



## Fundamental Equities Outlook Q3 2021

# Olympic Games: on! Central banks: on! Equity party: on!

- We keep a positive stance on developed and emerging stock markets
- Fiscal and monetary support is likely to remain ample for the time being
- Agreement on corporate tax fallout and inflationary pressures must be monitored

As we enter the second half of 2021, all the ingredients that have been fueling the global stock market rebound since March 2020 remain in place. And we believe the equity party that investors have been enjoying will continue this summer. New confirmed cases of Covid-19 have come down significantly from the peaks registered in April and vaccination campaigns have been progressing at an accelerated pace – in developed markets as well as the major emerging markets.

With economies in gradual reopening mode, macroeconomic indicators have become less buoyant, but they remain clearly positive, and corporate earnings prospects are promising. So far this year, earnings reports have been good across the board. According to consensus estimates, the world is looking to achieve a staggering 39% earnings per share growth in 2021. This would come after a rather limited 11% decline of global earnings in 2020, mainly caused by weak European bank earnings. New highs in profits, new highs in markets. Simple.

**Fundamental Equities Outlook Q3 2021**  
For professional investors  
July 2021

Robeco Fundamental Equity Team

Although global equities may seem expensive from a multiples perspective (20 times expected earnings, 3 times book value), they look very attractive when compared to bond market valuations. Current price levels still reflect an average earnings yield of close to 5% for the MSCI World Index. Something bondholders can only dream of these days. Meanwhile, emerging markets look even more attractively valued, although this is partly justified by the difficulties some of them are experiencing in recovering from the Covid-19 shock.

What's more, fiscal and monetary support is likely to remain ample for the time being. While global money supply growth has been slowing, it is still abundant and central banks have done their best to convince investors they will not take the proverbial 'punch bowl' away from the current easy money party anytime soon. The Fed's recent grueling backtracking on a potential hawkish turn, after the market jitters seen in June, is a good illustration.

As dangerous as these very loose monetary policies may seem, from a longer-term perspective, they make it next to impossible to recommend that clients reduce risk at this point. With so much money floating around, any market correction will most likely be met with quick buying. We simply have to stay bullish, even though we're well aware that this view relies on central bank cooperation.

### **Positive stances for developed and emerging markets**

In fact, both our developed and emerging markets equities teams have kept a positive stance on their respective stock markets for this quarter and have not made any changes to the five underlying factors of our analysis framework. For now, we believe that the current 'Goldilocks' environment – with inflation and economic growth neither too high nor too low – will continue for some time.

In the US, government and central bank have successfully pulled out all the stops: another extension of quantitative easing, explosive money growth, massive payroll support and even heftier infrastructure spending. As a result, the economy is back on track, jobs are returning, and consumers' savings will now be spent in the service economy: masks are off!

In Europe, recent economic news has also been encouraging. Governments seem to focus less on daily new Covid-19 cases, and more on reviving economies and people's spirits alike, after a rather depressing spring.

In Japan, domestic demand remains lackluster, but the economy is supported by its strong export position in a recovering world. In this context, it is remarkable to see the yen lose ground against a rather weak dollar, and we believe there is upside for this risk-off currency. Unfortunately, we can't use our cheap yen to travel to Japan this summer and watch the Olympics. The Games are on, but spectators will be watching it on a TV-screen.

We also remain upbeat regarding emerging markets, despite their recent lagging performance, as we believe this is partially due to initially slower vaccination rollouts, and because Chinese markets are no longer contributing after a stellar 2020. Now that the Chinese economy has fully recovered and is back to more sustainable growth rates, its equity markets feature a relatively weak earnings outlook for 2021.

That said, the historically high valuation gap – of about 30% – between emerging and developed markets clearly points towards a catchup. Admittedly, valuation multiples typically are lower in emerging markets than in developed ones, but we believe the gap should narrow over time, especially now that increasingly large swathes of the emerging market universe are technology oriented.

So, under these circumstances, what could possibly spoil the equity party this summer? While they may not be our base case, we are forced to consider alternative, less festive scenarios.

Besides a resurgence of the Covid-19 pandemic, one threat for markets may come from the global agreement on the 15% minimum corporate tax rate. Higher taxes are the inevitable flipside of the government largesse we have seen in the Western world. Taxpayers and those that were on the receiving end last year will eventually be asked to foot the bill. And large corporates certainly have been on the receiving end with record-high profitability. So, higher taxation should eventually lead to lower (after-tax) profitability.

