



**ROBECO**  
The Investment Engineers

**19**

**Rolinco N.V.**

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

**Unaudited Semi-Annual Report  
1 January to 30 June 2019**

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# Rolinco N.V.

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

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## Management board (and manager)

Robeco Institutional Asset Management B.V. ('RIAM')  
Policymakers RIAM:  
Gilbert O.J.M. Van Hassel  
Karin van Baardwijk  
Monique D. Donga (until 1 July 2019)  
Peter J.J. Ferket  
Martin O. Nijkamp  
Mark C.W. den Hollander (since 24 June 2019)  
Hans-Christoph von Reiche  
Victor Verberk

## Supervisory directors of RIAM:

Jeroen J.M. Kremers  
Sonja Barendregt-Roojers  
Yoshiko Fujii  
Radboud R.L. Vlaar

## Custodian

J.P. Morgan Bank Luxembourg S.A., Amsterdam Branch  
Strawinskylaan 1135  
NL-1077 XX Amsterdam

## Fund managers

Henk Grootveld  
Marco van Lent

## Paying agent

ING Bank N.V.  
Bijlmerplein 888  
NL-1102 MG Amsterdam

## Fund agent

ING Bank N.V.  
Bijlmerplein 888  
NL-1102 MG Amsterdam

## Auditor

KPMG Accountants N.V.  
Papendorpseweg 83  
NL-3528 BJ Utrecht

# Report by the manager

## General information

### Legal aspects

Rolinco N.V. (hereafter also the “fund”) is an investment company with variable capital established in the Netherlands. The fund is an Undertaking for Collective Investment in Transferable Securities (UCITS), as referred to in Section 1:1 of the Dutch Financial Supervision Act (hereinafter: “Wft”) and the Council Directive for Investment Institutions dated 23 July 2014 (Directive 2014/91/EU, ‘UCITS V’). UCITS have to comply with certain restrictions to their investment policy in order to protect investors.

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

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

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

### Robeco

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

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

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

### Share classes

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

Share class A: Rolinco

Share class B: Rolinco - EUR G.

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

### Attribution to share classes

The administration of the fund is such that attribution of the results to the different share classes takes place on a daily basis and pro rata. Issues and repurchases of own shares are registered per share class. The differences between the various share classes are explained in notes 7, 9 and 12 to the financial statements.

### Tax features

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

# Report by the manager (continued)

## General information (continued)

### Liquidity of ordinary shares

The fund is an open-end investment company, meaning that, barring exceptional circumstances, it issues and repurchases ordinary shares on a daily basis at prices approximating net asset value, augmented or reduced by a limited surcharge or discount. The only purpose of this surcharge or discount is to cover the costs incurred by the fund for the entry and exit of investors. The maximum current surcharge or discount is 0.35%. The surcharges and discounts are recognized in the profit and loss account.

The Rolinco share class is listed on Euronext Amsterdam, Euronext Fund Service segment. In addition, the fund is listed on the stock exchanges of Berlin, Dusseldorf, Frankfurt, Hamburg, Luxembourg, Munich, Vienna and Zurich.

The Rolinco - EUR G share class is listed on Euronext Amsterdam<sup>1</sup>, Euronext Fund Service segment.

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

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

### Key investor information and prospectus

A prospectus and a key investor information document with information on the product and its associated costs and risks are available for Rolinco N.V. Both documents are available free of charge at the fund's offices and at [www.robeco.com](http://www.robeco.com).

### Information for investors in the respective countries

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

#### Representative and paying agent in Switzerland

ACOLIN Fund Services AG, Affolternstrasse 56, CH-8050 Zürich, is the fund's representative in Switzerland. Copies of the Key Investor Information, the Prospectus, Articles of Association, annual and semi-annual reports, and a list of all purchases and sales in the fund's securities portfolio during the reporting period are available at the above address, free of charge.

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

#### Representative and paying agent in Germany

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

#### Financial services in Belgium

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

### Translations

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

# Report by the manager (continued)

## Key figures per share class

### Overview 2015 – 2019

Rolinco	2019 <sup>1</sup>	2018	2017	2016	2015	Average
<b>Performance in % based on:</b>						
- Market price <sup>2,3</sup>	23.8	-7.4	20.4	7.2	6.9	11.5
- Net asset value <sup>2,3</sup>	23.0	-6.3	20.0	6.6	6.8	11.6
- MSCI All Country World Index	16.7	-4.8	8.9	11.1	8.8	10.1
Dividend in euros <sup>4</sup>	–	0.80	0.60	0.60	0.60	
Total net assets <sup>5</sup>	307	260	307	286	302	

Rolinco - EUR G	2019 <sup>1</sup>	2018	2017	2016	2015	Average
<b>Performance in % based on:</b>						
- Market price <sup>2,3</sup>	24.1	-7.0	21.0	7.7	7.5	12.1
- Net asset value <sup>2,3</sup>	23.3	-5.9	20.6	7.1	7.4	12.1
- MSCI All Country World Index	16.7	-4.8	8.9	11.1	8.8	10.1
Dividend in euros <sup>4</sup>	–	0.80	0.60	0.60	0.60	
Total net assets <sup>5</sup>	412	341	368	318	318	

<sup>1</sup> Concerns the period from 1 January through 30 June 2019.

<sup>2</sup> Possible differences between the performance based on market price and on net asset value are caused by the fact that the last market price of the reporting period and the net asset value are determined at different times. The last market price of the reporting period is the price on the last market day of the reporting period and uses the price data at 06:00h. The net asset value is based on the valuation figures from the close of trading on that same day.

<sup>3</sup> Any dividend payments that are distributed in any year are assumed to have been reinvested in the fund.

<sup>4</sup> The dividend relates to the reporting year mentioned and is distributed in the following financial year.

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

## General introduction

### Economy

The US is now enjoying the longest post-WW2 economic expansion, recently surpassing the 1991-2001 expansion of the US economy that came to an end by the bursting of the IT bubble. US economic growth in the first quarter remained above trend at a 3.2% pace corrected for inflation. However, the expansion in the global economy at large is losing momentum, with a key institution as the IMF now downgrading global economic growth from 3.6% in 2018 to 3.3% for 2019. Continuing trade tensions between the US and China, credit tightening in China, disruptions in the auto sector in Germany and broad based political uncertainty contributed to a slowdown of the pace of economic activity in the first half of 2019.

A swift and all-encompassing resolution to the trade dispute between the current US administration and China has remained out of sight, though a truce has been struck between the parties involved at the latest G20 meeting in Osaka. Especially the global manufacturing sector struggles as trade tensions and increasing barriers to trade impact global supply chains. World trade activity has shifted into a lower gear as world trade volumes declined compared to the second half of 2018.

