

## Robeco High Yield Bonds DH EUR

Robeco High Yield Bonds is an actively managed fund that invests in corporate bonds with a sub-investment grade rating, issued primarily by issuers from developed markets (Europe/US). The selection of these bonds is mainly based on fundamental analysis. The portfolio is broadly diversified, with a structural bias to the higher rated part in high yield. Performance drivers are the top-down beta positioning as well as bottom-up issuer selection.



**Sander Bus, Roeland Moraal**  
Fund manager since 01-03-2001

### Performance

	Fund	Index
1 m	2.51%	4.09%
3 m	-3.47%	-3.90%
Ytd	-5.24%	-5.74%
1 Year	-0.37%	-1.57%
2 Years	1.10%	0.33%
3 Years	0.55%	0.29%
5 Years	2.65%	2.12%
10 Years	5.46%	5.37%
Since 04-1998	5.43%	

Annualized (for periods longer than one year)

Note: due to a difference in measurement period between the fund and the index, performance differences may arise. For further info, see page 4.

### Calendar year performance

	Fund	Index
2019	11.09%	10.56%
2018	-5.10%	-4.55%
2017	5.53%	5.42%
2016	13.14%	15.00%
2015	-0.44%	-4.36%
2017-2019	3.62%	3.62%
2015-2019	4.62%	4.12%

Annualized (years)

### Fund price

31-05-20	EUR	146.07
High Ytd (19-02-20)	EUR	155.73
Low Ytd (23-03-20)	EUR	121.69

### Index

Bloomberg Barclays US Corp. HY & Pan Eur. HY. ex Fin.  
2.5% Issuer Cap (hedged into EUR)

### General facts

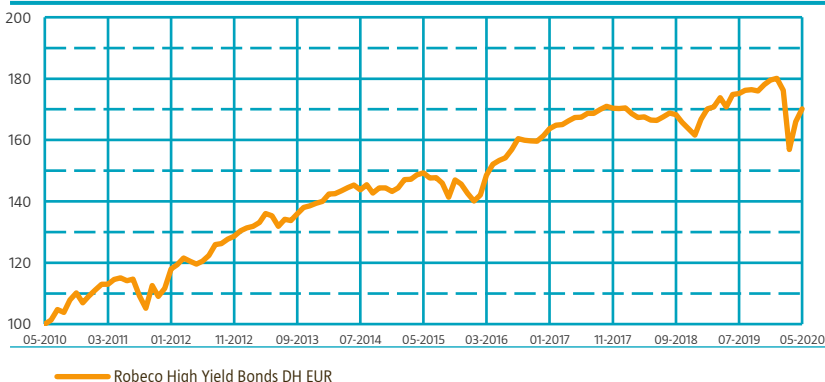
Morningstar	★★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 10,511,263,775
Size of share class	EUR 311,971,209
Outstanding shares	2,135,253
1st quotation date	17-04-1998
Close financial year	31-12
Ongoing charges	1.21%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	5.00%
Management company	Robeco Luxembourg S.A.

### Fees

Management fee	1.00%
Performance fee	None
Service fee	0.16%
Expected transaction costs	0.00%

### Performance

Indexed value (until 31-05-2020) - Source: Robeco



### Performance

Based on transaction prices, the fund's return was 2.51%.

More than 100 bps of spread tightening pushed the total return of the fund in April to around 3.3-3.5% (depending on the currency), underperforming the index by 76 bps (gross of fees). The underweight beta was the main detractor for the month (-54 bps). Another driver contributing to the underperformance was being overweight in Euro HY vs underweight in US HY, which detracted 18 bps last month. Our quality bias also underperformed in this very strong market. The rebound in commodity prices had a positive impact on the energy sector. Our underweight in this sector caused a relative underperformance of 20 bps. Sectors that added value in May were the underweight in consumer cyclical (+5 bps) and issuer selection within transportation (+9 bps); mostly by avoiding Hertz, which defaulted on its USD debt, and our overweight in Avis Budget Group bonds, which rebounded more than 20 points after the company managed to issue first lien notes, providing necessary liquidity relief. In addition, car rental activity is picking up again. We added around 8 bps with our underweight in Occidental Petroleum. The company rebounded sharply in April, but lagged the overall index in May.

