

Factsheet | Figures as of 30-06-2018

## Robeco High Yield Bonds EH EUR

Robeco High Yield Bonds 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	-0.06%	0.05%
3 m	-0.61%	0.17%
Ytd	-2.35%	-1.13%
1 Year	-0.73%	0.35%
2 Years	3.87%	5.34%
3 Years	4.05%	3.89%
5 Years	4.77%	4.50%
10 Years	7.01%	6.83%
Since 02-2006	5.87%	6.03%

Annualized (for periods longer than one year)

### Calendar year performance

	Fund	Index
2017	5.56%	5.42%
2016	13.15%	15.00%
2015	-0.45%	-4.36%
2014	2.79%	2.48%
2013	6.94%	7.47%
2015-2017	5.94%	5.06%
2013-2017	5.50%	5.01%

Annualized (years)

### Fund price

30-06-18	EUR	100.44
High Ytd (08-01-18)	EUR	110.02
Low Ytd (29-06-18)	EUR	100.44

### Index

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

### General facts

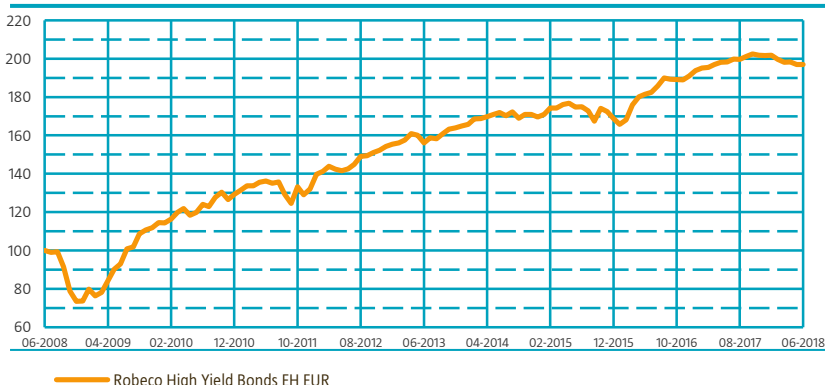
Morningstar	★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 8,147,669,055
Size of share class	EUR 41,401,641
Outstanding shares	411,997
1st quotation date	06-02-2006
Close financial year	31-12
Ongoing charges	1.20%
Daily tradable	Yes
Dividend paid	Yes
Ex-ante tracking error limit	5.00%
Management company	Robeco Luxembourg S.A.

### Fees

Management fee	1.00%
Performance fee	None
Service fee	0.12%
Expected transaction costs	0.00%

### Performance

Indexed value (until 30-06-2018) - Source: Robeco



### Performance

Based on transaction prices, the fund's return was -0.06%.

The Global High Yield Index had a flat total return over the month. The fund underperformed its index by roughly 40 basis points. Over the month of June, EUR HY kept underperforming USD HY. The fund suffered from the tilt towards euro high yield. Our quality bias also contributed negatively to our performance on a risk-adjusted basis, as single Bs and especially CCCs have been outperforming over the month, the quarter and the year. This is to the extent that on a spread compensation per turn of leverage, CCCs reached a historical low. On a sector level, we lost ground with our underweights in communications and energy. This is more or less related to the previous as around 70% of the energy sector is rated single B or lower. Lastly, we lost some ground as the short end of the curve also outperformed the longer end on a risk-adjusted basis. We have a slightly higher spread duration in our portfolios to compensate for our quality bias in risk terms (duration times spread). On an issuer level, we lost some performance by not owning PetSmart. Although this credit got downgraded one notch in June, the strong search for yield technical resulted in a 20 bps bounce for this CCC retailer.

### Market development

Global high yield bonds again had a volatile month in June with total returns close to zero. Excess returns were slightly positive with underlying Treasury yields making the opposite, slightly negative contribution. Credit spread volatility was driven by investor concerns over global trade as a consequence of the deepening trade dispute between the US and China. Threats of additional tariffs in response to retaliatory measures taken by the EU and India added to the concerns. Central bank meeting results were broadly in line with expectations. The FOMC increased the fed funds target rate by another 25 bps (to 2%) and the ECB announced that it would further taper its monthly asset purchase volume to EUR 15 bn before terminating net asset purchases in December. While political risk remained elevated, economic data in Europe indicated stabilizing growth rates. Retail and energy were the best performing sectors during this month with total returns above 75 bps. Global high yield bond spreads and yields widened by 3 bps and 11 bps, respectively – and spreads are now at 375 bps with an average yield of 6.03%.

### Expectation of fund manager

With the US growing nicely and the rest of the world cooling to more moderate levels, there is no immediate cause for concern from our point of view. However, the divergence in growth rates is increasing again and we should be aware that differing growth rates between the US and the rest of the world will also continue to drive diverging monetary policy paths. This will then again impact the US dollar liquidity outside the US. The credit market is different from other risky assets in the sense that economic growth is a positive factor, but it's tricky – both too little and too much can have a detrimental effect on returns. For now we are within the comfortable bandwidth. Valuations have improved somewhat especially in Europe, but many areas of the market still look expensive. These corrections have been in stark contrast to the recent rallies in equities and US high yield. However, we do think that the tightest spreads in this cycle are now behind us. Market technical are still weak. We keep our beta below one and a focus on quality names and issuer selection.

