

Robeco Emerging Conservative Equity Fund (AUD)

As of 31 October 2020

Robeco Emerging Conservative Equity Fund (AUD) invests through the Luxembourg domiciled fund Robeco Emerging Conservative Equity in low-volatile stocks in emerging markets across the world. The fund's long-term aim is to achieve returns comparable to those on emerging-markets stocks, but at an expected lower level of downside risk. The selection of these low-volatile stocks is carried out using a quantitative model, which ranks stocks in a variety of ways, including market sensitivity, volatility, distress risk, valuation and sentiment.



Pim van Vliet, Arlette van Ditshuizen, Maarten Polfliet, Jan Sytze Mosselaar, Arnoud Klep, Yaowei Xu
Fund Manager since 14/02/2011

Reference Index

MSCI Emerging Markets Index (Net Return) (AUD)

Key Information

APIR Code	ETLO381AU
Type of fund	Equities
Currency	AUD
Fund inception date	12/11/2013
Strategy inception date	14/02/2011
Total size of fund	AUD \$ 265,640,289
Strategy FUM	AUD \$ 4,911,812,004
Daily tradable	Yes
Distribution paid	Yes
Responsible entity	Equity Trustees Limited
Currency hedging	Nil

Fees

Management fee	0.96%
Buy/Sell spread	0.30% / 0.40%

Investment Objective

The objective of Robeco Emerging Conservative Equity Fund (AUD) is to deliver long-term equity returns at an expected lower risk than that of a market capitalisation weighted index. It aims to achieve a higher Sharpe ratio than equities in the long term. The fund invests in stocks that show lower volatility combined with good upside potential. It combines the outcome of a stock selection model with a disciplined portfolio construction algorithm. This prudent investment approach results in a low turnover portfolio of low-volatile stocks with low valuation and positive market sentiment.

Expectation of Fund Manager

The Robeco Emerging Conservative Equity Fund (AUD) invests in low volatility stocks with lower expected downside risk and good upside potential. The more stable stocks tend to be overlooked by investors, though they offer relatively high returns given their risk profile. We expect the fund to do particularly well during down markets and volatile market conditions. In a very bullish environment, the fund could lag the overall market, yet still deliver good absolute returns. In the long term, we expect stable equity returns and high income with considerably lower downside risk.

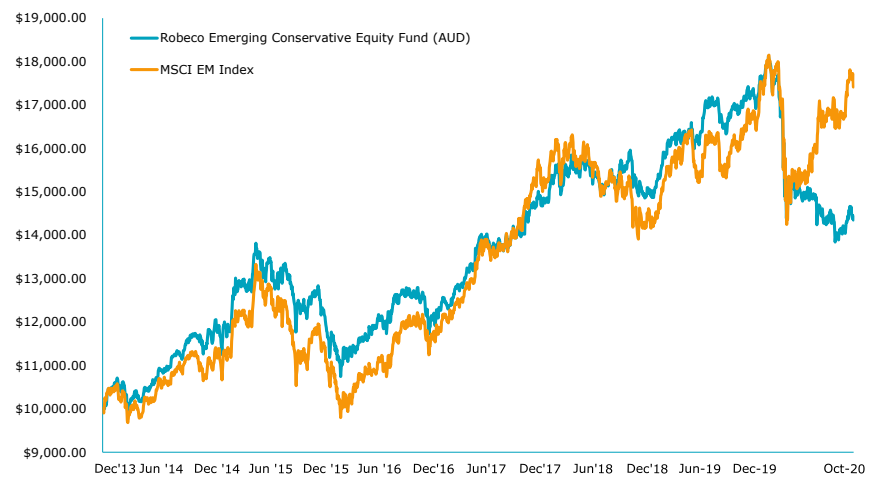
Net Performance (AUD)%

Period	Fund Return	Index Return	Fund Volatility	Index Volatility	Fund Return / Volatility	Index Return / Volatility
1-Month	1.96%	4.17%	-	-	-	-
3-Month	0.74%	4.82%	-	-	-	-
6-Month	-1.17%	12.77%	-	-	-	-
1-Year	-12.37%	6.20%	12.10%	13.78%	-1.02	0.45
3-Year*	0.79%	4.97%	9.89%	11.49%	0.08	0.43
5-Year*	3.47%	8.26%	9.49%	7.95%	0.37	1.04
Calendar to Date	-14.25%	0.98%	-	-	-	-
Since Inc.*	5.98	8.29%	9.24%	10.71%	0.65	0.77
Since Dec-13	49.89%	74.15%				

*Annualised (for periods longer than one year)

Fund return after fees, before taxes. Past performance is not a reliable indicator of future performance.

