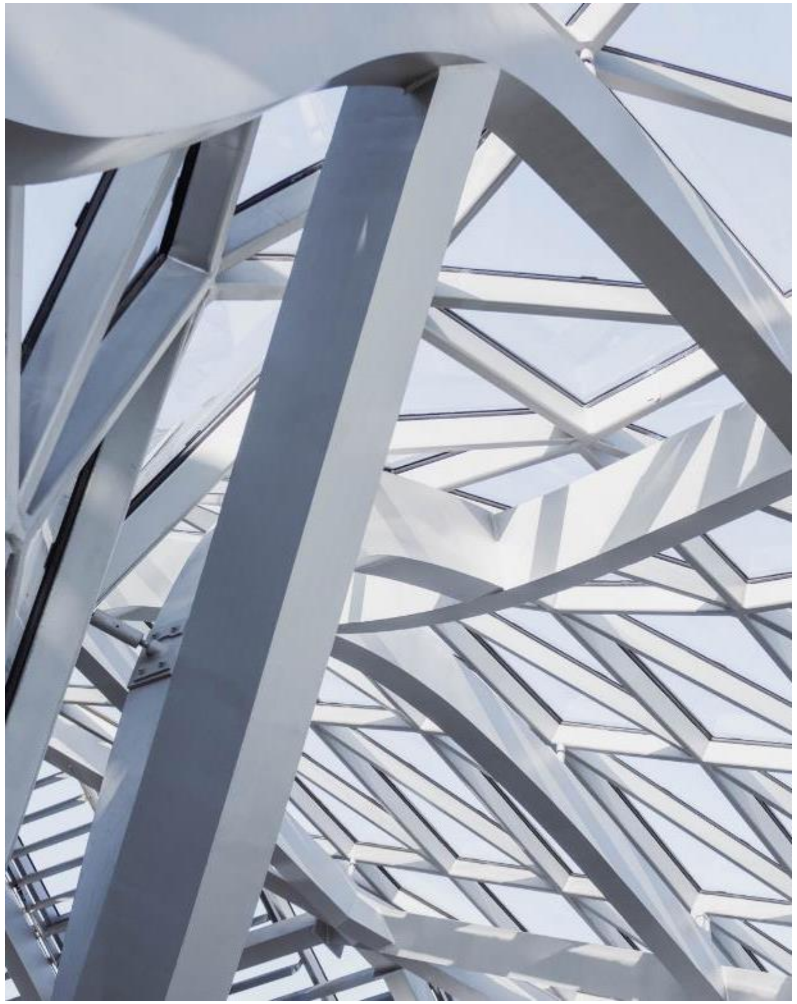
Investing in a deleveraging sector via subordinated bonds

Robeco Financial Institutions Bonds

Marketing materials for professional investors, not for onward distribution.

Sustainable Investing Expertise by ROBECOSAM

Content



Robeco Financial Institutions Bonds: Highlights

Attractive spreads with investment grade issuer risk	> Spread on financial bonds are attractive compared to corporate debt, including high yield > Access to predominately high-quality investment grade rated corporate issuers > Implicit hedge for rising interest rates: Low / no correlation with treasuries
Experienced & stable credit team	> Investing in financial bonds since 1970s > Highly experienced, diverse & stable investment team > Clear split in responsibilities between Portfolio Managers and Credit Analysts
Superior fundamental credit research	> Deep understanding of financial sector and capital securities > Selecting the best in class subordinated bonds, with superior risk-return characteristics > Proprietary credit risk model to monitor both portfolio & issuer risk

Source: Robeco

ROBECO

Why invest in Financial Institutions Bonds?

Attractive valuations, positive outlook

> Spread on financial bonds remain attractive compared to corporate debt, including High Yield

> Financial sector is still deleveraging while corporates, especially in the US, are increasing leverage

Implicit hedge for rising interest rates: Low/ no correlation with treasuries

> Duration substantially lower compared to investment grade credits

> Steeper curves benefit banks and higher long-term yields will benefit insurers

Robeco Financial Institutions Bonds: A quality approach with strong focus on Tier 2 bonds

> Not relying predominantly on AT1 / Coco's to generate returns

> Credit rating: BBB/BBB+ portfolio*, typically with investment grade quality

Broad investable universe

> Diversification across banks and the "unloved" insurance debt sector

> Seeks best opportunities from the whole capital structure

Source: Robeco. Robeco Financial Institutions Bonds.
*The fund aims to invests at least 70% of its total assets in fixed income securities with a minimum rating of BBB- or equivalent. 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

Why invest in Financial Institutions Bonds?

Subordinated debt of financials attractive versus global Investment Grade and High Yield universes

> **Yield** pick up versus Investment Grade

> **Spread** on financials compares favorable to both corporate Investment Grade and High Yield

> **Duration** is substantially lower compared to Investment Grade credits

> **Credit rating** of portfolio is on average Investment Grade

Characteristics	Financial Institutions Bonds	Global Investment Grade Corporate	Global High Yield Corporate
Yield to Worst (Hedged to EUR)	0.0%	3.3%	6.6%
Yield to Worst (Hedged to USD)	0.0%	5.9%	9.2%
Yield to Worst (Hedged to GBP)	0.0%	5.0%	8.3%
Credit spread (OAS in bps)	0	147	472
Interest rate duration (OAD in years)	0.0	6.1	3.8
Average rating		A3/BAA1	BA3/B1

Source: Robeco, Bloomberg. Financial Institutions Bonds: Robeco Financials Institutions Bonds. Global Investment Grade Corporate: Bloomberg Global Aggregate - Corporates, Global High Yield Corporate: Bloomberg US Corp. HY & Pan Eur. HY. ex Fin. 2.5% Issuer Cap. Data end of December 2022.
This example is for information purposes only and not intended to be an investment advice in any way.

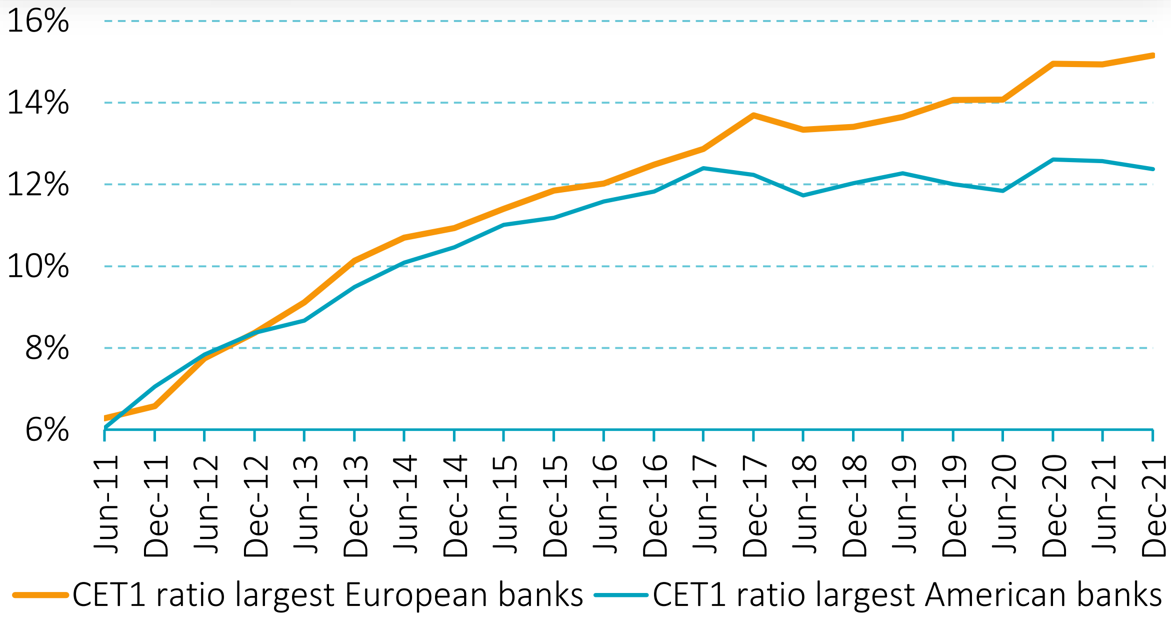
Basel III Monitoring: Improvement in capital and liquidity is visible

