ROBECO
The Investment Engineers

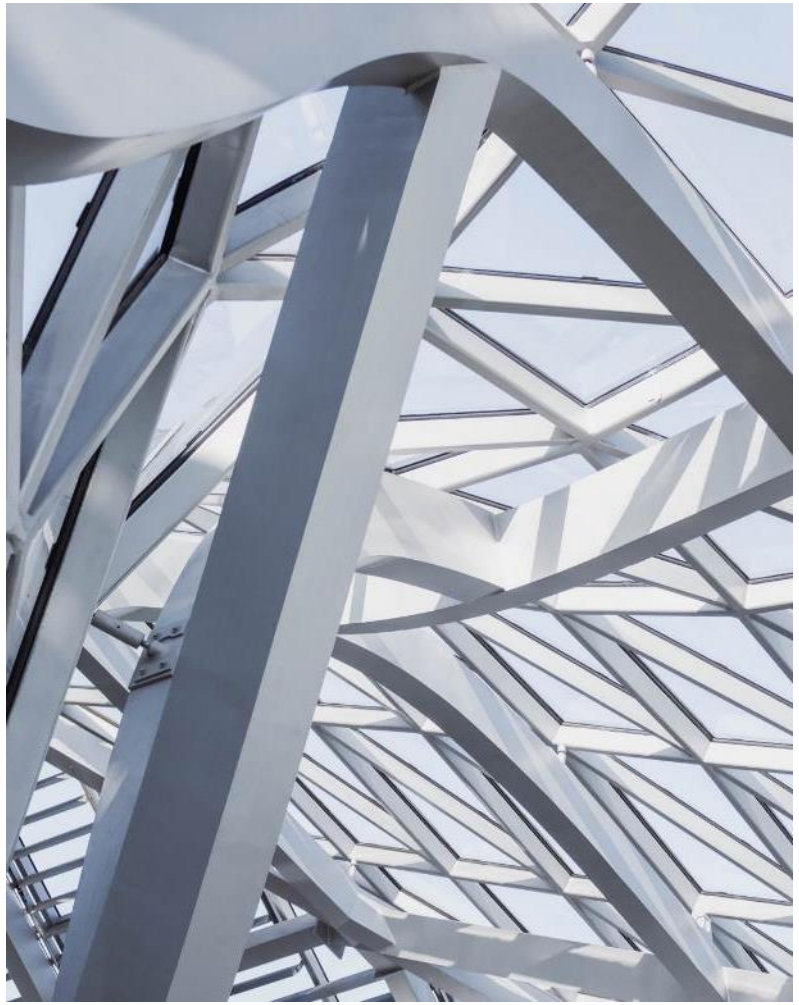
Actively managed exposure to Euro Investment Grade credit markets

Robeco Euro Credit Bonds

Marketing materials for professional investors, not for onward distribution.

Sustainable Investing Expertise by
ROBECOSAM

Content



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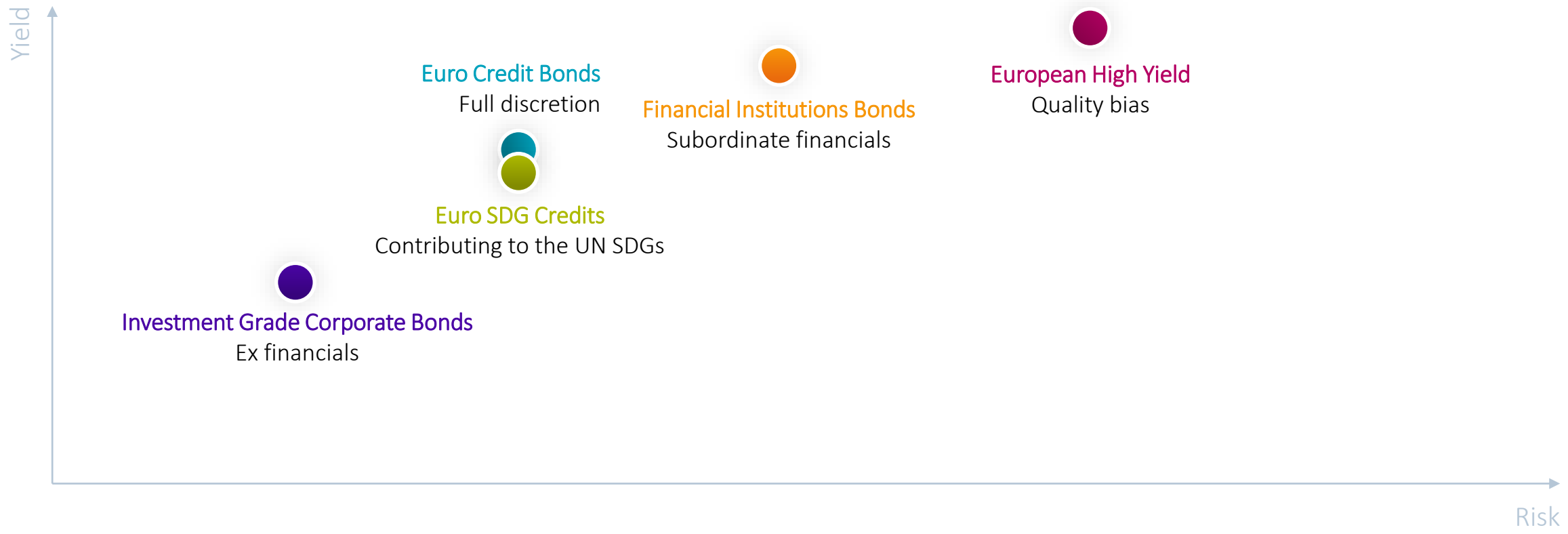
Robeco's Euro Credit Strategies

Different solutions all based on the same philosophy of looking for value



	Corporates	Euro Credit	SDG Credits	Financial Institutions	High Yield
Unconstrained	✓	✓✓	✓✓	✓✓	✓✓
ESG integration	✓✓	✓✓	✓✓✓	✓✓	✓✓

Source: Robeco, for illustrative purposes only.

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Highlights
Robeco Euro Credit Bonds

Actively managed exposure to the Euro Investment Grade credit markets

Full discretion

> Total return attitude to maximize alpha potential for each position within the risk framework (max TE 3%)
> Beta policy, sector rotation, off benchmark positioning in emerging market or covered bonds or high yield
> A pure play on credit markets

Proprietary Research driven

> Trade ideas generated from in house top down and bottom up research
> Global research approach, EUR denominated

Excellent long-term performance delivery

> Bull and bear market outperformance
> Annualized excess return of 1.13% since January 2009

The currency in which the past performance is displayed may differ from the currency of your country of residence. Due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. The value of your investments may fluctuate. Past performance is no guarantee of future results. Returns gross of fees, based on gross asset value. In reality costs (such as management fees and other costs) are charged. These have a negative effect on the returns shown.

Source: Robeco, Bloomberg. Portfolio: Robeco Euro Credit Bonds D-EUR Share Class. Benchmark: Bloomberg Euro-Aggregate: Corporates.Figures in EUR. Data end of December 2022. January 1, 2009 marks the start of the track record generated by the new team set-up after a transition year in 2008.

Investment Team

Global Credit team: Highly experienced, diverse & stable investment team

Credit Portfolio Managers (11)

Victor Verberk
CIO Fixed Income & SI
PM Investment Grade
Industry: 25 years

Sander Bus
Co-head Credit team
PM High Yield
Industry: 27 years

Reinout Schapers
Portfolio Manager
Investment Grade
Industry: 19 years

Roeland Moraal
Portfolio Manager
High Yield
Industry: 26 years

Evert Giesen
Portfolio Manager
Investment Grade
Industry: 25 years

Christiaan Lever
Portfolio Manager
High Yield
Industry: 13 years

Jan Willem de Moor
Portfolio Manager
Investment Grade
Industry: 29 years

Patrick Bawlf
Portfolio Manager
Investment Grade
Industry: 28 years

Peter Kwaak
Portfolio Manager
Investment Grade
Industry: 24 years

Joost Breeuwsma
Portfolio Manager
Investment Grade
Industry: 5 years

Thu Ha Chow
PM Asian Credits
Singapore
Industry: 25 years

Credit Research Analysts (28)

Taeke Wiersma
Head Credit Research
Industry: 27 years

Jankees Ruizeveld
Co-head Credit Research
Telecom
Industry: 28 years

Jaap Smit
Metals & Mining
Industry: 28 years

Saepna Naick
Food & Beverage
Industry: 28 years

Jan Willem Knoll
Financials
Industry: 24 years

Frances Pang
Energy
Industry: 25 years

Amir Maani Shirazi
Consumer Cyclicals
Industry: 22 years

Ihor Okhrimenko
Utilities
Industry: 15 years

Marijn Davidse
Financials
Industry: 17 years

Alexandre Fuentes
Technology
Industry: 13 years

Daniel de Koning
Automotive
Industry: 12 years

Stephen Verheul
Resources & Industrials
Industry: 11 years

Mariia Kuznetcova
Financials
Industry: 5 years

Roel Ewalds
Healthcare & Pharma
Industry: 10 years

Leeja van Bezouwen
Technology & Consumer
Industry: 4 years

Theodoros Koutsoulas
Financials
Industry: 2 years

Randall Ho
EM Financials
Singapore
Industry: 6 years

Reade Kem
Paper & Chemicals
New York
Industry: 24 years

Tom Nowak
Energy
New York
Industry: 23 years

Marian Pavlus
Healthcare & Media
New York
Industry: 22 years

Frank Reynaerts
Asian Credit
Singapore
Industry: 26 years

Tracy Wang
Asian Credit
Singapore
Industry: 16 years

Gino Beteta Vejarano
Green bonds
Industry: 9 years

Bank Loans / Private Placements
5 Investment professionals

Client Portfolio Managers (9)

Joop Kohler
Head FI CPM team
Client Portfolio Manager
Industry: 18 years

David Hawa
Client Portfolio Manager
Broad Fixed Income
Industry: 37 years

Erik Keller
Client Portfolio Manager
Investment Grade Credits
Industry: 24 years

Ralph Berkien
Client Portfolio Manager
Quant Fixed Income
Industry: 21 years

Rico Jumelet
Client Portfolio Manager
Investment Grade Credits
Industry: 10 years

CPMs & Investment Specialists
9 Investment professionals

Sustainability (~50)

Carola van Lamoen
Head Sustainable Investing
Industry: 21 years

Malene Christensen
Sustainable Investing
Client Portfolio Manager
Industry: 4 years

SI Research & Active Ownership
~50 Investment professionals

Global FI Macro (8)

Jamie Stuttard
Head Global FI Macro
Portfolio Manager
Industry: 25 years

Portfolio Managers & Strategists
8 Investment professionals

Quant Fixed Income (16)

Patrick Houweling, PhD
Co-head Quant FI
Portfolio Manager
Industry: 24 years

Quant FI Portfolio Managers
6 Investment professionals

Portfolio Engineering & Trading (31)

Erik van Leeuwen
Chief Operations Invest.
Head PET
Industry: 31 years

Paul van Overbeek
Head Fixed Income Trading
Fixed Income Trader
Industry: 24 years

Jacob Buitelaar
Head Data Engineering & Analytics
Industry: 16 years

FI Technical & Operational PMs
7 Investment professionals

Fixed Income & FX Traders
8 Investment professionals

Data Scientists & Engineers
15 Investment professionals

In-house Sustainable Investing Center of Expertise

Delivering SI expertise to our clients, our investment teams, the company and the broader market

Investments (200+ FTE)
Equity research
Fixed income research
Quant research
Portfolio management
Data science

The broader company
Sales
Client Services & Reporting
Product Development
IT Operations
Corporate communications
Marketing