### **Inflation, inflation, inflation**

Inflationary pressure represents the other elephant in the room. Warning signs have proliferated in recent months, with shortages in several critical areas, such as semiconductors, shipping containers and even in crude oil. Quite a few of the companies we hold in our portfolios have responded by raising prices. Any new evidence on the direction taken by inflation this quarter will be scrutinized in light of what it may mean for monetary policy.

From that perspective, the Fed's annual 'central banking party' in Jackson Hole, towards the end of August, will be of particular interest. Ever since the financial crisis of 2007-2009, markets have become obsessed with every word central bankers utter. So far, major central banks have taken the view that inflation will be transitory and unlikely to cause them to alter their course of action. Indeed, although house prices are still on a tear in many regions, commodity prices seemed to have rolled over already.

Also, for all the recent talk about inflation, we must admit that fast-rising consumer prices have essentially remained a US phenomenon. US consumer prices rose 5% year-on-year in May, the fastest pace in nearly 13 years. Elsewhere, however, inflation remains much more subdued. In China and the Eurozone, for instance, consumer prices are rising at around 1% and 2%, respectively. In Japan they remain broadly flat; no inflation here yet.

Finally, one more reason for central banks to hold their horses and not rush to tighten their monetary stances is that accommodative financial conditions will be instrumental in funding the transition towards a low-carbon economy. In times of climate emergency, with colossal investments needed from both the public and private sector in the coming years, this may prove to be the ultimate argument for central bankers to keep money flowing at the expense of temporarily higher inflation.

But that story will probably be for another quarterly outlook. For now, let's try to enjoy the summer party.

Arnout van Rijn  
CIO Asia-Pacific Equities

# Table of Contents

Developed Markets Equities   The inflation debate .....	5
Emerging Markets Equities   Monetary tightening came early .....	8

## Developed Markets Equities | The inflation debate

- Pandemic abates as vaccinations progress around the world
- Rise in goods inflation likely transitory
- Services inflation may catch up
- Volatile inflation numbers pose challenges for central banks

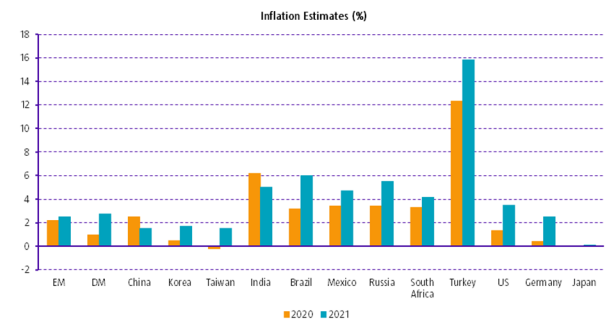
### Five-factor summary

Factors	Score
Macro	+
Earnings	+
Valuation	=
Technical	+
Sentiment	=
<b>Total</b>	<b>+</b>

Source: Robeco Global Equities Team

We maintain a positive outlook for developed market (DM) equities. We have not made any changes to the underlying factors in our five-factor summary for global developed markets for this quarter. Global growth remains robust. There is enough fiscal stimulus on the way and central banks will likely continue to be accommodative, since the consensus amongst central banks is that most inflationary pressures are transitory. Earnings growth is still very strong. Valuations are high across the board, but do not strike us as excessive. Technical analysis is still very strong and market sentiment is not excessively bullish. We do worry a little about the outlook for next year, when economic growth and earnings growth will probably moderate after a post-pandemic recovery. For now, we think that the 'Goldilocks' environment that we are in will continue. In the current market environment, what happens with inflation will likely be the key to our outlook. We would note that there is an important distinction between inflation expectations and realized inflation. Our view is that inflation expectations are already very high, while most inflation drivers are likely to be transitory.