In response to weaker macro-economic data and lingering geopolitical tensions, central banks have made a U-turn in their policy stance and shifted their forward guidance to a dovish stance in order to safeguard the expansion. Financial markets are currently expecting the US central bank to cut interest rates by almost 1% over the next 12 months. We believe markets may have priced in too many rate cuts by the Fed as the US domestic economy itself remains fairly robust. However, a continued loss of momentum of global activity could trigger a synchronized policy rate easing effort by major central banks in the second half of 2019.

# Report by the manager (continued)

## General introduction (continued)

### Outlook for the equity markets

Equity markets clearly welcomed the dovish turn by central banks, notably the Fed. The MSCI World in euro already generated a 17.4% return in the first half of 2019, well above historical average equity returns on an annual basis. We believe the path for equities in the remainder of the year will prove challenging, despite central banks providing excess liquidity. Turbulence may be ahead, as it remains uncertain whether a substantial trade deal is achievable between the US and China and whether Europe will escape tariffs from the US on its exports. In absence of a deal, political uncertainty will stay elevated and corporate earnings delivery dismal. Actual global earnings expectations by analysts for 2019 are modest at 7.3% (y-o-y). Equity valuations have increased as discount rates have fallen, with the US equity market looking particularly expensive. The US cyclically-adjusted price earnings ratio (CAPE) is now at 30.2, a valuation level only seen in the late 1990's. This is confirmed by other valuation metrics like Tobin's Q (market value divided by replacement value of the firm) and the Buffet indicator (market capitalization S&P500 divided by nominal US GDP), as both indicators are well above historical averages. Despite elevated valuation levels from an absolute point of view, equities are still offering a decent risk premium compared to less risky alternatives like government bonds.

## Investment policy

### Introduction

Rolinco N.V.'s investment philosophy focuses on shares that benefit from growth resulting from four secular growth trends, i.e. the 'Digital World', the 'Emerging Middle Class', the 'Industrial Renaissance' and 'Healthy Aging'.

### Investment objective

The fund aims to achieve a substantially higher return than its index over the longer term through a well-diversified worldwide equity portfolio consisting largely of so-called Growth stocks. The index that is used to compare the fund's performance with is the MSCI All Country World Index.

### Implementation of the investment policy

We decreased the weight of the trend 'Digital World' from 21% to 19% during the reporting period. 'Digital World' is the combination of the sub-trends Digital Consumer, with themes like e-commerce, eSports and social media, and Digital Finance or FinTech. We sold two positions which were assigned to this trend, i.e. Apple and J.P. Morgan, and bought one new position in PayPal. We sold Apple at the start of 2019 as we feared that the slowdown in iPhone sales could not be compensated by the growth in services like Apple Music or the future roll-out of Apple Health. In the trend 'Emerging Middle Class' we sold our position in Chinese luxury spirits company Kweichow Moutai and reinvested the proceeds in New Oriental Education, which provides additional after-school lessons for Chinese high-school students, both offline and online. With regards to Kweichow Moutai, we applauded the company's decision to establish a direct sales channel; however, from a Corporate Governance-perspective we disliked the fact that this sales channel will not be owned by the company and its shareholders but by management itself.

We increased exposure to the trend 'Industrial Renaissance' from 21% to 23% by letting our profits run during the first half. The fourth trend 'Healthy Aging' was increased from 34% to 35% as we bought new positions in Dexcom, Dentsply Sirona and International Flavors and Fragrances, and sold positions in Allergan and Reckitt Benckiser. We lowered the cash level of the fund from 4% to 3% during the reporting period.

### Currency policy

Rolinco N.V. pursues an active currency policy with the euro as its base currency. The currency risk arises from the selection of specific stocks and the currencies in which they are denominated. Stock selection in the portfolio is mainly based on the chosen trends and not on the underlying country or currency. The various currency risks may be hedged, but this option was not implemented during the period under review. For further quantitative information on the currency risk, we refer to the information on currency risk provided on page 15.

### Derivatives positions

Rolinco N.V. does not hold any hedge positions nor did it have any hedge position during the first half of 2019.



# Report by the manager (continued)

## Investment result

### Investment result per share class

Share class	Price in EUR x 1 30/06/2019	Price in EUR x 1 31/12/2018	Dividend paid June 2019	Investment result in reporting period in % <sup>1</sup>
<i>Rolinco</i>			0.80	
- Market price	43.23	35.33		23.8
- Net asset value	43.27	35.44		23.0
<i>Rolinco EUR G</i>			0.80	
- Market price	45.99	37.45		24.1
- Net asset value	46.03	37.56		23.3

<sup>1</sup> Any dividends distributed in any year are assumed to have been reinvested in the fund.

During the first half, investors did not worry too much about the negative signals the world economy was sending regarding the continued slowdown in economic growth and the ever-increasing risk of a recession. Nor did they bother about the limited earnings growth that resulted from the first-quarter earnings season. Markets were focused on only two things, Central banks and trade war. The US-China trade war did not come to an end during the reporting period and is shifting more towards a technology war, with for instance the US blocking Chinese telecom-equipment manufacturer Huawei access to US technologies. As most central banks stopped talking about interest rate increases or balance sheet shrinkage, they left markets hoping for potential interest-rate cuts and balance-sheet expansions. This helped the MSCI World All Country Index record a gain of 16.7%. The Fund generated a return of 23,7% (gross of fees) on the back of successful trend and stock selection.

All four trends in which Rolinco N.V. invests, realized a strongly positive return. The highest (+29%, all measured in EUR) was achieved with the 'Emerging Middle Class' trend, driven by strong price appreciation for our holdings in the luxury segment like LVMH (+46%), home of Louis Vuitton, Kering (+28%), home of Gucci, and the Chinese premium-spirits producer Kweichow Moutai (+53% until divestment). The second- best trend was 'Healthy Aging' (+24%), where sporting-goods stocks like Adidas (+50%) and digital-healthcare stocks like IQVIA (+39%) enjoyed a high level of interest. 'Digital World' (+22%) was helped among others by a bid on FinTech company WorldPay (+61%) and a recovery in Japanese game producer Nintendo (+40%) after a bad second half of 2018. Within the 'Industrial Renaissance' trend (+22%), although we lost money on our Japanese cybersecurity position in Trend Micro (-16%), the Cybersecurity sub-trend did well with CyberArk, Cisco and Akamai all returning between 30% and 60%.

## Return and risk

The net investment result over the reporting period was achieved with a highly active investment policy and came along with somewhat higher investment risks. One measure for this active management is the part of the portfolio that deviates from the index. For instance, if a stock has a weight of 1% in the index and a weight of 2.5% in the fund, the active share for this position is 1.5%. The active share for the Rolinco N.V. portfolio is then the sum of all individual parts and was above 90%. An index-tracking fund, or ETF, that completely follows an index has an active share of 0%. The realized beta of the fund in the first six months was around 1.14, meaning that we have taken more investment risks than the market (which by definition has a beta of 1). The volatility of the fund's realized return of 12.0% was also higher than the 10.1% for the index. Combining this investment risk with the realized return results in a Sharpe ratio of 4.8 for Rolinco N.V. compared to 3.8 for the index, indicating that the amount of return per realized volatility was significantly higher for Rolinco N.V.