### Market development

For the second straight month, high yield spreads tightened dramatically. After a rally of 150 bps in April, May proved to be strong as well, with more than 100 bps of spread tightening. Total returns reached more than 4%, outperforming both investment grade and loans. Market sentiment remained bullish, fueled by anticipated support from the Fed. In the end, the Fed bought more than USD 3 billion in HY ETFs, which led to another strong month of inflows. Year-to-date, cumulative fund flows in US HY are at nearly USD 17 billion. The secondary markets absorbed another heavy US issuance calendar, with nearly USD 40 billion in new supply. European issuance numbers are picking up, with around EUR 4 billion issued. However, this remains below the average we normally witness in May. Fund flows in Europe are still negative, with more than EUR 6 billion of outflows. This could be one of the reasons that supply is not back at normal levels. Bleak economic macro data did not spoil the positive sentiment. Oil prices slowly moved up, which helped the much troubled US energy sector. The Global High Yield Index tightened by more than 100 bps to a level of 625 bps, with an average yield of 6.9%.

### Expectation of fund manager

The longest economic expansion has ended abruptly. The end of the expansion itself is not a surprise, but the nature of the exogenous shock, its speed and the magnitude of the slowdown are. History is being made. But while Covid-19 is the proximate trigger, we firmly believe current events are not just about the virus. They have deep secular and cyclical roots. As long as the end of corona and/or a vaccine is not in sight, markets have to rely on strong technicals. Additional monetary and fiscal support has caused markets to rally and inflows continue to pour into the asset class. But a deep recession, an increasing number of defaults and heightened uncertainty surrounding upcoming corporate earnings will be with us for some time. The V-shaped recovery that is priced in at the moment, seems too good to be true. Our contrarian approach is that one should trim risk when the skies are clear, and buy risk when the storm has begun and markets panic. We increased our beta above one in March and have moved back to below one in April/May, after a strong reversal in spreads. Once we see high yield spreads widening, we may consider adding more risk.

### SI fund classification

	Yes	No	N/A
Engagement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ESG Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Top 10 largest positions

Our top ten holdings consist mostly of BB-rated large caps in sectors such as communications, packaging and housing. The telecom sector is highly concentrated, with a number of large issuers. We have a more cautious view on the sector as a whole, but there still are some investable large caps such as cable companies Level 3 and Charter. A large overweight in media is Netflix, a company we like for its strong content and distribution platform. Packaging is a sector that we like from a fundamental and relative value perspective, hence large positions in quality names such as Crown Cork & Seal and Ardagh Glass.

### Legal status

Investment company with variable capital incorporated under Luxembourg law (SICAV)  
Issue structure Open-end  
UCITS V Yes  
Share class DH EUR  
This fund is a subfund of Robeco Capital Growth Funds, SICAV

### Registered in

Austria, Belgium, Finland, France, Germany, Hong Kong, Ireland, Italy, Luxembourg, Netherlands, Norway, Peru, Poland, Singapore, Spain, Switzerland, United Kingdom

### Currency policy

All currency risks are hedged.

### Risk management

Risk management is fully embedded in the investment process to ensure that positions always meet predefined guidelines.

### Dividend policy

The fund does not distribute dividend. The income earned by the fund is reflected in its share price. The fund's entire result is thus reflected in its share price development.

### Derivative policy

Robeco High Yield Bonds make use of derivatives for hedging purposes as well as for investment purposes. These derivatives are very liquid.

