets from different co-managed units will be jointly managed using the technique of pooling. Assets that are co-managed will be referred to using the term 'pool'. Such pools will only be used for the purposes of internal management. They will not constitute distinct legal entities and will not be directly accessible to investors. Each co-managed unit will have its own assets allocated to it. During the reporting period no pooling or co-management took place.

#### **Affiliated parties**

Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) is affiliated to the entities belonging to Robeco Groep N.V. The affiliation with Robeco Groep N.V. is the result of the possibility of having decisive control or a substantial influence on the Company's business policy. Robeco Groep N.V. is part of ORIX Corporation. The management structure of Robeco Groep N.V., in which significant authority is allocated to its independent supervisory board, is such that ORIX Corporation does not have any meaningful say in or influence on the Company's business policy. Robeco Groep N.V. pursues an independent investment policy on behalf of its affiliated investment companies, taking into account the interest of the investors involved. Besides services of other market parties, Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) also utilizes the services of one or more of these affiliated entities including transactions relating to securities, treasury, derivatives, securities lending, and subscriptions and redemptions of its own shares, as well as management activities. Transactions are executed at market rates.

## Financial Instruments

### Risks

Transactions in financial instruments may lead the subfund to be subject to the risks described below or to the subfund transferring these risks to another party.

#### General investment risk

The value of the investments may fluctuate. Past performance is no guarantee of future results. The net asset value of the Company is affected by developments in the financial markets and may both rise and fall. Shareholders run the risk that their investments may end up being worth less than the amount invested or even worth nothing.

Bonds or other debt securities involve credit risk to the issuer which may be evidenced by the issuer's credit rating. Securities which are subordinated and/or have a lower credit rating are generally considered to have a higher credit risk and a greater possibility of default than more highly rated securities. In the event that any issuer of bonds or other debt securities experiences financial or economic difficulties, this may affect the value of the relevant securities and any amounts paid on such securities. This may in turn affect the NAV per share. General investment risk can be broken down into market risk, concentration risk and currency risk.

#### Market risk

The net asset value of the subfund 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. No assurance can, therefore, be given that the subfund's investment objective will be achieved. It cannot be guaranteed either that the value of a share in a subfund will not fall below its value at the time of acquisition.

#### Concentration risk

Based on its investment policy, the Company may invest in financial instruments from issuing institutions that (mainly) operate within the same sector or region, or in the same market. If this is the case, the concentration of the investment portfolio of the subfund may cause events that have an effect on these issuing institutions to have a greater effect on the subfund's assets than would occur with a less concentrated investment portfolio.

#### Currency risk

All or part of the investment portfolio of a subfund may be invested 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 subfund.

Robeco Flex-o-Rente limits the general investment risk by investing in transferable securities and instruments (which may include certificates of deposit, money-market instruments and commercial papers) with a minimal short term rating of A-1 for money market instruments and a minimal long term rating of BBB- for other instruments. Robeco Flex-o-Rente minimizes the general investment risk as well by actively managing the duration of its portfolio.

#### Counterparty risk

A counterparty of a subfund may fail to fulfil its obligations towards that subfund. In case of hedging transactions in classes of shares, the relevant subfund carries the counterparty risk. This risk is limited as much as possible by taking every possible care in the selection of counterparties. Wherever it is customary in the market, the Company will demand and obtain collateral. Robeco Flex-o-Rente minimizes this risk by trading exclusively with counterparties which it believes to be creditworthy.

#### Risk of lending financial instruments

In the case of financial-instrument lending transactions, the Company runs the risk that the borrower cannot comply with its obligation to return the financial instruments on the agreed date or furnish the requested collateral. The lending policy of the Company is designed to control these risks as much as possible.

The lending policy of the Fund is designed to control these risks as much as possible. The credit worthiness of counterparties in securities-lending transactions is assessed on the basis of how independent rating agencies regard their short-term credit worthiness and on the basis of their net assets. Guarantees given by parent companies are also taken into account. The fund only accepts collateral from OECD countries in the form of:

- government bonds with a minimum credit rating of BBB;
- the bonds of supranational bodies with a minimum credit rating of BBB–;
- stocks listed on the main indexes of stock markets in OECD countries;
- cash (CAD, CHF, EUR, GBP, JPY of USD) .