Thought leadership (10 FTE)
Climate Strategist, Specialist, and Data Scientists
SDG Strategist
Impact Specialist
SI Data Strategist, Analyst and Scientists
SI Implementation Specialist

SI Research (19 FTE)
SI Analysts with sector specializations
SI Research Associates
SI Country Analyst

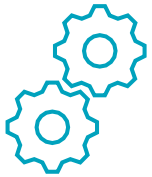
Active Ownership (18 FTE)
Engagement Specialists, Environmental
Engagement Specialists, Social
Engagement Specialists, Governance
Engagement Specialist, Controversies
Active Ownership Analysts, Proxy Voting

SI Client Portfolio Management (5 FTE)
Client Portfolio Managers
Investment Specialists

Source: Robeco

Investment Philosophy

Markets are prone to behavioral biases causing market inefficiencies



Mandate restrictions between high yield, investment grade and EM credit cause excess spread premia to exist in cross over

Investors extrapolate recent historic trends to justify understanding events

Fear and greed cycles exacerbate because of lack of understanding global macro situation

Source: Robeco

Market inefficiencies cause a value factor to exist in credit markets

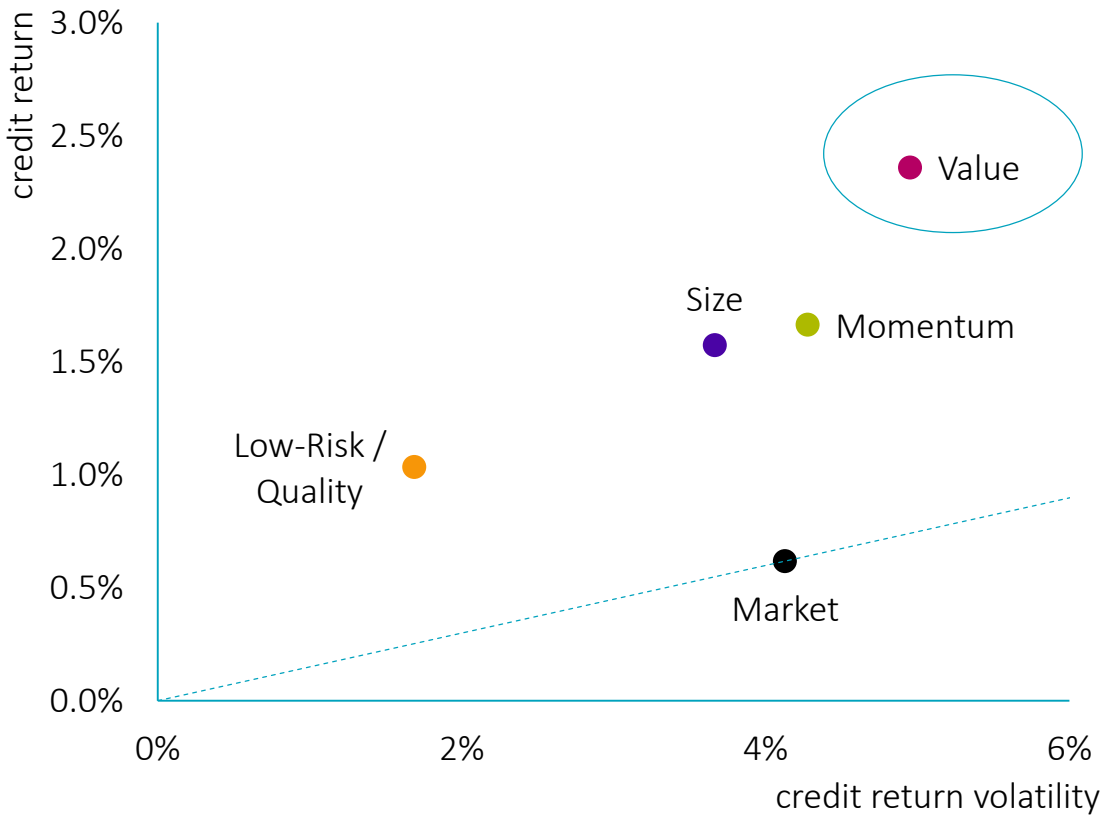
The value factor is the driver of returns in investment grade credit

- This is a strong mean reversion factor of company and market risk premia
- Cheaper and shorter dated credits outperforms

We search for bonds that are too cheap due to market biases, and have strong potential to mean-revert

- Fundamental research to control risk
  - Research may show that a bond is actually cheap for a reason: the value trap

Risk-return enhanced factors
(USD Investment Grade Jan94-Dec18)



Sources: Robeco, Bloomberg. Decile portfolios constructed using Robeco factor definitions. Credit returns measured over duration-matched government bonds.
Above chart is for illustrative purposes and does not represent the performance of any specific Robeco investment strategy.

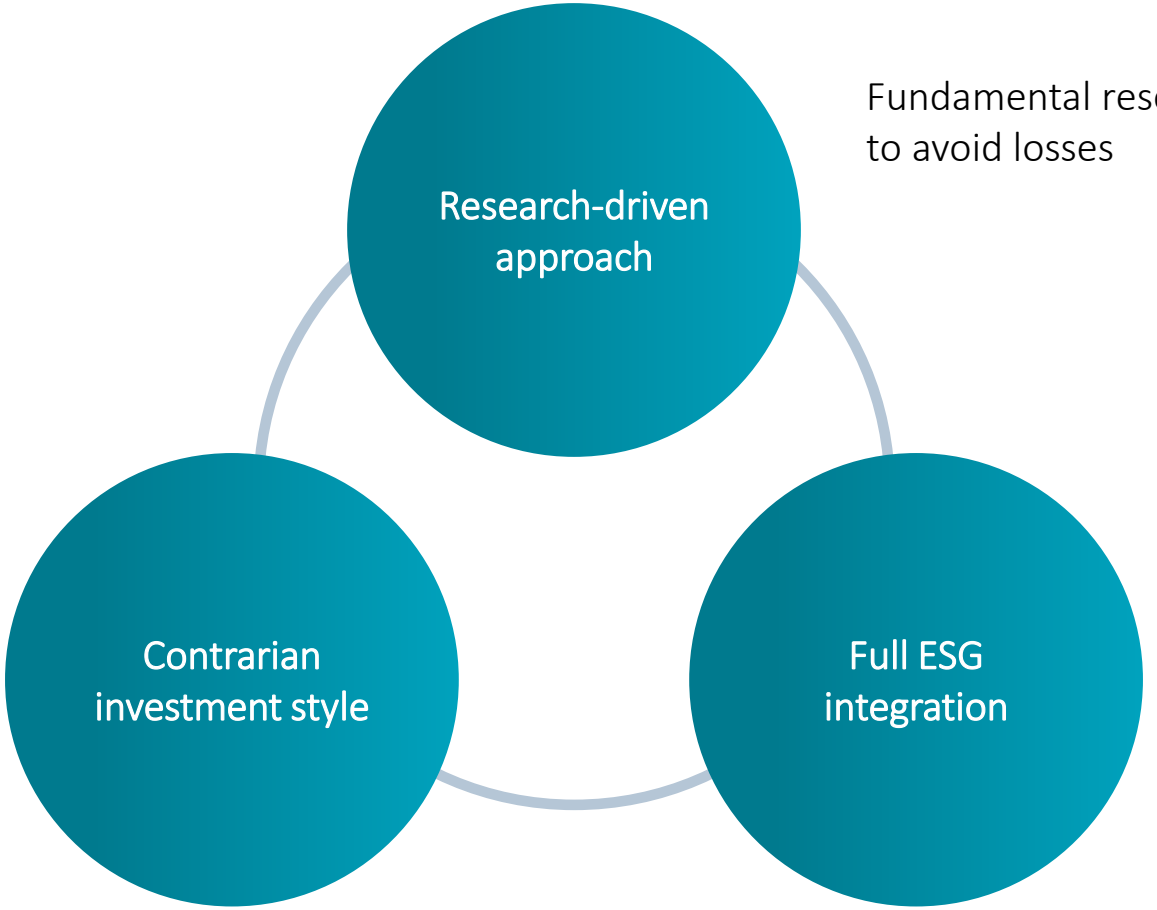
A truly global unconstrained philosophy finds value at any time of the business cycle

Understanding the fear and greed cycle via top-down macro analysis helps

- **Country value**; strong corporates in crisis countries often offer value…
- **Sector value**; strong corporates in weak sectors offer value…
- **Company value**; geopolitical events like elections or political turmoil offer value…

Source: Robeco. These examples are for information purposes only and not intended to be an investment advice in any way

Applying core beliefs to monetize value



Fundamental research to avoid losses

Value factor monetized via mean reversion

ESG integration makes us better informed on downside risk

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Research driven approach to avoid losses

“Every investment strategy should be research-driven” L.W.E. Rauwenhoff, Robeco’s first director, 1934

Quarterly outlook

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The Investment Engineers

Credit Quarterly Outlook Q1 2023

From rates to ratings fears

- The market focus will shift from inflation to growth
- Spreads have not yet peaked (except for EUR swap spreads)
- We’re long quality as dispersion is set to increase

As our Global Macro team explained in their September 2022 outlook, ‘Twin Peaks’, in a hiking cycle that ultimately ends in recession, rates typically peak before credit spreads do. In particular, rates usually peak around the second-to-last Fed hike. We believe we are now in the valley between the two peaks. Rates have started to come down and may have peaked in some markets, while inflation is now easing. Credit spreads have also rallied a lot since mid-October but are set to rewiden when markets start anticipating a recession that would hit corporate health.

As the probability of a recession rises and becomes part of the consensus view, market dispersion will increase. The lower-quality end of the credit spectrum is likely to see an increased default rate while the higher end of the market could benefit from lower rates and a flight to quality. Once recession is fully priced in and spreads reach their own peak, that would be the time to go outright long, even in high yield. Typically, that point is reached well before default rates have peaked.

With increased supply of European government bonds we expect Euro swap spreads to tighten further. Since swap spreads are a large part of the total credit spread for Euro investment grade, we are comfortable with a modest long position in Euro investment grade markets while being

Outlook
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Q1 2023

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Co-heads Credit team

Jamie Stuttard
Credit Strategist

Country research

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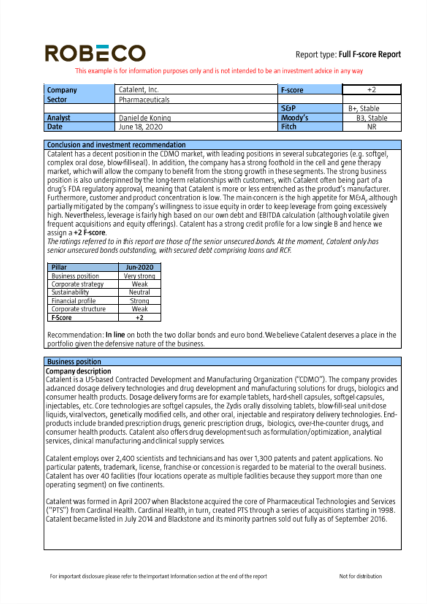
Indonesia

Fundamental Score (range -3 to +3)	-1
Macro	0
Financial Health	-1
ESG	-1

Credit research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Report type: **Full F-score Report**

This example is for information purposes only and is not intended to be an investment advice in any way

Company	Catalent, Inc.	F-score	+2
Sector	Pharmaceuticals		
		S&P	B+, Stable
Analyst	Daniel de Koning	Moody’s	B3, Stable
Date	June 18, 2020	Fitch	NR

Conclusion and investment recommendation

Catalent has a decent position in the CDMO market, with leading positions in several subcategories (e.g. softgel, complex oral dose, blow-fill-seal). In addition, the company has a strong foothold in the cell and gene therapy market, which will allow the company to benefit from the strong growth in these segments. The strong business position is also underpinned by the long-term relationships with customers, with Catalent often being part of a drug’s FDA regulatory approval, meaning that Catalent is more or less entrenched as the product’s manufacturer. Furthermore, customer and product concentration is low. The main concern is the high appetite for M&A, although partially mitigated by the company’s willingness to issue equity in order to keep leverage from going excessively high. Nevertheless, leverage is fairly high based on our own debt and EBITDA calculation (although volatile given frequent acquisitions and equity offerings). Catalent has a strong credit profile for a low single B and hence we assign a **+2 F-score**.

