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Marketing material for professional investors

Global equities recouped all losses incurred during the virus-induced sell-off

- Tech stocks continue to fuel the rally
- US equities outperformed
- In terms of economic participation, the gender gap will still take 257 years to close

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Market review and developments

In August, the MSCI World Index (local currency) rose and traded at a new all-time high. Global equities recouped all losses incurred during the virus-induced sell-off. While the European and Japanese markets were still below the previous year's level, the US market soared through the roof. Since the lows in mid-March, the S&P 500 Index was up more than 55%. Technology, and the FANG stocks in particular, continued to dominate all other sectors. With a market capitalization of over USD 2 trillion, Apple alone is now worth more than the entire German DAX Index. The real economy showed an unchanged mixed picture. Eurozone PMI fell slightly versus July's levels. US durable goods orders and retail sales were better than expected, while jobless claims were still at elevated levels. The Fed kept its dovish stance and announced an adjustment of its inflation policy: the target of 2% will now be the desired average, which means that periods of overshooting are acceptable. This also means that interest rates will remain low for some time. Consumer discretionary and tech led the rally, while the defensive sectors utilities and healthcare lagged. In terms of economic participation, the gender gap will take 257 years to close, compared to 202 years previously.
Source: Global Gender Gap Report 2020, World Economic Forum

Periodic performance comparison (in EUR terms, gross), August 2020

	last month	YTD	2019	2018	2017	2016	2015	2014	Since Inception* p.a.
RobecoSAM Global Gender Equality Impact Equities	4.46%	1.67%	30.88%	1.02%	11.69%	11.04%	7.71%	-	12.53%
MSCI World Index TRN	5.48%	-1.13%	30.02%	-4.11%	7.51%	10.73%	7.29%	-	9.59%
Excess Return	-1.02%	2.80%	0.86%	5.13%	4.18%	0.31%	0.42%	-	2.94%

*18.09.2015

Portfolio and performance

During the month, the fund underperformed the benchmark, driven by stock selection. Stock selection in IT, industrials and financials was negative, while in healthcare and consumer staples it was positive. Not owning Apple in the fund detracted most from the relative performance. Apple's valuation multiple expanded quickly, largely in anticipation of a strong new iPhone cycle, and better-than-expected quarterly results and the recent stock split helped to increase demand from retail investors. Cisco underperformed as sales and guidance underwhelmed, driven by weaker-than-expected sales from small and medium-sized business enterprise clients, while sales from large enterprises and public sector clients were better than expected. Cisco continued to accelerate its shift to subscription-based and multi-cloud infrastructure solutions and announced a cost reduction program. We see Cisco's broad portfolio of products that includes security, its incumbency, coupled with an eventual return to enterprise spending, upcoming product upgrade cycle and a de-risked outlook as supporting the stock. The other detractors included Salesforce, Tesla and Facebook, which the fund does not own due to below-average gender equality performance. AON contributed negatively as organic sales slowed, driven by its healthcare solutions and data analytics services business segments, while the reinsurance business was solid. The company's margin improved due to the benefits of lower expenses and past restructuring efforts. On the positive side, Estée Lauder rebounded, as the decline in sales was in line with expectations and its e-commerce channel grew strongly. The company continued to invest in various growth engines, such as the e-commerce channel in China, which helped drive strong year-on-year sales growth in China this quarter, despite foot traffic still being below pre-pandemic levels. IHG outperformed, as its first-half results were better than expected, confirming a pick up in the US and China. Its second quarter RevPAR was down 75%, recovering to -58% in July, which was better than that of its peers. Mastercard and Visa contributed positively, as volumes improved due to recovery in domestic transactions and e-commerce. Microsoft continued to deliver on the back of cloud infrastructure and productivity applications growth.

Outlook

As expected, industrial production in all major economies picked up strongly after the lockdown ended and businesses gradually reopened. Postponed orders are now being processed and companies are replenishing their inventories. Inflows for new orders show good improvements. Whether this upswing will develop into a full V-shaped recovery, lifting the overall economic output fully back to pre-crisis levels, remains questionable given the uncertainty about the resurgence of the virus. The still elevated unemployment rates in the US suggest that companies are still cautious about longer-term investments. The ongoing stimulus bill impasse, including the weekly payment checks to the unemployed, which are unlikely to continue to the same extent, may pose some downside risks. Consequently, it would not come as a surprise if stock markets (especially in the US) were to take a break after their fastest 50% rally in history. An intensifying fight for the US presidency may also cause reluctance among investors. We remain focused on sustainable high-quality companies that exhibit a high degree of gender equality, and make use of the higher market volatility to further solidify positions in companies with appealing mid-term to long-term perspectives.

Why invest in the RobecoSAM Global Gender Equality Impact Equities Strategy?

- Investing in gender equality creates a positive impact. It delivers solid long-term returns by selecting companies with a strong competitive advantage based on their ability to recognize and act on the strategic importance of improving gender equality.
- Contribution to SDG 5 — investing in companies that exhibit strength in the retention of female talent, equal remuneration and employee well-being.

Why invest now?

Investors aim to generate a positive social impact and strong financial returns. We look beyond the executive board and have a holistic approach to assessing workplace equality. We have had a successful track record in managing the strategy since 2015.

For more information contact us clientservicing@robecosam.com or have a look at www.robecosam.com/en/professionals/strategies-services.