## Remuneration policy

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

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

## Responsibility for the remuneration policy

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



# Report by the manager (continued)

## Remuneration policy (continued)

### Fixed remuneration

The fixed salary of each employee is based on his/her role and experience and is in accordance with the RIAM salary ranges, which have also been derived from benchmarks in the investment management sector. The fixed salary is therefore in line with the market and the employees are not dependent on whether or not they receive a variable remuneration.

### Variable remuneration

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

The variable remuneration component for the fund managers depends on the multi-year performance of the fund. The system is linked to outperformance with regard to risk-adjusted pre-determined annual targets. The calculated outperformance over a one-year, three-year and five-year period is taken into account when determining the variable remuneration. Also important in this determination are behavior, the extent to which team- and individual qualitative and predetermined objectives have been achieved and the extent to which Robeco corporate values are observed. The fund manager's contribution to the various organizational objectives is also taken into consideration. Poor performance, unethical or non-compliant behavior lead to the allocation of a lower or even no variable remuneration at all. For the senior fund manager, the Identified Staff regime also applies (see below).

### Identified Staff

RIAM has a specific and more stringent remuneration policy for employees who may have a material impact on the risk profile of the fund. These employees are designated to be 'Identified Staff'. For 2018, in addition to the Management Board, RIAM has designated 94 other employees as Identified Staff, including all senior portfolio managers, senior management and the heads of the control functions (HR, Compliance, Risk Management, Business Control, Internal Audit and Legal). Among other things the performance targets of these employees that are used to determine the award of variable pay are subject to additional risk analyses, both prior to the performance year and at the end when the results are evaluated. In addition, in all cases at least 70% of the payment of variable remuneration granted to these employees will be deferred for a period of four years, and 50% will be converted into hypothetical "Robeco" shares whose value will follow the company's future results.

### Risk control

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

### Annual assessment

RIAM's remuneration policy and the application thereof was evaluated in 2018 under the responsibility of the Supervisory board of RIAM, advised by the Nomination & Remuneration Committee of the Supervisory Board of RIAM. As a result of Robeco's strategy 2017-2021, certain (non material) changes have been made to the remuneration policy to support a high performance culture.

## Sustainable investing

Sustainable investing is one of the main pillars of Robeco's strategy and is firmly anchored in our investment convictions. We are convinced that including ESG<sup>1</sup> factors leads to better investment decisions. We are also convinced that exercising our voting rights and engaging in a dialogue with companies have a positive effect on the investment result and society in general. During H1 2019, we made every effort to further stimulate Sustainable investing at Robeco and beyond.

All Robeco's investment activities comply with the United Nations Principles for Responsible Investing (UNPRI). In 2019, Robeco was awarded an A+ for most of the modules that were assessed as part of the UN Principles for Responsible Investment (UN PRI) 2019 report. This was the sixth year in a row that Robeco obtained the highest score for the majority of the modules assessed by UNPRI. Responsibility for implementing Sustainable investing lies with the Head of Investments, who also has a seat on Robeco's Executive Committee.

<sup>1</sup> ESG is the abbreviation of 'Environmental, Social and Governance', which refers to factors relating to the environment, society and corporate governance.

# Report by the manager (continued)

## Sustainable investing (continued)

### Focus on stewardship

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

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

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

### Contributing to the Sustainable Development Goals

Robeco is a signatory in the Netherlands to the Sustainable Development Goals Investing Agenda. To help our customers contribute to the objectives, we worked on analyzing the SDG<sup>2</sup> contribution of companies and developing SDG investment solutions. Currently multiple solutions are available both in equity and fixed income.

Furthermore, Robeco contributes to the SDGs by integrating ESG factors in its decision-making process for investments and encourages companies to act in support of these goals by means of a constructive dialogue. The SDGs are continually considered during the engagement and voting activities. These therefore present the opportunity to emphasize the effect that engagement can have on society. Robeco's Active Ownership team would like new themes to always be directly linked to at least one of the goals. In 2019 we started engaging with companies for example on Palm Oil, directly linked to SDG 12 and 15, with a clear objective to improve RSPO certification and mitigate deforestation.

<sup>2</sup> Sustainable Development Goals.

### ESG integration by Robeco

Sustainability can bring about changes in markets, countries and companies in the long term. And since changes affect future performance, ESG factors can in our view add value to our investment process. We therefore look at these factors in the same way as we consider a company's financial position or market momentum. We have research available from leading sustainability experts, including our sister company RobecoSAM. For its analysis, this company makes use of the comprehensive Corporate Sustainability Assessment (CSA), which takes into account general and sector-specific sustainability criteria. The investment analysis focuses on the most material ESG factors and the connection with the financial performance of a company. We can then focus on the most relevant information in performing our investment-analysis and can reach enhanced investment decisions. Besides integrating ESG, Active Ownership and exclusions into all of our investment processes, in 2019 we continued developing new sustainable investment funds with specific sustainable goals and criteria.

### Exclusion

Robeco pursues an exclusion policy for companies that are involved in the production of or trade in controversial weapons such as cluster munition and anti-personnel mines, for tobacco companies and for companies that seriously and habitually violate either the United Nations Global Compact (UNGC) or OECD Guidelines for Multinational Enterprises. Exclusion is the last resort for this last category, which should only be applied after a failed dialogue with the company regarding improvement of its poor ESG practices. Robeco evaluates the practices of excluded companies at least once a year and can at any time decide to include a company in its investment universe again if that company can demonstrate that the desired improvements have been made and the violation of the Global Compact or OECD Guidelines no longer exists. Robeco publishes its exclusion policy and the list of exclusions on its website. In 2019 Robeco developed a palm oil policy. Robeco considers the production of palm oil a process with significant environmental and social risks, leading to breaches of the UN Global Compact when this product is not produced sustainably. Listed companies that have less than 20% of their plantations certified to sustainability standards are excluded from fund investments. Other palm oil producing companies are part of an engagement program where Robeco requires them to make progress towards full RSPO certification and addresses potential controversies and breaches of the UN Global compact.

# Report by the manager (continued)

## Sustainable investing (continued)

### Active ownership

Constructive and effective activities under active ownership encourage companies to improve their management of risks and opportunities in the field of ESG. This in turn establishes a better competitive position and improved profitability and moreover has a positive impact on the community. Active ownership involves voting and engagement. Robeco exercises its voting rights for the shares in its investment funds all over the world. In addition, Robeco enters into an active dialogue with the companies in which it invests on questions concerning the environment, society and corporate governance. In 2019, our activities towards achieving active ownership were again awarded the highest score (A+) under the Principles for Responsible Investment (PRI). Robeco has Active Ownership specialists in both Rotterdam and Hong Kong. In 2018 Robeco engaged with over 200 companies on different issues ranging from corporate governance to data privacy to climate change. The primary focus of this engagement is to address strategic ESG issues that might affect value creation in the long term.