The ratings referred to in this report are those of the senior unsecured bonds. At the moment, Catalent only has senior unsecured bonds outstanding, with secured debt comprising loans and RCF.

Pillar	Jun-2020
Business position	Very strong
Corporate strategy	Weak
Sustainability	Neutral
Financial profile	Strong
Corporate structure	Weak
F-Score	**+2**

Recommendation: **In line** on both the two dollar bonds and euro bond. We believe Catalent deserves a place in the portfolio given the defensive nature of the business.

Business position

Company description

Catalent is a US-based Contracted Development and Manufacturing Organization (“CDMO”). The company provides advanced dosage delivery technologies and drug development and manufacturing solutions for drugs, biologics and consumer health products. Dosage delivery forms are for example tablets, hard-shell capsules, softgel capsules, injectables, etc. Core technologies are softgel capsules, the Zydis orally dissolving tablets, blow-fill-seal unit-dose liquids, viral vectors, genetically modified cells, and other oral, injectable and respiratory delivery technologies. End-products include branded prescription drugs, generic prescription drugs, biologics, over-the-counter drugs, and consumer health products. Catalent also offers drug development such as formulation/optimization, analytical services, clinical manufacturing and clinical supply services.

Catalent employs over 2,400 scientists and technicians and has over 1,300 patents and patent applications. No particular patents, trademark, license, franchise or concession is regarded to be material to the overall business. Catalent has over 40 facilities (four locations operate as multiple facilities because they support more than one operating segment) on five continents.

Catalent was formed in April 2007 when Blackstone acquired the core of Pharmaceutical Technologies and Services (“PTS”) from Cardinal Health. Cardinal Health, in turn, created PTS through a series of acquisitions starting in 1998. Catalent became listed in July 2014 and Blackstone and its minority partners sold out fully as of September 2016.

For important disclosure please refer to the Important Information section at the end of the report — Not for distribution

Sustainability

SI Profile — ROBECO

Positive (7)

Author: Gabriella Abderhalden, CFA; Reviewer: Michal Kulak		Key ESG Factors:[1]		Date:	19 July 2022
Product Impact	7	Human Capital Management	4	Value Driver:	Impact
Corporate Governance	5	Innovation Management	7	Growth:	Positive (low)
Climate Change	7	Supply Chain Management	5	Profitability:	Negative (low)
SDG Score	Neutral	Product Quality & Safety	5	Risk:	Negative

Fundamental Conclusion	Positive. MBG has been one of the most vocal OEMs on battery electric vehicle (BEV) transition and they have set highly ambitious targets with a complete phase out of internal combustion engines (ICE) by 2039, driving a positive rating on climate change. Those targets expose the company to potential risks of missing them, but we prefer having ambitious targets. There has been a shift in strategy from “Electric First” to “Electric Only”, however, the product is untested and represents a major risk to minorities because the investment plan represents ~100% of market cap. Based on our internal Sector Decarbonization Analysis (SDP), it seems the company is not underspending and should not face emission fines in the EU. The potential 2035 ICE ban in the EU should not affect MBG, however, their exposure to plug-in electric vehicles (PHEV) is relevant. We consider PHEV to be an interim technology, thus exposing the group to stranded asset risks. Nevertheless, we assign a positive product impact rating. We rate their sustainable innovation strategy positively due to level 3 autonomous driving and battery innovation. ICE workforce restructuring is a key risk. The board is too large, but shareholder rights seem well guarded.
Product Impact	Positive. Their BEV targets are highly ambitious with considerable room to flex them. The group could be at risk of missing those objectives, however, we prefer ambitious targets. In particular, we highlight their battery investments which should provide a competitive advantage. According to our internal SDP model, the company is not underinvested.
Corporate Governance	Neutral. We rate the governance as neutral. Shareholder rights seem to be well guarded. The board is too large with 50% union representation. In addition, the chairman may not push for enough fresh thinking necessary in the transition. Compensation structure should be improved.
Climate Change	Positive. MBG’s approach to BEV is more ambitious compared to most of the peers. Based on our SDP analysis, the investment plan should be sufficient over 5 yrs.
Key ESG Factors	
Human Capital Management	Negative. The company has not been involved in major labor related controversies nor systemic strike actions. The BEV transition is a significant human capital risk because of job guarantees.
Innovation Management	Positive. Despite lower scale compared to mass-market manufacturers, the company is expanding in-house battery production and they are the first OEM to receive approval for level 3 autonomous driving. Market potential for level 3 could be substantial due to the economic benefit for society. Software/connected car features may not be sufficient to gain a foothold in the high-margin Chinese market in the longer-term.
Supply Chain Management	Neutral. The group has not been involved in major supply chain labor controversies. However, we also factor in potentially weak supplier oversight in the Takata airbag case.
Product Quality & Safety	Neutral. The company does not disclose vehicle recalls. Recalls related to Takata airbags are ongoing and have been costly, but are an industry wide issue and we do not punish MBG. Product safety seems to be robust as evidenced by multiple safety awards. Product quality is mixed.
Market View	Sustainalytics Medium Risk Rating & Significant Controversies (category 3), Rep Risk rating BB with RRI 52 (peak: 54), MSCI A rating, several major MSA cases. Aggregate Climate VaR -17.21%. Implied long-term temperature rise (Scope 1, 2&3) amounts to 5.15 degrees according to MSCI.
Smart ESG	21.5 vs. 35.7 industry average. The score is not aligned to our rating.
SDG Score	Neutral Neutral product impact.
ESG Value Drivers	Growth: positive low. Robust BEV line-up; leading battery range; level 3 autonomous driving Profitability: negative low. Focus on luxury cars whilst eliminating entry level car series should (partially) offset BEV margin dilution; BEV/PHEV residual value risk in their loan book Risk: negative. Stranded asset risk from PHEV
Main Issues to Monitor	Market share in China; software offering attractive enough to compete in China?

[1] Sustainability Rating Scale: 1 = Laggard; 10 = Leader

1

Source: Robeco.
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Contrarian investment approach to monetize value

Mean reversion is the strongest technical in investment grade credit markets

Behavorial biases cause credit markets to overshoot

> Fear and greed cycles and ‘short-termism’ provide selling and buying opportunities

In investment grade credit the default cycle is less severe and frequent

> The probability of default is low and carry and roll down are important return factors

Market participants over research and value big issuers and under appreciate smaller issuers

> We spend as much time on a big issuer as we do on a small issuer

Investment Process

Investment process: Well-structured and disciplined approach

Combining top-down and bottom-up research

- Top-down view on credit markets to determine overall risk positioning
- Bottom-up fundamental research to identify the best investment opportunities

Longer-term risk budget 30%

Top-down analysis

Credit Quarterly Outlook
Credit beta target and portfolio themes

Longer-term risk budget 70%

Bottom-up analysis

Fundamental research
F-scores and portfolio recommendations

Portfolio construction

Portfolio Managers
- Issuer and bond selection
- Credit beta positioning
- Positioning overlay strategies

Risk management

Risk Management / Compliance
- Check on investment restrictions and specific fund guidelines
- Duration Times Spread

Portfolio implementation

Portfolio Managers / Traders
- Implementation with cash bonds and credit derivatives
- Duration and currency hedging

Source: Robeco

Credit Quarterly Outlook: Building a top-down view

Quarterly outlook approach focused on broader perspective

> Position in the market cycle most important

> How to position the portfolio given the current phase in the market cycle?

Assessing the credit markets from three different perspectives:

> Fundamentals

> Valuation

> Psychology, technical and liquidity

Output used to position portfolios in terms of:

> Credit Beta

> Thematic strategies

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Fundamental credit analysis: In-depth & comprehensive

Taking the extra step to research all relevant company characteristics

The Fundamental score

Robeco's proprietary method to assess the pure credit quality of the company, independent from the relative value

Credit analysts

Assign the Fundamental score [-3 to +3] based on an issuer's relative credit fundamentals given its rating

Give investment recommendation (underperform, in line or outperform) based on valuation in relation to its fundamentals

> Fundamental score discussed and validated in around 500 credit committees yearly

Source: Robeco.
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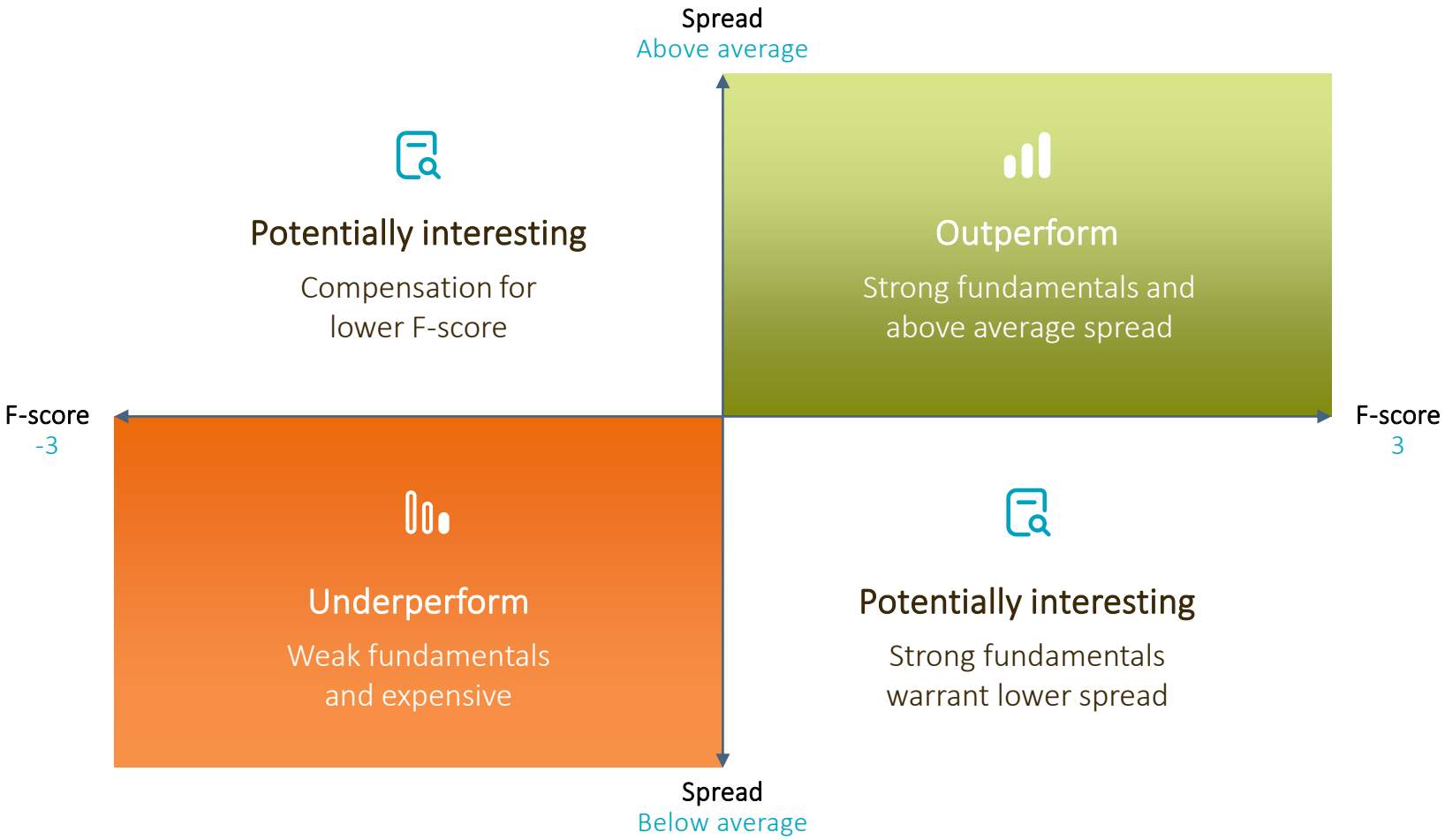
Fundamental credit analysis: Investment recommendations