Common Equity Tier 1 ratio

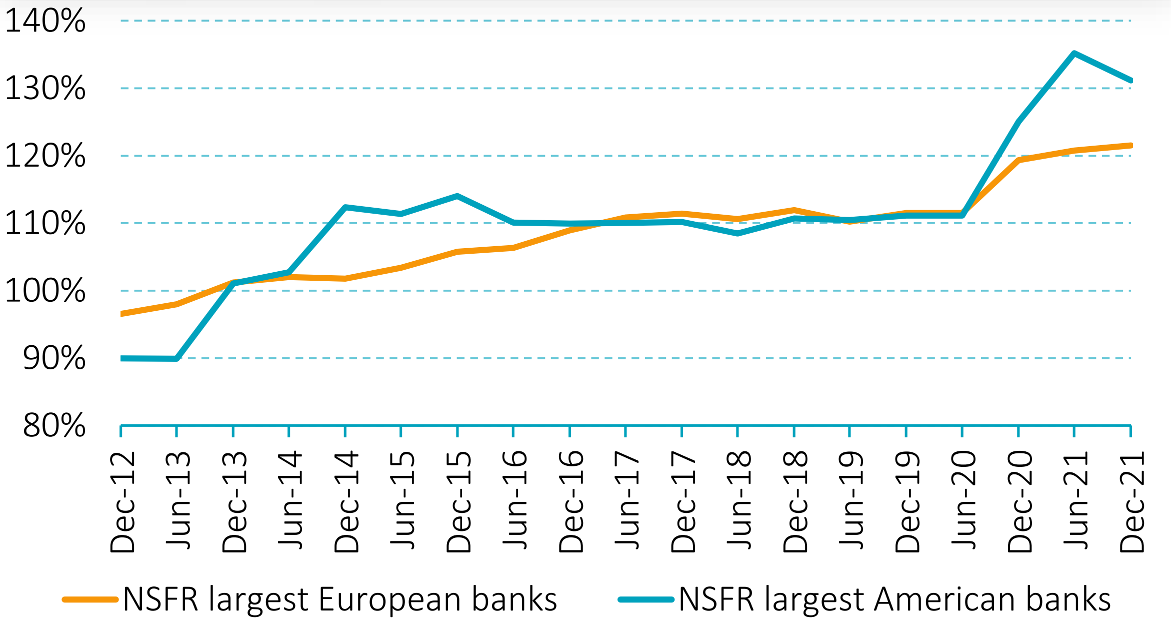
Basel III started the process of recapitalization of the banking sector

- Progress is measured on semi-annual basis for European and Global banks
- Better liquidity and funding are also important targets of Basel III

Common Equity Tier 1 ratio



Net Stable Funding Ratio



Sources:Bank for International Settlements, “Basel III Monitoring Report”, September 2022

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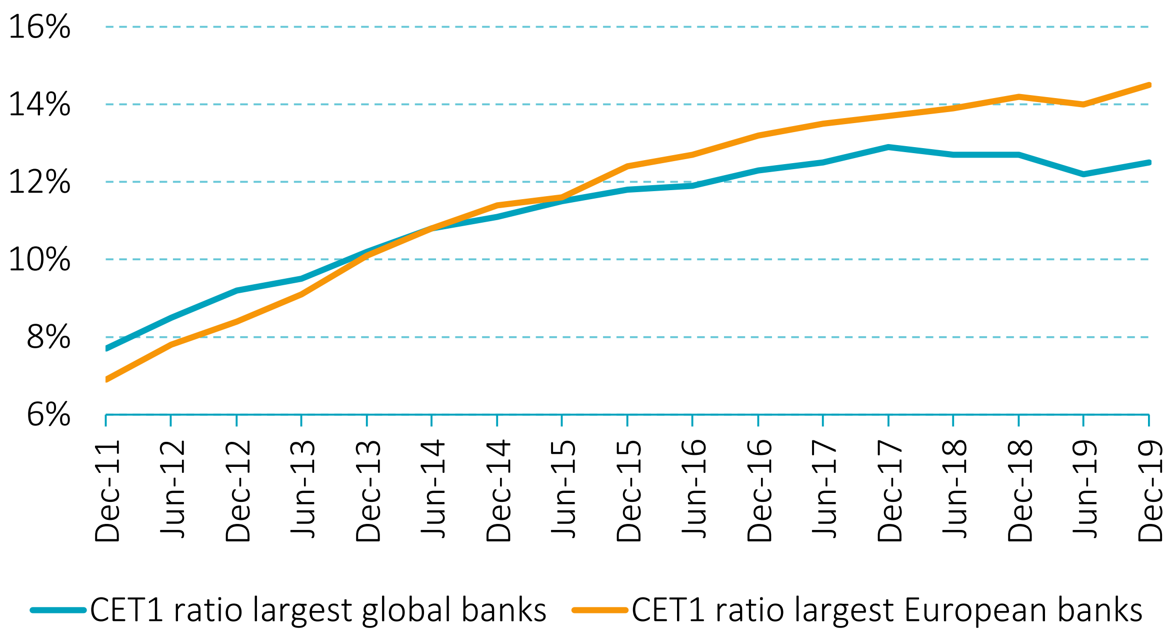

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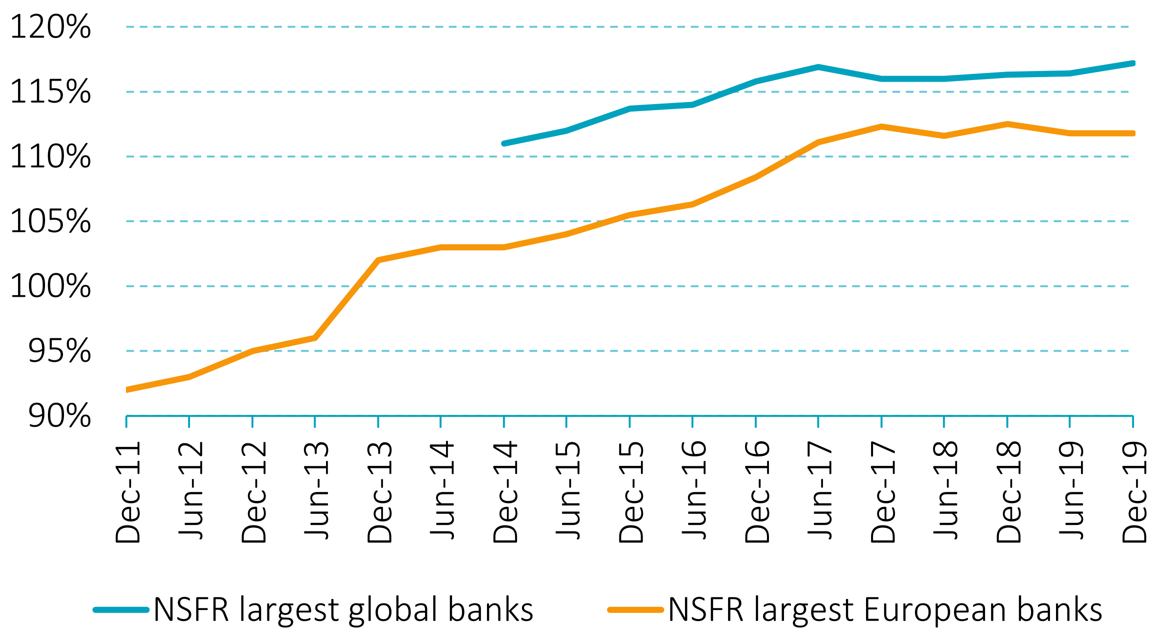


Sources: European Banking Authority, "Basel III Monitoring Exercise", December 2020
Bank for International Settlements, "Basel III Monitoring Report", December 2020

Capital requirements under Basel III

Common Equity is dominant source of capital

14.5% **Counter Cyclical Buffer** (between 0% and 2.5%)
Must be filled with Common Equity Tier 1

13.5% **Systemic Risk Buffers** (between 1% and 5%)
Must be filled with Common Equity Tier 1

10.5% **Capital Conservation Buffer** (2.5%)
Must be filled with Common Equity Tier 1

8.0% **Absolute minimum for Total Capital**
May be filled with Tier 2 debt

6.0% **Absolute minimum for Total Tier 1 Capital**
May be filled with Additional Tier 1 debt

4.5% **Absolute minimum for Common Equity Tier 1**
Must be filled with Common Equity Tier 1

Common Equity
Tier 2 Capital
Additional Tier 1 Capital

Tier 2

- Also known as Lower Tier 2 (LT2)
- Bonds with a final maturity
- Sometimes callable, often in 10NC5 format