### Voting

In 1998, Robeco started voting for its investment funds and on behalf of its institutional clients. The votes are cast by specialized voting analysts in the Active Ownership team. We attend several shareholder meetings ourselves, but in most cases we cast our votes electronically. Our voting activities are published shortly after the shareholders' meetings on our website, in line with best practice regarding voting transparency.

Our extensive voting policy is based on 20 years of experience and insight, and we anticipate the specific policy requests of our mandates if necessary. We vote at all meetings where this is possible. In practice, we only refrain from voting in the event of share blocking. In such cases, we assess the importance of the meeting and the influence of our positions on the voting.

Our voting policy and our analysis are based on the internationally accepted principles of the International Corporate Governance Network (ICGN) and on local directives. These principles constitute an extensive framework for assessing the corporate governance practices of companies. They also provide sufficient latitude for companies to be assessed on the basis of local standards, national legislation and codes of conduct for corporate governance. In our assessment we take into account company-specific circumstances.

Important decisions are taken in close consultation with the portfolio managers and the analysts in Robeco's investment teams and with our engagement specialists. The information we receive during shareholders' meetings is taken into account in our engagement activities and in the investment process followed by the Robeco funds.

For Rolinco N.V., we voted at 49 shareholder meetings. At 30 (61%) of 49 meetings, we cast at least one vote not in line with the management's recommendation.

### Engagement

Since as early as 2005, we have encouraged management board members from the companies in which we invest to practice good corporate governance and to strive to achieve an environmentally and socially friendly policy. The aim of our engagement is to increase shareholder value in the long term and to achieve a positive impact on society. For Robeco, engagement and voting are important elements for achieving a successful integrated strategy for Sustainable investing that will lead to enhanced investment decisions and can improve the risk/return profile of our portfolios.

For our engagement activities we use a focused approach in which we enter into a constructive dialogue with a relevant selection of companies in which we invest. This dialogue deals with ESG factors such as quality of management, human rights and management of environmental risks. We differentiate between two types of engagement: the proactive Value Engagement approach and the Enhanced Engagement approach following a violation of the principles of the UN Global Compact and OECD Guidelines for Multinational Enterprises.

Our Value Engagement activities focus on a small number of sustainability themes with the greatest potential for value creation for the companies in which we invest. We select these themes on the basis of financial materiality by carrying out a baseline measurement and formulating engagement profiles for the companies we enter into a dialogue with. We select new engagement themes in close consultation with engagement specialists, portfolio managers and analysts, who work together closely throughout the dialogue. We give priority to companies in Robeco's portfolios with the greatest exposure to the selected engagement theme.

Our Enhanced Engagement program focuses on companies whose actions conflict seriously and systematically with the principles of the United Nations Global Compact (UNGC) in the field of human rights, labor, the environment and anti-corruption and OECD Guidelines for Multinational Enterprises. With this program we try to exert an influence on these companies to persuade them to act in accordance with the UNGC principles and OECD Guidelines. Our engagement normally lasts three years, during which time we hold regular meetings and conference calls with representatives from the company and monitor progress made on the engagement objectives.

If an Enhanced Engagement dialogue does not lead to the desired result, Robeco can exclude this company from Robeco's investment universe. The Enhanced Engagement process is a formal part of Robeco's exclusion policy.

For Rolinco N.V., we entered into a dialogue with 10 companies, involving 10 Value Engagements and no Enhanced Engagements.

# Report by the manager (continued)

## Sustainable investing (continued)

### **Integration of ESG factors in investment processes**

For the Rolinco fund, we use the sustainability data of service providers RobecoSAM and Sustainalytics. In our fundamental analysis of and engagement with companies, we particularly focus on governance and cybersecurity issues. The latter has been a big focus in the first half of 2019. Privacy and cyber security are seen as some of the most material ESG factors for investments in our 'Digital World' trend. On top of that, our four trends have a strong ESG component, given that they focus on a future that is based less on the use of natural energy resources. Rolinco N.V. as a result does not invest in oil and gas companies, but rather in companies that help the electrification of the car or that contribute to more efficient production processes through further automation and robotization.

Rotterdam, 30 August 2019  
The Manager

# Semi-annual figures

## Balance Sheet

		30/06/2019	31/12/2018
Before profit appropriation	Notes	EUR' 000	EUR' 000
<b>ASSETS</b>			
<b>Investments</b>			
Equities	1	705,195	582,097
<b>Total investments</b>		<b>705,195</b>	<b>582,097</b>
<b>Accounts receivable</b>			
Other receivables, prepayments and accrued income	2	2,580	1,925
<b>Total accounts receivable</b>		<b>2,580</b>	<b>1,925</b>
<b>Other assets</b>			
Cash and cash equivalents	3	20,072	25,889
<b>LIABILITIES</b>			
<b>Accounts payable</b>			
Other liabilities, accruals and deferred income	4	2,446	1,447
<b>Total accounts payable</b>		<b>2,446</b>	<b>1,447</b>
<b>Accounts receivable and other assets less accounts payable</b>		<b>20,206</b>	<b>26,367</b>
<b>Assets less liabilities</b>		<b>725,401</b>	<b>608,464</b>
<b>Composition of shareholders' equity</b>			
	6, 7		
Issued capital	6	16,063	16,458
Other reserve	6	557,305	624,383
Undistributed earnings	6	146,278	(38,321)
		<b>719,646</b>	<b>602,520</b>
<b>6.5% cumulative preference shares</b>	5	5,755	5,944
<b>Shareholders' equity</b>		<b>725,401</b>	<b>608,464</b>

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

## Semi-annual figures (continued)

### Profit and loss account

	Notes	01/01/2019- 30/06/2019 EUR' 000	01/01/2018- 30/06/2018 EUR' 000
Investment income	8	8,187	6,327
Unrealized gains	1	132,607	53,791
Unrealized losses	1	(13,092)	(58,900)
Realized gains	1	30,283	34,152
Realized losses	1	(8,812)	(6,648)
Receipts on surcharges and discounts on issuance and repurchase of own shares		39	38
<b>Total operating income</b>		<b>149,212</b>	<b>28,760</b>
<b>Costs</b>			
Management fee	9	2,472	2,436
Service fee	9	414	404
Other costs	11	48	103
<b>Total operating expenses</b>		<b>2,934</b>	<b>2,943</b>
<b>Net result</b>		<b>146,278</b>	<b>25,817</b>

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

### Cash flow statement

	Notes	01/01/2019- 30/06/2019 EUR' 000	01/01/2018- 30/06/2018 EUR' 000
Cash flow from investment activities		22,294	19,851
Cash flow from financing activities		(28,060)	(24,342)
<b>Net cash flow</b>		<b>(5,766)</b>	<b>(4,491)</b>
Currency and cash revaluation		(51)	22
<b>Increase (+)/decrease (-) cash</b>	3	<b>(5,817)</b>	<b>(4,469)</b>

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

# Notes

## General

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

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

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

### **Rolinco N.V.**

Rolinco

Rolinco - EUR G

## Accounting principles

### **General**

The other principles for the valuation of assets, liabilities and determination of the result are unchanged and therefore are in accordance with the presentation in the most recent annual financial statements. Unless stated otherwise, items shown in the semi-annual report are carried at nominal value and expressed in thousands of euros.