Figure 1 | Inflation expectations around the world



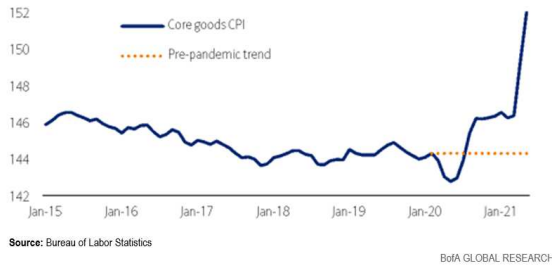
Source: IBES, Robeco, June 2021

### The inflation debate

There seems to be broad agreement amongst global central banks that most recent inflationary pressures are temporary. But the more important and more difficult question of where inflation numbers will settle, once these transitory factors have subsided, remains open. Nearly all transitory shocks have affected only goods. Core goods prices in the US are up 6.5% year-on-year, compared to a flat trend before the pandemic. This is because of various supply chain disruptions, which should ease over the next few months. One plausible scenario is that core goods prices may flatten out over the next 12 months, taking inflation back to its pre-pandemic trend of close to zero. That would still leave prices very elevated, at levels that are likely unsustainable. For example, used car prices are still up 30% from their February 2020 levels. Meanwhile core services inflation is likely to increase over the next year for two reasons. First, the current rate of 2.9% is still below the pre-pandemic rate (3.1%). Second, services prices are well below their pre-pandemic trend, meaning that there is room for inflation to catch up and overshoot this trend.

There is therefore massive uncertainty about the path of inflation over the next few quarters. There is scope for core inflation to significantly overshoot and undershoot the Fed's target. Both scenarios pose communications challenges for the Fed. On the one hand, core inflation could remain at 3%, even as goods inflation gets back to 0%. In this case, would the Fed continue to underscore transitory factors, shifting the focus from goods to services? Would it argue that goods prices are likely to correct, even though goods inflation is back to its historical trend? Or would the Fed become more concerned about persistent above-target inflation?

Figure 2 | US core goods CPI



Source: Bureau Labor of Statistics, BofA Global Research

### The Covid-wave is abating

Daily Covid-19 cases in the US are still falling and are down to the lowest level since March last year. Daily cases in the five major European countries are flatlining around the lows seen last summer. Meanwhile, the 'delta' strain is gaining traction worldwide and has been reported in 80 countries, including Italy, where it now represents 25% of new infections, and the US, where it is responsible for 20% of new cases. The US Centers for Disease Control predict that the variant will become the dominant strain in the US by mid-July. This is something we need to watch closely.

### EU vaccinations are catching up

The pace of EU vaccinations has accelerated to record levels over the past few weeks. The European bloc has fully vaccinated a third of its adult population, compared to more than half in the UK and the US. Officials from the French health ministry set a target for France to have two-thirds of adults fully vaccinated by the end of August. We also see many countries in Europe opening their economies, which will give a boost to economic growth and will likely kick-start the recovery in earnings. Despite the higher vaccination levels in the UK, we are most worried about the 'delta' variant of the virus there, as it may have a paralyzing effect on the UK economy.

### Japanese economy will start to recover as well

The Japanese economy is also likely to recover in 2021, albeit at a relatively slow pace of 2% to 3%. That said, the cyclical nature of the Japanese economy may be an advantage this time round. Japan has several leading global industrial and industrial-technology companies, that will likely help the Japanese market gather pace.

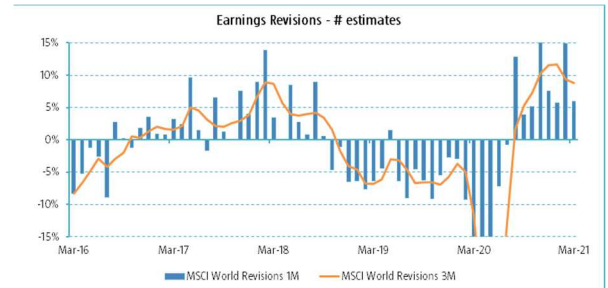
It will be interesting to see what the long-term consequences of Toshiba's AGM scandal will be. Company management and the board, in cooperation with Japanese government officials, willingly sabotaged shareholder proposals and voting at the firm's AGM. This shows that corporate governance still has a long way to go in Japan. For the Japanese market to be an interesting long-term investment destination, significant improvement is still needed. We

currently maintain an underweight position in Japan and prefer to have exposure to names in Southeast-Asia that offer better structural growth.

### Earnings revisions for the MSCI World Index continue to rebound

Earnings revisions for the MSCI World Index continue to recover strongly. We think there is potential for earnings revisions to rise further, but would caution that we are starting to lap the worst impact from the Covid-19 pandemic. From a year-on-year perspective, earnings revisions are most likely to start moderating in the second half of 2021.