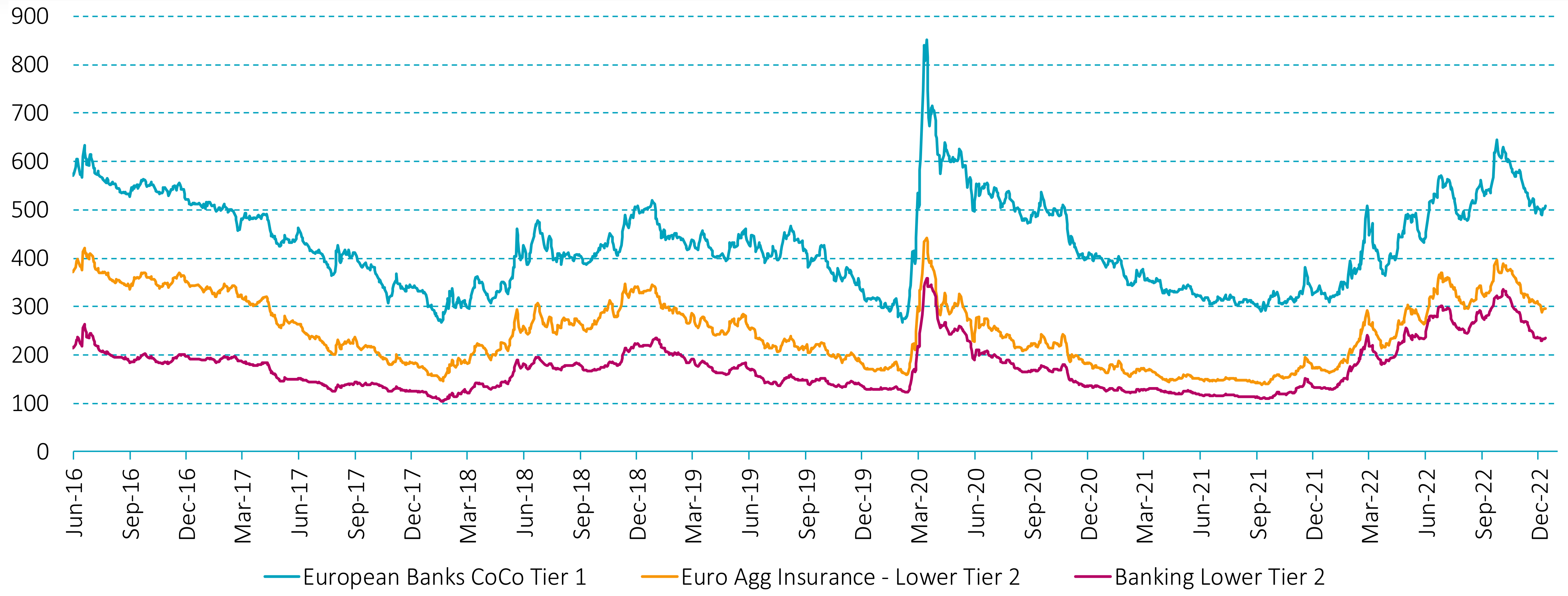
Additional Tier 1

- Also known as AT1 or “CoCo”
- Perpetual bonds with a call in 5-10 years
- Can be converted into equity or written down

Capital requirements are defined as a percentage of Risk Weighted Assets. Source: Robeco

Why subordinated financial bonds: Spreads

Spreads of different subordinations within financials



Source: Bloomberg, Robeco.

Investment Team

Dedicated professionals covering financial bonds

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

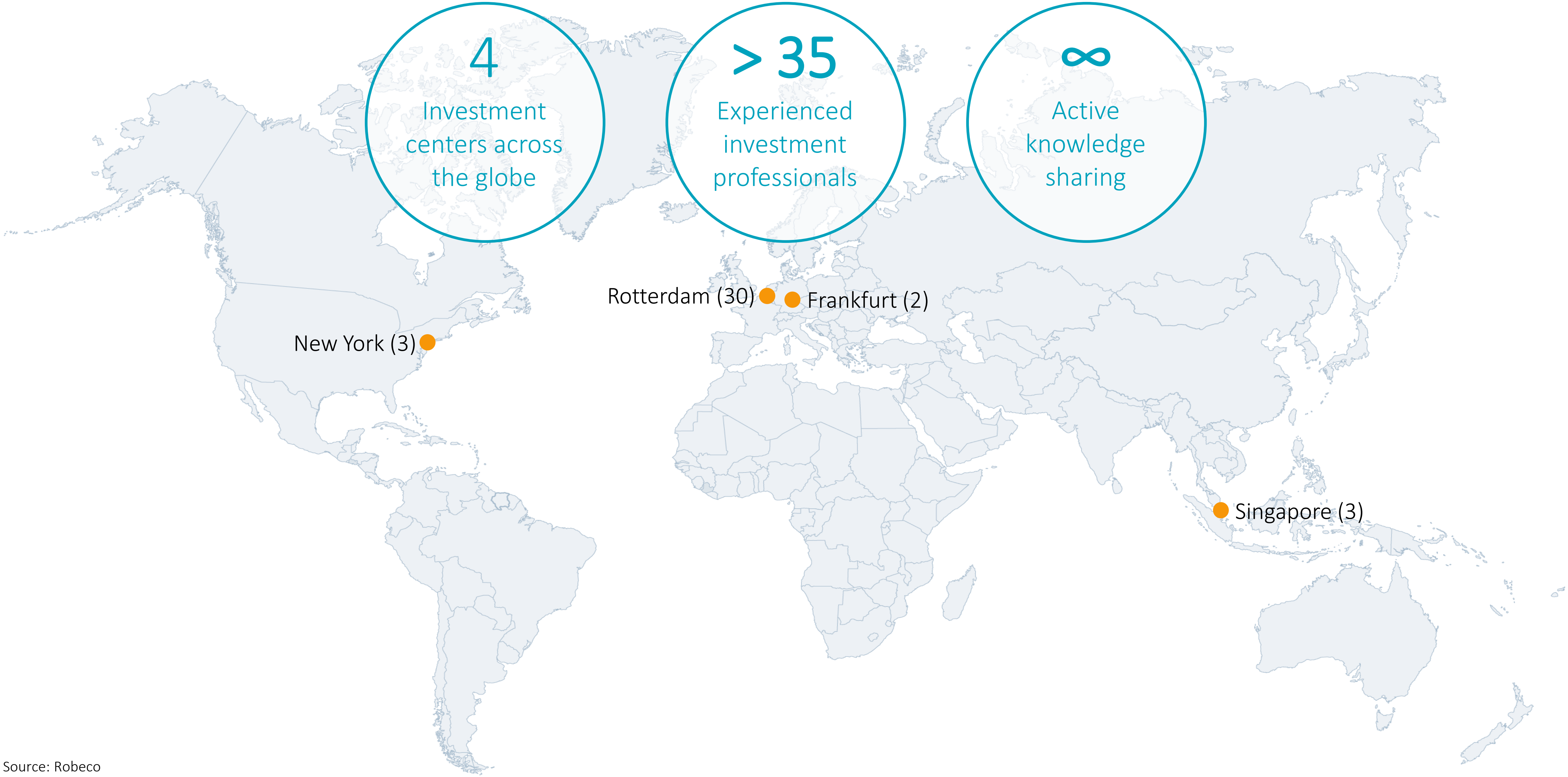
Source: Robeco

Global Credit Research: Information sharing actively nurtured

4
Investment centers across the globe

> 35
Experienced investment professionals

∞
Active knowledge sharing



Source: Robeco

Investment Philosophy & Process

Investment Philosophy: Value opportunities due to market biases

Credit markets are impacted by a number of biases:

> Behavioral biases like overpaying for risk cause markets to **overshoot**

> Institutional biases lead to **segmentation** in markets

> **Top-down neglect**, overlooking of fear & greed cycles and country risks

These biases create value opportunities:

> Cheaper and shorter dated credits outperform

> Our research shows that valuation in investment grade credit tends to **mean-revert** over time

We capture these opportunities by combining:

> A total return attitude looking for **non-consensus** positions

> Superior fundamental credit research: deep understanding of financial sector and subordinated debt structures

> Selecting the **best in class** financial bonds with best risk-return characteristics

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

ROBECO
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
For professional investors
Q1 2023