Net Performance Growth of \$10,000



Fund inception date 12 November 2013

Manager's Comments

Performance

The conservative equities that the fund typically selects as part of its investment strategy, the fund lagged the market last month. From a factor perspective, especially the low-risk factor detracted from performance. Moreover, also value and momentum negatively impacted relative performance in October. Main negative contributors were due to the underweights in index heavyweights and internet platform stocks Tencent (October: +15%, YTD +60%, index weight 6.7%), Alibaba (+4%, +45%, 8.8%) and Meituan Dianping (+19%, +189%, 2.1%) as well as electric car company NIO (+44%, +715%, 0.5%). Moreover, holding Russian energy giant Lukoil, as oil prices dropped, as did industrials such as MISC (Malaysia) and China Lesso Group (China).

Top 10 largest positions

Holdings	Sector	%
Alibaba Group Holding Ltd ADR	Consumer Discretionary	3.83
Hcl Technologies Ltd	Information Technology	2.11
United Microelectronics Corp	Information Technology	1.99
Tencent Holdings Ltd	Communication Services	1.98
Yum China Holdings Inc	Consumer Discretionary	1.95
Samsung Electronics Co Ltd	Information Technology	1.82
China Construction Bank Corp	Financials	1.82
Bank Of China Ltd	Financials	1.80
Chunghwa Telecom Co Ltd	Communication Services	1.76
China Mobile Ltd	Communication Services	1.71
Total		20.78

ESG integration policy

Environmental, Social and Governance (ESG) factors are systematically integrated in the highly disciplined investment process, by using the ESG scores from the RobecoSAM Corporate Sustainability Assessment. The ESG integration aims for a total ESG score of the portfolio higher than the index. Moreover, the scores on the Environmental, Social and Governance dimensions should also be higher than the index, to ensure that the ESG enhancement is reached across all three dimensions. This ensures that stocks with higher ESG scores are more likely to be included in the portfolio while stocks of companies that have very poor ESG scores are more likely to be divested from the portfolio. With these portfolio construction rules we aim for an ESG profile of the fund that is above average compared to its peers. In addition, stocks with corporate governance issues or stocks that have major litigation or regulatory risk may be excluded from the investable universe. Next to ESG integration, Robeco has an exclusion policy and conducts proxy voting and engagement activities based on International Corporate Governance Network objectives.

SI fund classification

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

PRI ESG Integration Classification

	Yes	No	N/A
Screening	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sustainability Themed Fund	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Asset allocation

Asset allocation	
Equity	99.9%
Cash	0.1%

Sector allocation

The Robeco Emerging Conservative Equity Fund (AUD) is not benchmark driven. It uses a quantitative stock selection model for bottom-up selection of stocks with low absolute risk and high expected return characteristics. The current weights in defensive sectors are high compared to regular indices. This is due to the fact that these sectors contain a relatively large number of stable and attractively priced stocks.

Sector allocation		Deviation index
Financials	20.1%	3.0%
Information Technology	16.6%	-1.8%
Communication Services	16.6%	3.4%
Consumer Discretionary	11.2%	-9.7%
Industrials	8.8%	4.5%
Consumer Staples	7.5%	1.6%
Utilities	6.3%	4.4%
Materials	5.8%	-1.0%
Energy	3.4%	-1.5%
Real Estate	1.8%	-0.5%
Health Care	1.8%	-2.4%
Other	0.1%	0.0%

Country allocation

The Emerging Conservative Equity Fund (AUD) is not benchmark driven. It uses a quantitative stock selection model for bottom-up selection of stocks with low absolute risk and high expected return characteristics. The current weights in certain countries are high compared to regular indices. This is due to the fact that these countries contain a relatively large number of stable stocks, which are attractively priced.

Country allocation		Deviation index
China	34.6%	-8.6%
Taiwan	22.8%	10.1%
Korea	8.8%	-3.1%
Russia	6.5%	3.8%
India	5.5%	-2.6%
Malaysia	5.2%	3.5%
Brazil	4.6%	0.2%
Saudi Arabia	2.5%	-0.2%
Mexico	2.5%	0.9%
Turkey	2.2%	1.9%
Thailand	1.2%	-0.5%
Kuwait	0.8%	0.8%
Other	2.8%	-6.2%

Important information MSCI

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