Internal F-scores versus relative value



Investment decision

Based on the relative value given the credit rating and F-score

Source: Robeco.
These examples are for information purposes only and not intended to be an investment advice in any way

Fundamental credit analysis: ESG integration

Using ESG insights to better assess downside risks in credits

ESG Profile

- Product impact
- Governance
- Other (key) ESG factors
- Climate score

Assessing the impact of ESG by focusing on what is material

1	Identify	What are the relevant key ESG factors?
2	Analyze	How is the firm exposed to key ESG factors?
3	Quantify	Impact ESG factors on F-score

Source: Robeco.
These examples are for information purposes only and not intended to be an investment advice in any way

Fundamental credit analysis: ESG integration

Assess impact of ESG factors on fundamental view

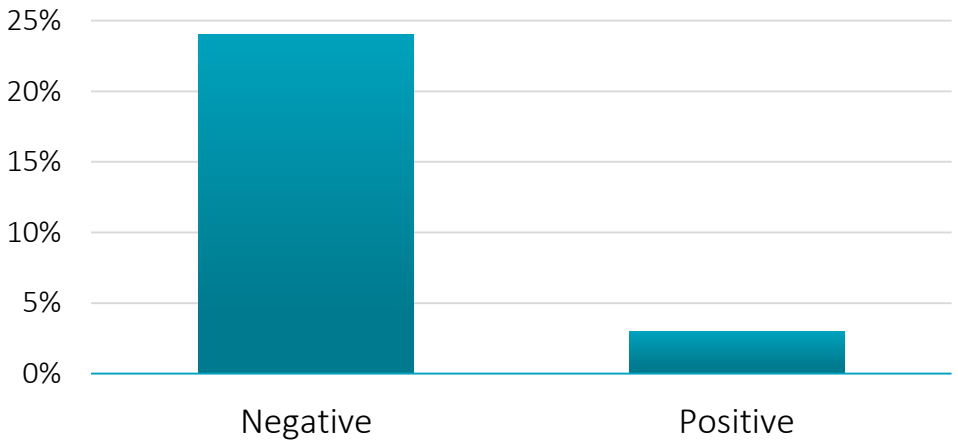
ESG Profile

Contribution ESG factors to Fundamental scores

24%

of F-scores

Impacted by the company's ESG profile



Source: Robeco. Data April 2021
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Portfolio Construction and Risk Management

Portfolio Construction: Optimizing Risk & Return

Inputs used:

- Quarterly Credit Outlook: preferred beta, sector, region and rating positioning
- Fundamental credit scores and recommendations by analysts
- Relative valuation considerations by portfolio managers

Portfolio weights based on conviction levels, risk attribution and concentration limits

- Risk attribution of all proposed trades measured by Credit Risk Model
  - Highest conviction view translated into the highest allocation of risk budget

Model portfolio diversified over about 100 issuers

- Implementation with cash bonds, limited use of CDS

We do not take active duration bets or FX positions

Final responsibility with Portfolio Managers Investment Grade

Portfolio Construction: Formal market review cycles

Decision making is based on daily informal communication in combination with regular team meetings

Regular meetings

Monday	Tuesday	Wednesday	Thursday	Friday
Asia morning call	Asia morning call	Asia morning call	Asia morning call	Asia morning call
Fixed Income Market Round (weekly) Market developments	**Portfolio Manager meeting** (weekly) Discuss market and positioning	**Sector meetings** (monthly) Review of issuer exposures in light of market trends	**Credit Quarterly Outlook** (quarterly) Top-down view of credit cycle and risk positioning	**Portfolio Manager meeting** (weekly) Looking for new global value opportunities

Credit Committees
(~500 per year)

Fundamental score discussed and validated

Source: Robeco
For illustrative purposes only

Risk management: State-of-the-art risk monitoring

Pioneer in credit risk management systems

Proprietary Credit Risk Model to monitor issuers and model portfolios

> Use of spreads to capture market, sector and issuer volatility

> Model captures time-varying volatility

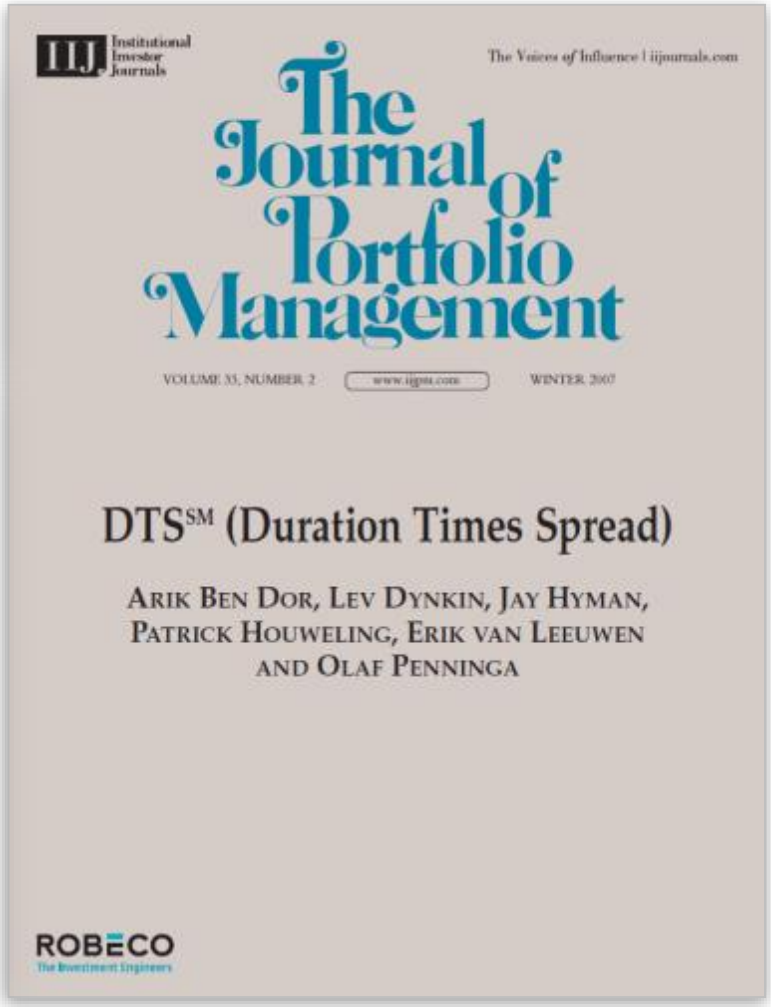
Fully automated daily reporting on portfolio's tracking error positioning

Credit Risk Model: output example

Risk points (DTS)
Instrumental for Portfolio Managers

	Weight (w)			Spread (s)			Spread-duration (sd)			Risk points (w) x (s) x (sd)		
Rating	Port	BM	Delta	Port	BM	Delta	Port	BM	Delta	Port	BM	Delta
AAA	7.4%	0.4%	7.0%	28	61	-33	3.6	7.4	-3.8	13	2	11
AA	8.5%	9.7%	-1.2%	65	66	-2	3.8	4.5	-0.7	23	32	-9
A	26.5%	38.0%	-11.6%	100	90	10	5.3	5.4	-0.1	147	205	-58
BBB	47.4%	51.6%	-4.3%	147	137	11	5.5	5.1	0.4	408	406	2
Other	2.2%	0.2%	2.0%	617	187	430	-2.2	14.8	-17.0	42	4	37
Total	92.0%	100.0%	-8.0%	113	112	1	5	5	0	632	649	-17

Credit Beta ≈ 0.97



For illustrative purposes only. Source: Robeco Credit Risk Model, data as of end of June 2019.
This example is for information purposes only and not intended to be an investment advice in any way
https://www.robeco.com/en/insights/2019/06/duration-times-spread-a-measure-of-spread-exposure-in-credit-portfolios.html

Risk Management: Key part of our investment process

Internal guidelines

Type of risk		Portfolio Implementation
Credit Risk	Highly experienced & focused analyst team	
	Diversified investment approach, focus on avoiding losers	Comparable positions for top portfolio ideas
	Concentration limits versus the benchmark	AAA-AA: 5%, A: 2%, BBB and lower: 1.25%
Market Risk	Risk points methodology allows for sophisticated monitoring	
	Maximum ex-ante tracking error	3%
Liquidity Risk	Portfolio holdings	Approximately 100 issuers
	Maximum exposure single issuer	No more than 10% of outstanding issuer
	Trading costs related to fund inflows	Partial swing pricing applied at inflows, no outflow swing
Counterparty Risk	Interest rate swaps	Central clearing
	Credit default swaps	Central clearing where possible, otherwise traded with approved counterparty list (rated A or higher) and covered by ISDAs and CSAs (daily exchange of cash collateral)
Operational Risk	Monitoring by Group Risk Management	Independent supervision
	Compliance	Automated pre- and post-trade guideline compliance in Charles River Trading System
Currency Risk	Currency hedged	EUR, USD and CHF hedged share classes (or other at request)
Interest Rate Risk	Interest rate risk hedged	Interest rate risk hedged towards the benchmark

Source: Robeco. Robeco Euro Credit Bonds
These internal guidelines determined by Robeco are subject to change without prior notice. The restriction in the prospectus are at all times leading. The prospectus is available on request and free of charge from www.robeco.com

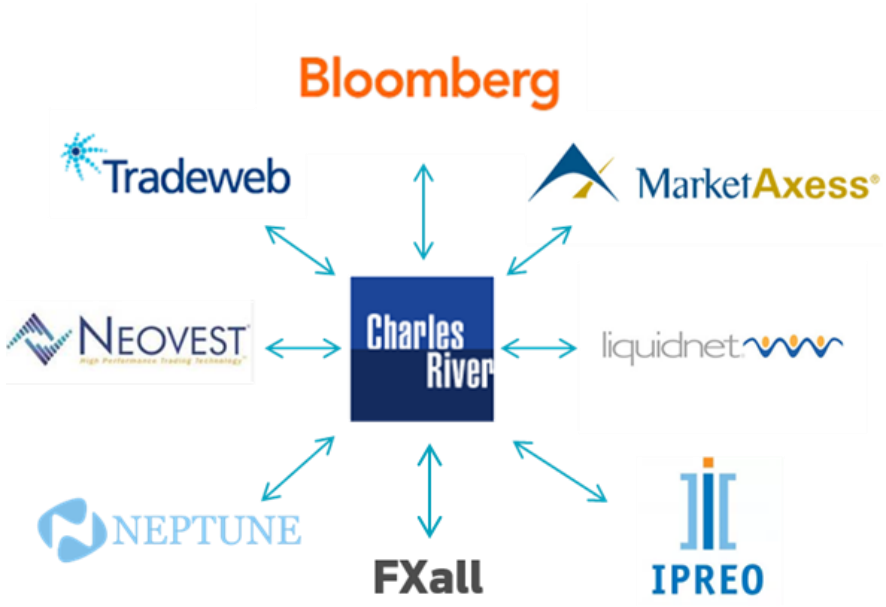
Portfolio Implementation: Trading and Execution

