

Robeco Lux-o-rente FH EUR

Robeco Lux-o-rente invests worldwide in government bonds with investment grade quality. The fund uses bond futures to adjust the duration (interest-rate sensitivity) of the portfolio. Duration positioning is based on our proprietary duration model, which predicts the direction of the bond markets using financial market data. The aim of the fund is to protect against rising yields and to benefit from rallying bond markets.



Olaf Penninga
Fund manager since 01-01-2011

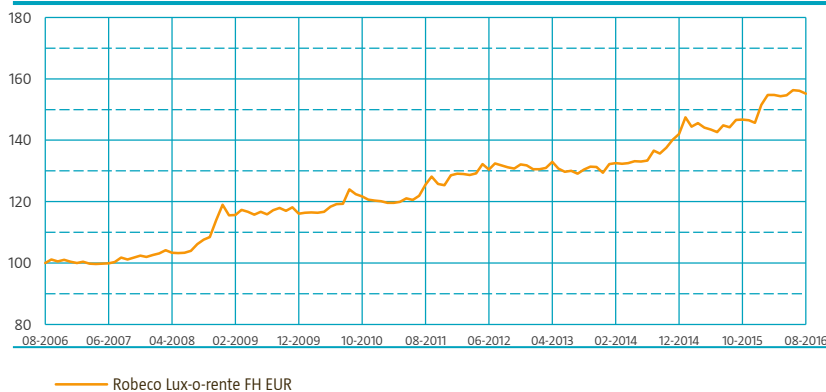
Performance

	Fund	Index
1 m	-0.62%	-0.46%
3 m	0.33%	2.16%
Ytd	6.51%	6.18%
1 Year	7.58%	6.91%
2 Years	6.55%	4.86%
3 Years	6.30%	5.41%
5 Years	4.32%	4.26%
10 Years	4.49%	4.65%
Since 07-1994	5.57%	

Annualized (for periods longer than one year)

Performance

Indexed value (until 31-08-2016) - Source: Robeco



Calendar year performance

	Fund	Index
2015	2.51%	1.05%
2014	9.81%	8.47%
2013	-1.81%	-0.49%
2012	2.46%	4.07%
2011	6.91%	6.90%
2013-2015	3.40%	2.94%
2011-2015	3.90%	3.95%

Annualized (years)

Performance

Based on transaction prices, the fund's return was -0.62%.

The fund was positioned for rising yields in the US and lower yields in Japan in August. US yields indeed rose, especially for shorter-dated bonds. The active position in the US thus contributed positively to performance. The position in Japan detracted from performance as Japanese yields rose, especially for long-dated bonds. All active duration positions are based on the outcomes of our proprietary duration model.

Market development

US Treasuries (-0.5%), German Bunds (-0.6%) and Japanese government bonds (-1.1%) all posted negative returns in August. Interest rates moved up after strong labor market data in the US, and some comments from Fed officials pointing to rate hikes. Other factors which pushed up interest rates were strong conditions on equity markets and disappointment, as no further monetary stimulus was delivered by the Bank of Japan. Especially long-dated bond yields rose in Japan. Year-to-date, developed government bond markets have posted strong returns.

Fund price

31-08-16	EUR	118.77
High Ytd (11-07-16)	EUR	120.17
Low Ytd (04-01-16)	EUR	111.36

Benchmark

JPM GBI Global Investment Grade Index (hedged into EUR)

Expectation of fund manager

The fund's duration policy is fully driven by the outcomes of our proprietary quantitative duration model. The model's outcomes are negative for US bonds, neutral for German bonds and positive for Japanese bonds. Equity markets of the US reflect more optimism on the growth outlook, which is negative for bonds. The monetary policy variable is also negative for US bonds indicating a less accommodative stance of the Fed compared to the other central banks. This variable is positive for Japan. The negative trend in bond markets is offset by the positive seasonal factor, while the inflation variable is currently close to neutral. The fund is thus positioned for higher yields in the US and lower yields in Japan.

General facts

Morningstar	★★★★★
Type of fund	Bonds
Currency	EUR
Total size of fund	EUR 3,841,813,569
Size of share class	EUR 1,035,933,940
Outstanding shares	8,733,215
1st quotation date	04-07-2012
Close financial year	31-12
Ongoing charges	0.54%
Daily tradable	Yes
Dividend paid	No
Ex-ante tracking error limit	4.50%
Management company	Robeco Luxembourg S.A.