### **Attribution to share classes**

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

## Risks relating to financial instruments

### **Investment risk**

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

### **Market risk**

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

#### **Price risk**

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

#### **Currency risk**

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

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

The table below shows the gross and net exposure to the various currencies, including cash, receivables and debts. Further information on the currency policy can be found on page 7.



# Notes (continued)

## Risks relating to financial instruments (continued)

### Market risk (continued)

#### Currency risk (continued)

	30/06/2019	30/06/2019	30/06/2019	31/12/2018
	Gross position	Net position	% of	% of
Currency exposure	EUR' 000	EUR' 000	net assets	net assets
AUD	17,608	17,608	2.43	2.47
BRL	7,251	7,251	1.00	1.01
CAD	14,561	14,561	2.01	2.44
CHF	20,335	20,335	2.80	2.84
CNY	5,503	5,503	0.76	1.79
DKK	13,519	13,519	1.86	2.12
EUR	97,923	97,923	13.50	14.97
GBP	27,954	27,954	3.85	5.78
HKD	27,823	27,823	3.83	3.25
INR	12,671	12,671	1.75	1.89
JPY	49,377	49,377	6.81	8.17
KRW	10,173	10,173	1.40	1.46
NOK	11,992	11,992	1.65	1.34
RUB	549	549	0.08	—
SEK	11,529	11,529	1.59	1.55
USD	396,633	396,633	54.68	48.92
<b>Total</b>	<b>725,401</b>	<b>725,401</b>	<b>100.00</b>	<b>100.00</b>

#### Concentration risk

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

There were no positions in stock index futures at balance sheet date.

# Notes (continued)

## Risks relating to financial instruments (continued)

### Market risk (continued)

#### Concentration risk (continued)

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

#### Concentration risk by country

		30/06/2019	30/06/2019	31/12/2018
		Total		
	Equities	exposure	% of	% of
	EUR' 000	EUR' 000	net assets	net assets
Australia <sup>1</sup>	17,152	17,152	2.36	2.43
Brazil	7,251	7,251	1.00	1.01
Canada	14,431	14,431	1.99	2.42
Cayman Islands	22,335	22,335	3.08	2.04
China <sup>1</sup>	14,011	14,011	1.93	2.85
Denmark	13,379	13,379	1.84	2.09
France	35,512	35,512	4.90	5.12
Germany	15,068	15,068	2.08	1.50
Hong Kong <sup>1</sup>	11,600	11,600	1.60	1.05
India <sup>1</sup>	12,671	12,671	1.75	1.89
Ireland	—	—	—	1.62
Israel	10,272	10,272	1.42	—
Japan <sup>1</sup>	49,013	49,013	6.75	8.15
Jersey	10,505	10,505	1.45	1.31
Netherlands	15,212	15,212	2.10	2.04
Norway	11,880	11,880	1.64	1.34
Russia	7,943	7,943	1.09	0.89
South Korea <sup>1</sup>	10,108	10,108	1.39	1.45
Sweden	11,272	11,272	1.55	1.52
Switzerland	20,354	20,354	2.81	2.84
United Kingdom	42,725	42,725	5.89	7.95
United States of America	352,501	352,501	48.59	44.16
<b>Total</b>	<b>705,195</b>	<b>705,195</b>	<b>97.21</b>	<b>95.67</b>

<sup>1</sup> These amounts include the fair value correction for markets that were open at the time the net asset value was calculated (1 July 2019). The prices known on 1 July 2019 at 6:00 am have been included in the valuation.

# Notes (continued)

## Risks relating to financial instruments (continued)

### Market risk (continued)

#### Concentration risk (continued)

The sector concentrations are shown below.

#### Concentration risk by sector

	30/06/2019	31/12/2018
	% of net assets	% of net assets
Communication Services	7.99	7.55
Consumer Discretionary	17.44	16.25
Consumer Staples	5.69	8.41
Financials	15.24	17.54
Health Care	16.10	14.02
Industrials	8.30	8.35
Information Technology	21.55	22.19
Materials	3.46	1.36
Real Estate	1.44	–
Other assets and liabilities	2.79	4.33
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### Counterparty risk

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

	30/06/2019		31/12/2018	
	EUR' 000	% of net assets	EUR' 000	% of net assets
Accounts receivable	2,580	0.35	1,925	0.32
Cash and cash equivalents	20,072	2.77	25,889	4.25
<b>Total</b>	<b>22,652</b>	<b>3.12</b>	<b>27,814</b>	<b>4.57</b>

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

# Notes (continued)

## Risks relating to financial instruments (continued)

### Risk of lending financial instruments

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

The creditworthiness of counterparties in securities-lending transactions is assessed on the basis of how independent rating agencies regard their short-term creditworthiness and on the basis of their net assets. Guarantees given by parent companies are also taken into account.

The fund accepts collateral in the form of:

- government bonds with a minimum investment grade<sup>1</sup> credit rating;
- bonds of supranational bodies with a minimum investment grade<sup>1</sup> credit rating;
- stocks listed on the main indexes of stock markets in OECD countries;
- stocks listed on the main indexes of stock markets in non-OECD countries;
- cash.

<sup>1</sup> Credit rating designations BBB or above are considered investment grade.

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

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

### Positions lent out

Type of instrument	30/06/2019			31/12/2018		
	Amount in EUR' 000	% of portfolio	% of net assets	Amount in EUR' 000	% of portfolio	% of net assets
Shares lent out	19,027	2.70	2.62	22,152	3.80	3.64
<b>Total</b>	<b>19,027</b>	<b>2.70</b>	<b>2.62</b>	<b>22,152</b>	<b>3.80</b>	<b>3.64</b>

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

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

### Counterparties

		30/06/2019		31/12/2018		
	Domicile of counterparty	Manner of settlement and clearing	Positions lent out EUR' 000	Collateral received EUR' 000	Positions lent out EUR' 000	Collateral received EUR' 000
BNP Paribas	France	Tripartite <sup>1</sup>	–	–	1,559	1,654
Credit Suisse	Switzerland	Tripartite <sup>1</sup>	521	587	–	–
Deutsche Bank	Germany	Tripartite <sup>1</sup>	5,697	6,330	12,805	14,271
ING Bank	The Netherlands	Tripartite <sup>1</sup>	371	413	–	–
J.P. Morgan	United States	Tripartite <sup>1</sup>	–	–	25	28
Macquarie	Australia	Tripartite <sup>1</sup>	4,511	5,013	–	–
Morgan Stanley	United States	Tripartite <sup>1</sup>	3,718	4,093	7,763	8,184
UBS	Switzerland	Tripartite <sup>1</sup>	4,209	4,715	–	–
Total			19,027	21,151	22,152	24,137

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

# Notes (continued)

## Risks relating to financial instruments (continued)

### Risk of lending financial instruments (continued)

This collateral is not included on the balance sheet. The table below contains a breakdown of collateral received according to type. All securities received have an open-ended term.