### Liquidity risk

The actual buying and selling prices of financial instruments in which the Company invests partly depend upon the liquidity of the financial instruments in question. It is possible that a position taken on behalf of the subfund cannot be quickly liquidated in a good time at a reasonable price due to a lack of liquidity in the market in terms of supply and demand. The subfund minimizes this risk by mainly investing in financial instruments that are tradable on a daily basis.

### Euro currency risk

All or part of the assets of a subfund may be invested in securities denominated in Euro. In the event of any adjustments, including a full break-up, an exit of individual countries or other circumstances that may result in the emergence or reintroduction of national currencies, a subfund runs the risks that the value of its investments is reduced and/or the liquidity of its investments is (temporarily) reduced, regardless of the measures the Company may seek to reduce this risk.

### Operational risk

The operational risk is the non inherent risk remaining after determining the risks as detailed above (general investment risk, counterparty risk, liquidity risk, risk of lending financial instruments or Euro currency risk). It mainly includes risks resulting from breakdowns in internal procedures, people and systems.

### Insight into actual risks

The report of the Board of Directors, the Statement of net assets, the Notes to the financial statements and the Investment portfolio, which include currency classification of the investments, give an insight into the actual risks at the end of the reporting period.

### Risk management

Managing risk is a part of the investment process as a whole and with the help of advanced systems, the risks outlined above are limited, measured and monitored on the basis of fixed risk measures.

### Policy regarding the use of derivatives

Investing implies that positions are taken. As it is possible to use various instruments, including derivative instruments, to construct an identical position, the selection of derivatives is subordinate to the positioning of an investment portfolio. In our published information, attention is given primarily to the overall position, and secondarily to the nature and volume of the financial instruments employed.

### Derivative instruments

The unrealized results of derivative instruments are reported in the Statement of net assets and are disclosed by contract. Commitments to derivatives are not included in the Statement of net assets. They are, however, explained in the Notes. The derivative instruments listed in the notes are transacted through third party brokers. The company is exposed to counterparty risk in respect of all amounts due to it from such brokers.

## 2 Summary of significant accounting principles

### General

Unless stated otherwise, the items shown in the financial statements are included at their nominal value and expressed in the reference currency of the relevant subfund. The reference currency of the subfund is the euro. This annual report covers the period from 1 January 2016 through 31 December 2016.

### Preparation and presentation of financial statements

The financial statements are prepared and presented in accordance with Luxembourg generally accepted accounting principles for investment funds.

### **Foreign currencies**

Transactions in currencies other than the reference currency of a subfund are converted into the reference currency at the exchange rates prevailing at the time of the transaction. The market value of the investments, assets and liabilities expressed in currencies other than the reference currency of the subfund are converted into the subfund's reference currency at the exchange rates prevailing at the end of the reporting period. Any positive or negative exchange differences arising are accounted for in the Statement of operations and changes in net assets under the heading 'Net realized and changes in unrealized results on investments and other financial instruments'. The table on page 27 shows the exchange rates as at 31 December 2016.

### **Valuation of investments**

#### **Transferable securities, money market instruments and/or financial derivative instruments listed on an official stock exchange listing**

These instruments are valued at their last available market price; in the event that there should be several such markets, on the basis of the last available price of the main market for the relevant security or asset. Should the last available market price for a given transferable security, money market instrument or financial derivative instrument not truly reflect its fair market value, then that transferable security, money market instrument or financial derivative instrument is valued on the basis of the probable sales price which the Board of Directors deems prudent to assume. Fixed income securities not traded on such markets are generally valued at the last available price or yield equivalents obtained from one or more dealers or pricing services approved by the Board of Directors, or any other price deemed appropriate by the Board of Directors.

#### **Transferable securities and/or money market instruments dealt in on another regulated market**

These instruments are valued on the basis of their last available market price. Should the last available market price for a given transferable security and/or money market instrument not truly reflect its fair market value, then that transferable security and/or money market instrument is valued by the Board of Directors on the basis of the probable sales price which the Board of Directors deems prudent to assume.