Figure 3 | Earnings Revisions for the MSCI World continue to recover

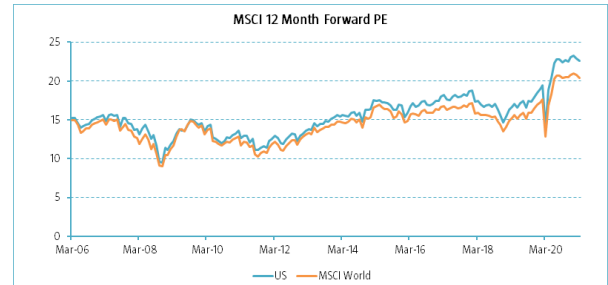


Source: IBES, Robeco, June 2021

### Valuations remain high from an absolute perspective

Equity valuations are high across the world, at least from a historical perspective. We see that the MSCI World Index is trading at close to 21 times forward earnings. Meanwhile, the US market, which is clearly more technology and services oriented is trading closer to 23 times forward earnings. We think that this is also a consequence of the current inflationary environment. Money keeps flowing into equities, while stocks remain relatively attractive versus credits and government bonds, since rates have started to rise.

Figure 4 | Absolute valuations in the US and Developed Markets



Source: MSCI, Robeco, June 2021

## The main risks to our outlook

Our outlook for DM equities is clearly quite bullish. The main risk to our outlook is higher-than-expected inflation numbers, which may force central banks to act sooner than they would like. We think that most central banks are willing to let inflation overshoot their targets, as they do not want to harm the fragile economic recovery. However, the Fed has already indicated that they would at some point like to moderate asset growth on their balance sheet. Clearly, the outlook for DM equities around the world will dampen when the Fed starts tapering and normalizing interest rates.

## Implications for portfolio positioning

In the **Global Equity portfolios**, we have a slight underweight position in European equities and an overweight position in North America. We also maintain an overweight position in the Asia-Pacific region and are underweight in Japan. We continue to look for companies with a good or improving sustainability profile, that also have a good long-term track record of return on invested capital and have a decent valuation on free cash flow. During the past quarter, we have taken some profits in high-flying Information Technology and Communication Services sectors and have added to the Financials, Consumer Discretionary, Materials and Industrials sectors, to broaden the portfolio and have less exposure to high-duration growth stocks.

In the **Asia Pacific portfolios**, we are positioned for further cyclical leadership and own attractively valued stocks with pricing power. We have taken money off higher valued tech stocks but stay overweight. We continue to see good value in materials, selected financials, telecoms and real estate. From a country perspective we hold relatively large positions in South Korea and Japan. A more positive than average earnings outlook and lower multiples justify this stance.

## Emerging Markets Equities | Monetary tightening came early

- Vaccination programs are accelerating, so is inflation
- Key milestones of Q3 2021 will be:
  - End of lockdowns in almost all EM
  - Rising US Treasury yields bode well for EM versus DM
  - Risks related to 'delta' variant of Covid-19 and inflation getting out of control

### Five-factor summary

Factors	Score
Macro	=
Earnings	+
Valuation	+
Technical	=
Sentiment	=
<b>Total</b>	<b>+</b>

Source: Robeco Emerging Markets Team

We maintain our constructive stance on EM, and keep our overweight position in EM relative to DM. As the table above shows, the earnings and valuation factors remain positive, while the sentiment factor is still neutral. This follows unprecedented consecutive monthly inflows since October 2020. We have kept the technical factor neutral as well, given that developed and emerging markets have risen at roughly the same pace. Over the last 12 months, emerging equity markets and developed markets both returned circa 32% in euros. Year to date, the total returns in euros are 11% and 15% respectively.

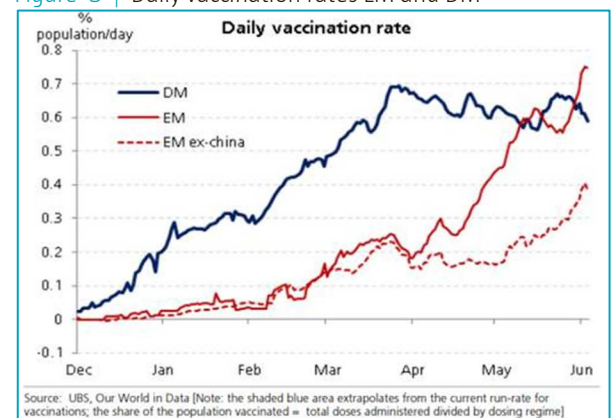
Earnings revisions in EM are somewhat weaker than those in DM. The earnings revision ratio for EM has recently softened but is still comfortably above 1.0. In addition, consensus earnings growth for 2021 in EM is close to 47%, compared to 'only' 35% in DM. We therefore remain positive on the earnings growth for EM.

The sentiment factor remains at neutral, since there has been an unprecedented inflow of investment money into EM, totaling more than USD 120 billion since October 2020. We expect continued inflows, but at a slower pace than in the last two quarters. The constructive sentiment should persist, since investors are increasingly looking for value propositions that will benefit from a reopening of the global economy.