#### Collateral by type

			30/06/2019	31/12/2018
	Currency	Rating of government bonds	Market value in EUR' 000	Market value in EUR' 000
American Depository Receipts	USD		–	6,112
Government bonds	EUR	Investment grade	781	–
Government bonds	GBP	Investment grade	2,431	–
Government bonds	USD	Investment grade	157	–
Real-estate funds listed in non-OECD countries	SGD		8	–
Real-estate funds listed in OECD countries	AUD		48	–
Real-estate funds listed in OECD countries	USD		222	–
Stocks listed in non-OECD countries	AUD		14	–
Stocks listed in non-OECD countries	GBP		1	–
Stocks listed in non-OECD countries	HKD		637	–
Stocks listed in non-OECD countries	SGD		73	–
Stocks listed in non-OECD countries	USD		148	–
Stocks listed in OECD countries	AUD		1,704	–
Stocks listed in OECD countries	CAD		7	–
Stocks listed in OECD countries	CHF		15	9,838
Stocks listed in OECD countries	DKK		56	–
Stocks listed in OECD countries	EUR		2,102	–
Stocks listed in OECD countries	GBP		2,439	5,606
Stocks listed in OECD countries	JPY		6,204	2,581
Stocks listed in OECD countries	SEK		113	–
Stocks listed in OECD countries	USD		3,991	–
<b>Total</b>			<b>21,151</b>	<b>24,137</b>

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

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

#### Income from securities lending

	01/01/2019-30/06/2019			01/01/2018-30/06/2018		
	Gross revenues in EUR' 000	Fee paid to J.P. Morgan in EUR' 000	Net fund revenues in EUR' 000	Gross revenues in EUR' 000	Fee paid to RIAM in EUR' 000	Net fund revenues in EUR' 000
Shares lent out	17	4	13	17	5	12
<b>Total</b>	<b>17</b>	<b>4</b>	<b>13</b>	<b>17</b>	<b>5</b>	<b>12</b>

#### Liquidity risk

Liquidity risk is an unintentional form of risk that is a consequence of the investment policy. Liquidity risk occurs when financial instruments cannot be sold in a timely fashion unless additional costs are incurred. Liquidity risk can be divided into two categories: exit risk and the liquidity risk of financial instruments.

# Notes (continued)

## Risks relating to financial instruments (continued)

### Liquidity risk (continued)

#### Exit risk

Exit risks occur when the fund's value is negatively affected by the exit of one or more clients, with negative consequences for existing clients. The extent to which the value of the fund can be negatively affected depends on the liquidity of the financial instruments in the portfolio, and on the concentration of clients. An exit charge is made to cover the exit costs in order to prevent exits having a negative effect on the fund.

#### Liquidity risk of financial instruments

The actual buying and selling prices of financial instruments in which the fund invests partly depend upon the liquidity of the financial instruments in question. It is possible that a position taken on behalf of the fund cannot be quickly liquidated at a reasonable price due to a lack of liquidity in the market in terms of supply and demand.

To limit this risk, the fund invests almost entirely in financial instruments that can be traded daily, so the liquidity risk of financial instruments occurring under normal circumstances does not occur. Moreover, liquidity risks of financial instruments are contained using limits on the non-liquid portion of the securities portfolio.

### Manager

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

### Custodian

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

### Liability of the custodian

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

### Affiliated parties

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

## 1. Equities

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

### Transaction costs

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

	01/01/2019- 30/06/2019 EUR' 000	01/01/2018- 30/06/2018 EUR' 000
Equities	101	171

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

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

## 2. Other receivables, prepayments and accrued income

This concerns receivables from dividends declared and not yet received, recoverable tax deducted at source, receivables from issuance of own shares, receivables from affiliated companies and suspense items.

## 3. Cash and cash equivalents

This concerns directly callable credit balances at banks and any money on call.

## 4. Other liabilities, accruals and deferred income

This concerns liabilities from dividends made payable, payable from securities transactions, liabilities from repurchases of own shares and management and service fees due.

## 5. 6.5% cumulative preference shares

At balance-sheet date, 126,642 cumulative preference shares were outstanding. The shares have been included in the balance sheet at their original nominal value of NLG 100, which is equal to EUR 45.38. The nominal value of the shares was originally NLG 100 per share. With the introduction of the euro, these shares were re-denominated to EUR 40 each. These shares give the holder the right to a cumulative preference dividend of EUR 2.95 annually, but do not form part of the fund assets. The shares are listed on Euronext Amsterdam, Euronext Fund Service segment. Since the amendment to the Articles of Association on 14 August 2012, these shares are being redeemed by the fund.

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



**6. Shareholders' equity****Composition and movements in shareholders' equity**

	<b>01/01/2019- 30/06/2019 EUR' 000</b>	<b>01/01/2018- 30/06/2018 EUR' 000</b>
<b>Issued capital Rolinco</b>		
Situation on opening date	7,354	7,995
Received on shares issued	287	41
Paid for shares repurchased	(538)	(390)
Situation on closing date	<b>7,103</b>	<b>7,646</b>
<b>Issued capital Rolinco - EUR G</b>		
Situation on opening date	9,104	9,096
Received on shares issued	234	345
Paid for shares repurchased	(378)	(361)
Situation on closing date	<b>8,960</b>	<b>9,080</b>
<b>6.5% cumulative preference shares</b>		
Situation on opening date	5,944	5,983
Paid for shares repurchased	(2)	(21)
Dividend accrued on cumulative preference shares	(187)	(190)
Situation on closing date	<b>5,755</b>	<b>5,772</b>
<b>Other reserves</b>		
Situation on opening date	624,383	539,274
Received on shares issued	22,382	15,717
Paid for shares repurchased	(37,960)	(29,281)
Addition of result in previous financial year	(51,313)	109,278
Dividend paid on cumulative preference shares	(374)	(376)
Dividend accrued on cumulative preference shares	187	190
Situation on closing date	<b>557,305</b>	<b>634,802</b>
<b>Undistributed earnings</b>		
Situation on opening date	(38,321)	119,307
Rolinco - dividend paid	(5,884)	(4,639)
Rolinco - EUR G - dividend paid	(7,108)	(5,390)
Dividend paid on cumulative preference shares	(374)	(376)
Addition to other reserves	51,687	(108,902)
Net result for financial year	146,278	25,817
Situation on closing date	<b>146,278</b>	<b>25,817</b>
<b>Situation on closing date</b>	<b>725,401</b>	<b>683,117</b>