Dedicated Fixed Income and FX traders

> Seasoned team with experience in trading the full range of instruments

> Located close to the portfolio managers to facilitate constant dialogue

> Closely connected to broker community and industry groups



Best in class systems and execution

> Using state of the art trading systems and tooling

> Adapting to changing regulations

> Beating market indicators in realized trading costs based on proprietary TCA analysis

Giving access to liquidity

> Access to a wide range of liquidity sources by using over 50 counterparties

> Connected to main major trading platforms Bloomberg, Tradeweb, MarketAxess, Neovest

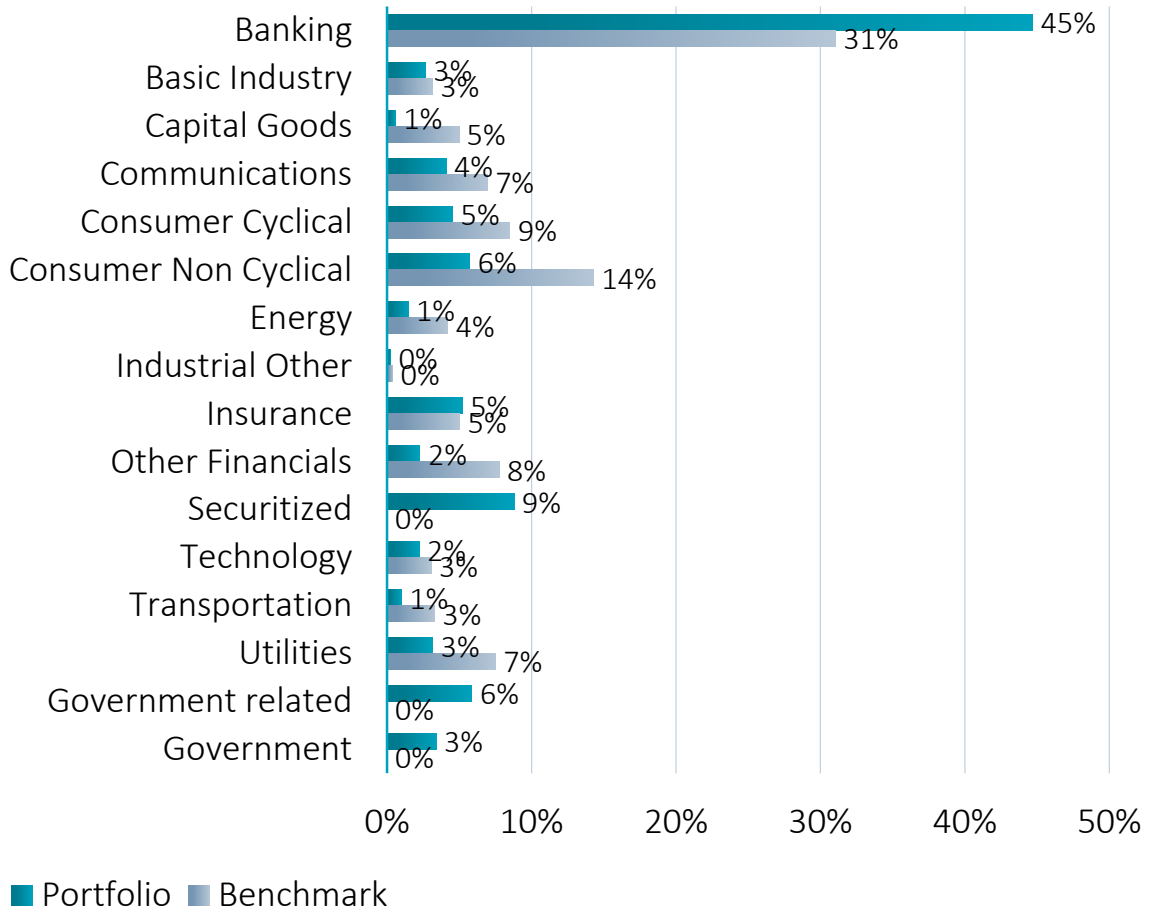
> Connected to crossing platforms Market Axess Open Trading, Tradeweb AiEX, ICAP TrueQuote

Positioning

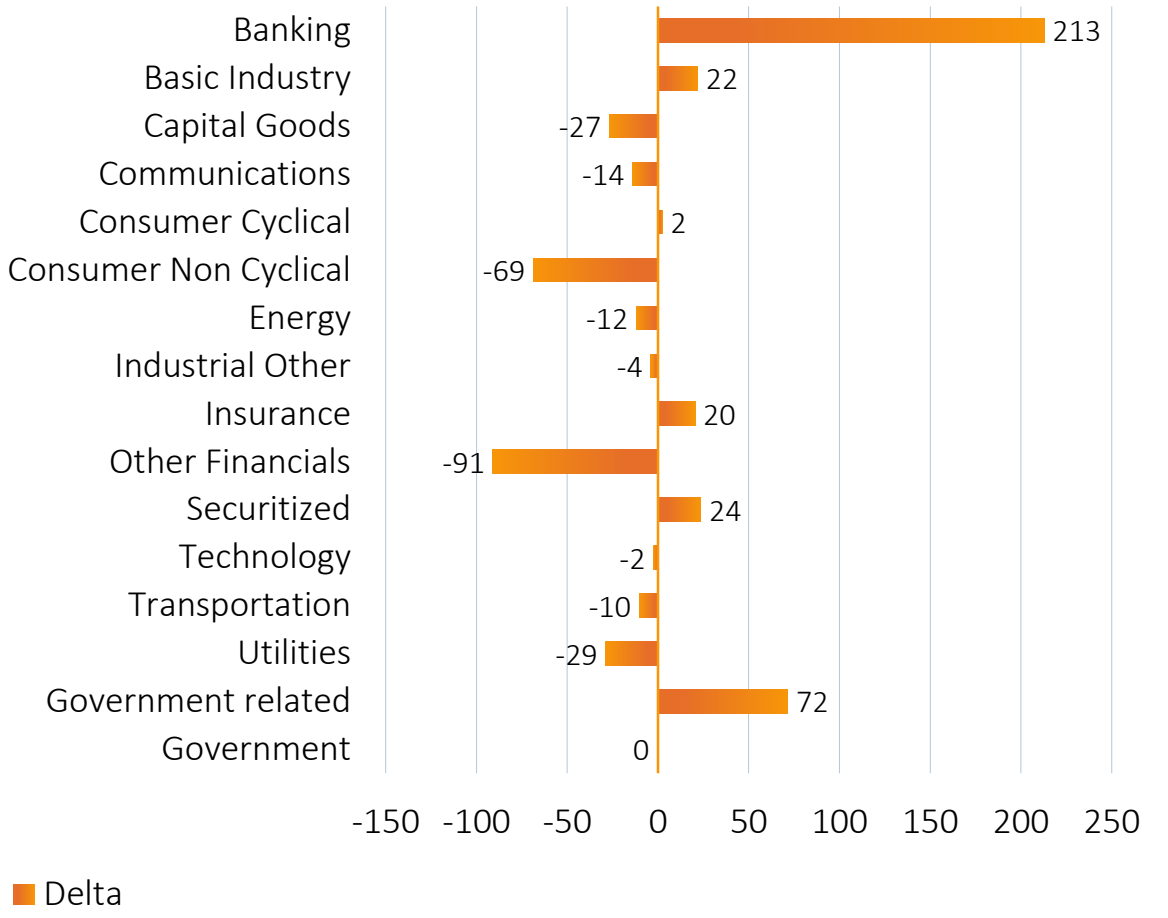
Positioning: Sector

Robeco Euro Credit Bonds

Sector allocation (Absolute weight)



Sector allocation (Relative risk points)

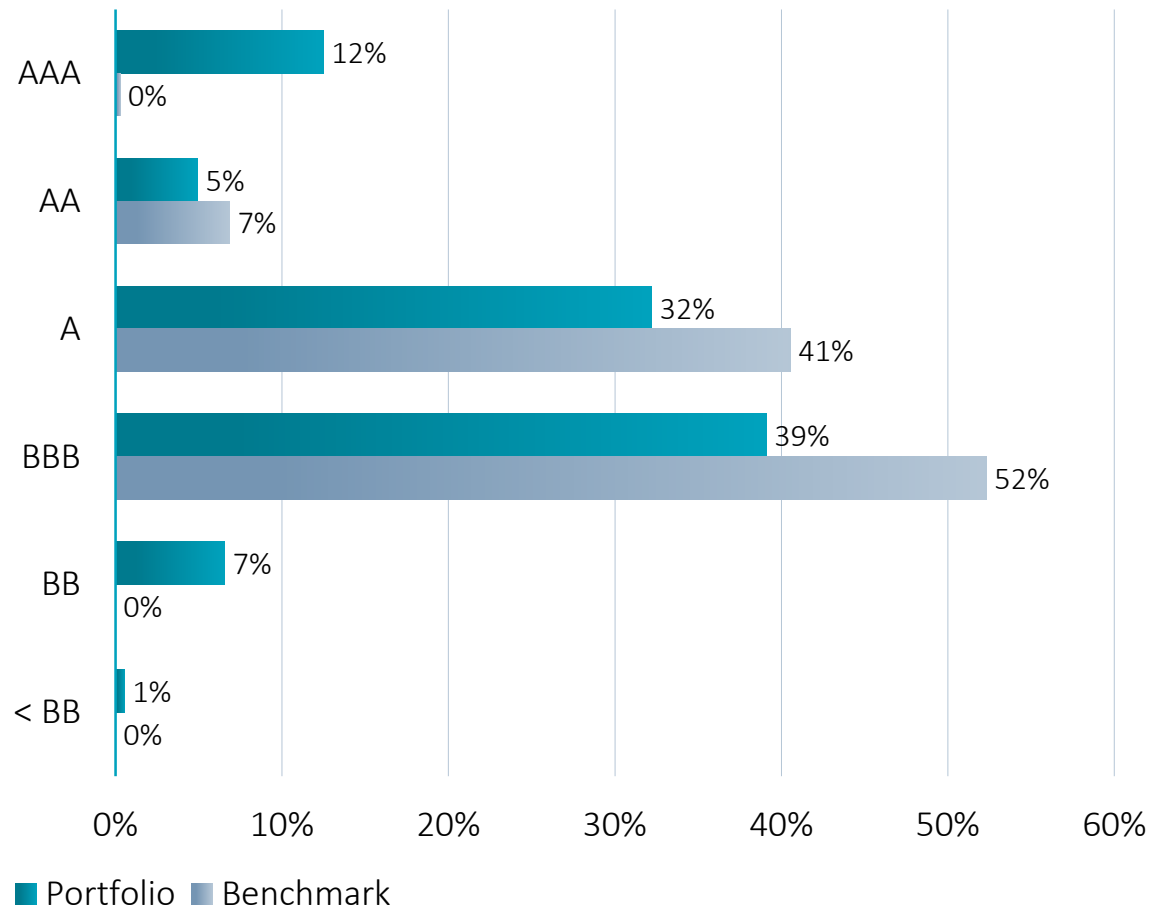


Source: Robeco, Bloomberg. Portfolio: Robeco Euro Credit Bonds. Benchmark: Bloomberg Euro-Aggregate: Corporates. Data end of December 2022.
This example is for information purposes only and not intended to be an investment advice in any way.