#### **Transferable securities and/or money market instruments not listed or dealt in on any stock exchange or on any regulated market**

In the event that any assets are not listed or dealt in on any stock exchange or on any regulated market, or if, with respect to assets listed or dealt in on any stock exchange, or on any regulated market as aforesaid, where the above valuation methods are inappropriate or misleading, the Board of Directors may adopt any other appropriate valuation principles for the assets of the Company.

Subfunds primarily invested in markets which are closed for business at the time the subfunds are valued are normally valued using the prices at the previous close of business.

Market volatility may result in the latest available prices not accurately reflecting the fair value of the subfund's investments. This situation could be exploited by investors who are aware of the direction of market movements, and who might deal to exploit the difference between the next published Net Asset Value and the fair value of the subfund's investments. By these investors paying less than the fair value for shares on issue, or receiving more than the fair value for shares on redemption, other shareholders may suffer a dilution in the value of their investment. To prevent this, the subfund may, during periods of market volatility, adjust the Net Asset Value per Share prior to publication to reflect more accurately the fair value of the subfund's investments. Adjustment will be made provided that such change exceeds the threshold as determined by the Board of Directors. If an adjustment is made, it will be applied consistently to all classes of shares. At the end of the reporting period, no such adjustments were made.

#### **Investment transactions and investment income**

Securities are initially recorded at cost, and where applicable on the basis of exchange rates prevailing on the date they are purchased. Results on sales of securities are determined on the basis of the average cost method (for futures first in first out method). Investment transactions are accounted for on the trade date. Interest income is recorded on an accrual basis. Discounts/Premiums on zero coupon bonds are accreted as adjustments to interest income. Interests and capital gains on securities may be subject to withholding or capital gains taxes in certain countries.

### 3 Open forward exchange transactions

Open forward exchange transactions are valued with market practice valuation models using forwards rates based on exchange and interest rates applicable at 31 December 2016. The unrealized results of these transactions have been recorded gross in the Statement of net assets under the heading 'Unrealized gains/losses on open forward exchange transactions' and changes in unrealized results are recorded in the Statement of operations and changes in net assets under the heading 'Net realized and changes in unrealized results on investments and other financial instruments'. The contracts outstanding as at 31 December 2016 are disclosed in the table below.

Open forward exchange transactions							Unrealized gains/losses
	Currency bought	Amount bought	Currency sold	Amount sold	Counterparty	Maturity date	EUR x 1
<b>Robeco Flex-o-Rente DH CHF shares</b>	CHF	32,075,894	EUR	29,824,521	Rabobank Nederland	05/01/2017	98,826
							<b>98,826</b>
<b>Robeco Flex-o-Rente IH CHF shares</b>	CHF	110,000	EUR	102,281	Rabobank Nederland	05/01/2017	337
	CHF	100,000	EUR	92,568	Rabobank Nederland	05/01/2017	721
	CHF	32,780,637	EUR	30,479,800	Rabobank Nederland	05/01/2017	100,998
							<b>102,056</b>
<b>Robeco Flex-o-Rente FH GBP shares</b>	EUR	2,345	GBP	2,000	Rabobank Nederland	05/01/2017	2
	EUR	2,385	GBP	2,000	Rabobank Nederland	05/01/2017	42
	GBP	418,000	EUR	488,696	Rabobank Nederland	05/01/2017	953
							<b>997</b>
<b>Robeco Flex-o-Rente DH USD shares</b>	EUR	47,831	USD	50,000	Rabobank Nederland	05/01/2017	434
	EUR	76,954	USD	80,000	Rabobank Nederland	05/01/2017	1,119
	USD	20,093,778	EUR	18,903,690	Rabobank Nederland	05/01/2017	144,081
							<b>145,634</b>
<b>Robeco Flex-o-Rente IH USD shares</b>	EUR	28,690	USD	30,000	Rabobank Nederland	05/01/2017	252
	USD	20,000	EUR	18,620	Rabobank Nederland	05/01/2017	339
	USD	700,000	EUR	658,367	Rabobank Nederland	05/01/2017	5,194
	USD	2,055,000	EUR	1,933,289	Rabobank Nederland	05/01/2017	14,735
	USD	4,740,000	EUR	4,469,477	Rabobank Nederland	05/01/2017	23,776
							<b>44,296</b>
<b>Total unrealized gains</b>							<b>391,809</b>
<b>Robeco Flex-o-Rente DH CHF shares</b>	EUR	520,288	CHF	560,000	Rabobank Nederland	05/01/2017	-2,132
	EUR	138,522	CHF	150,000	Rabobank Nederland	05/01/2017	-1,412
	EUR	130,173	CHF	140,000	Rabobank Nederland	05/01/2017	-432
	EUR	120,957	CHF	130,000	Rabobank Nederland	05/01/2017	-319
	EUR	102,393	CHF	110,000	Rabobank Nederland	05/01/2017	-225
	EUR	121,230	CHF	130,000	Rabobank Nederland	05/01/2017	-46
							<b>-4,566</b>
<b>Robeco Flex-o-Rente IH CHF shares</b>	CHF	440,000	EUR	411,162	Rabobank Nederland	05/01/2017	-690
	EUR	3,623,362	CHF	3,890,000	Rabobank Nederland	05/01/2017	-5,588
	EUR	148,935	CHF	160,000	Rabobank Nederland	05/01/2017	-328
							<b>-6,606</b>
<b>Robeco Flex-o-Rente DH USD shares</b>	EUR	3,394,539	USD	3,600,000	Rabobank Nederland	05/01/2017	-18,058
	EUR	403,028	USD	430,000	Rabobank Nederland	05/01/2017	-4,588
	EUR	65,820	USD	70,000	Rabobank Nederland	05/01/2017	-536
	EUR	56,870	USD	60,000	Rabobank Nederland	05/01/2017	-6
							<b>-23,188</b>
<b>Robeco Flex-o-Rente IH USD shares</b>	EUR	47,014	USD	50,000	Rabobank Nederland	05/01/2017	-383
							<b>-383</b>
<b>Total unrealized losses</b>							<b>-34,743</b>

