

Robeco High Yield Bonds ODH USD

Robeco High Yields Bonds invests worldwide in high yield bonds around 200-250 issuers. High-yield bonds are issued by companies with a credit rating below BBB, which is lower than 'normal' corporate-bond issuers. The fund's interest rate sensitivity is close to zero. In our investment process we implement our broad market view, as well as in-depth company-specific analysis to select bonds. We also invest in other 'opportunities' (for instance new bonds)

Performance

	Fund	Benchmark
1 m	-0.12%	-0.22%
3 m	0.26%	-0.68%
Ytd	4.85%	3.71%
1 year	8.72%	9.24%
2 years*	11.61%	12.40%
Start*	5.50%	8.38%

*Annualized

Calendar Year Performances

	Fund	Benchmark
2012	16.96%	18.53%

Fund price

31/07/13	EUR 114.32
High Ytd (24/07/13)	EUR 115.60
Low Ytd (01/01/13)	EUR 108.99

Benchmark

Robeco High Yield Bonds DH USD (Gross Return)

General facts

Type of fund	Bonds
Currency	USD
Total Size of fund	USD 4,645,716,175
Size of share class	USD 154,259,361
Outstanding shares	1,348,657
1st quotation date	01/03/2011
Close financial year	31/12
Daily tradable	Yes
Dividend paid	No
Management Company	Robeco Luxembourg S.A.
Ex-ante tracking error limit	-

Fees

Management fee	1.00%
Service fee	0.12%
Subscription fee (max.)	3.00%
Redemption fee (max.)	0.00%
Total expense ratio	1.18%

Changes

Robeco High Yield Bond DH USD shares is used as benchmark to calculate the relative performance.

Performance



Performance

Based on transaction prices on the first business day of the month, the fund's return was -0.1%. The OD share class performed better than the non-hedged share class as underlying treasury rates rose by 20 bps. On a risk-adjusted basis, US HY clearly underperformed European HY. Within US HY, higher quality in particular was the underperformer: with rising treasury rates, investors tried to reduce duration exposure by selling more liquid, longer-dated and more rates-sensitive names. Our relative performance was boosted by the overweight in European HY, and the underweight in longer-dated US HY. As for the latter: a lot of 10-year bonds were issued earlier this year at spreads lower than shorter-dated existing issues. We avoided these issues because of their relative unattractiveness versus shorter-dated alternatives. That paid off in August.

Market development

High Yield posted a negative total return in August of around -0.5%. This was entirely due to rising rates in both Europe and the US (20 bps). Spreads did not move much, but in different directions, making European High Yield in the end a clear outperformer over US HY: spreads moved some 5 bps wider in the US and 10 bps tighter in Europe. Issuance in HY was close to zero and liquidity extremely thin due to the vacation period. On the macro front, news was limited but positive, which led to some growing concern about the upcoming tapering of monetary stimulus by the Fed. Good news becomes bad news: equities lost ground, rates rose, and US spreads underperformed Europe. Adding to the lackluster performance in the US were meaningful USHY fund outflows in this illiquid month. High yield ended the month at a yield of 6.5%, with a spread of 450 bps.

Expectation of Fund Manager



Sander Bus
Fund Manager since 03/01/01

Markets moved more or less sideways in August on low volumes. The search for yield is still clearly there and provides a strong support for the market. Although we see some credit deterioration in selective credits, this is clearly not a market-wide phenomenon and we believe that the turn of the credit cycle is still some way off. Nevertheless we have moved the beta back to just below 1. This allows us to pick up paper when volatility returns to the market and to participate in attractively priced new issues after the summer lull.

Legal status

Legal status	Investment company with variable capital incorporated under Luxembourg law (SICAV)
Issue structure	Open-end
UCITS IV	Yes
Umbrella fund	This fund is a subfund of Robeco Capital Growth Funds, SICAV
Share class	ODH
Registered in	Belgium, France, Germany, Hong Kong, Ireland, Luxembourg, Netherlands, Norway, Spain, Switzerland, United Kingdom

Modified duration

	Fund	Benchmark
US Dollar	0.50	3.40
Euro	0.10	0.50
Pound Sterling	0.10	0.10
Total	0.70	

Currency policy

All currency risks are hedged into the euro. Derivatives are used to lower interest rate sensitivity and can also be used for various other reasons, for instance for hedging single positions, for arbitrage, and for leverage to gain extra exposure to the credit market.

Risk management

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

Dividend policy

The fund does not distribute dividend. The fund retains any income that is earned and so its entire performance is reflected in its share price.