### Fund codes

ISIN	LU0085136942
Reuters	008513694X.LU
Bloomberg	RGCGMNA LX
Sedol	5496541
WKN	988158
Valoren	889017

### ESG integration policy

Our analysis of issuers goes beyond the traditional financial factors and includes the issuers' performance on ESG factors. We deem it essential for a well-informed investment decision to take into account those ESG factors that have the potential to materially impact the financial performance of the issuer. This perfectly matches the basic need to avoid the losers in credit management, as many credit events in the past can be attributed to issues such as poorly designed governance frameworks, environmental issues, or weak health & safety standards. The aim of ESG integration is to improve the risk/return profile of the investments and does not have an impact goal. ESG analysis is fully integrated in the bottom-up security analysis. We have defined key ESG factors per industry, and for every company we analyze how the firm is positioned versus these key ESG factors, and how this impacts the fundamental credit quality.

### Top 10 largest positions

Holdings	Sector	%
Cco Holdings Llc / Cco Holdings Capital Corp	Communications	2.00
Kraft Heinz Foods Co	Consumer Non Cyclical	1.75
Sprint Capital Corp	Communications	1.70
Hca Inc	Consumer Non Cyclical	1.52
Netflix Inc	Communications	1.39
Level 3 Financing Inc	Communications	1.35
Lennar Corp	Consumer Cyclical	1.26
United Rentals North America Inc	Capital Goods	1.18
Standard Industries Inc/Nj	Capital Goods	1.12
Ardagh Packaging Finance Plc / Ardagh Holdings Usa	Capital Goods	1.10
<b>Total</b>		<b>14.36</b>

### Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.34	1.28
Information ratio	1.05	1.34
Sharpe ratio	0.26	0.57
Alpha (%)	1.44	1.87
Beta	0.91	0.91
Standard deviation	8.16	7.36
Max. monthly gain (%)	5.14	5.14
Max. monthly loss (%)	-10.86	-10.86

Above mentioned ratios are based on gross of fees returns.

### Hit ratio

	3 Years	5 Years
Months outperformance	22	37
Hit ratio (%)	61.1	61.7
Months Bull market	22	37
Months outperformance Bull	12	19
Hit ratio Bull (%)	54.5	51.4
Months Bear market	14	23
Months Outperformance Bear	10	18
Hit ratio Bear (%)	71.4	78.3

Above mentioned ratios are based on gross of fees returns.

### Characteristics

	Fund	Index
Rating	BA1/BA2	BA3/BI
Option Adjusted Modified Duration (years)	3.6	3.8
Maturity (years)	5.0	5.0
Yield to Worst (% , Hedged)	4.4	6.3

### Changes

Benchmark changes: Since start - 31/3/2005 Barclays Global High Yield (Hedged into EUR) 1/4/2005 - 30/4/2005 Barclays US Corporate High Yield & Pan European High Yield (Hedged into EUR) 1/5/2005 - 31/3/2009 Barclays US Corporate High Yield & Pan European High Yield 2.5% Issuer Cap (Hedged into EUR) 1/4/2009 - now Barclays US Corporate High Yield & Pan European High Yield ex Financials 2.5% Issuer Cap (Hedged into EUR)

### Sector allocation

Overweights are in less cyclical sectors such as food and packaging, as well as in financials, which is an off-benchmark position. The fund also holds a sizable overweight in the cyclical automotive sector, which trades at a wide spread premium to other sectors. Underweights are in sectors such as energy, telecom and pharma/healthcare.

Sector allocation		Deviation index	
Consumer Cyclical	16.0%	-5.5%	
Communications	15.4%	-5.4%	
Capital Goods	13.0%	2.8%	
Consumer Non Cyclical	12.5%	-3.7%	
Basic Industry	9.9%	2.9%	
Energy	7.3%	-3.9%	
Technology	4.2%	-2.1%	
Transportation	2.6%	0.2%	
Banking	2.2%	2.2%	
Financial Other	1.2%	1.2%	
Industrial Other	0.9%	-0.5%	
Other	3.5%	0.5%	
Cash and other instruments	11.2%	11.2%	

### Currency denomination allocation

All currency risks are hedged to the currency of the share class. The currency denomination allocation shows the currency distribution of the portfolio before hedging.