## 4 Financial futures

Regulated futures contracts are valued at their exchange quoted settlement price. Initial margin deposits are made upon entering into futures contracts. All open futures contracts are marked to market with changes in market value recognized as unrealized gains or losses. Variation margin payments are made or received, depending on whether unrealized losses or gains are incurred. When the contract is closed, the Company records a realized gain or loss equal to the difference between the proceeds from (or cost of) the closing transaction and price at which the Company entered into the contract. The unrealized gains/losses on financial futures are recorded gross in the Statement of net assets under the heading 'Unrealized gains/losses on financial futures' and changes in unrealized results are recorded in the Statement of operations and changes in net assets under the heading 'Net realized and changes in unrealized results on investments and other financial instruments'. All margin deposits are included in the Statement of net assets under the heading 'Deposits and other cash' and amounted to EUR 4.7 million at the end of the reporting period. The contracts outstanding as at 31 December 2016 are disclosed in the following table.

Financial futures						
Purchase/ Sale	Quantity	Denomination	Currency	Maturity date	Commitment EUR x 1	Unrealized gains/losses EUR x 1
<b>Robeco Flex-o-rente</b>						
Sale	139	US 2YR NOTE (CBT) XCBT	USD	MAR-2017	28,556,115	645
<b>Total unrealized gains</b>						<b>645</b>
Sale	75	EURO BUXL 30Y BND XEUR	EUR	MAR-2017	13,014,000	-725,170
Sale	130	EURO-BUND FUTURE XEUR	EUR	MAR-2017	21,339,500	-407,649
Sale	176	EURO-BOBL FUTURE XEUR	EUR	MAR-2017	23,518,880	-142,936
Sale	693	EURO-SCHATZ FUT XEUR	EUR	MAR-2017	77,816,970	-86,105
Sale	66	JPN 10Y BOND(OSE) XOSE	JPY	MAR-2017	80,602,955	-68,606
Sale	134	US LONG BOND(CBT) XCBT	USD	MAR-2017	19,140,021	-416,750
Sale	107	US 10YR NOTE (CBT) XCBT	USD	MAR-2017	12,607,816	-72,736
Sale	346	US 5YR NOTE (CBT) XCBT	USD	MAR-2017	38,598,498	-63,011
<b>Total unrealized losses</b>						<b>-1,982,963</b>

## 5 Collateral and Overdraft

The sub-fund of Robeco (LU) Funds III received or paid collateral to cover the unrealized results on derivative instruments, except financial futures. Collaterals are calculated and settled on a daily basis per counterparty. The collateral is primarily cash held at the broker in the name of the sub-fund. The paid collateral is restricted cash and is included in the Statement of net assets under the heading 'Other assets'. The received collateral and the margin overdrafts are included in the Statement of net assets under the heading 'Collateral due to broker'. The amounts per sub-fund and counterparty are shown in the table below.