Victor Verberk & Sander Bus
Co-heads Credit team

Jamie Stuttard
Credit Strategist

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

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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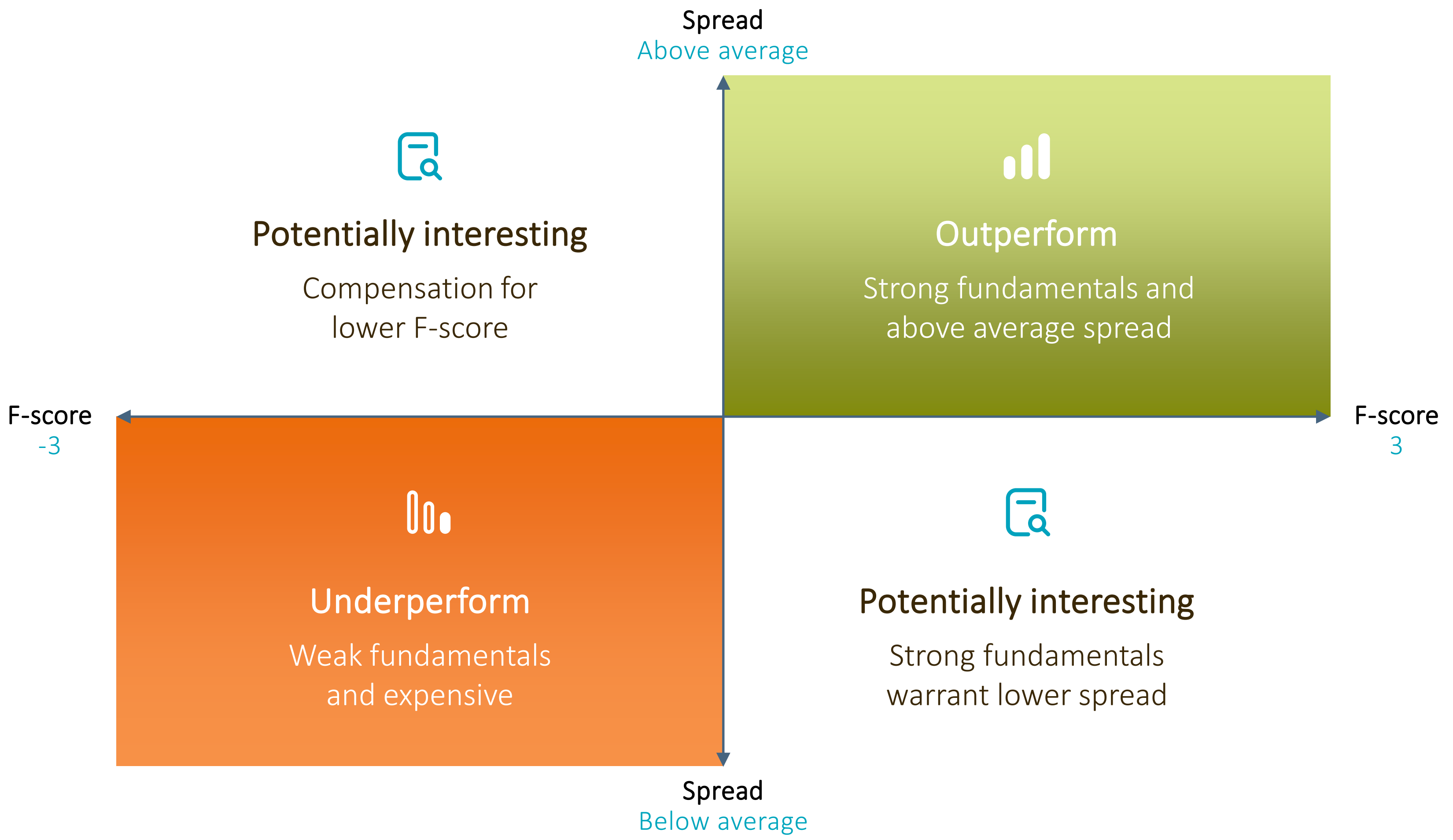
Fundamental credit analysis: Investment recommendations

Internal F-scores versus relative value



Investment decision

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

Source: Robeco.
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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.
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Fundamental credit analysis: ESG integration

Assess impact of ESG factors on fundamental view

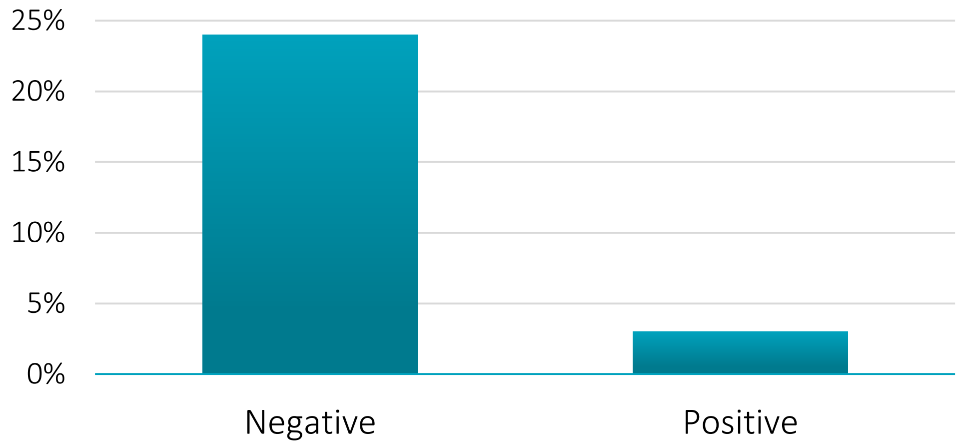
ESG Profile

Contribution ESG factors to Fundamental scores

24%

of F-scores

Impacted by the company's ESG profile



Source: Robeco. Data April 2021

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

Fundamental Credit Analysis: In-depth & comprehensive

Research examples

ROBECO Report type: [Full Analysis]

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

Company	Caixa Geral de Depositos	F-score	2
Sector	Banks		
		S&P	
Analyst	Marijn Davidse	Moody's	Ba1, Stable
Date	September 2019	Fitch	BB+, Stable

Summary

In this report we consider Caixa Geral de Depositos ('CGD') the state-owned Portuguese bank and the largest bank in the country.
The above ratings are the senior unsecured ratings, i.e. the senior preferreds. Recently a SNP was issues, with a rating of Ba2/BB

The *business position* is average (unchanged). The bank has a strong position in Portugal, which is still a recovering country however. Also, it has a presence in emerging countries, in Africa in particular.

The *strategy* is average (unchanged). The strategy has delivered much already: a sound capital position and a more rationalized business.

The *financial position* is strong (changed from weak). The financial position has improved markedly the last few years, in no small part thanks to the Portuguese state.

The company scores *neutral* on ESG.

The *structure* is strong. The bank benefits from a committed and strong shareholder.

In light of the big improvement *and* the upward trajectory of the bank a +2 is in order (changed from 0), given the very low rating.

Recommendation: in line subordinated. The bonds are priced in line with the peer group.

Business position

Company description

With total assets of €91bn, this is Portugal's largest bank[1]. It is owned exclusively by the state, see 'corporate structure' below.
The bank has adopted the following segments, to report under

- *Trading and sales*. Trading and sales include banking activity related to the management of the treasury shares portfolio, management of issuances of debt instruments, money and foreign exchange market operations, repo type operations, securities lending operations and wholesale brokerage.
- *Retail banking*. Retail banking comprises banking activities for individual customers, one-man businesses and micro enterprises. This segment also includes consumer finance, mortgage lending, credit cards and deposits taken from individual customers.
- *Commercial banking*. Commercial banking includes lending activities and resource-taking from major enterprises and SMEs. The segment includes loans, current accounts, investment project finance, bills discounting operations, venture capital, factoring, equipment and property leasing, syndicated loans underwriting and loans to the public sector.

[1] The largest privately-owned bank is Banco Comercial Portugues (BCP) with €81bn in assets.

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

ROBECO 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	Rothesay Holdco LtD	F-score	-2
Sector	Insurance	S&P	
Analyst	Jan Willem Knoll	Moody's	Baa2, Stable
Date	September 2019	Fitch	A, Stable

Conclusion and investment recommendation

In this report we initiate in Rothesay Holdco LtD. We believe Rothesay to have a decent position in the UK bulk annuity market. This however is a competitive market, with a commoditized product range. Further, Rothesay is an annuity focused 'monoline business model', lacking geographical diversification. Therefore, relative to its single A rating, we qualify the business position as 'weak'. The strategy is qualified as weak, due to aggressive capital targets. The financial position is weak, due to a full dependence on the Matching Adjustment in the capital structure. Without MA, the own funds are less than zero. Lastly, we deem the structure strong. ESG is neutral.

Recommendation: Outperform tier 2 and tier 3; inline RT1

Business position

I Company description

- Rothesay was founded in 2007 by Goldman Sachs. Goldman exited in 2017.
- Rothesay is currently owned by Blackstone (34.6%), GIC (34.6%) and MassMutual (23.8%). Management owns 7% of the shares.
- The company has become one of the leading providers in the market of Defined Benefit (DB) de-risking products in the UK. This is mainly done via Bulk Annuities purchases.
- Bulk annuities are a transfer of a defined-benefit pension scheme from corporates to insurers. This may include transfer of all the risks (ie asset risk, longevity risk, inflation risk) or just specific risks such as longevity risk. The full transfer risk is called a buy-out. A partial risk transfer is called a buy-in.
- Rothesay believes it will rank as the #3 player in the market by assets at the end of FY19.
- Bulk annuities are annuity policies that insure a *group* of individuals *under a single contract*. These individuals are typically the members of a Defined Benefit Pension Plan, or a defined subset of such members. The contract written by the insurer is typically a single premium contract. Bulk annuities basically come in two sorts:
- Buy-in:
  - The pension scheme purchases a bulk annuity insurance policy to cover its obligations to **a subset of the scheme members**. The insurance policy is held as an asset of the pension scheme.
  - A buy-in is a perfectly matching investment for the insured liabilities. A buy-in removes the pension scheme's longevity, market interest rate, inflation and other risks for the specific scheme members involved, as these are transferred to the insurance company.
  - An example of a buy-in is a situation where the pension scheme transfers the investment and longevity risks on the oldest cohort of pensioners (let's say 70+) to the insurance company.
  - The insurer has no direct relationship with pension scheme members, whose benefits continue to be managed by the trustees.
- Buy-out:
  - A buyout **removes** pension assets and liabilities from a pension scheme and employer's balance

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ROBECO Report type: [New Issue Note]

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

Company	Shinhan Bank	F-score	+1
Sector	Financials	Version	-
		Moody's	Aa3
Analyst	Ang Ben You	S&P	A+
Date	April 2019	Fitch	A

Key Points for new SHNHAN T2 2029s (Sustainability)_

Structure

- RegS/144A
- Issue rating will be Baa1/BBB+/BBB+ to reflect subordination
- Tier 2
- 10Y
- Note that under Korean regulations, T2s will amortize immediately by 20% per year as regulatory capital immediately after being issued (according to CITNAT roadshow which I attended and clarified)
- Benchmark size
- Full and permanent write-off upon PONV
- Contractual PONV
- Use of proceeds for financing eligible green or social projects in line with UN SDG goals

Fundamental View (refer to F-score report)

- Business position: AVERAGE
- Strategy: AVERAGE
- Financial position: STRONG
- Corporate structure & covenants: AVERAGE
- Sustainability: NEUTRAL

Conclusion

- Stronger credit profile versus Korean peers but should not result in credit differentiation by spread except vs Woori

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Source: Robeco, company information
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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
  - Country risk, regulation, liquidity, spread, back-end spread level (after call date), conversion trigger levels, CoCo versus AT1 etc.