Currency denomination allocation		Deviation index	
US Dollar	69.1%	-10.8%	
European Euro	26.6%	8.7%	
United Kingdom Pound Sterling	2.8%	0.7%	
Swiss Franc	0.1%	0.0%	

### Duration allocation

Robeco High Yield Bonds does not pursue an active duration policy. HY bonds tend to have a limited effective sensitivity to underlying moves in government bond yields. In our 0-duration share classes, the underlying rate risk is hedged to 0- to 6-month duration.

Duration allocation		Deviation index	
US Dollar	2.6	-0.4	
European Euro	0.9	0.2	
United Kingdom Pound Sterling	0.1	0.0	

### Rating allocation

Most exposure is in Ba and B issuers. The fund has a large underweight in the categories Caa and below. We have an allocation to BBBs, mainly consisting of former rising stars that still trade at attractive spread levels and positions in the lower capital structure of European banks.

Rating allocation		Deviation index	
A	0.5%	0.5%	
BAA	13.4%	13.2%	
BA	49.1%	-4.7%	
B	22.4%	-10.8%	
CAA	3.2%	-8.6%	
CA	0.2%	-0.4%	
C	0.0%	-0.3%	
NR	0.1%	0.0%	
Cash and other instruments	11.2%	11.2%	

### Country allocation

Country risk analysis is incorporated in our proprietary credit research, but we do not implement any specific top-down country policy in the portfolio. We have a preference for Europe versus the United States based on fundamentals and valuations.

Country allocation		Deviation index	
United States	58.5%	-15.5%	
France	4.4%	1.3%	
Germany	4.3%	1.9%	
United Kingdom	4.3%	0.2%	
Netherlands	3.0%	0.9%	
Luxembourg	1.6%	-0.6%	
Canada	1.6%	-1.7%	
Spain	1.5%	-0.2%	
Italy	1.5%	-0.7%	
Ireland	1.4%	0.8%	
Australia	1.2%	0.9%	
Other	5.4%	1.4%	
Cash and other instruments	11.2%	11.2%	

## Investment policy

Robeco High Yield Bonds invests in corporate bonds with a sub-investment grade rating, issued primarily by US and European issuers. The portfolio is broadly diversified across circa 250 issuers, with a structural bias to the higher rated part in high yield (BB/B). Performance drivers are the top-down beta positioning as well as bottom-up issuer selection. The fund aims to outperform its index Barclays US Corporate High Yield & Pan European High Yield ex Financials 2.5% Issuer Cap. The index excludes high yield financials based on relatively high systematic risk, and applies an issuer cap to avoid concentration risk. The investment philosophy is based on managing a solid diversified portfolio with a long term view. Top-down beta positioning is based on the outcome of our credit quarterly outlook meeting, in which the team is discussing the fundamental market outlook, valuation of bond markets and market technicals. Bottom-up issuer research is executed by our credit analysts, who execute the fundamental analysis. The analysts research reports are being discussed in approx. 500 credit committees per year. In addition, a proprietary quant issuer selection model is used as an independent performance driver. The portfolio managers are responsible for the portfolio construction. A proprietary developed risk management approach avoids high risk concentration in the portfolio. Holdings in equities can only appear in the portfolio as a result of corporate actions and/or debt restructuring. It is not the intention of the portfolio manager to use options or swaptions. As the investment process is well-structured and proven over time, it contributes to repeatable performance delivery. The Robeco High Yield fund is managed by our credit team which consists of eight portfolio managers and thirteen credit analysts. Within the team, Sander Bus and Roeland Moraal are responsible for high yield. Sander has been involved in the fund since inception in 1998, Roeland joined in 2003. The portfolio managers are responsible for the construction and management of the credit portfolios, whereas the analysts cover the team's fundamental research. Duration of the portfolio is managed in line with the index and currency exposure is hedged.