## EM now 'out-vaccinating' DM

The richest part of the world started vaccination programs early and at a very fast pace. But by the end of June, EM were vaccinating 0.75% of their population every day, versus 0.60% for DM. The closing of the gap has been driven predominantly by China, although significant improvements also took place in Central Europe, Southeast Asia and Latin America.

Figure 5 | Daily vaccination rates EM and DM



Source: UBS, June 2021

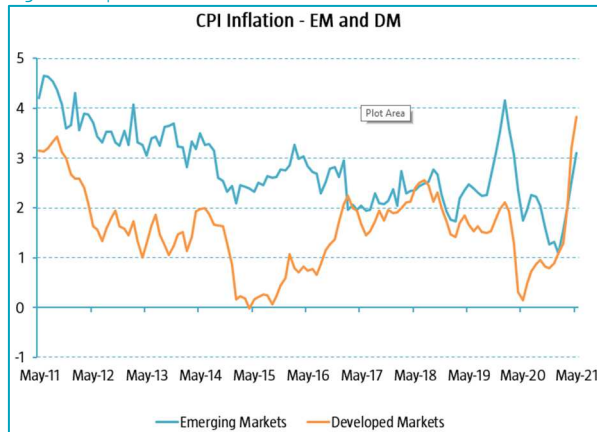
The widespread rollout of vaccinations gives EMs access to a sustained rise in mobility and economic activity. Although there were sporadic cases in China, Taiwan and South Korea, those three economies are among the strongest in the EM world. The outlook for all three countries remains positive compared to the EM average, based on their strong macroeconomics. India and Southeast Asia have suffered – and still suffer – from severe Covid-19-related lockdowns. South Asian markets have been far less buoyant than their North Asian counterparts.

## Inflation environment still benign

Across most EM countries, the macroeconomic environment is strong and inflation has been moving higher. Still, inflation is behaving better than in DM, as illustrated in the Figure below.



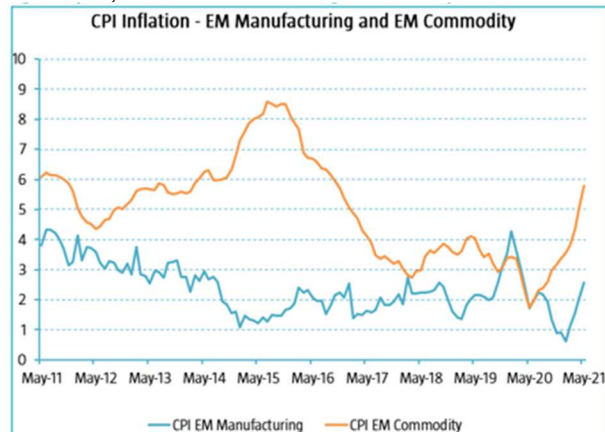
Figure 6 | Inflation estimates EM and DM



Source: IBES, Robeco, June 2021

An analysis of the inflationary forces shows that the inflationary pressures are predominantly caused by the rapid rise in commodity prices during the recent economic recovery phase, as shown in the Figure below.

Figure 7 | Inflation estimates – Manufacturing and commodity



Source: IBES, Robeco, June 2021. EM manufacturing countries: Poland, Hungary, Czech Republic, Turkey, Greece, Thailand, Philippines, Taiwan, South Korea, India, China, Mexico. EM commodity countries: Russia, South Afrika, Malaysia, Indonesia, Brazil, Chile, Peru, Colombia.

Since the second half 2020, we have seen a spike in commodity-related inflation, while manufacturing inflation remained benign. The current CPI manufacturing hovers around 2.5% in EM, which is close to its long-term average level.

### Monetary tightening in some EM

Some EM central banks have turned more hawkish, and risks generally weigh toward further monetary tightening. Latin America is expected to lead the pack in the rest of 2021, together with Turkey and Russia. Brazil is likely to hike rates further – having hiked by 225 basis points (bps) thus far – with its central bank expected to react more aggressively to

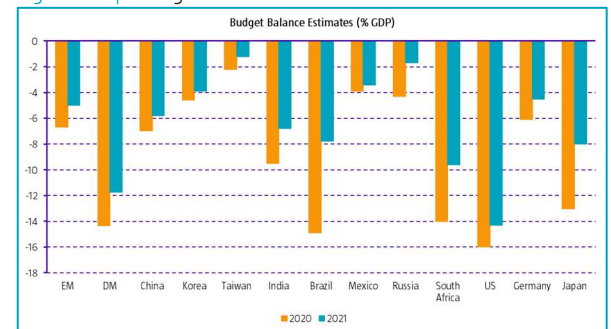
tighter global financial conditions and uncertainty over fiscal developments. Russia is also tightening policy, and raised interest rates by 25 bps in March 2021 and by a further 50 bps since then.