Portfolio weights are 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 70 issuers

- Implementation with cash bonds, limited use of CDS

No active duration or FX positions

Final responsibility with Portfolio Manager

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

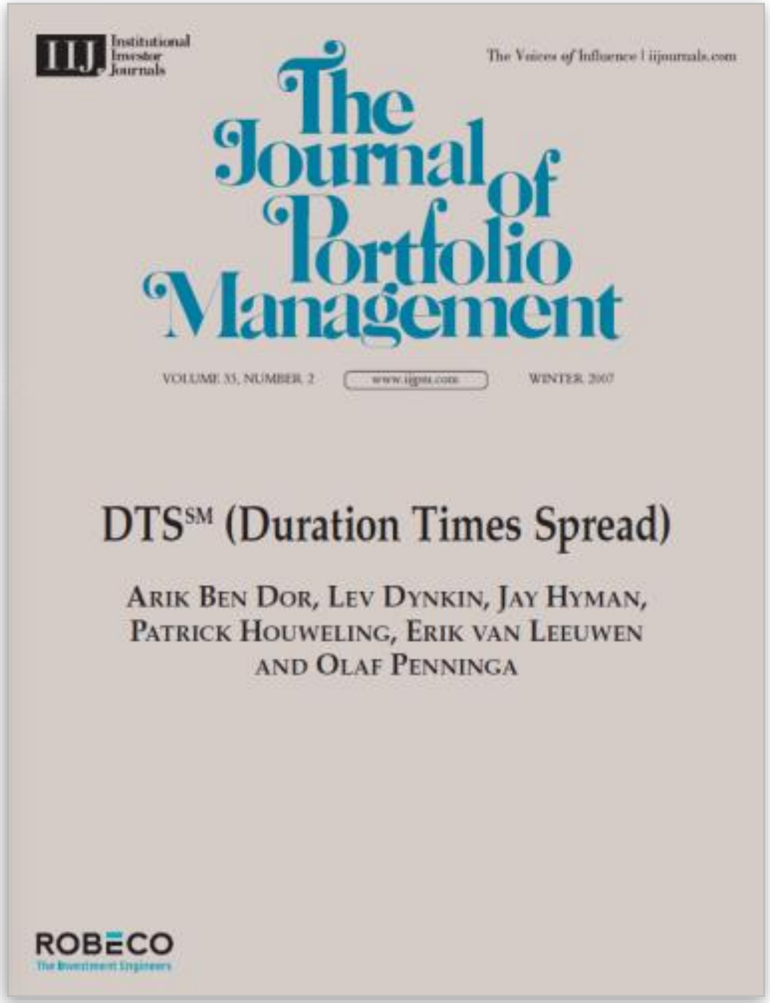
Fully automated daily reporting on portfolio's tracking error positioning

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: 3%, BBB and lower: 1.25%
Market Risk	Risk points methodology allows for sophisticated monitoring	
	Maximum ex-ante tracking error	4%
Liquidity Risk	Portfolio holdings	Approximately 70 issuers
	Maximum exposure single issuer	No more than 10% of outstanding issuer
	Trading costs related to fund inflows	Partial swing pricing may be applied at investment
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 Financial Institutions Bonds. Benchmark: Bloomberg Euro-Aggregate: Corporates Financials Subordinated 2% issuer constraint
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Portfolio Positioning

Focusing on higher quality part of the universe

Positioning: Portfolio
Robeco Financial Institutions Bonds

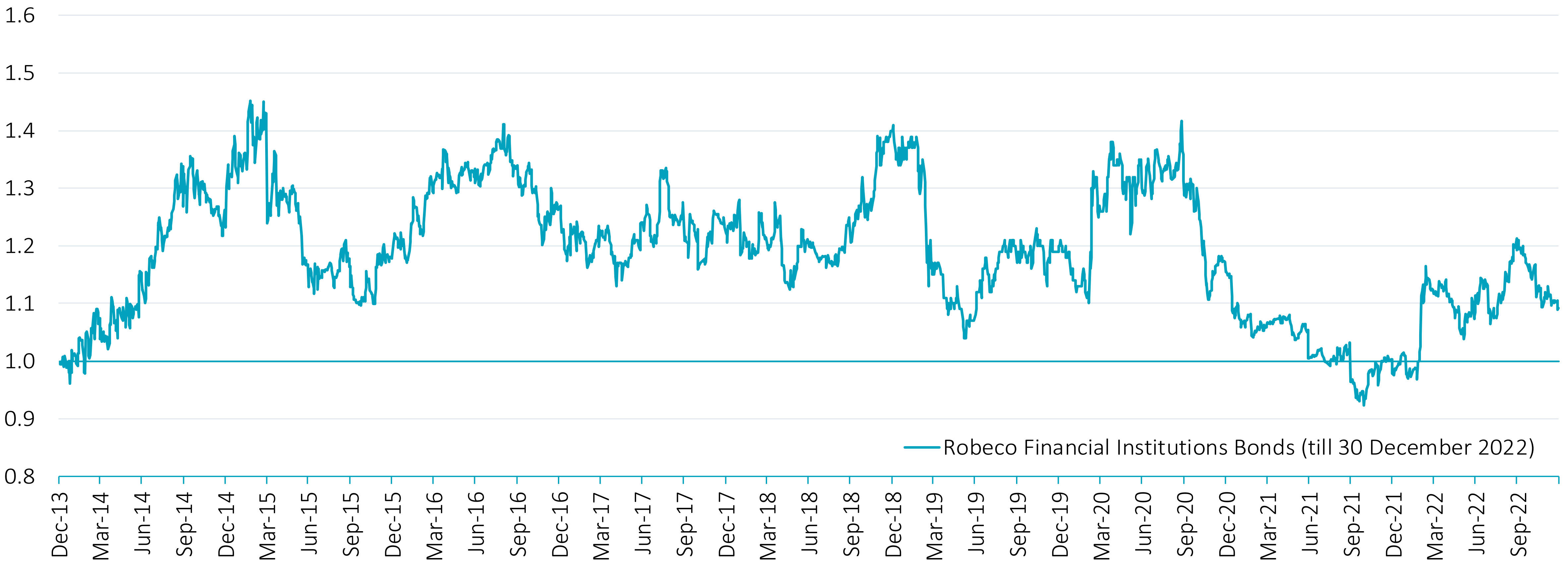
- Circa 36% of portfolio is invested in Bank Tier 2 bonds, circa 34% is invested in Insurance Tier 2 bonds
- Credit beta is circa 0.00
- Portfolio yield is higher than the benchmark, for instance via buying of Additional Tier 1 CoCos and restructuring stories
- Largest country-overweights (in risk-terms): Netherlands, Austria and Spain
- Largest country-underweights (in risk-terms): Germany, France and Australia
- Circa 9% in cash and Bunds
- Off-benchmark positions in high yield (17%) and in bonds denominated in USD (2%) and GBP (5%)
- Portfolio yield (unhedged) 0.0%
- Portfolio duration 0.0 years

Source: Robeco, Bloomberg. Portfolio: Robeco Financial Institutions Bonds. Benchmark: Bloomberg Euro Credit Corp Sub Financials 2% Cap. 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 Financial Institutions Bonds

Historical Beta



Source: Robeco, Bloomberg. Portfolio: Robeco Financial Institutions Bonds. Benchmark: Bloomberg Euro Credit Corp Sub Financials 2% Cap.
This example is for information purposes only and not intended to be an investment advice in any way.