## Fund manager's CV

Mr. Bus is Head of the Credit team and manages our high yield portfolios. Prior to joining Robeco in 1998, Mr. Bus worked for Rabobank as a fixed income analyst for two years. Mr. Bus holds a Master's degree in Financial Economics from Erasmus University, Rotterdam. He became a CFA charter holder in 2003 and is registered with the Dutch Securities Institute. Mr. Bus has been active in the industry since 1996. Mr. Roeland Moraal, Vice President, CEFA, Portfolio Manager. Roeland is a Senior Portfolio Manager High Yield within Robeco's Credit team since January 2004. Before assuming this role, he was portfolio manager in our Rates team for two years and worked as an analyst with the Institute for Research and Investment Services for three years. Roeland started his career in the investment industry in 1997 at Robeco. He holds a Master's degree in applied mathematics from the University of Twente and a Master's degree in Law from Erasmus University, Rotterdam. Roeland became a CEFA charter holder in 2000 and he is registered with the Dutch Securities Institute.

## Team info

The Robeco High Yield fund is managed within Robeco's credit team, which consists of nine portfolio managers and twenty-three credit analysts. The portfolio managers are responsible for the construction and management of the credit portfolios, whereas the analysts cover the team's fundamental research. Our analysts have long term experience in their respective sectors which they cover globally. Each analyst covers both investment grade and high yield, providing them an information advantage and benefiting from inefficiencies that traditionally exist between the two segmented markets. Furthermore, the credit team is supported by three dedicated quantitative researchers and four fixed income traders. On average, the members of the credit team have an experience in the asset management industry of seventeen years, of which eight years with Robeco.

## Fiscal product treatment

The fund is established in Luxembourg and is subject to the Luxembourg tax laws and regulations. The fund is not liable to pay any corporation, income, dividend or capital gains tax in Luxembourg. The fund is subject to an annual subscription tax ('tax d'abonnement') in Luxembourg, which amounts to 0.05% of the net asset value of the fund. This tax is included in the net asset value of the fund. The fund can in principle use the Luxembourg treaty network to partially recover any withholding tax on its income.

## Fiscal treatment of investor

The fiscal consequences of investing in this fund depend on the investor's personal situation. For private investors in the Netherlands real interest and dividend income or capital gains received on their investments are not relevant for tax purposes. Each year investors pay income tax on the value of their net assets as at 1 January if and inasmuch as such net assets exceed the investor's tax-free allowance. Any amount invested in the fund forms part of the investor's net assets. Private investors who are resident outside the Netherlands will not be taxed in the Netherlands on their investments in the fund. However, such investors may be taxed in their country of residence on any income from an investment in this fund based on the applicable national fiscal laws. Other fiscal rules apply to legal entities or professional investors. We advise investors to consult their financial or tax adviser about the tax consequences of an investment in this fund in their specific circumstances before deciding to invest in the fund.

## Morningstar

Copyright © Morningstar Benelux. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more information on Morningstar, please refer to [www.morningstar.com](http://www.morningstar.com)

## Disclaimer

This document has been carefully prepared by Robeco Institutional Asset Management B.V. (Robeco). The information contained in this publication is based upon sources of information believed to be reliable. Robeco is not answerable for the accuracy or completeness of the facts, opinions, expectations and results referred to therein. Whilst every care has been taken in the preparation of this document, we do not accept any responsibility for damage of any kind resulting from incorrect or incomplete information. This document is subject to change without notice. The value of the investments may fluctuate. Past performance is no guarantee of future results. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Unless otherwise stated, performances are i) net of fees based on transaction prices and ii) with dividends reinvested. Please refer to the prospectus and the Key Investor Information Document of the funds for further details. These are available at the Robeco offices or via the [www.robeco.com](http://www.robeco.com) website. The ongoing charges mentioned in this publication express the operational costs including management fee, service fee, taxe d'abonnement, depositary fee and bank charges and is the one stated in the fund's latest annual report at closing date. The information contained in this document is solely intended for professional investors under the Dutch Act on the Financial Supervision (Wet financieel toezicht) or persons who are authorized to receive such information under any other applicable laws. Robeco Institutional Asset Management B.V. has a license as manager of UCITS and AIFs from the Netherlands Authority for the Financial Markets in Amsterdam.