Collateral		
In EUR x thousand		
Counterparty	Paid/Received	31/12/2016
Rabobank	Received	550

The Company has access to an overdraft facility (the "Facility"), established with the Depositary, intended to provide for short-term/temporary financing if necessary, subject to certain restrictions, in connection with abnormal redemption activity. Each portfolio of the Company is limited to borrowing 10% of its respective net assets. Borrowings pursuant to the facility are subject to interest at a mutually agreed upon rate and security by the underlying assets of each portfolio. The number of days to refund in case of a temporary overdraft is set at 30 days.

The received collateral are margin overdrafts which are included in the Statement of net assets under the heading 'Collateral due to brokers'.

## 6 Investment portfolio

The investment portfolio of Robeco Flex-o-Rente is included at the end of this report.

## 7 Securities lending

During the reporting period no securities lending transactions took place.

## 8 Taxes

The classes of shares of the subfund are liable in Luxembourg to an annual duty ('taxe d'abonnement-subscription tax') at the rate of 0.05% per annum of their net assets calculated and payable at the end of each quarter. This rate is 0.01% per annum for institutional classes of shares such as IH shares. To the extent that the assets of the subfund are invested in investment funds which are established in Luxembourg, no such a tax is payable, provided that the relevant investment funds have been subject to this tax. The subfund will receive income from its investments after deduction of applicable withholding taxes in the country of origin. There are no Luxembourg income, withholding, capital gains, estate or inheritance taxes payable by the subfund.

## 9 Management company

The Directors of the Company have appointed Robeco Luxembourg S.A. (the 'Management Company') as the management company to be responsible on a day-to-day basis, under supervision of the Board of Directors of the Company, for providing administration, marketing and investment management services. The Management Company has delegated its investment management services to Robeco Institutional Asset Management B.V. (the 'Investment Adviser'). The Management Company has delegated the administration and registrar agent functions to RBC Investor Services Bank S.A. (acting as 'Administration Agent' and 'Registrar Agent'). The Management Company was incorporated as a 'Société anonyme' under the laws of the Grand Duchy of Luxembourg on 7 July 2005 and its Articles of Association were published in the Mémorial on 26 July 2005. The Management Company is approved as Management Company regulated by chapter 15 of the Luxembourg law of 17 December 2010 relating to undertakings for collective investment. The Management Company is part of Robeco Groep N.V. and also acts as Management Company for Robeco Capital Growth Funds, Robeco QI Global Dynamic Duration (formerly Robeco Lux-o-rente), Robeco Global Total Return Bond Fund and Robeco All Strategies Funds.

## 10 Management and service fee

The classes of shares incur an annual management fee payable to the Management Company, which reflects all expenses related to the management of the Company. Furthermore the different classes of shares incur an annual service fee payable to the Management Company reflecting all remaining expenses such as the fees of the Administration Agent, the Registrar Agent, auditors and legal advisers, the costs of preparing, printing and distributing all prospectuses, memoranda, reports and other necessary documents concerning the Company, any fees and expenses involved in the registration of the Company with any governmental agency and stock exchange, the costs of publishing prices and operational expenses, and the cost of holding shareholders' meetings.

The annual charges, both management fee and service fee, are expressed as a percentage of the net asset value. The charges, paid monthly, are based on the net asset value of the relevant period and are reflected in the share price. The table below shows the percentages for the different classes of shares.

<b>Management fee</b>					
In %	DH shares	EH shares	FH shares	GH shares	IH shares
Robeco Flex-o-Rente	0.70	0.70	0.35	0.35	0.30

  

<b>Service fee <sup>1</sup></b>					
In %	DH shares	EH shares	FH shares	GH shares	IH shares
Robeco Flex-o-Rente	0.12	0.12	0.12	0.12	0.08

<sup>1</sup> If the assets of a subfund exceed EUR 1 billion, for the assets above EUR 1 billion the service fee will be reduced by 0.02%. If the assets of a subfund exceed EUR 5 billion, for the assets above EUR 5 billion the service fee will be reduced by a further 0.02% (for IH shares 0.01%). However, the annual service rate cannot be less than 0.01% for a specific share class.