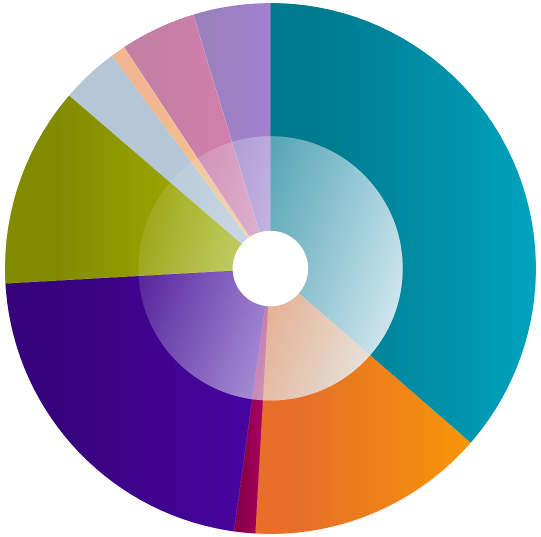
Positioning: Countries & Subordination

Robeco Financial Institutions Bonds

Country allocation top 10 - Financials

Netherlands	17.8%
France	15.1%
Spain	8.9%
Switzerland	7.5%
Austria	7.2%
United Kingdom	7.2%
Germany	5.5%
Denmark	5.0%
Belgium	3.5%
Italy	3.3%

Subordination type



Banking Tier 2	36.4%
Banking Additional Tier 1 CoCo	14.5%
Banking Senior	1.3%
Insurance Subordinated (dated)	21.9%
Insurance Subordinated (perpetual)	12.2%
Insurance Restricted Tier 1	3.5%
Financial Other	0.9%
Treasuries	4.6%
Cash and other instruments	4.7%

Source: Robeco. Portfolio: Robeco Financial Institutions Bonds. Data end of December 2022. Note: Absolute weight based on market value.
This example is for information purposes only and not intended to be an investment advice in any way.

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Positioning: Top 10

Robeco Financial Institutions Bonds

Top 10 active positions (Absolute weight)

Issuer	Sector	Market value weight			Risk points		
		Portfolio	Benchmark	Delta	Portfolio	Benchmark	Delta
Deutsche Bank AG	Banking	2.9%	2.0%	0.9%	86	27	58
Raiffeisen Bank International AG	Banking	2.9%	1.8%	1.1%	100	51	49
ASR Nederland NV	Insurance	2.9%	2.0%	0.9%	77	41	37
Erste Group Bank AG	Banking	2.8%	1.8%	1.0%	86	38	47
Argentum Netherlands BV for Swiss Life AG	Insurance	2.8%	1.4%	1.4%	26	13	13
Danske Bank A/S	Banking	2.8%	2.0%	0.8%	28	26	2
Ageas SA/NV	Insurance	2.7%	1.2%	1.5%	74	34	40
CaixaBank SA	Banking	2.7%	2.0%	0.7%	53	28	26
Societe Generale SA	Banking	2.7%	2.0%	0.7%	54	24	30
ELM BV for Helvetia Schweizerische Versicherungsge	Insurance	2.7%	1.0%	1.7%	51	20	31

Top 10 active positions (Relative risk points)

Issuer	Sector	Market value weight			Risk points		
		Portfolio	Benchmark	Delta	Portfolio	Benchmark	Delta
Aroundtown SA	Other Financials	0.0%	0.9%	-0.9%	0	89	-89
Mutuelle Assurance Des Commercants et Industriels	Insurance	0.0%	1.6%	-1.6%	0	60	-60
Deutsche Bank AG	Banking	2.9%	2.0%	0.9%	86	27	58
Raiffeisen Bank International AG	Banking	2.9%	1.8%	1.1%	100	51	49
Erste Group Bank AG	Banking	2.8%	1.8%	1.0%	86	38	47
Hannover Rueck SE	Insurance	0.0%	2.0%	-2.0%	0	45	-45
Ageas SA/NV	Insurance	2.7%	1.2%	1.5%	74	34	40
Lloyds Banking Group PLC	Banking	1.9%	0.3%	1.5%	44	5	39
de Volksbank NV	Banking	1.5%	0.5%	1.1%	44	6	38
Talanx AG	Insurance	0.0%	1.1%	-1.1%	0	37	-37

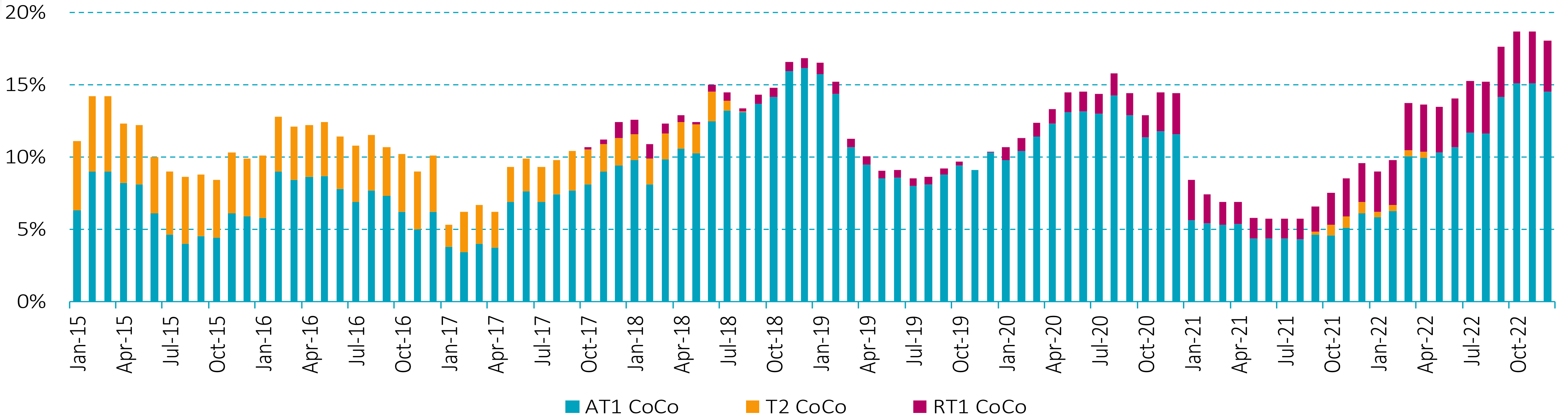
Source: Robeco, Bloomberg. Portfolio: Robeco Financial Institutions Bonds. Benchmark: Bloomberg Euro Credit Corp Sub Financials 2% Cap. Data end of December 2022.
This example is for information purposes only and not intended to be an investment advice in any way.

Positioning: CoCos

Positioning in CoCos can be actively adjusted to steer portfolio beta or play relative value

- We increased exposure to CoCos in the months following the Covid-19 sell-off in March 2020
- After a strong rally in 2020 we lowered the portfolio beta by selling CoCos in January 2021
- We increased exposure again in March 2022, as credit markets had cheapened up significantly

Percentage invested in CoCos



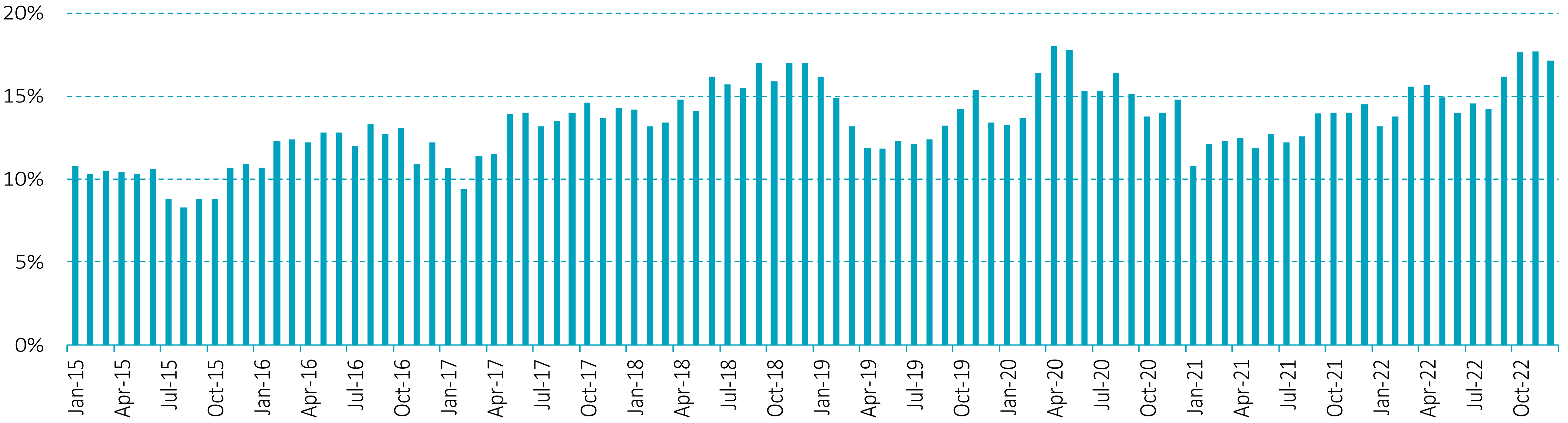
Source: Robeco. Portfolio: Robeco Financial Institutions Bonds.

Positioning: High Yield
Robeco Financial Institutions Bonds

> Mainly invested in investment grade

> High yield positions typically subordinated debt from investment grade banks and insurance companies

Percentage invested in high yield



Source: Robeco. Portfolio: Robeco Financial Institutions Bonds.