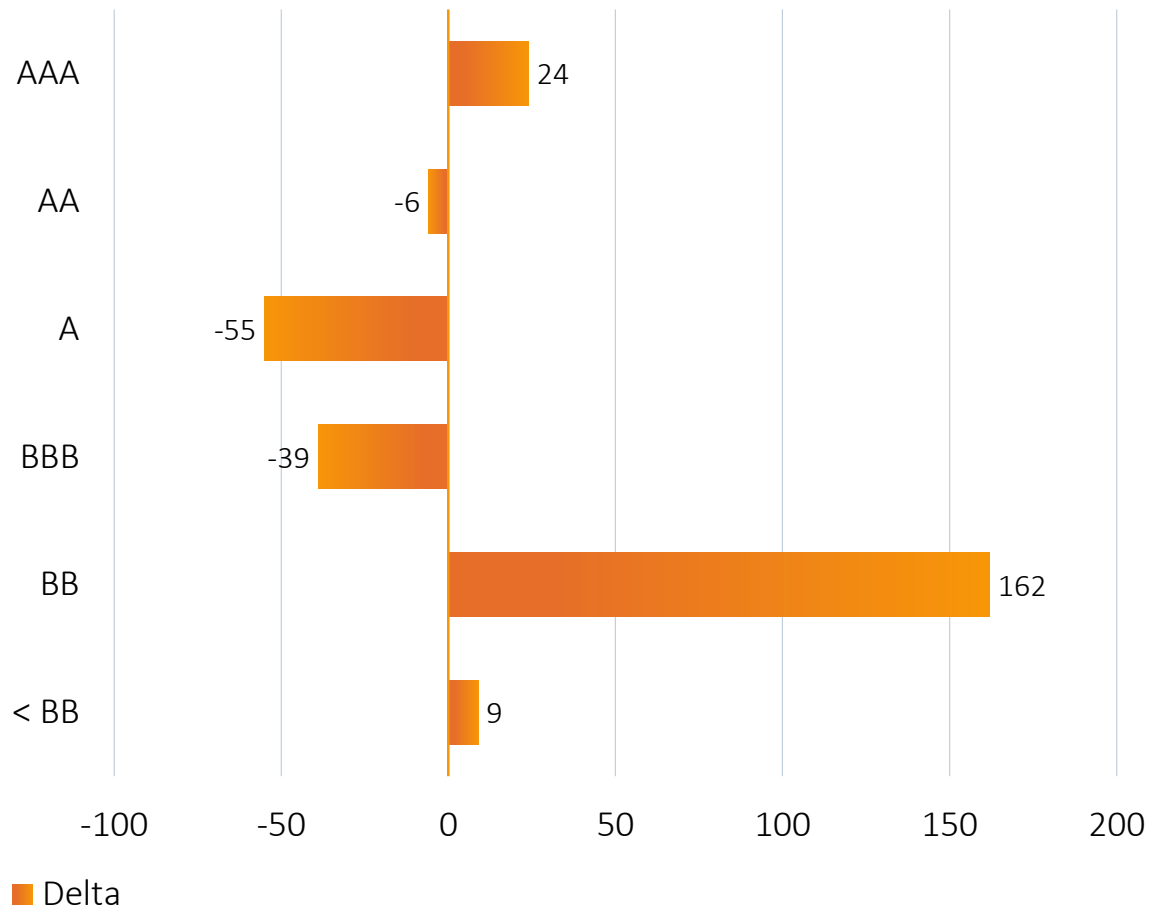
Positioning: Rating

Robeco Euro Credit Bonds

Rating allocation (Absolute weight)



Rating allocation (Relative risk points)

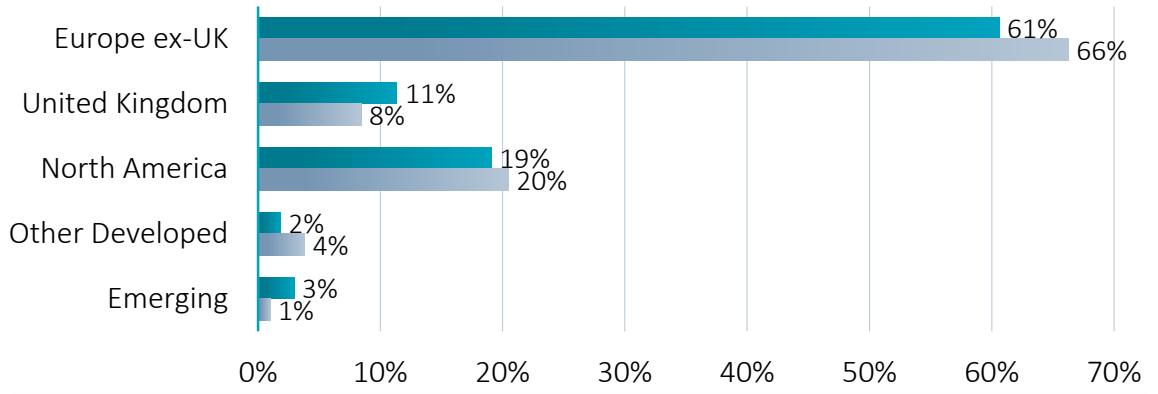


Source: Robeco, Bloomberg. Portfolio: Robeco Euro Credit Bonds. Benchmark: Bloomberg Euro-Aggregate: Corporates. Data end of December 2022.
This example is for information purposes only and not intended to be an investment advice in any way.

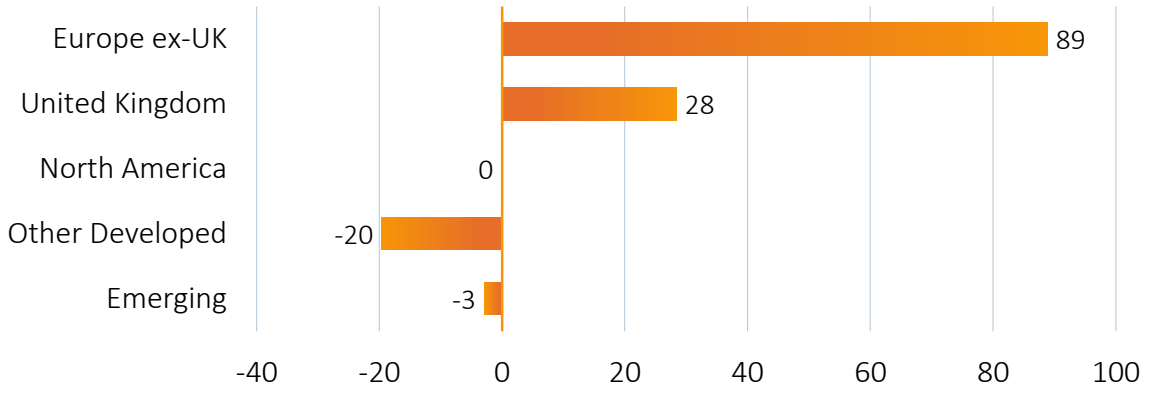
Positioning: Region & Currency

Robeco Euro Credit Bonds

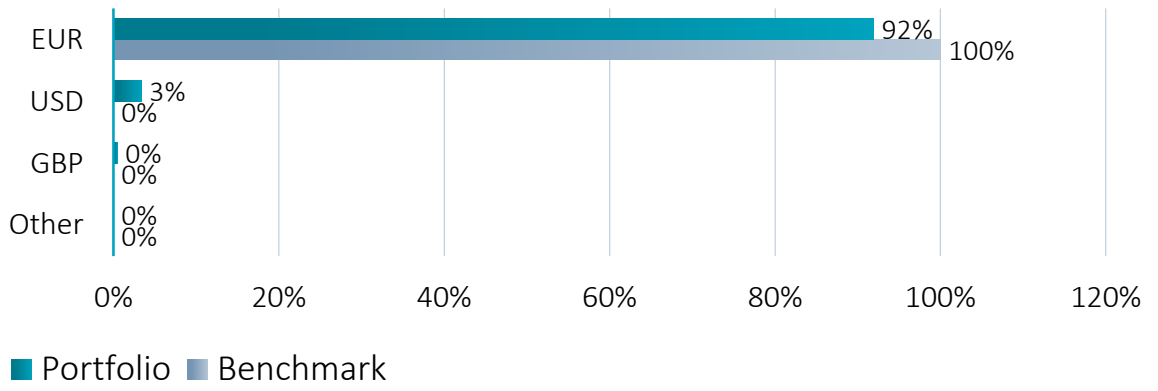
Regional allocation (Absolute weight)



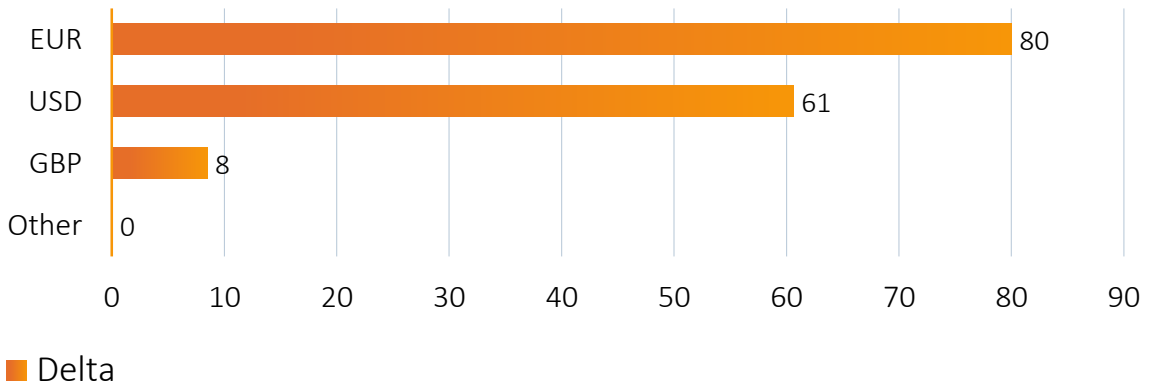
Regional allocation (Relative risk points)



Currency denomination (Absolute weight)



Currency denomination (Relative risk points)



Bloomberg Portfolio: Robeco Euro Credit Bonds. Benchmark: Bloomberg Euro-Aggregate: Corporates. Data end of December 2022.
This example is for information purposes only and not intended to be an investment advice in any way.