## 11 Depositary fee

The Depositary bank is remunerated in accordance with the agreement between RBC Investor Services Bank S.A., acting as the Depositary, and the Company.

## 12 Distributed dividends

During the reporting period the following distributions took place.

Distributed dividend				
	Currency	Amount per share	Ex-dividend date	Payment date
<b>Robeco Flex-o-rente</b>				
EH EUR shares	EUR	0.96	22/04/2016	29/04/2016
GH EUR shares	EUR	1.01	22/04/2016	29/04/2016

## 13 Transaction costs

The Company and its classes of shares pay directly commissions, brokerage fees and taxes resulting from financial transactions. These costs are recorded in the Statement of operations and changes in net assets under the heading "Transaction costs".

## 14 Ongoing charges

The ongoing charges express the operational costs (e.g. management fee, service fee, tax d'abonnement, depositary fee and bank charges) charged to the subfund as a percentage of the average assets entrusted, calculated on a daily basis, during the reporting period. The ongoing charges as shown in the table below do not include transaction costs. The other costs concern mainly bank charges, depositary fees and tax d'abonnement. The ongoing charges are annualized for periods less than one year. Comparative figures are only disclosed for the subfunds and share classes outstanding at the beginning of the reporting period.

Ongoing charges									
In %	01/01/2016				01/01/2015				
	Management fee	Service fee	Other costs	Total	Management fee	Service fee	Other costs	Total	
				31/12/2016					31/12/2015
<b>Robeco Flex-o-Rente</b>									
DH EUR shares	0.70	0.12	0.06	<b>0.88</b>	0.70	0.12	0.06	<b>0.88</b>	
EH EUR shares	0.70	0.12	0.06	<b>0.88</b>	0.70	0.12	0.00	<b>0.82</b>	
FH EUR shares	0.35	0.12	0.06	<b>0.53</b>	0.35	0.12	0.06	<b>0.53</b>	
GH EUR shares	0.35	0.12	0.06	<b>0.53</b>	0.35	0.12	0.06	<b>0.53</b>	
IH EUR shares	0.30	0.08	0.02	<b>0.40</b>	0.30	0.08	0.02	<b>0.40</b>	
DH CHF shares	0.70	0.12	0.06	<b>0.88</b>	0.70	0.12	0.06	<b>0.88</b>	
IH CHF shares	0.30	0.08	0.02	<b>0.40</b>	0.30	0.08	0.02	<b>0.40</b>	
FH GBP shares	0.35	0.12	0.06	<b>0.53</b>					
DH USD shares	0.70	0.12	0.06	<b>0.88</b>	0.70	0.12	0.06	<b>0.88</b>	
IH USD shares	0.30	0.08	0.02	<b>0.40</b>					

## 15 Hard commissions and soft-dollar arrangements

There were no hard commissions or soft-dollar arrangements during the reporting period.

## 16 Turnover ratio

This is the turnover ratio of the investments, including derivative instruments, against the average assets entrusted and this is a measure of the incurred transaction costs resulting from the investment portfolio policy pursued and the ensuing investment transactions. In the calculation method that is used the amount of turnover is determined by the sum of purchases and sales of investments, including derivatives, less the sum of issuance and repurchase of own shares, divided by the daily average of the net assets. The turnover ratio is determined by expressing the amount of turnover as a percentage of the average assets entrusted. The turnover ratio for Robeco Flex-o-Rente over the reporting period is -19%. Over the period 1 January 2015 through 31 December 2015 the turnover ratio was -19%.

## 17 Changes in the investment portfolio

The statement of changes in the investment portfolio during the period from 1 January 2016 to 31 December 2016 inclusive may be obtained free of charge at the offices of the Company, the Depositary, or any Nominee.



## 18 Retrocessions and trailer fees

Trailer fees for the marketing of the subfund (Commission d'Encours) are paid to distributors and assets managers from the management fee. No retrocession has been granted during the reporting period.