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Positioning: Characteristics
Robeco Financial Institutions Bonds

Characteristics	Portfolio	Benchmark	Difference
Yield to Worst (Unhedged)	0.0%	6.2%	-6.2%
Yield to Worst (Hedged to EUR)	0.0%	6.2%	-6.2%
Yield to Worst (Hedged to USD)	0.0%	8.8%	-8.8%
Yield to Worst (Hedged to GBP)	0.0%	7.9%	-7.9%
Interest rate duration (OAD in years)	0.0	4.0	-4.0
Spread duration (OASD in years)	0.0	5.8	-5.8
Credit spread (OAS in bps)	0	283	-283
Coupon	0.0%	2.9%	-2.9%
DTS beta	0.00	1.00	
Numbers of issuers	0	81	
Average rating		BAA1/BAA2	

Source: Robeco, Bloomberg. Portfolio: Robeco Financial Institutions Bonds. Benchmark: Bloomberg Euro Credit Corp Sub Financials 2% Cap. Data end of December 2022.
This example is for information purposes only and not intended to be an investment advice in any way.

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Performance

Performance

Robeco Financial Institutions Bonds

Annualized performance (Hedged into EUR)	YTD	1 Year	3 Years	5 Years	10 Years	Since Jun-11
Robeco Financial Institutions Bonds	-12.52%	-12.52%	-2.91%	-0.28%	3.45%	4.65%
Benchmark	-13.94%	-13.94%	-3.89%	-1.06%	2.45%	3.37%
Relative performance	1.42%	1.42%	0.98%	0.78%	1.00%	1.28%
Tracking error		2.11%	1.56%	1.32%	1.09%	1.27%
Information ratio		0.68	0.63	0.59	0.92	1.01

Calendar year performance (Hedged into EUR)	2022	2021	2020	2019	2018	2017
Robeco Financial Institutions Bonds	-12.52%	1.35%	3.23%	12.23%	-4.03%	10.19%
Benchmark	-13.94%	0.58%	2.56%	10.45%	-3.32%	7.91%
Relative performance	1.42%	0.77%	0.67%	1.78%	-0.71%	2.28%

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 Financial Institutions Bonds D-EUR Share Class. Benchmark: Bloomberg Euro Credit Corp Sub Financials 2% Cap. All figures in EUR. Data end of December 2022.

Performance

Robeco Financial Institutions Bonds

Annualized performance (Hedged into USD)

	YTD	1 Year	3 Years	5 Years	7 Years	Since Mar-14
Robeco Financial Institutions Bonds	-10.26%	-10.26%	-1.30%	1.89%	4.18%	4.26%
Benchmark	-11.86%	-11.86%	-2.39%	1.05%	3.12%	3.32%
Relative performance	1.60%	1.60%	1.09%	0.85%	1.06%	0.94%
Tracking error		2.16%	1.56%	1.33%	1.23%	1.13%
Information ratio		0.74	0.69	0.64	0.86	0.83

Calendar year performance (Hedged into USD)

	2022	2021	2020	2019	2018	2017
Robeco Financial Institutions Bonds	-10.26%	2.14%	4.89%	15.71%	-1.28%	12.40%
Benchmark	-11.86%	1.43%	4.03%	13.80%	-0.47%	10.07%
Relative performance	1.60%	0.71%	0.86%	1.91%	-0.80%	2.34%

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 Financial Institutions Bonds D-USD Share Class. Benchmark: Bloomberg Euro Credit Corp Sub Financials 2% Cap. All figures in USD. Data end of December 2022.

Robeco Financial Institutions Bonds: Key takeaways

Broader investable universe

> Diversification across bank debt and insurance
> Seeks best opportunities from the whole capital structure
> Avoids concentration risk ~70 issuers
> Benchmark: Bloomberg Euro Aggregate: Corporates Financials Subordinated 2% Issuer Cap

A quality approach with strong focus on dated Tier 2 bonds

> Not relying on Additional Tier 1/ CoCos
> ~85-90% in investment grade quality

Successful 10 year track record by the Portfolio Manager Jan Willem de Moor, supported by 5 financial credit analysts

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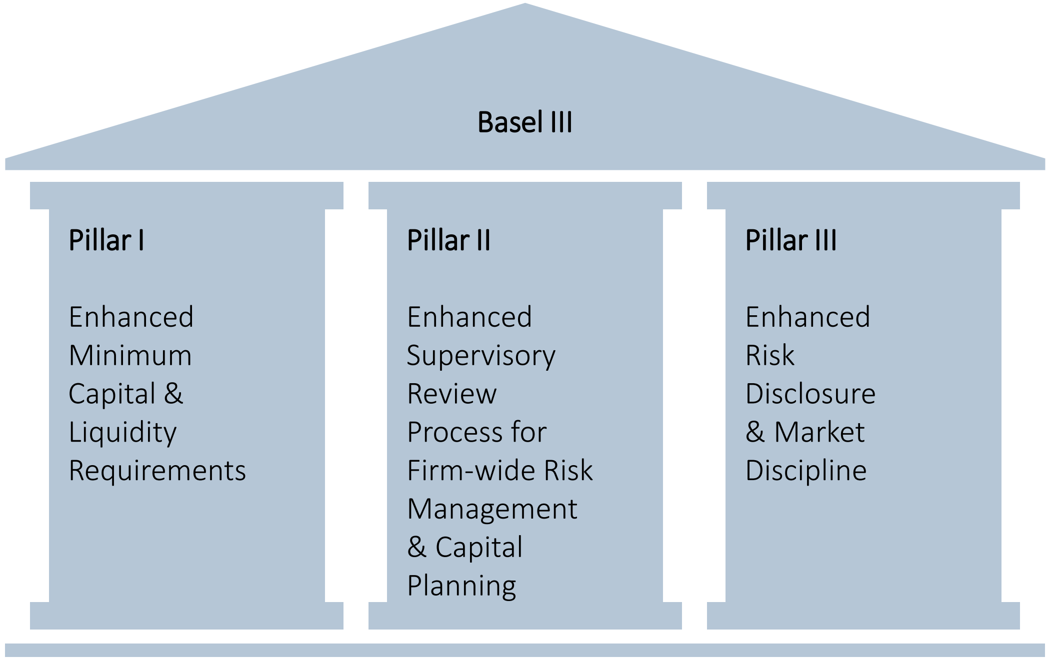
The value of your investments may fluctuate. Results obtained in the past are no guarantee for the future.

Appendix: Basel III & The Capital Elements

Explaining Tier 1, Tier 2 and CoCos

Secular trend pushing banks into multi-year deleveraging mode

- Basel III will force banks to further reduce their leverage and improve liquidity
- Basel III requires hybrid capital ("new style") to be issued, with attractive yields
- ECB supervision and increased regulation will substantially lower the probability of default



Basel III: Implementation schedule

Phase-in arrangements

(shading indicates transition periods - all dates are as of 1 January)

	2011	2012	2013	2014	2015	2016	2017	2018	As of 1 January 2019
Leverage Ratio	Supervisory monitoring		Parallel run 1 Jan 2013 – 1 Jan 2017 Disclosure starts 1 Jan 2015					Migration to Pillar 1	
Minimum Common Equity Capital Ratio			3.5%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%
Capital Conservation Buffer						0.625%	1.25%	1.875%	2.50%
Minimum common equity plus capital conservation buffer			3.5%	4.0%	4.5%	5.125%	5.75%	6.375%	7.0%
Phase-in of deductions from CET1 (including amounts exceeding the limit for DTAs, MSRs and financials)				20%	40%	60%	80%	100%	100%
Minimum Tier 1 Capital			4.5%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%
Minimum Total Capital			8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Minimum Total Capital plus conservation buffer			8.0%	8.0%	8.0%	8.625%	9.25%	9.875%	10.5%
Capital instruments that no longer qualify as non-core Tier 1 capital or Tier 2 capital			Phased out over 10 year horizon beginning 2013						

Source: BIS

Regulators will be looking from different angles too

> The leverage ratio will measure capital versus Total Assets, instead of versus Risk Weighted Assets

> Basel 3 minimum requirement will be 3%, but upward revision is likely

> Impact will be highest for banks with assets that have low risk weightings (e.g. mortgages)

> Issuance of Additional Tier 1 bonds helps to improve leverage ratio

> Final rules are still under discussion

Total loss absorbing capital (TLAC)

> TLAC measures how much debt and equity is available to absorb losses in a resolution situation

> Intention is that core of the bank will remain unaffected, while losses are absorbed by TLAC

> TLAC can even consist of senior debt, as long as there is no contagion to core operations

> Requirements will be set via Financial Stability Board (for Global Systemically Important Financial Institutions), via the European Union (Bank Recovery and Resolution Directive) and via other regulators

> Final rules are still under discussion

Coupon risk on Additional Tier 1 bonds

> Banks have full discretion not to pay coupons on AT1 bonds.

> Banks need to have a sufficient amount of Available Distributable Items to be able to pay coupons. This is not a concern for most banks, but there are a few exceptions (Deutsche Bank).

Common Equity Tier 1 capital (CET1)

> More important is the potential restriction on coupon payments if a bank does not have enough CET1 to satisfy all its buffer requirements.

> For Eurozone banks these requirements are set by the ECB in its role of supervisor. Finally, banks have disclosed what the individual buffer requirements are (even though the ECB does not like this disclosure).