Fund codes

ISIN	LU0594695172
Bloomberg	RHYODHU LX
WKN	A1H9VV
Valoren	12534925

Sector spread

Overweights are in food & beverage, non-cyclical consumer products, European cable & telecom and European water utilities, as well as in financials (off-benchmark). We are underweight basic industries, capital goods, energy, US power producers, and tech & media companies

Sector spread + deviation benchmark

Consumer Cyclical	19.2 %	1.5 %
Communications	17.9 %	-1.3 %
Consumer non Cyclical	17.4 %	4.6 %
Capital Goods	8.6 %	-4.4 %
Basic Industry	7.8 %	-2.1 %
Other	6.4 %	-2.0 %
Energy	5.6 %	-3.8 %
Electric	5.4 %	1.2 %
Cash and Cash Equivalents	3.6 %	3.6 %
Banking	3.1 %	3.1 %
Natural Gas	2.9 %	-0.5 %
Industrial Other	2.1 %	0.1 %

Currency spread

There is no currency exposure, as all foreign currencies are hedged to the base currency of the fund.

Currency spread + deviation benchmark

US Dollar	100.3 %	100.3 %
Other	0.1 %	0.1 %
Swiss Franc	0.1 %	0.1 %
Euro	-0.5 %	-100.5 %

Duration allocation

Robeco High Yield Bonds does not pursue an active duration policy. Given current spread levels, HY bonds tend to have a low effective sensitivity to underlying moves in government bond yields. The calculated difference in duration between fund and benchmark does not account for this low effective sensitivity.

Duration allocation + deviation benchmark

US Dollar	0.50	-2.90
Euro	0.10	-0.40
Pound Sterling	0.10	0.00

Rating allocation

Most exposure is toward BB and B issuers (over 80%). The fund has a large underweight in the categories CCC and below. We have an allocation to BBBs, mainly consisting of rising stars (former HY) that still trade at attractive spread levels.

Rating allocation + deviation benchmark

BA	41.7 %	1.1 %
B	40.3 %	-1.8 %
CAA	8.3 %	-8.0 %
BAA	5.5 %	5.5 %
Cash and Cash Equivalents	3.6 %	3.6 %
A	0.3 %	0.3 %
CA	0.2 %	-0.5 %
AAA	0.1 %	0.1 %
	0.1 %	0.1 %
Other	0.0 %	-0.3 %

Investment policy

The investment process is characterized by a top-down market view combined with a bottom-up issuer selection resulting in active diversification across sectors, rating categories and maturity segments. Key features in the selection process include a thorough analysis of the issuer's business and financial profile. A proprietary quantitative bond-selection model ensures good market coverage. Compared to investment-grade corporates, the approach for high-yield corporates focuses more on cash flow, debt covenants and capital structure. The portfolio contains a combination of sophisticated strategies to realize stable patterns of performance. In our investment process we use three different performance drivers: 1. Issuer selection: to profit from overshooting issuer-specific sentiment in both directions 2. Credit beta allocation: to capture overshooting general credit-market sentiment in both directions 3. Thematic strategies: carry, credit curve, forward-credit risk, basis trades. Given the diversity of the high-yield market, we believe that the combination of these performance drivers with both fundamental and quantitative research techniques produces the best investment results. Derivatives are used to decrease the duration of the fund to between 0.25 and 0.50, thereby reducing interest-rate sensitivity.

Fund Manager's CV

Mr. Bus is Head of the Credit team and manages our high yield portfolios. Prior to joining Robeco in 1998, Mr. Bus worked for Rabobank as a fixed income analyst for two years. Mr. Bus holds a Master's degree in Financial Economics from Erasmus University, Rotterdam. He became a CFA charter holder in 2003 and is registered with the Dutch Securities Institute. Mr. Bus has been active in the industry since 1996.

Fiscal product treatment

The fund is established in Luxembourg and is subject to the Luxembourg tax laws and regulations. The fund is not liable to pay any corporation, income, dividend or capital gains tax in Luxembourg. The fund is subject to an annual subscription tax ('tax d'abonnement') in Luxembourg, which amounts to 0,05% of the net asset value of the fund. This tax is included in the net asset value of the fund. The fund can in principle use the Luxembourg treaty network to partially recover any withholding tax on its income.

Fiscal treatment of investor

The fiscal consequences of investing in this fund depend on the investor's personal situation. For private investors in the Netherlands real interest and dividend income or capital gains received on their investments are not relevant for tax purposes. Each year investors pay on balance 1.2% of the value of their net assets as at 1 January if and inasmuch as such net assets exceed the investor's tax-free allowance. Any amount invested in the fund forms part of the investor's net assets. Private investors who are resident outside the Netherlands will not be taxed in the Netherlands on their investments in the fund. However, such investors may be taxed in their country of residence on any income from an investment in this fund based on the applicable national fiscal laws. Other fiscal rules apply to legal entities or professional investors. We advise investors to consult their financial or tax adviser about the tax consequences of an investment in this fund in their specific circumstances before deciding to invest in the fund.

Morningstar

Morningstar proprietary ratings on funds registered for sale in Europe reflect historical risk-adjusted performance. The ratings are subject to change every month. The calculation for the Morningstar ratings on funds registered for sale in Europe is motivated by the expected utility theory. The top 10% of the funds in a category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars and the bottom 10% receive one star. The fund was rated exclusively against funds registered for sale in Europe. All copyrights relating to the Morningstar Rating are held by Morningstar. For more information on Morningstar, please refer to www.morningstar.com

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