

Marketing material for professional investors

US outdoor and athletic stocks continue their recovery

- European governments use targeted measures in second wave
- Performance of the Healthy Living Fund lagged that of broader markets
- US outdoor and athletic stocks continue their recovery



David Kägi, PhD
 Portfolio Manager

Market review and developments

Global equity markets have risen to all-time highs, despite a second wave in Europe. Many investors were anticipating a gradual return to normality during the summer, but global cases accelerated, passing the 25 million mark. Investors still remain positive.

Encouraging Q2 results combined with promising economic data brought positive news to an unprepared market.

Investors were further enthused by heightened consumer spending, commentary suggesting moderate growth in Q3 and a viable Covid-19 vaccine in the 'coming months'.

In reality, the sustainability of the US consumption growth trajectory depends on stimulus packages. However, since 1 August, unemployed US citizens have received 60% lower

benefits after the additional financial support expired. The Senate will discuss further stimulus next week, but the additional relief has stalled in Washington.

Investor confidence rose in European markets, albeit to a lesser extent. Second waves in France and Spain dominated the monthly news flow. Across much of Western Europe, there is a resurgence of new cases. However, only Spain's new cases have risen above the WHO reopening threshold. This time round, government measures have been more targeted and include travel limitations and face mask requirements, instead of further lockdowns. Investors anticipate a more muted impact on European economies.

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

	last month	YTD	2019	2018	2017	2016	2015	2014	Since Inception* p.a.
RobecoSAM Sustainable Healthy Living Fund	1.50%	-3.81%	29.35%	1.40%	7.36%	2.44%	9.83%	20.30%	8.31%
MSCI World Index TRN	5.48%	-1.13%	30.02%	-4.11%	7.51%	10.73%	10.42%	19.50%	6.65%
Excess Return	-3.98%	-2.68%	-0.67%	5.51%	-0.15%	-8.29%	-0.59%	0.80%	1.66%

*30.03.2007

Portfolio and performance

US stocks drove global equity markets to new peaks in August after consensus estimates drifted higher across most sectors. However, for the most part, the investment universe did not benefit from the rally, as many of the positive surprises arose outside of the Healthy Living thematic scope. As a result, the Sustainable Healthy Living Fund trailed its global benchmark in August.

The one exception was the Activity cluster, which is primarily a collection of discretionary stocks that focuses on outdoor activities, sport and fitness. Our Activity holdings outperformed the fund's investment universe by more than 6%, but fractionally trailed the investment cluster. Footwear giant Nike and outdoor specialist Columbia Sportswear were standout performers, but all other holdings bar one generated a total return in excess of 7% during the month. However, the fund's relative performance was hampered by the sports retailers' rally. US sporting goods retail stocks climbed considerably after Dicks and Hibbett both beat consensus. These dominant retailers benefited in Q2 from a

combination of competitor closures, delayed purchases, heightened outdoor activity interest and their established online presence.

The economics and competitive advantages of these retailers remain uncertain and for that reason the fund has historically been and continues to be cautious about investing. Going into the pandemic, the fund invested in Activity stocks with more enduring competitive advantages, such as prominent and established brands with strong management and sustainable growth prospects. While the surviving sports retailers will benefit from fewer competitors, so will brand owners. Indeed, brand owners are already investing heavily in stores and e-commerce to take revenue and gross margin away from sports retailers. The surviving distributors increased their market share and profits, and rallied in the last quarter, but with low distributor inventories and newly available locations, brand owners too will reap their returns, and for many quarters to come.

Outlook

The economic recovery will likely continue at a moderate rate at best, as a resurgence of coronavirus cases can hamper the reopening process, making further improvement of the job markets less likely. On the other hand, the full monetary support of central banks remains assured, and governments worldwide continue to provide strong stimulus and recovery packages. 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 also offers opportunities to implement changes towards building more robust and sustainable economies and will also strengthen individuals' desire to adopt a healthier lifestyle. Therefore, the Healthy Living portfolio of sustainable companies should be well positioned to benefit 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 contact us clientservicing@robecosam.com or have a look at www.robecosam.com/en/professionals/strategies-services.

Important legal information:

The information in this document has been compiled by RobecoSAM AG, Zurich, ("RobecoSAM") and is for information and advertising purpose only and shall not be deemed exhaustive. This document is solely intended for professional clients, have requested to be treated as professional clients or are authorized to receive such information under any applicable laws. It has not been prepared by RobecoSAM as investment research and does not constitute as investment advice to buy or sell certain securities or investment products and/or to adopt any investment strategy and/or legal, accounting or tax advice. No liability is assumed for the correctness and accuracy of the details given. The value of the units and the return they generate can go down as well as up. They are affected by market volatility and by fluctuations in exchange rates. Past performance is no indication of future results. The values and returns indicated here do not consider the fees and costs which may be charged when subscribing, redeeming and/or switching units. The breakdown into sectors, countries and currencies as well as possibly indicated benchmarks is liable to change at any time in line with the investment policy determined in the Prospectus. The translation into action of fund recommendations contained in these documents shall always lie in the sole responsibility of the intermediary or investor. Investments should only be made after a thorough reading of the current Prospectus and/or the Fund Regulations, the current Key Investor Information Document (KIID) and articles of association, the latest annual and semi-annual reports and after advice has been obtained from an independent finance and tax specialist.

The range of RobecoSAM investment funds with domicile in Luxembourg (SICAV) are registered for public offering in Luxembourg, Switzerland, Germany, Austria, France, Holland, Sweden, Spain, Belgium, Ireland, United Kingdom, Singapore (restricted recognition for institutional investors in Singapore) and Italy. However, due to the different registration proceedings in the various countries, no guarantee can be given that each fund or share category is or will be registered in every jurisdiction and at the same time. For an up to date registration list, please refer to www.robecosam.com.

GAM Investment Management (Switzerland) AG, Hardstrasse 201, Postfach, CH-8037 Zurich has been authorized by the FINMA as Swiss representative of the Funds and State Street Bank International GmbH, München, Zweigniederlassung Zürich, Beethovenstrasse 19, CH-8027 Zurich as Swiss paying agent. The Prospectus, the Key Investor Information Document (KIID), the articles of association, the annual and semi-annual reports of the Fund, as well as the list of the purchases and sales which the Fund has undertaken during the financial year may be obtained on simple request and free of charge by calling the local RobecoSAM office, on www.robecosam.com or on the internet at www.funds.gam.com.

Please note that in any jurisdiction where a fund or share category is not registered for public offering, they may, subject to the applicable local regulation, only be sold in the course of private placement or institutional investments. Particularly, the RobecoSAM funds are not registered and, therefore, may not be offered for sale or be sold in the United States of America and their dependencies. In a case of private placement this pages are destined exclusively for internal use by the intermediary appointed by RobecoSAM and/or the institutional investor and shall not be passed over to third parties.

Particularly, this document shall under no circumstances be used as material for public offering or any other kind of promoting to the public of the RobecoSAM funds or their share categories. In no event shall RobecoSAM and its related, affiliated and subsidiary companies be liable for any direct, indirect, special, incidental or consequential damages arising out of the use of any opinion or information expressly or implicitly contained in this document. The material and information in this document are provided "as is" and without warranties of any kind, either expressed or implied.

Copyright © 2020 RobecoSAM – all rights reserved.