> Typically, the required CET1 level is around 10% for 2019. If a bank is below this level, limitations will apply on the amount of profit that can be distributed (dividends, AT1 coupons, bonuses). These are called MDA-restrictions.

> CET1 levels for all large banks are currently above the individual coupon trigger level.

> What is the risk? If a bank only has a small buffer over the required CET1 level, there is not much room for error. In this case a large loss could lead to a coupon cancellation.

Not all CoCos are equal

- Tier 2 CoCos have fixed coupons. They cannot be cancelled by the bank and supervisors will not interfere with coupon payments.
- The list of Tier 2 CoCos is limited. Examples of issuers are UBS, Credit Suisse, Credit Agricole and Barclays.
- Swiss Additional Tier 1 bonds still have dividend pushers. This means that it is not allowed to cancel coupons while paying dividends to shareholders.
- MDA restrictions also do not apply to Swiss AT1 bonds.

- What is the common factor for CoCos? The fact that instruments can be written down or converted into shares. Trigger levels and conversion details differ from bond to bond.
- Write-down or conversion is much more of a tail-risk. Coupon cancellation is a bigger risk in our opinion.

Different types of bonds: Banking Tier 2

Gone Concern Capital

- to absorb losses at Point of Non-Viability (default of near-default)
- protecting senior creditors

- Bonds have final maturity (not perpetual)
- Coupon payments are fixed (can not be deferred or cancelled)
- Bonds may be callable (e.g. 10 year bond, callable after 5 year)
- Bonds can also have bullet format (e.g. 10 year bond, not callable)

- If bond is callable, the interest rate will reset after the first call date
  - typically, rate will reset to the then current 5-year swap rate plus original credit spread (‘no incentive to redeem’)
  - under Basel 2 (issued before 2011), credit spread would increase after first call date (‘step up’)

- Main risk for us is extension risk after the first call date (if bond is callable)
  - preference for bonds with high spreads at issuance
  - regulatory treatment will amortize in last 5 years of bond (therefore giving an incentive to redeem)

Different types of bonds: Additional Tier 1 CoCo

- Going Concern Capital
  - to absorb losses before Point of Non-Viability

- Bonds are perpetual, callable after at least 5 years -> extension risk:
  - coupon will reset to then current 5 year swap rate, plus initial credit spread
  - there is no incentive to redeem, unless issuer can refinance at cheaper level

- Coupons can be cancelled at full discretion of the bank
  - coupons can be cancelled, even if bank is paying dividends to shareholders (reputation risk!)
  - coupons must be cancelled if capital ratio is too low (‘Maximum Distributable Amount’)
  - the trigger level for MDA coupon-restrictions will differ from bank to bank!

- Bonds will be written down or converted into shares at pre-defined trigger level
  - trigger level can be capital ratio of 5.125%, 7% or even higher: look at buffer-to-trigger
  - conversion into shares, temporary write-down or permanent write-down
  - loss in case of trigger will be high, probability is remote though

Different types of bonds: Insurance Subordinated (dated/perpetual)

- Bonds with final maturity typically have 30 year maturity, with a call after ten year
  - rate will reset to the then current swap rate plus original credit spread plus 100 bp step up
  - S&P capital treatment will disappear after first call date (extra incentive to redeem)

- Perpetual bonds are typically callable after at least 10 year
  - bonds are subordinate to dated subordinated instruments
  - rate will reset to the then current swap rate plus original credit spread plus 100 bp step up
  - S&P capital treatment will NOT disappear after first call date

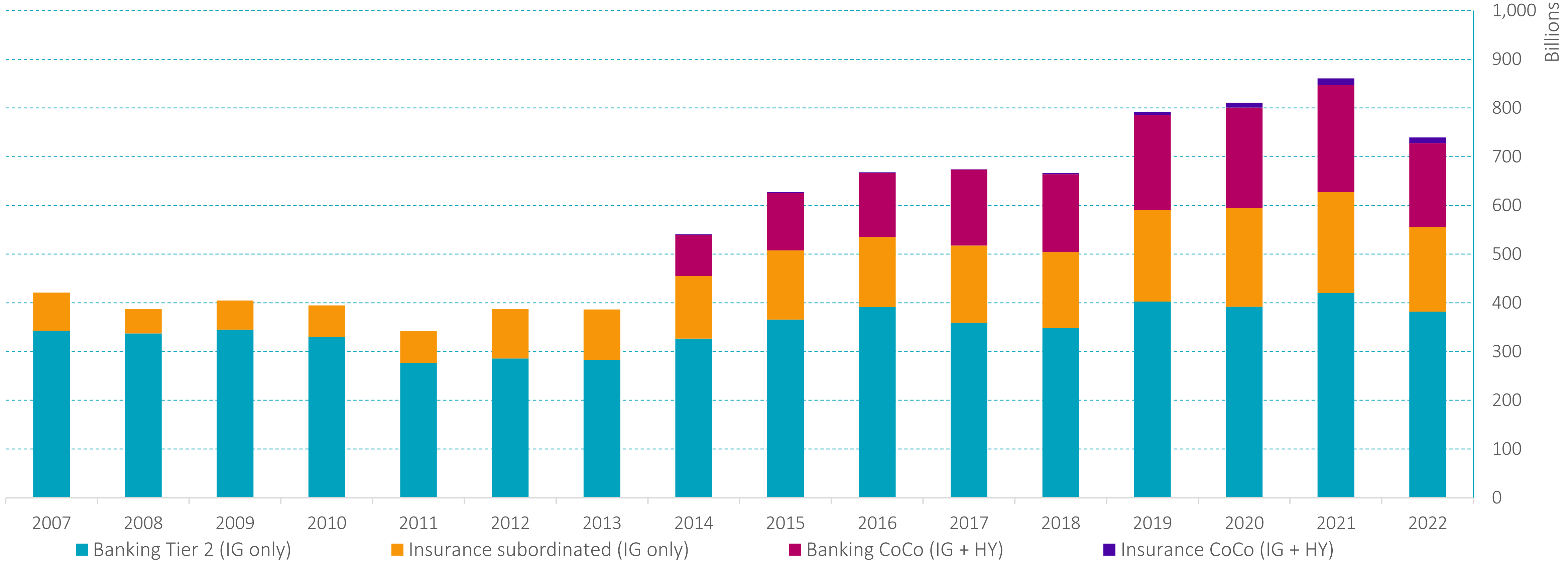
- Bonds have optional coupon deferral
  - only possible if no dividends are paid to shareholders
  - coupons are ‘cumulative’, they will need to be paid at a later stage

- Bonds have mandatory coupon deferral
  - mandatory upon breach of pre-defined solvency trigger
  - coupons are ‘cumulative’, they will need to be paid at a later stage

Subordinated financials: Market increased

Subordinated financials

Market size in EUR billion (market values, data includes USD, EUR and GBP markets)



Source: Robeco, Bloomberg. Data in EUR.

Appendix: Credit overview

Characteristics

Robeco Financial Institutions Bonds

Characteristics	Description
Name	Robeco Financial Institutions Bonds
Portfolio Manager	Jan Willem de Moor
Assets under Management	USD 1.9 billion / EUR 1.8 billion
Inception	June 2011
Universe	Financial Institutions Global, focus on European subordinated bonds
Benchmark	Bloomberg Euro Credit Corp Sub Financials 2% Cap
Ex-ante tracking error	Maximum 4%
Legal status	Investment company with variable capital incorporated under Luxembourg law
UCITS IV	Yes

Source: Robeco. Data end of December 2022.
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.

Excerpt from SFDR-related disclosures (not exhaustive)

Robeco Financial Institutions Bonds

SFDR Classification

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

Sustainability Risk Profile

Corporate sustainability risk (overall) profile: low
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

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

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.

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 70% 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.

Source: Robeco.
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

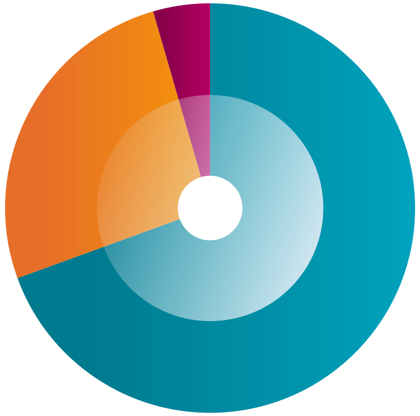
Article
For professional investors
October 2019

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

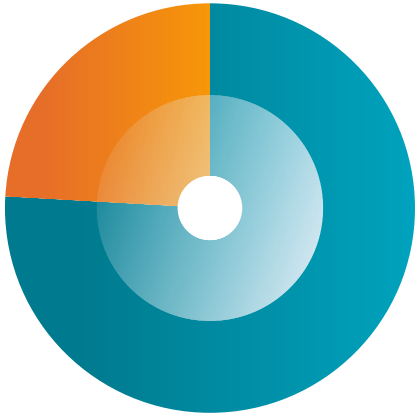
Credits: Asset under Management

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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Robeco Institutional Asset Management B.V.

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Important information

Robeco Institutional Asset Management B.V.

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