Positioning: Top 10

Robeco Euro Credit Bonds

Top 10 active positions (Relative risk points)

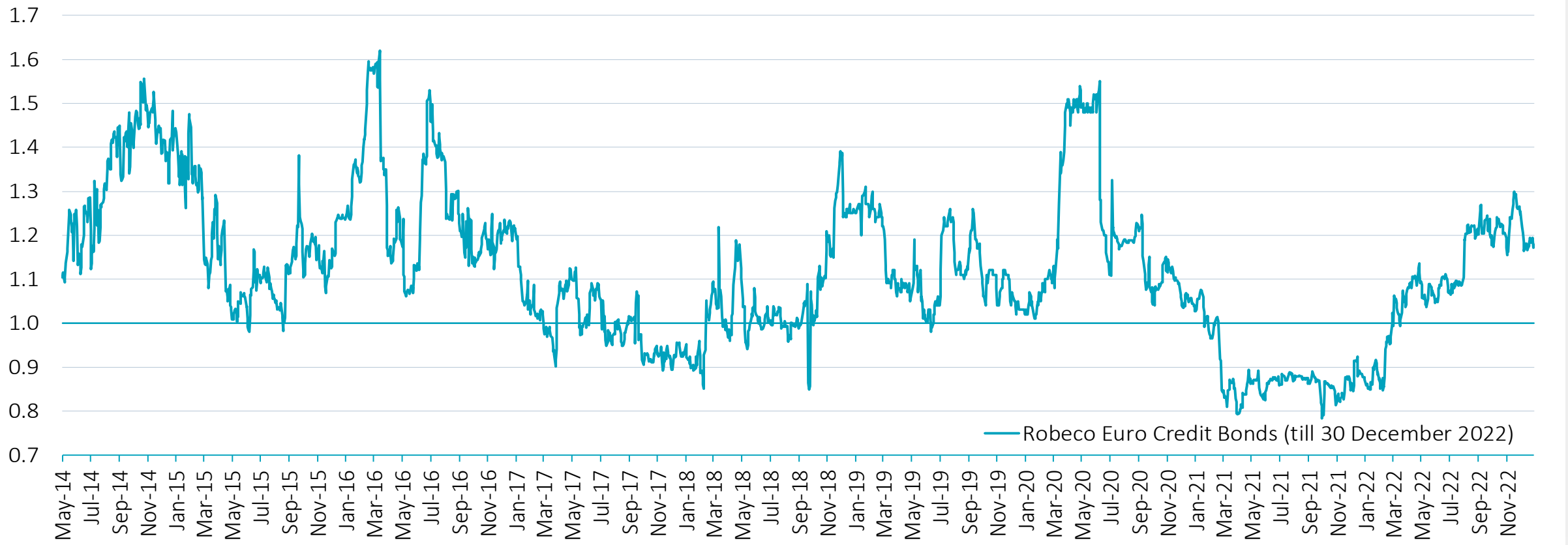
		Market value weight			Risk points		
Issuer	Sector	Portfolio	Benchmark	Delta	Portfolio	Benchmark	Delta
Cooperatieve Rabobank UA	Banking	0.7%	0.6%	0.1%	31	3	29
Electricite de France SA	Government related	0.5%	0.0%	0.5%	26	0	26
Athora Netherlands NV	Insurance	1.1%	0.0%	1.0%	24	1	23
Celanese US Holdings LLC	Basic Industry	1.3%	0.1%	1.2%	24	2	22
Barclays PLC	Banking	1.6%	0.5%	1.1%	25	5	20
NIBC Bank NV	Banking	0.9%	0.1%	0.8%	19	1	19
Vonovia Finance BV	Other Financials	0.8%	0.1%	0.7%	20	2	17
Intesa Sanpaolo SpA	Banking	0.9%	0.6%	0.3%	21	4	17
TotalEnergies SE	Energy	0.5%	0.0%	0.4%	19	2	17
ABN AMRO Bank NV	Banking	1.4%	0.6%	0.8%	21	5	16

Source: Robeco, Bloomberg. Portfolio: Robeco Euro Credit Bonds. Benchmark: Bloomberg Euro-Aggregate: Corporates. Data end of December 2022.
This example is for information purposes only and not intended to be an investment advice in any way.

Positioning: Beta

Robeco Euro Credit Bonds

Historical Beta



Source: Robeco, Bloomberg. Portfolio: Robeco Euro Credit Bonds. Benchmark: Bloomberg Euro-Aggregate: Corporates.
This example is for information purposes only and not intended to be an investment advice in any way.

Positioning: Characteristics

Robeco Euro Credit Bonds

Characteristics	Portfolio	Benchmark	Difference
Yield to Worst (Unhedged)	0.0%	4.3%	-4.3%
Yield to Worst (Hedged to EUR)	0.0%	4.3%	-4.3%
Yield to Worst (Hedged to USD)	0.0%	6.9%	-6.9%
Yield to Worst (Hedged to GBP)	0.0%	6.0%	-6.0%
Interest rate duration (OAD in years)	0.0	4.6	-4.6
Spread duration (OASD in years)	0.0	4.8	-4.8
Credit spread (OAS in bps)	0	167	-167
Coupon	0.0%	1.7%	-1.7%
DTS beta	0.00	1.00	
Numbers of issuers	0	674	
Average rating		A3/BAA1	

Source: Robeco, Bloomberg. Portfolio: Robeco Euro Credit Bonds. Benchmark: Bloomberg Euro-Aggregate: Corporates. Data end of December 2022.
This example is for information purposes only and not intended to be an investment advice in any way.

Performance

Performance

Robeco Euro Credit Bonds

Annualized performance (Hedged into EUR)	YTD	1 Year	3 Years	5 Years	10 Years	Since Jan-09
Robeco Euro Credit Bonds	-13.00%	-13.00%	-3.39%	-0.93%	1.55%	4.19%
Benchmark	-13.65%	-13.65%	-4.21%	-1.61%	0.88%	3.06%
Relative performance	0.64%	0.64%	0.83%	0.68%	0.68%	1.13%
Tracking error		0.77%	0.65%	0.55%	0.57%	1.68%
Information ratio		0.84	1.28	1.25	1.19	0.68

Calendar year performance (Hedged into EUR)	2022	2021	2020	2019	2018	2017
Robeco Euro Credit Bonds	-13.00%	-0.49%	4.17%	7.05%	-1.12%	3.38%
Benchmark	-13.65%	-0.97%	2.77%	6.24%	-1.25%	2.41%
Relative performance	0.64%	0.47%	1.40%	0.81%	0.13%	0.96%

The currency in which the past performance is displayed may differ from the currency of your country of residence. Due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Periods shorter than one year are not annualized. The value of your investments may fluctuate. Past performance is no guarantee of future results. Returns gross of fees, based on gross asset value. In reality costs (such as management fees and other costs) are charged. These have a negative effect on the returns shown.

Source: Robeco, Bloomberg. Portfolio: Robeco Euro Credit Bonds DH-EUR Share Class. Benchmark: Bloomberg Euro-Aggregate: Corporates. All figures in EUR. Data end of December 2022. Note: January 1, 2009 marks the start of the track record generated by the new team set-up after a transition year in 2008.

Key takeaways

Research driven approach	High quality fundamental credit research to manage risk and identify opportunities	Experienced and well-resourced global credit team	Pioneers in developing innovative investment & risk models
ESG Integration	ESG is consistently integrated into all our fundamental credit strategies	Integration of sustainability information reduces downside risks	Close cooperation between Credit team and SI Center of Expertise
Contrarian investment style	Market inefficiencies cause a value factor to exist in credit markets	Take well-researched non-consensus positions that consistently generate alpha	Truly global unconstrained approach to capture global value opportunities

Appendix

Robeco's Euro Credit Strategies

Characteristics	Robeco IG Corporate Bonds	Robeco Euro Credit Bonds	RobecoSAM Euro SDG Credits	Robeco Financial Institutions Bonds	Robeco European High Yield
Yield to Worst (Unhedged)	0.0%	0.0%	0.0%	0.0%	0.0%
Yield to Worst (Hedged to EUR)	0.0%	0.0%	0.0%	0.0%	0.0%
Yield to Worst (Hedged to USD)	0.0%	0.0%	0.0%	0.0%	0.0%
Yield to Worst (Hedged to GBP)	0.0%	0.0%	0.0%	0.0%	0.0%
Interest rate duration (OAD in years)	0.0	0.0	0.0	0.0	0.0
Spread duration (OASD in years)	0.0	0.0	0.0	0.0	0.0
Credit spread (OAS in bps)	0	0	0	0	0
Coupon	0.0%	0.0%	0.0%	0.0%	0.0%
DTS beta	0.00	0.00	0.00	0.00	0.00
Number of issuers	0	0	0	0	0
Average rating					

Source: Robeco. Data end of December 2022.
This example is for information purposes only and not intended to be an investment advice in any way.

Sustainability in Fixed Income

	Flagship	SDG Credits	Climate Credits	Green Bonds
Focus	Unconstrained investing	Sustainable Development	Paris Alignment	Transition to a clean economy
Sustainability	ESG integration to provide downside protection, engagement on controversial behavior	Contribution to the 17 SDGs by screening the investable universe on alignment with the SDGs	Paris aligned investing within a 1.5°C global warming scenario, at the forefront of the transition	Financing the transition of companies, by investing in bonds with dedicated use of proceeds
Universe	Global/Euro Aggregate Corp	Global/Euro Aggregate Corp	Global Aggregate Corp	Green Bonds
Sector diversification	***	***	**	*
Green Bonds	-	*	*	***
Social Bonds	-	*	-	-
Engagement	***	***	***	***
% of the universe excluded	*	***	**	**
Benchmark	Mainstream	Mainstream	Paris Aligned Benchmark	Green Bond Index
Performance target[1]	110/80 bps[2]	100/70 bps[3]	80 bps	60 bps
Volatility	***	**	**	*
SFDR fund classification	Article 8: E&S promoting	Article 8: E&S promoting	Article 9: Sustainable investments	Article 9: Sustainable investments

Source: Robeco
[1]Excess return target, gross of fees, over a full credit cycle. In reality costs (such as management fees and other costs) are charged. These have a negative effect on the returns shown.
[2]Robeco Global Credits / Robeco Euro Credit Bonds. [3]RobecoSAM Global SDG Credits / RobecoSAM Euro SDG Credits. Sustainability disclosures based on October 2022 prospectus.
These indicative guidelines determined by Robeco are subject to change without prior notice. The restriction in the prospectus are at all times leading. The prospectus is available on request and free of charge from www.robeco.com

Robeco Euro Credit Bonds

Excerpt from sustainability related disclosures (not exhaustive)

SFDR Classification

Article 8: The fund promotes environmental and/or social characteristics.

Sustainability Risk Profile

Corporate sustainability risk (overall) profile: medium
Government sustainability risk (overall) profile: not applicable

Taxonomy alignment

The fund intends to contribute to all 6 environmental objectives under the EU Taxonomy via the investments in green bonds. The fund commits to a minimum share of 0% of Taxonomy-aligned activities.

Fund specific disclosures including PAIs considered

Please refer to prospectus and SFDR disclosures publicly available via Robeco's website

Binding elements to attain the environmental and/or social characteristics promoted by the fund

The fund has the following binding elements:

1. The fund's portfolio complies with Robeco's Exclusion Policy (https://www.robeco.com/docm/docu-exclusion-policy.pdf), that is based on exclusion criteria with regards to products and business practices that Robeco believes are detrimental to society and incompatible with sustainable investment strategies. This means that the fund has 0% exposure to excluded securities, taking into account a grace period. Information with regards to the effects of the exclusions on the fund's universe can be found at https://www.robeco.com/docm/docu-exclusion-list.pdf.
2. The fund scrutinizes investment in companies that are in breach of the ILO standards, UNGPs, UNGC or OECD Guidelines for Multinational Enterprises. If a company in the portfolio breaches one of the international guidelines during the investment period, the company will become part of the Enhanced Engagement program.
3. Investments with an elevated sustainability risk are defined by Robeco as companies with an ESG Risk Rating of 40 and higher. The fund is limited to a maximum exposure of 3% to investments with an elevated sustainability risk, based on the market weight in the portfolio taking into account regional differences and benchmark. Each investment with an ESG Risk rating of higher than 40 requires separate approval by a dedicated committee of SI specialists, compliance and risk management that oversees the bottom-up sustainability analysis.
4. The fund invests a minimum of 5% in green, social, sustainable, and/or sustainability-linked bonds.

For more information, refer to the sustainability-related disclosure on Robeco's website.

Sustainability policies and methodologies

All SFDR-related policies and methodologies: https://www.robeco.com/en/key-strengths/sustainable-investing/sustainability-reports-policies.html

Good governance: https://www.robeco.com/docm/docu-robeco-good-governance-policy.pdf

Principal Adverse Impact Statement: https://www.robeco.com/docm/docu-robeco-principal-adverse-impact-statement.pdf

Asset allocation

At least 90% of the investments are aligned with the E/S characteristics of the fund. The fund plans to make a minimum of 50% sustainable investments, measured by either being positive scores via Robeco's SDG Framework or investments in green, social, sustainable or sustainability-linked bonds. The investments in the category Other, estimated between 0-10%, are mostly in cash and cash equivalents. The planned asset allocation is monitored and evaluated on a yearly basis.