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

## 6. Shareholders' equity (continued)

### Special controlling rights under the Articles of Association

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

Gilbert O.J.M. Van Hassel

Karin van Baardwijk

Peter J.J. Ferket

Mark C.W. den Hollander

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

	30/06/2019	30/06/2018	30/06/2017
<b>Rolinco</b>			
Fund assets in EUR' 000	307,310	300,271	301,052
Situation of number of shares issued at opening date	7,353,992	7,995,142	8,768,011
Shares issued in financial period	286,582	40,623	102,419
Shares repurchased in financial period	(538,291)	(390,392)	(514,065)
Number of shares outstanding	7,102,283	7,645,373	8,356,365
Net asset value per share in EUR	43.27	39.27	36.03
Dividend paid per share during the financial period	0.80	0.60	0.60
<b>Rolinco - EUR G</b>			
Fund assets in EUR' 000	412,336	377,074	348,217
Situation of number of shares issued at opening date	9,102,531	9,095,914	9,311,413
Shares issued in financial period	233,619	344,887	218,689
Shares repurchased in financial period	(377,612)	(360,400)	(335,277)
Number of shares outstanding	8,958,538	9,080,401	9,194,825
Net asset value per share in EUR	46.03	41.53	37.87
Dividend paid per share during the financial period	0.80	0.60	0.60

## Notes to the profit and loss account

### Income

#### 8. Investment income

This concerns net dividends received and revenue from securities lending minus interest paid.

### Costs

#### 9. Management fee and service fee

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

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

	<b>Rolinco</b>	<b>Rolinco - EUR G</b>
	<b>%</b>	<b>%</b>
Management fee	1.00	0.50
Service fee <sup>1</sup>	0.12	0.12

<sup>1</sup> For the share classes, the service fee is 0.12% per year on assets up to EUR 1 billion, 0.10% on assets above EUR 1 billion and 0.08% on assets above EUR 5 billion.

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

The service fee paid to RIAM covers the administration costs, the costs of the external auditor, other external advisers, regulators, costs relating to reports required by law, such as the annual and semi-annual reports, and the costs relating to the meetings of shareholders. Costs for the external auditor are not included in the fund's results.

#### 10. Performance fee

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

#### 11. Other costs

This concerns:

	<b>01/01/2019- 30/06/2019 EUR' 000</b>	<b>01/01/2018- 30/06/2018 EUR' 000</b>
Custody fee	29	33
Bank charges	–	12
Costs for fund agent	3	10
Other costs relating to own shares	–	26
Depository fee	16	22
<b>Total</b>	<b>48</b>	<b>103</b>

#### 12. Ongoing charges

	<b>Rolinco</b>		<b>Rolinco - EUR G</b>	
	<b>01/07/2018- 30/06/2019 %</b>	<b>01/07/2017- 30/06/2018 %</b>	<b>01/07/2018- 30/06/2019 %</b>	<b>01/07/2017- 30/06/2018 %</b>
Management fee	1.00	1.00	0.50	0.50
Service fee	0.12	0.12	0.12	0.12
Other costs	0.02	0.03	0.02	0.03
Proportion of income on securities lending payable	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1.14</b>	<b>1.15</b>	<b>0.64</b>	<b>0.65</b>

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

### Costs (continued)

#### 12. Ongoing charges (continued)

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

The proportion of securities-lending income payable as defined in the Information on the Risks of lending Financial Instruments on page 19 is included separately in the ongoing charges.

#### 13. Turnover rate

The portfolio turnover rate over the reporting period was 78% over the period 1 July 2018 through 30 June 2019 (over the period 1 July 2017 through 30 June 2018: 83%). This rate shows the rate at which the fund's portfolio is turned over and is a measure of the incurred transaction costs resulting from the portfolio policy pursued and the ensuing investment transactions. The turnover rate is determined by expressing the amount of the turnover as a percentage of the average fund assets. The average fund assets are calculated on a daily basis. The amount of the turnover is determined by the sum of the purchases and sales of investments less the sum of issuance and repurchase of own shares. The sum of issues and repurchases of own participating units is determined as the balance of all issues and repurchases in the fund.

Cash and money-market investments with an original life to maturity of less than one month are not taken into account in the calculation.

#### 14. Transactions with affiliated parties

Part of the transaction volume over the reporting period relates to transactions with affiliated parties. The table below shows the various types of transactions where this was the case.

		01/01/2019- 30/06/2019	01/01/2018- 30/06/2018
	Counterparty	%	%
Securities-lending transactions	RIAM	–	100.00

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

		01/01/2019- 30/06/2019	01/01/2018- 30/06/2018
	Counterparty	EUR' 000	EUR' 000
Management fee	RIAM	2,472	2,436
Service fee	RIAM	414	404

#### 15. Fiscal status

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

#### 16. Register of Companies

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

## Currency table

### Exchange rates

	30/06/2019	31/12/2018
	EUR = 1	EUR = 1
AUD	1.6228	1.6250
BRL	4.3646	4.4215
CAD	1.4881	1.5591
CHF	1.1103	1.1256
CNY	7.8216	7.8506
DKK	7.4637	7.4674
GBP	0.8948	0.9015
HKD	8.8969	8.9534
INR	78.6085	80.1044
JPY	122.6943	126.2597
KRW	1,314.9154	1,275.8615
NOK	9.7095	9.9867
RUB	71.8298	79.3032
SEK	10.5660	10.2713
USD	1.1388	1.1434

# Schedule of Investments

As at 30 June 2019

Investments	Currency	Quantity/ Nominal Value	Market Value EUR' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing				
Equities				
<i>Australia</i>				
Macquarie Group Ltd.	AUD	221,000	17,076	2.35
			17,076	2.35
<i>Brazil</i>				
Kroton Educacional SA	BRL	2,885,000	7,251	1.00
			7,251	1.00
<i>Canada</i>				
Sun Life Financial, Inc.	CAD	396,000	14,431	1.99
			14,431	1.99
<i>Cayman Islands</i>				
Alibaba Group Holding Ltd., ADR	USD	43,000	6,398	0.88
New Oriental Education & Technology Group, Inc., ADR	USD	101,000	8,566	1.18
Tencent Holdings Ltd.	HKD	186,000	7,371	1.02
			22,335	3.08
<i>China</i>				
Hangzhou Hikvision Digital Technology Co. Ltd. 'A'	CNY	1,522,864	5,370	0.74
Ping An Insurance Group Co. of China Ltd. 'H'	HKD	807,000	8,508	1.17
			13,878	1.91
<i>Denmark</i>				
GN Store Nord A/S	DKK	326,000	13,379	1.84
			13,379	1.84
<i>France</i>				
Dassault Systemes SE	EUR	56,000	7,857	1.09
Kering SA	EUR	20,500	10,662	1.47
LVMH Moet Hennessy Louis Vuitton SE	EUR	45,400	16,993	2.34
			35,512	4.90
<i>Germany</i>				
adidas AG	EUR	55,500	15,068	2.08
			15,068	2.08
<i>Hong Kong</i>				
AIA Group Ltd.	HKD	1,225,000	11,600	1.60
			11,600	1.60

