Summary document

Robeco UCITS ICAV - Robeco Dynamic Theme Machine UCITS ETF

This financial product promotes environmental or social characteristics, but does not have as its objective sustainable investment.

The Fund promotes the following E/S characteristics:
1. The Fund promotes having a substantially lower carbon footprint than the general market index referred to in the Supplement, namely the MSCI World Index (the "Benchmark") (20% lower).
2. The Fund promotes having a substantially lower environmental footprint than the Benchmark (20% lower for water and 20% lower for waste).
3. The Fund has a substantially better weighted average ESG score than the Benchmark.
4. The Fund promotes investment in a portfolio that avoids significant harm to the Sustainable Development Goals (SDGs).
5. The Fund applies certain minimum environmental and social safeguards through applying exclusion criteria with regards to products and business practices that the Manager believes are detrimental to society and incompatible with sustainable investment strategies, such as exposure to controversial weapons, and fossil fuels. Via its exclusion policy, the Manager excludes investments in companies involved in thermal coal through several categories. Additionally, investments in companies involved in oil sands and arctic drilling are excluded under the climate-related exclusion categories. These exclusion categories are a part of the Manager's approach to the SFDR PAI indicators related to greenhouse gas emissions and relate to the promoted environmental characteristics of the Fund.
6. While the Fund will only invest in companies that follow minimum good governance practices, the Fund also promotes further good governance and sustainable corporate practices through proxy voting, which contributes to long-term shareholder value creation. This includes taking an active stance by exercising voting rights on social and environmental topics in accordance with the Manager's proxy voting policy, for example by using voting rights to vote against management recommendations in cases of poor corporate governance practices, when proposals are not in the best interest of long-term shareholders and on any other proposal that is out of line with the Manager's policy principles. The Manager's proxy voting policy relies on the internationally accepted set of principles of the International Corporate Governance Network (ICGN). The ICGN Principles describe the responsibilities of boards and shareholders respectively and aim to enhance dialogue between the two parties. They embody ICGN's mission to inspire and promote effective standards of governance to help advance efficient markets world-wide. More information on the Manager's proxy voting guidelines can be found at the following link: https://www.robeco.com/en-int/sustainable-investing/influence/proxy-voting-guidelines. More information on the Manager's stewardship approach and guidelines can be found at the following link: https://www.robeco.com/files/docm/docu-robeco-stewardship-policy.pdf.

For the E/S characteristics under 1, 2 and 3 above, reference is made to the Benchmark, i.e. the MSCI World Index. The Benchmark is a broad market weighted index that is not necessarily consistent with the environmental and social characteristics as promoted by the Fund (i.e. any environmental and social governance characteristics promoted by the Benchmark, if any, do not have to be the same as the environmental and social characteristics promoted by the Fund). For the purpose of attaining the environmental and social characteristics promoted by the Fund no other reference benchmark is designated.

Investment Strategy

The Fund is actively managed and seeks to provide exposure to attractive stocks that reflect emerging long-term macro-economic, technological and environmental themes. The Manager will select these themes and dynamically rotate through them based on the approach described below. The Fund will utilise the quantitative and qualitative investing expertise of the Manager. The Manager has discretion to select the themes that the Fund will be invested in. Examples of themes previously identified by the strategy would include:

• Digital platform pioneers, Simulation software, Cloud computing, Semi-conductor innovators, Consumer tech, Digital media & entertainment, Cybersecurity specialists, Biotech & pharma giants, Next-gen enterprise software, Pharmaceutical innovators, Consumer tech, Mental & neurological health, Physical security, Digital supply chain, Reshaping restaurants, Artificial intelligence, and Generation travel.

These themes will, however, change over time and details of the actual current themes that the Fund invests in from time to time are available on the Manager's website.

The first step in the investment process is the identification of themes using quantitative techniques. This is done by extracting information from various textual sources published by or written about companies in the investment universe, which can include management disclosures, earnings calls, financial statements, and analyst reviews. Using advanced algorithmic techniques to process large amounts of data that could not be achieved through a traditional fundamental process, the Manager analyses this textual information to extract emerging themes.

Specifically, the Manager compares textual information for similarity. Companies with similar textual information are clustered into

company groups, and such groupings are associated with themes. Sentiment analysis is applied to identify if companies are positively or negatively exposed to the themes. All of the above steps are done algorithmically. After these steps, a qualitative fundamental control process will validate each theme and company identified through the quantitative process to assess whether themes have been correctly defined and whether companies have been grouped into the correct themes.

The Manager determines the optimal buy/sell (entry and exit) points for each theme and stock using quantitative techniques which consider a range of metrics including valuations, earnings, cashflows, profitability and price momentum. These quantitative screens will also be validated by a qualitative review by the Manager. This qualitative review also includes assessing themes and stock on riskiness and managing portfolio level risks and exposures.

The Manager's experience indicates that themes generally have a lifecycle of approximately two years. The Manager expects to take exposure to a theme for an average of two years and will adjust exposures to themes to take the best opportunity from each new theme whilst managing portfolio turnover by balancing expected performance and transaction costs. The Fund generally expects to have exposure to ten or more themes at any time and expects to rebalance the exposure to themes monthly based on the Manager's expectation of continuing performance.

The Fund is not limited as to the themes it may be exposed to nor to having a fixed allocation to any identified theme as it seeks to take the best opportunity available in the market to develop its investment universe at any time. However, the Fund will at all times be invested in stocks with optimal risk-adjusted return scores selected using a systematic, disciplined approach based on established quantitative investing techniques with the latest available data and algorithmic advances.

Benchmark

Not applicable.

Planned asset allocation

The product plans to make a minimum of 35% sustainable investments. All investments are aligned with the E/S characteristics, with the exception of investments in the category "other" which are mostly cash and cash equivalents.

Monitoring and due diligence

Robeco has incorporated the sustainability aspects of the investment strategies into adequate investment due diligence processes and procedures for the selection and monitoring of investments, amongst others taking into account Robeco's risk appetite and sustainability risk management policies. Portfolio managers and analysts are primarily responsible for conducting investment due diligence on their strategies on a daily basis. They are supported by independent monitoring, performed by the Financial Risk Management and Investment Restrictions departments.

Data sources, methodologies and limitations

The product uses several sources for gathering sustainability data. Robeco scrutinises the data quality of each provider during due diligence assessments, that includes reviewing the data model, performing statistical checks and evaluating coverage. Data processing takes places in different forms, the preference is always to have data acquisition as automated as possible to avoid any operational risks or unnecessary human intervention.

Robeco maintains comprehensive methodology documents of our proprietary analytical frameworks on our website. In addition, for some social and environmental characteristics, Robeco relies on externally sourced content for which we aim to select the best of breed vendor for each of our target characteristics. The primary limitation to the methodology or data source is the lack of corporate disclosure. Like many other financial market participants, we struggle to find adequate information on the principal adverse indicators. To overcome this issue, Robeco has resorted to using multiple data providers, since each has its own respective strengths and weaknesses.

Engagement strategy

The holdings of the fund are subject to the selection process of Robeco's value engagement program, that consists of a constructive dialogue between investors and investee companies to discuss how they manage ESG risks and opportunities, as well as stakeholder impact. Although this type of engagement is not directly related to the environmental or social investment strategy of the fund, it can be that adverse sustainability impacts are addressed via the value engagement program.