### 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

The top positions are dominated by US healthcare, European telecom and consumer-related sectors. The big US hospital chains are among the largest HY issuers in our benchmark. We favor these companies because of the stability of their earnings, their high margins and the favorable regulatory environment. European cable is another sector we favor for very similar reasons. We also have a tilt toward the recovery of the consumer, visible in more cyclical and/or consumer-oriented names like homebuilder DR Horton, retailer Limited Brands and car rental company Avis.

### Legal status

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

### Registered in

Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Singapore, 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

In principle, the fund will distribute dividend annually. This fund aims to pay an annual dividend of 6%. The dividends referred to are target dividends and may be subject to change as a result of market conditions.

### 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	LU0243182812
Bloomberg	RGCHYB LX
Sedol	BOYBC80
WKN	A0JC4P
Valoren	2424576

### ESG integration policy

The prime goal of integrating ESG factors in our analysis is to strengthen our ability to assess the downside risk of our credit investments. Our analysts include RobecoSAM sustainability data and use external sources to make an ESG assessment as a part of the fundamental analysis.

### Top 10 largest positions

Holdings	Sector	%
Hca Inc	Consumer Non Cyclical	2.19
Cco Holdings Llc / Cco Holding	Communications	1.53
Equinix Inc	Technology	1.50
Lennar Corp	Consumer Cyclical	1.36
Sirius Xm Radio Inc	Communications	1.34
Centurylink Inc	Communications	1.28
Crown European Holdings Sa	Capital Goods	1.27
Iqvia Inc	Consumer Non Cyclical	1.22
Ardagh Packaging Finance Plc /	Capital Goods	1.21
Chs/Community Health Systems I	Consumer Non Cyclical	1.17
<b>Total</b>		<b>14.07</b>

### Statistics

	3 Years	5 Years
Tracking error ex-post (%)	1.11	1.03
Information ratio	1.24	1.39
Sharpe ratio	1.12	1.36
Alpha (%)	1.62	1.78
Beta	0.93	0.91
Standard deviation	5.01	4.46
Max. monthly gain (%)	4.87	4.87
Max. monthly loss (%)	-2.00	-2.00

Above mentioned ratios are based on gross of fees returns.

### Hit ratio

	3 Years	5 Years
Months outperformance	20	35
Hit ratio (%)	55.6	58.3
Months Bull market	22	39
Months outperformance Bull	9	17
Hit ratio Bull (%)	40.9	43.6
Months Bear market	14	21
Months Outperformance Bear	11	18
Hit ratio Bear (%)	78.6	85.7

Above mentioned ratios are based on gross of fees returns.

### Characteristics

	Fund	Index
Rating	BA1/BA2	B1/B2
Option Adjusted Modified Duration (years)	3.7	3.9
Maturity (years)	5.6	5.2
Yield to Worst (% , Hedged)	3.4	4.2

### 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 consumer-related sectors such as food & beverages, healthcare and retail, but also in chemicals and paper/packaging. We are underweight energy, US telecommunications, and gaming.

Sector allocation		Deviation index
Consumer Cyclical	20.6%	3.7%
Communications	14.5%	-8.2%
Consumer Non Cyclical	13.8%	-0.9%
Capital Goods	12.2%	1.5%
Basic Industry	9.3%	1.4%
Energy	7.1%	-6.3%
Banking	4.0%	4.0%
Technology	3.8%	-3.1%
Transportation	2.6%	0.5%
Treasuries	1.1%	1.1%
Industrial Other	1.1%	-0.8%
Other	4.6%	1.8%
Cash and other instruments	5.3%	5.3%

### 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	62.2%	-17.1%
European Euro	33.4%	15.5%
United Kingdom Pound Sterling	4.4%	1.8%
Swiss Franc	0.3%	0.2%
Swedish Krona	0.0%	-0.1%

### 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- to 6-month share classes, the underlying rate risk is hedged to 0- to 6-month duration.

Duration allocation		Deviation index
US Dollar	3.1	0.0
European Euro	0.5	-0.2
United Kingdom Pound Sterling	0.2	0.1

### 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 rising stars (former HY) that still trade at attractive spread levels.

Rating allocation		Deviation index
AAA	1.1%	1.1%
A	0.3%	0.3%
BAA	9.9%	9.9%
BA	52.5%	7.9%
B	29.0%	-13.0%
CAA	1.7%	-10.7%
CA	0.0%	-0.8%
NR	0.2%	0.0%
Cash and other instruments	5.3%	5.3%

### 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	59.0%	-11.5%
United Kingdom	5.9%	1.0%
France	4.8%	1.2%
Netherlands	3.5%	1.4%
Germany	3.5%	1.0%
Ireland	3.2%	2.0%
Canada	2.4%	-1.4%
Switzerland	2.0%	1.5%
Spain	1.4%	-0.3%
Belgium	1.2%	0.9%
Italy	1.0%	-2.0%
Other	6.7%	0.8%
Cash and other instruments	5.3%	5.3%

### 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

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