# Schedule of Investments (continued)

As at 30 June 2019

Investments	Currency	Quantity/ Nominal Value	Market Value EUR' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing (continued)				
Equities (continued)				
<i>India</i>				
Bharti Infratel Ltd.	INR	1,703,080	5,786	0.80
Maruti Suzuki India Ltd.	INR	82,121	6,826	0.94
			<u>12,612</u>	<u>1.74</u>
<i>Israel</i>				
CyberArk Software Ltd.	USD	91,500	10,272	1.42
			<u>10,272</u>	<u>1.42</u>
<i>Japan</i>				
FANUC Corp.	JPY	63,000	10,234	1.41
Hoya Corp.	JPY	287,000	19,307	2.66
Keyence Corp.	JPY	13,500	7,276	1.01
Nintendo Co. Ltd.	JPY	35,200	11,329	1.56
			<u>48,146</u>	<u>6.64</u>
<i>Jersey</i>				
Aptiv plc	USD	148,000	10,505	1.45
			<u>10,505</u>	<u>1.45</u>
<i>Netherlands</i>				
Heineken NV	EUR	155,000	15,212	2.10
			<u>15,212</u>	<u>2.10</u>
<i>Norway</i>				
Salmar ASA	NOK	311,000	11,880	1.64
			<u>11,880</u>	<u>1.64</u>
<i>Russia</i>				
Sberbank of Russia PJSC Preference	USD	2,775,000	7,943	1.09
			<u>7,943</u>	<u>1.09</u>
<i>South Korea</i>				
Samsung Electronics Co. Ltd.	KRW	283,000	10,115	1.39
			<u>10,115</u>	<u>1.39</u>
<i>Sweden</i>				
Hexagon AB 'B'	SEK	231,000	11,272	1.55
			<u>11,272</u>	<u>1.55</u>
<i>Switzerland</i>				
ABB Ltd.	CHF	535,000	9,439	1.30



# Schedule of Investments (continued)

As at 30 June 2019

Investments	Currency	Quantity/ Nominal Value	Market Value EUR' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing (continued)				
Equities (continued)				
<i>Switzerland (continued)</i>				
Partners Group Holding AG	CHF	15,800	10,915	1.51
			20,354	2.81
<i>United Kingdom</i>				
Ashtead Group plc	GBP	649,000	16,349	2.25
Carnival plc	GBP	298,000	11,586	1.60
RELX plc	EUR	695,000	14,790	2.04
			42,725	5.89
<i>United States of America</i>				
Activision Blizzard, Inc.	USD	263,000	10,901	1.50
Akamai Technologies, Inc.	USD	171,000	12,034	1.66
Albemarle Corp.	USD	148,000	9,151	1.26
Alphabet, Inc. 'A'	USD	9,800	9,318	1.28
Cisco Systems, Inc.	USD	360,000	17,301	2.38
Citigroup, Inc.	USD	224,000	13,775	1.90
Colgate-Palmolive Co.	USD	226,000	14,223	1.96
Crown Castle International Corp., REIT	USD	91,500	10,473	1.44
DENTSPLY SIRONA, Inc.	USD	285,000	14,605	2.01
DexCom, Inc.	USD	54,000	7,105	0.98
E*TRADE Financial Corp.	USD	294,000	11,514	1.59
Edwards Lifesciences Corp.	USD	87,000	14,114	1.95
Electronic Arts, Inc.	USD	147,000	13,071	1.80
Illumina, Inc.	USD	23,600	7,629	1.05
International Flavors & Fragrances, Inc.	USD	125,000	15,926	2.20
Intuitive Surgical, Inc.	USD	14,500	6,679	0.92
IQVIA Holdings, Inc.	USD	120,500	17,025	2.35
Las Vegas Sands Corp.	USD	205,000	10,637	1.47
Microsoft Corp.	USD	154,000	18,115	2.50
NIKE, Inc. 'B'	USD	143,000	10,542	1.45
Palo Alto Networks, Inc.	USD	72,272	12,931	1.78
PayPal Holdings, Inc.	USD	103,000	10,353	1.43
Rockwell Automation, Inc.	USD	64,000	9,207	1.27
Service Corp. International	USD	278,000	11,420	1.57
SS&C Technologies Holdings, Inc.	USD	137,711	6,967	0.96
Thermo Fisher Scientific, Inc.	USD	64,300	16,582	2.29
Visa, Inc. 'A'	USD	103,000	15,697	2.16
Voya Financial, Inc.	USD	303,000	14,714	2.03
Worldpay, Inc.	USD	97,500	10,492	1.45
			352,501	48.59
Total Equities			704,067	97.06

# Schedule of Investments (continued)

As at 30 June 2019

Investments	Currency	Quantity/ Nominal Value	Market Value EUR' 000	% of Net Assets
Transferable securities and money market instruments admitted to an official exchange listing (continued)				
Equities (continued)				
<i>United States of America (continued)</i>				
Total Transferable securities and money market instruments admitted to an official exchange listing			704,067	97.06
<b>Total Investments</b>			<b>704,067</b>	<b>97.06</b>
<b>Fair Value Adjustment<sup>1</sup></b>			<b>1,128</b>	<b>0.15</b>
<b>Cash</b>			<b>20,072</b>	<b>2.77</b>
<b>Other Assets/(Liabilities)</b>			<b>134</b>	<b>0.02</b>
<b>Total Net Assets</b>			<b>725,401</b>	<b>100.00</b>

<sup>1</sup> These amounts include the fair value correction for markets that were open at the time the net asset value was calculated (1 July 2019). The prices known on 1 July 2019 at 6:00 am have been included in the valuation.

Rotterdam, 30 August 2019

The Manager

Robeco Institutional Asset Management B.V.

Policymakers RIAM:

Gilbert O.J.M. Van Hassel

Karin van Baardwijk

Peter J.J. Ferket

Martin O. Nijkamp

Mark C.W. den Hollander

Hans-Christoph von Reiche

Victor Verberk

# Other information

## Directors' interests

The total personal interests in the investments of the fund held by the policymakers of the management (also the manager) of the fund on 1 January 2019 are shown in the table below.

As at 1 January 2019	Description	Quantity
J.P. Morgan Chase	Shares	4,092

On 30 June 2019, the policy makers of the management board (also the manager) of the fund had no personal interests in the investments of the fund.

## Auditor

No external audit has been conducted.