Dedicated reference benchmark for E/S characteristics

There is no reference benchmark designated for the purpose of attaining the environmental or social characteristics promoted by the fund.

Sustainability disclosures based on October 2022 prospectus. The disclosures in the prospectus are at all times leading. The prospectus is available on request and free of charge from www.robeco.com

Avoiding products and business practices detrimental to society

Enhanced and transparent exclusion process

			Exclusion category	Measure for screening	Level 1 'Exclusions' criteria	Level 2 'Exclusions+' criteria
Corporate exclusion criteria	Behavior-based		Controversial behavior	ILO, UNGP, UNGC and OECD compliance [EE]	Subject to engagement [1]	Fail test
			Climate standards	Engagement on Robeco's Paris Alignment assessment [EE]	Subject to engagement [1]	Fail test
			Good governance	Robeco's Good Governance test [EE]	Subject to engagement [1]	Fail test
			AML/CTF	Robeco's KYA assessment based on AML/CTF criteria	Fail test	Fail test
	Product-based	Weapons	Controversial weapons	Revenues from production, key components or services	≥ 0%	≥ 0% [2]
			Military contracting	Revenues from weapon-related products or services	Not applicable	≥ 5%
			Firearms	Revenues from production	Not applicable	≥ 5%
				Revenues from retail	Not applicable	≥ 10%
		Fossil fuels[2]	Thermal coal	Revenues from coal extraction/mining	≥ 20%	≥ 20%
				Revenues from coal power generation	≥ 20%	≥ 20%
				Coal power expansion plans in MW (pro rata) [EE]	≥ 300 MW [4]	≥ 300 MW
			Arctic drilling	Revenues from extraction	≥ 5%	≥ 5%
			Oil sands	Revenues from extraction	≥ 10%	≥ 10%
		Other products	Palm oil	RSPO-certified hectares of land at plantation [EE]	≤ 50%	≤ 80%
			Tobacco	Revenues from production	≥ 0%	≥ 0%
				Revenues from retail	≥ 10%	≥ 10%
				Revenues from related products/services	≥ 50%	≥ 50%
Sovereign exclusion criteria			Countries	Robeco's Country Exclusion test	Fail test	Fail test

Other exclusions

- Paris-aligned benchmarks (EU Benchmark Regulation)
- FeBelFin 'Towards Sustainability'
- Sanctions

[EE] Enhanced Engagement: The exclusion criteria are linked to Robeco's enhanced engagement program.

1) Companies may be subject to engagement before exclusion. In such cases, exclusion is triggered if the engagement is unsuccessful. If engagement is deemed undesired, companies will be subject to direct exclusion. The extent to which engagement is deemed desired is based on the exclusion category and factors such as engageability, relevance, and regulatory compliance.
2) The scope under the Level 2 criteria also covers companies involved in nuclear weapons from so-called 'Nuclear States' (US, UK, France, Russia and China) as defined in the Treaty on the Non-Proliferation of Nuclear Weapons (1968)
3) Investments in green bonds from issuers excluded under one of the climate-related categories remain eligible
4) Companies under climate-related enhanced engagement remain eligible.

UN PRI Scorecard: Strong scores for all modules versus our peers

> Since the launch of the UN PRI assessments in 2014 Robeco obtained high scores in every assessment
> Robeco's scores are often much higher than the median scores of our peers

Sustainability is a driver of change

> It impacts companies' long-term performance
> For us, it leads to better-informed investment decisions
> For fixed income investors it is an extra 'lens' to spot downside risk

No.	Module	Robeco score	Median score
1.	Senior Leadership Statement	Not scored	
2.	Organisational Overview	Not scored	
3.	Sustainability Outcomes	Not scored	
4.	*Investment & Stewardship*	100%	
5.	*Direct - Listed Equity*	Robeco score	Median score
5.1	Listed equity – Active Fundamental – Incorporation	97% ★★★★★	
5.2	Listed equity – Active Fundamental – Voting	74%[1] ★★★★☆	
5.3	Listed equity – Active Quantitative – Incorporation	96% ★★★★★	
5.4	Listed equity – Active Quantitative – Voting	74%[1] ★★★★☆	
6.	*Direct - Fixed income*	Robeco score	Median score
6.1	Fixed Income - Corporate	100% ★★★★★	
6.2	Fixed Income – SSA	100% ★★★★★	

Source: PRI Assessment report 2021, showing the applicable Robeco scores. Due to methodology changes by the PRI, scores are not comparable with previous years. More information on www.unpri.org
1. Gap primarily related to not publishing rationales for voting against management publicly. This was implemented by Robeco shortly after submitting the PRI assessment input. More information on our website.
About the PRI: The United Nations-supported PRI initiative is an international network of investors working together to put the six Principles for Responsible Investment into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision making and ownership practices. In line with Principle 6, the PRI signatories must "report on their activities and progress towards implementing the Principles". Signatories are scored for each UN PRI principle and the scores are measured against those of other investment managers that have signed the PRI. Please also see the Public Transparency Report for Robeco at unpri.org.

Overview Credit Strategies

	Investment Grade Credits	High Yield Credits	Buy & Maintain
Global	> Global Credits > Global SDG Credits > Climate Global Credits > Global Credits Short Maturity > SDG Credit Income	> High Yield Bonds > SDG High Yield	> Bespoke fixed income solutions focusing on the actual purpose of the investments > Matching client goals and avoiding unnecessary risks, turnover and costs
Euro	> Euro Credit Bonds > Euro SDG Credits > IG Corporate Bonds	> European High Yield Bonds	
Specialties	> Corporate Hybrid Bonds > Financial Institutions Bonds	**Private debt** > Dutch Private Loans	
Emerging & Asia	> Sustainable Emerging Credits > Sustainable Asian Bonds		
QI	> Global Multi-Factor Credits > Global SDG & Climate Multi-Factor Credits > Conservative Credits (discretionary accounts only)	> Dynamic High Yield > Global Multi-Factor High Yield > Sustainable Enhanced Index High Yield (discretionary accounts only)	

Source: Robeco.

What is buy and maintain in credits?

Traditional investors use capitalization-weighted indices to benchmark their investments

> Portfolios are geared to these indices and transactions are required to remain in line
> But these indices are not always in line with investor objectives

Buy and maintain credits is an efficient alternative approach:

> Targets a portfolio of corporate bonds that can be held until maturity
> The investors' objectives are leading for bond selection; not a benchmark
> Turnover is minimized and only done to remain aligned with the client objective

	Buy and maintain	Passive	Active
Objective	Client specific	Follow benchmark	Outperform benchmark
Risk focus	Limit fundamental credit risk	Limit tracking error	Actively use tracking error
Typical turnover	0 – 15%	20-40%	>50%
Management fee	Like passive	Like buy and maintain	Higher

Buy-and-maintain credit

Creating bespoke solutions for cash flow driven investors

- Driven by the unique situation of the client, not by a benchmark
- Targets long-term capital preservation, with low turnover and costs
- Easily customized to allow for regulatory and capital requirements

Asset owners such as insurance companies and pension funds face a considerable challenge: they are required to generate sufficient returns and meet unique risk, regulatory and sustainability requirements, all while operating in a world of low yields, market uncertainty and softening growth.

The buy-and-maintain investment style is ideally suited to creating a portfolio that can deliver such precisely defined investment outcomes. It is based on the principle that the unique situation of the client – rather than a benchmark – is the basis for investment decisions.

In this article we highlight how buy-and-maintain investment decisions are driven by the unique situation of the client – rather than by a benchmark. We describe how a buy-and-maintain investment style is ideally suited to create a low-turnover credit portfolio that is able to weather all phases of the credit cycle, that meets client-specific regulatory criteria, that contributes to sustainable development goals and which is focused on achieving long-term investment returns.

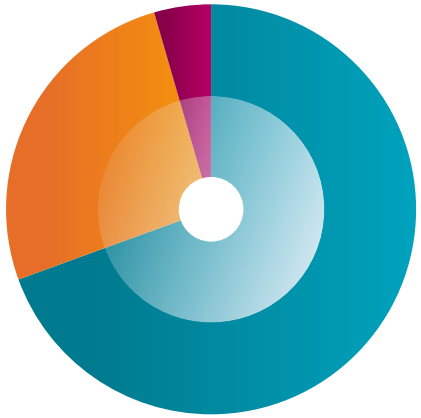
In addition to describing the ins and outs of this investment style, we explain the way Robeco successfully builds buy-and-maintain portfolios based on its two decades of experience. A set of case studies illustrates the adaptability of buy and maintain as a comprehensive

Article
For professional investors
October 2019
Jan Willem de Moor, Remmert Koekkoek and Yvo Schoemaker

Source: Robeco. Turnover: single counted turnover for passive based on Bloomberg Global Aggregate Corporates index in the period January 1994-June 2021

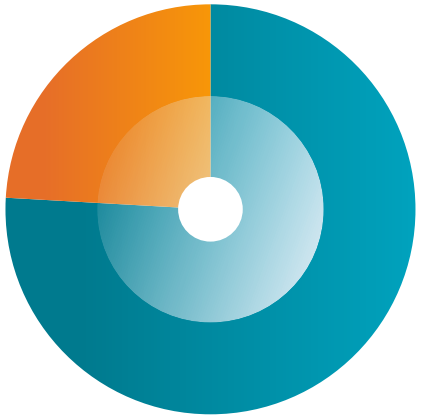
Credits: Asset under Management

Fixed Income - EUR 54 billion



Credits	69%
Government	26%
Aggregate	4%

Credits - EUR 38 billion



Credits - Investment Grade	76%
Credits - High Yield	24%

Credits - EUR 38 billion

Institutional	66%
Retail	34%

Source: Robeco. Data per end of December 2022.

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Important information

Robeco Institutional Asset Management B.V.

Important Information

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The Fund information, if any, contained in this document is qualified in its entirety by reference to the prospectus, and this document should, at all times, be read in conjunction with the prospectus. Detailed information on the Fund and associated risks is contained in the prospectus. The prospectus and the Key Investor Information Document for the Robeco Funds can all be obtained free of charge from Robeco's websites.

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The Fund may not be offered or sold to the public in Brazil. Accordingly, the Fund has not been nor will be registered with the Brazilian Securities Commission (CVM), nor has it been submitted to the foregoing agency for approval. Documents relating to the Fund, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of the Fund is not a public offering of securities in Brazil, nor may they be used in connection with any offer for subscription or sale of securities to the public in Brazil.

Important information
Robeco Institutional Asset Management B.V.

Additional Information for investors with residence or seat in Brunei

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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. relies on the international dealer and international adviser exemption in Quebec and has appointed McCarthy Tétrault LLP as its agent for service in Quebec.

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Neither Robeco nor the Funds have been registered with the *Comisión para el Mercado Financiero* pursuant to Law no. 18.045, the *Ley de Mercado de Valores* and regulations thereunder. This document does not constitute an offer of or an invitation to subscribe for or purchase shares of the Funds in the Republic of Chile, other than to the specific person who individually requested this information on their own initiative. This may therefore be treated as a "private offering" within the meaning of article 4 of the *Ley de Mercado de Valores* (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

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Important information

Robeco Institutional Asset Management B.V.

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Additional Information for investors with residence or seat in South Africa

Robeco Institutional Asset Management B.V. is registered and regulated by the Financial Sector Conduct Authority in South Africa.

Important information

Robeco Institutional Asset Management B.V.

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