

## RobecoSAM Sustainable Healthy Living Fund - EUR Monthly Manager Report | March 2020

Marketing material for professional investors



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Healthy Living delivering on its defensive characteristic in one of the worst months since the financial crisis

- Broader markets hit by spread of coronavirus and oil supply war
- Performance of the Healthy Living Fund negative, but above the broader market
- Some investments positioned to contribute to the resolution of the pandemic

### Market review and developments

The strong correction in the global equity markets, which set in in the last week of February, turned into a true bear market in March. Even a pronounced bounce back at the end of March could not change the fact that the first quarter will enter the history books as one of the worst for equities in the last few years. This was caused by investors suddenly becoming aware of the severe disruption a global pandemic is causing, not only for healthcare systems but also for most economic activities. Unfortunately, at the same time, the oil sector was hit by a supply war between Saudi Arabia and Russia, which sent oil prices to new lows. Together, these

events will now trigger a global recession coupled with many companies facing liquidity issues and workers affected by reduced or completely absent pay. Therefore, consumer discretionary, cyclical industrials and oil stocks were affected the most by the correction. Policymakers and central banks have responded with generous monetary measures and initiated targeted lending programs, which address the cash flow squeeze for small and medium-sized businesses. We expect that many similar measures will be announced by countries that have not already done so.

### Periodic performance comparison (in EUR terms, gross), March 2020

	last month	YTD	2019	2018	2017	2016	2015	2014	Since Inception* p.a.
RobecoSAM Sustainable Healthy Living Fund	-7.36%	-14.51%	29.35%	1.40%	7.36%	2.44%	9.83%	20.30%	7.61%
MSCI World Index TRN	-13.14%	-19.23%	30.02%	-4.11%	7.51%	10.73%	10.42%	19.50%	5.23%
Excess Return	5.78%	4.72%	-0.67%	5.51%	-0.15%	-8.29%	-0.59%	0.80%	2.38%

\*30.03.2007

### Portfolio and performance

The Sustainable Healthy Living Fund registered a negative performance in March, a month that was one of the worst for global equities since the financial crisis. However, due to the defensive nature of the exposure in the fund and the absence of exposure to the finance, travel and hospitality sectors, the portfolio held up substantially better than its benchmark. All clusters performed negatively, but Lifestyle Disease Solutions held up better than Healthy Nutrition, which was followed by Hygiene and Activity. The correction was more pronounced for stocks in the consumer discretionary and activity sectors, but did not spare consumer staples and healthcare. The activity sector was mainly hit by store closures. Also and maybe somewhat

unexpectedly, many healthcare stocks were negatively impacted by the ordered postponement of elective procedures to preserve hospital capacity for coronavirus patients. In terms of single stocks, biopharmaceutical company Gilead was the top positive contributor. Gilead specializes in treatments for viral diseases and is currently accelerating the development of a drug called remdesivir. Originally conceived to treat Ebola, remdesivir is currently regarded by most experts as the drug with the best chance of being effective as a treatment for acute infections with the new coronavirus.

## Outlook

Unprecedented monetary and fiscal policy responses across the world may not prevent a sharp and imminent recession, but they will help to dampen the resurgence of financial stress in the economies. Global markets may still remain challenged for as long as the future course of the pandemic remains unclear and the lockdowns stay in place, making it likely that an increased number of small companies will struggle to stay in business. When lockdown measures implemented to reduce the spread of the pandemic can be reduced, the current slump in economic growth should be followed by a recovery of growth. This already appears to be

happening in China. We therefore remain constructive on the mid-term to long-term perspectives of the equity markets, and intend to use the current higher market volatility to further solidify positions in companies with very strong long-term business perspectives. We expect that the current crisis will also offer opportunities to implement changes towards building more robust and sustainable economies and it will also strengthen individuals' desire to adopt a healthier lifestyle. Therefore, the Healthy Living portfolio of sustainable companies should be well-positioned to profit from these changes in the longer run.

### Why invest in the RobecoSAM Sustainable Healthy Living Strategy?

- To capitalize on consumers' structural shift to a healthy lifestyle.
- To tackle the proliferation of chronic diseases such as stroke, diabetes and cancer.
- To invest in attractively valued companies that seek solutions to the challenges of rising healthcare costs and chronic diseases.
- Focus areas: disease prevention through physical activity, healthy nutrition and effective hygiene. Efficient and innovative treatments that contribute to more affordable and better results.

### Why invest now?

Consumers in the developed world are rapidly changing their behavior as they increasingly take responsibility for their own health and well-being. Chronic diseases, many of which are caused by obesity and sedentary lifestyles, have become a challenge for Western and emerging countries. In order to address the increasing healthcare costs, effective and affordable treatments are required. These themes converge to form a powerful megatrend with attractive return potential.

For more information visit [www.robeco.com](http://www.robeco.com).

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