## 19 Subsequent events

### **Sub-fund name change**

The name of the only sub-fund, Robeco Flex-o-rente, has been changed into Robeco Qi Long/Short Dynamic Duration (effective 31 March 2017).

Luxembourg, 26 April 2016

The Board of Directors

Edith J. Siermann

Stefan Gordijn

D. Rob van Bommel

To the Shareholders of Robeco (LU) Funds III (formerly Robeco Interest Plus Funds)  
11/13, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg

## Report of the Réviseur d'Entreprises agréé

We have audited the accompanying financial statements of Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) and its sub-fund Robeco Flex-o-Rente, which comprise the statement of net assets and the investment portfolio as at 31 December 2016 and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Board of Directors of the SICAV responsibility for the financial statements*

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements, and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the Réviseur d'Entreprises agréé*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Robeco (LU) Funds III (formerly Robeco Interest Plus Funds) and its sub-fund Robeco Flex-o-Rente as of 31 December 2016, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

### *Other information*

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of Réviseur d'Entreprises agréé thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Luxembourg, 27 April 2017

KPMG Luxembourg  
Société coopérative  
Cabinet de révision agréé  
39, Avenue John F. Kennedy  
L-1855 Luxembourg  
R. Beegun

## Exchange rates

		31/12/2016 Against EUR x 1		31/12/2015 Against EUR x 1
CHF	1	0.9328	1	0.9196
GBP	1	1.1715	1	1.3568
JPY	100	0.8129	100	0.7652
USD	1	0.9481	1	0.9206

## Historical review

		Net assets			Number of shares outstanding			Net asset value per share		
		31/12/2016	31/12/2015	31/12/2014	31/12/2016	31/12/2015	31/12/2014	31/12/2016	31/12/2015	31/12/2014
<b>Robeco Flex-o-Rente</b>	DH EUR	71,875,403	61,200,431	46,169,424	669,944	560,444	427,852	107.29	109.20	107.91
	EH EUR	1,303,513	1,586,917	1,529,064	14,244	16,866	16,455	91.51	94.09	92.92
	FH EUR	13,544,491	10,219,889	9,492,122	133,951	99,648	93,989	101.12	102.56	100.99
	GH EUR	7,969,118	6,045,782	8,524,872	82,082	60,786	87,043	97.09	99.46	97.94
	IH EUR	117,703,141	42,126,649	26,722,180	1,038,316	366,861	236,633	113.36	114.83	112.93
	DH CHF	31,027,751	14,392,077	20,021,665	324,652	147,053	205,050	95.57	97.87	97.64
	IH CHF	29,471,242	52,472,378	24,674,520	296,142	517,377	244,950	99.51	101.42	100.73
	FH GBP	416,260			4,210			98.87		
	DH USD	15,894,343	11,435,150	6,969,653	147,640	105,724	65,497	107.66	108.16	106.41
	IH USD	7,468,464			75,486			98.94		