The ex-governor of Turkey’s central bank had impressed foreign investors by hiking interest rates by 1,075 bps in this cycle. The central bank of Mexico recently surprised with a 25 bps rise, with more likely to follow. Other central banks in the large EM are keeping rates steady at current low levels. It remains to be seen how hawkish they will eventually become, in relation to a rather dovish US Fed.

### Continue our bullish stance on North Asia

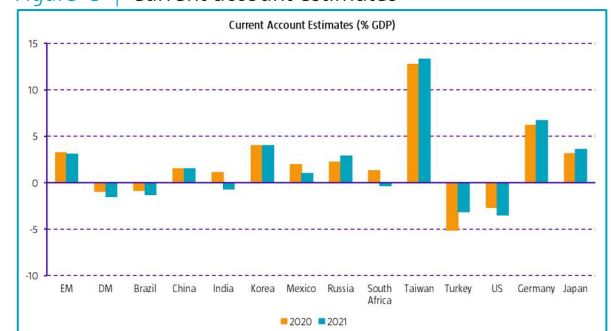
We continue to be constructive on the macroeconomics in EM in general, and in North Asia in particular. The solid macroeconomic fundamentals support our stance, as this region could see GDP growth numbers in the low single digits in 2021, with large current account surpluses and relatively low fiscal deficits. On the other hand, South Asia, and most of Latin America and EMEA, could see high single-digit GDP growth, resilient current account balances and fiscal deficits close to all-time highs, although likely to come down substantially as economies recover. Figures 8 and 9 illustrate this backdrop.

Figure 8 | Budget balance estimates



Source: Bloomberg, Robeco, June 2021

Figure 9 | Current account estimates



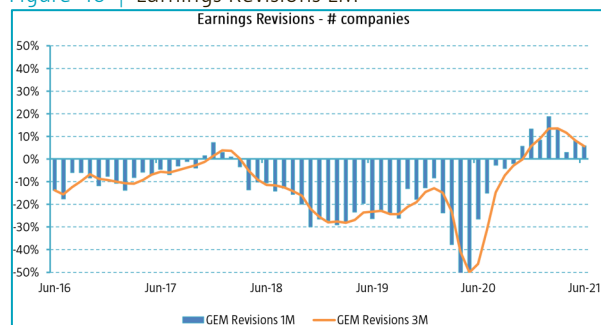
Source: Bloomberg, Robeco, June 2021

On average, the current account balances of EM look much better than those of DM. The same is true for fiscal balances.

## Earnings expectations decelerating, though still above 1

In June, the one-month earnings revisions ratio dropped in EM, from 1.19 to 1.08, as Figure 5 shows. It remains above 1.0 and comfortably above the long-term average earnings revisions ratio, which are positive signs, from an EM earnings point of view.

Figure 10 | Earnings Revisions EM



Source: IBES, Robeco, June 2021

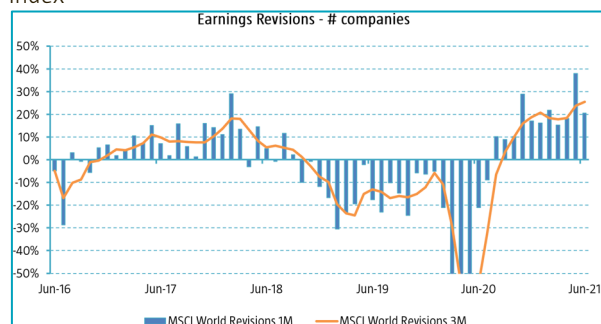
Figure 11 | Trends in earnings expectations EM



Source: BofA, June 2021

Earnings revisions in EM are lower than those in DM. However, with the much stronger earnings growth expected in 2021 for EM (+47%) versus DM (+35%), we remain upbeat on the earnings factor.

Figure 12 | Trends in earnings expectations MSCI World Index



Source: IBES, Robeco, June 2021

## Valuation a positive factor for emerging markets

Valuation remains a positive factor for EM in the near-term. The 12-month forward P/E ratio approached a 10-year low in March 2020, but bounced back to much higher levels, as Figure 13 shows.

Figure 13 | EM valuation remains attractive



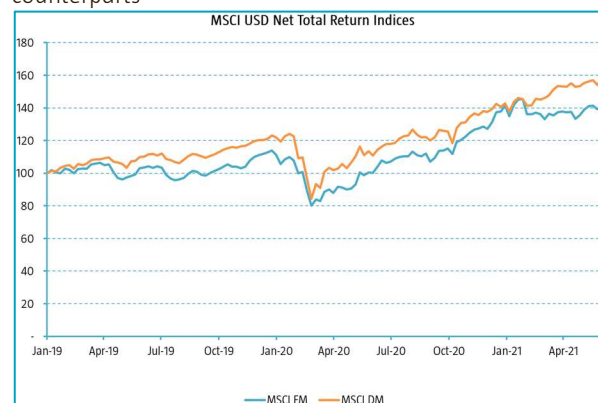
Source: MSCI, Robeco, June 2021

The average P/E ratio in emerging markets is close to 14 times, compared to 20 times for MSCI World Index. This translates into a 30% valuation discount for EM, relative to DM. The average historical discount is close to 20%. From a price-to-book perspective (P/BV), EM equities are trading at a 30% discount relative to DM. The average historical discount is about 15%.

## Technical picture neutral

EM have been performing roughly in line with their developed counterparts over the last twelve months. As a result, the technical factor remains neutral for now.

Figure 14 | EM technical indicators are in line with DM counterparts



Source: MSCI, Robeco, June 2021

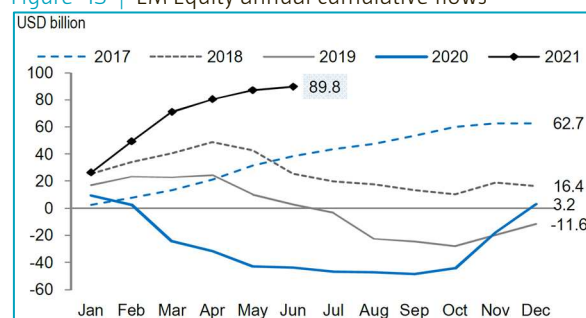
## Sentiment remains neutral

We keep the sentiment factor at a neutral stance, following the more than USD 120 billion of cumulative inflows into EM equity funds over the last two quarters. The inflows are expected to continue, as investors look for attractively valued asset classes with high yields. In an era of reopening

economies and large-scale vaccination campaigns across the globe, global investors' appetite for risk might still increase further.

Simultaneously, investors might seek more value for their portfolios. However, we do expect the current deceleration in the inflows to continue as tapering signals are becoming more evident. So far in 2021, inflows into EM equity funds have been USD 90 billion, a level not seen over the last five years.

Figure 15 | EM Equity annual cumulative flows



Source: EPFR Global, June 2021

### Implications for portfolio positioning

We maintain the value tilt in our **Emerging Markets Equity portfolios**, which have a lower average P/E ratio than the MSCI Emerging Markets Index. Regarding individual country exposure, we think the implications of a potential tapering in the US are gaining in importance. During the last 12 months, our preference for North Asia has been supported by the strong economies in the region, as they kept the Covid-19 outbreak under control.

We remain constructive on North Asia, also based on their stronger macroeconomic fundamentals. In the upcoming 'taper era', focus will shift again towards macroeconomic vulnerabilities, such as current account balances. The largest current account surpluses are to be found in North Asia (China, Taiwan, and South Korea). These countries also seem to be more resilient from a currency perspective.

The portfolios remain close to maximum overweight in South Korea. Although we took some profit in expensive outperforming stocks in China and Taiwan, we have maintained our overweight position in Taiwan. Within the rest of EM, we slightly increased our positions in Greece and South Africa, as we believe the chances of a strong rebound in their economies and corporate profits are high. Current valuations of some sectors do not fully reflect the earnings recovery expected in both countries.

From a sector perspective, we keep a comfortable overweight position in Consumer Discretionary and Information Technology. Meanwhile, we keep a significant underweight position in the expensive Consumer Staples sector. We also have a slightly overweight position in

Financials. Valuations have corrected the most in this sector after the lockdowns, and in some countries the credit profile is better than initially expected.