# Investment portfolio

Robeco Flex-o-Rente

At 31 December 2016

	Maturity date	Face value	Market value EUR x 1	In % of net assets	
<b>Transferable securities and money market instruments admitted to an official stock exchange listing and other regulated market</b>					
<b>EUR</b>					
<b>Interest rate</b>					
0.0000	AGENCE FRANCAISE DEVELOP (FRN)	19/09/2018	6,000,000	6,017,700	2.06
0.0000	BK NEDERLANDSE GEMEENTEN (FRN)	22/02/2017	6,000,000	6,003,300	2.06
0.0101	CAISSE CENT CREDIT IMMOB (FRN)	03/10/2017	5,000,000	5,007,301	1.72
0.0000	CAISSE CENT CREDIT IMMOB (FRN)	23/01/2017	5,000,000	5,001,250	1.72
0.0000	DEXIA CREDIT LOCAL (FRN)	27/03/2017	2,000,000	2,001,460	0.69
0.0251	EUROPEAN INVESTMENT BANK (FRN)	15/01/2018	4,000,000	4,022,840	1.38
0.0000	FMS WERTMANAGEMENT (FRN)	23/01/2018	7,000,000	7,029,960	2.41
0.0501	FMS WERTMANAGEMENT (FRN)	27/01/2019	800,000	806,856	0.28
0.1430	FREIE HANSESTADT HAMBURG (FRN)	18/02/2020	5,000,000	5,076,150	1.74
0.1001	LANDWIRTSCH. RENTENBANK (FRN)	01/09/2017	5,000,000	5,014,150	1.72
0.0000	NEDER WATERSCHAPSBANK (FRN)	01/11/2018	5,000,000	5,031,650	1.73
0.0801	NETHERLANDS GOVERNMENT (FRN)	10/03/2017	11,100,000	11,104,441	3.81
0.0000	BUONI ORDINARI DEL TES	31/01/2017	10,000,000	10,007,100	3.43
0.0000	EURO STABILITY MECHANISM	17/10/2017	6,000,000	6,028,260	2.07
0.2500	EFSS	18/10/2017	7,000,000	7,047,181	2.42
1.2500	BELFIUS BANK SA/NV	28/01/2019	6,400,000	6,589,248	2.26
1.3750	COMMONWEALTH BANK AUST	22/01/2019	6,400,000	6,603,392	2.27
1.6250	DEXIA CREDIT LOCAL	29/10/2018	9,500,000	9,814,069	3.37
1.7500	FRENCH TREASURY NOTE	25/02/2017	16,680,000	16,744,718	5.74
2.1250	CREDIT SUISSE GUERNSEY	18/01/2017	6,400,000	6,406,336	2.20
2.2500	AGENCE FRANCAISE DEVELOP	23/03/2017	3,800,000	3,823,484	1.31
2.2500	BARCLAYS BANK PLC	22/02/2017	6,400,000	6,421,184	2.20
2.2500	UBS AG LONDON	10/01/2017	6,400,000	6,403,264	2.20
3.2500	European Union	04/04/2018	7,000,000	7,328,230	2.51
3.3750	DNB BOLIGKREDITT AS	20/01/2017	6,400,000	6,411,264	2.20
3.3750	HSBC SFH FRANCE	20/01/2017	6,400,000	6,411,392	2.20
3.3750	SWEDBANK HYPOTEK AB	22/03/2017	6,400,000	6,451,393	2.21
3.5000	CAISSE REFINANCE L'HABIT	25/04/2017	6,400,000	6,476,224	2.22
3.5000	NORDEA HYPOTEK AB	18/01/2017	6,400,000	6,410,176	2.20
3.7500	CIE FINANCEMENT FONCIER	24/01/2017	6,400,000	6,414,848	2.20
3.8000	BONOS Y OBLIG DEL ESTADO	31/01/2017	8,650,000	8,677,766	2.98
4.3750	SANTANDER UK PLC	24/01/2018	6,000,000	6,288,000	2.16
4.6250	Bank of Scotland PLC	08/06/2017	5,400,000	5,512,374	1.89
5.2500	ING BANK NV	05/06/2018	6,400,000	6,904,704	2.37
<b>Total transferable securities and money market instruments admitted to an official stock exchange listing and other regulated market</b>			<b>221,291,665</b>	<b>75.93</b>	

## Other transferable securities and money market instruments

### CDs and CPs

EUR

ACHMEA BANK NV	08/03/2017	8,000,000	8,007,406	2.75
BANQUE FED CRED MUTUEL	23/03/2017	8,000,000	8,007,707	2.75

# Investment portfolio

## Robeco Flex-o-Rente

<b>At 31 December 2016</b>	<b>Maturity</b>		<b>Market value</b>	<b>In % of net</b>
	<b>date</b>	<b>Face value</b>	<b>EUR x 1</b>	<b>assets</b>
NORDEA BANK AB	20/03/2017	8,000,000	8,009,110	2.75
Natixis SA	20/01/2017	8,000,000	8,007,469	2.75
LA BANQUE POSTALE	20/01/2017	8,000,000	8,008,603	2.75
BNP PARIBAS	01/02/2017	8,000,000	8,008,493	2.75
KBC Bank NV	24/02/2017	8,000,000	8,007,878	2.75
<b>Total other transferable securities and money market instruments</b>			<b>56,056,669</b>	<b>19.25</b>
<b>Total investment portfolio</b>			<b>277,348,334</b>	<b>95.18</b>
<b>Other assets and liabilities</b>			<b>14,120,703</b>	<b>4.82</b>
<b>Total net assets</b>			<b>291,469,037</b>	<b>100.00</b>