We also remain constructive on Chinese equities, although geopolitical and credit risks could trigger some volatility in the coming quarter. In the first half of the year, China's economy had been resilient despite credit tightening, driven by strong export growth. As goods demand from the US peaks, the rest of the world might catch up. So, although exports are likely to slow, they should remain stable. Manufacturing activities for both production and capex should keep their steady momentum. China's recovery faced some disruption in June due to a rise in Covid-19 cases in the Guangzhou area. This new wave of cases is under now control, but with a positive side effect of accelerating the vaccine rollout in China, which is now on target to reach the 70% vaccination rate by the end the year. It could support the consumer services sector recovery, which has been lagging this year.

China's inflation is mainly imported, driven by the global reflation force. The PPI-CPI gap has increased to a record high, and will likely moderate in over the coming months. With the government's recent efforts to curb the commodity price spike, PPI may have peaked in May, although it will likely stay elevated for some time. Given weak food prices and limited transmission from upstream prices, the headline CPI should rise only moderately, and the PBoC is unlikely to aggressively tighten its policy. Macroeconomic policy normalization should continue at a gradual pace to ensure stability. At the same time, policy makers could tolerate more credit risks, as GDP growth is not the top priority in 2021.

Valuations of Chinese equities remain attractive on a relative basis. Earnings revisions have moderated, as there will be more downward pressure going into the second half of the year. We are generally positioning ourselves away from cyclicals and adding to quality growth stocks. We focus more on pricing power and earnings upside momentum for our portfolio construction.

The **Chinese Equities portfolio** increased its overweight position in healthcare on strong innovation-driven growth, and reduced exposure to insurance due to disappointing fundamentals. Within Consumer Discretionary, we added to sportswear, home furniture/services, and auto OEMs, all at the expense of ecommerce and education. We also further reduced our exposure to cyclicals, namely in Industrials and Materials.

The **Chinese A shares equities portfolio** has also reduced weight in materials and industrials, given the peak reached by cyclical stocks and the measures taken to control commodity prices. We have increased our exposure to IT to overweight position by adding more semiconductor stocks. All these changes have resulted in overweight positions in Consumer Discretionary, Materials and IT. We remain underweight in Consumer Staples and Financials.

## Important Information

Robeco Institutional Asset Management B.V. (Robeco B.V.) has a license as manager of Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs) ("Fund(s)") from The Netherlands Authority for the Financial Markets in Amsterdam. This document is solely intended for professional investors, defined as investors qualifying as professional clients, who have requested to be treated as professional clients or who are authorized to receive such information under any applicable laws. Robeco B.V. and/or its related, affiliated and subsidiary companies, ("Robeco"), will not be liable for any damages arising out of the use of this document. The contents of this document are based upon sources of information believed to be reliable and comes without warranties of any kind. Any opinions, estimates or forecasts may be changed at any time without prior notice and readers are expected to take that into consideration when deciding what weight to apply to the document's contents. This document is intended to be provided to professional investors only for the purpose of imparting market information as interpreted by Robeco. It has not been prepared by Robeco as investment advice or investment research nor should it be interpreted as such and it does not constitute an investment recommendation to buy or sell certain securities or investment products and/or to adopt any investment strategy and/or legal, accounting or tax advice. All rights relating to the information in this document are and will remain the property of Robeco. This material may not be copied or used with the public. No part of this document may be reproduced, or published in any form or by any means without Robeco's prior written permission. Investment involves risks. Before investing, please note the initial capital is not guaranteed. This document is not directed to, nor intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, document, availability or use would be contrary to law or regulation or which would subject Robeco B.V. or its affiliates to any registration or licensing requirement within such jurisdiction.

### Additional Information for US investors

This document may be distributed in the US by Robeco Institutional Asset Management US, Inc. ("Robeco US"), an investment adviser registered with the US Securities and Exchange Commission (SEC). Such registration should not be interpreted as an endorsement or approval of Robeco US by the SEC. Robeco B.V. is considered "participating affiliated" and some of their employees are "associated persons" of Robeco US as per relevant SEC no-action guidance. Employees identified as associated persons of Robeco US perform activities directly or indirectly related to the investment advisory services provided by Robeco US. In those situation these individuals are deemed to be acting on behalf of Robeco US. SEC regulations are applicable only to clients, prospects and investors of Robeco US. Robeco US is wholly owned subsidiary of ORIX Corporation Europe N.V. ("ORIX"), a Dutch Investment Management Firm located in Rotterdam, the Netherlands. Robeco US is located at 230 Park Avenue, 33rd floor, New York, NY 10169.

### Additional Information for investors with residence or seat in Canada

No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence. Robeco Institutional Asset Management B.V. is relying on the international dealer and international adviser exemption in Quebec and has appointed McCarthy Tétrault LLP as its agent for service in Quebec.