Fees

Management fee	0.35%
Performance fee	None
Service fee	0.12%

SI fund classification

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

Legal status

Investment company with variable capital incorporated under Luxembourg law (SICAV)
 Issue structure Open-end
 UCITS IV Yes
 Share class FH EUR
 This is a share class of Robeco Lux-o-rente, Sicav

Registered in

Austria, Germany, Italy, Luxembourg, Netherlands, Singapore, Switzerland, United Kingdom

Currency policy

All currency risks are hedged.

Risk management

Risk management systems continuously monitor the extent to which the portfolio differs from the benchmark. Extreme discrepancies are prevented in this way. The duration model makes use of futures, which can lead to leverage.

Dividend policy

All income earned will be accumulated and will in principle not be distributed as dividend. Therefore the entire result is reflected in the share price development.

Derivative policy

Robeco Lux-o-rente makes use of derivatives in order to implement the duration overlay. In addition, derivatives are used to hedge the currency risks of the portfolio. These derivatives are very liquid.

Fund codes

ISIN LU0792901570
 Bloomberg RLORFHE LX
 Sedol BJOWZK3

ESG integration policy

For Robeco Lux-o-rente the investment universe and the type of investments are such that it is not feasible to implement the ESG factors into the investment processes.

Statistics

	3 Years	5 Years
Tracking error ex-post (%)	2.23	2.05
Information ratio	0.66	0.33
Sharpe ratio	1.51	1.10
Alpha (%)	-0.25	-0.58
Beta	1.31	1.31
Standard deviation	4.57	4.37
Max. monthly gain (%)	3.97	3.97
Max. monthly loss (%)	-1.98	-1.98

Above mentioned ratios are based on gross of fees returns.

Hit ratio

	3 Years	5 Years
Months outperformance	17	27
Hit ratio (%)	47.2	45.0
Months Bull market	24	39
Months outperformance Bull	13	20
Hit ratio Bull (%)	54.2	51.3
Months Bear market	12	21
Months Outperformance Bear	4	7
Hit ratio Bear (%)	33.3	33.3

Above mentioned ratios are based on gross of fees returns.

Characteristics

	Fund	Index
Rating	AA2/AA3	AA2/AA3
Option Adjusted Modified Duration (years)	8.1	8.3
Maturity (years)	9.5	10.0
Yield to Worst (%)	0.7	0.9

Changes

Up to 28 February 2013, the benchmark was the JPM GBI Global Index.

Sector allocation

The portfolio is invested in government bonds.

Sector allocation		Deviation benchmark	
Treasuries	98.2%	-1.8%	
Cash and Cash Equivalents	1.8%	1.8%	

Currency allocation

All positions are hedged into euros. There is no active currency policy. Small temporary deviations from the benchmark may arise due to market movements.

Currency allocation		Deviation benchmark	
European Euro	99.9%	-0.1%	
Japanese Yen	-0.3%	-0.3%	
United Kingdom Pound Sterling	0.3%	0.3%	
US Dollar	0.1%	0.1%	
Canadian Dollar	0.1%	0.1%	

Duration allocation

At the end of August, the fund was positioned for higher bond yields in the US and lower yields in Japan. It has a neutral position in Germany. The active duration positions are fully driven by the outcomes of our quantitative duration model.

Duration allocation		Deviation benchmark	
Japanese Yen	4.2	1.9	
European Euro	2.1	0.0	
United Kingdom Pound Sterling	-0.9	0.0	
US Dollar	0.6	-2.1	
Australian Dollar	0.1	0.0	
Canadian Dollar	0.1	0.0	

Rating allocation

The rating allocation follows from the rating allocation of the benchmark and the active duration positions. The largest weight is in AAA-rated securities.

Rating allocation		Deviation benchmark	
AAA	46.0%	-3.9%	
AA	15.6%	-0.6%	
A	25.9%	2.9%	
BAA	10.7%	-0.2%	
Cash and Cash Equivalents	1.8%	1.8%	

Investment policy

Robeco Lux-o-rente invests worldwide in government bonds with investment grade quality. The fund uses bond futures to adjust the duration (interest-rate sensitivity) of the portfolio. Duration positioning is based on our proprietary duration model, which predicts the direction of the bond markets using financial market data. The aim of the fund is to protect against rising yields and to benefit from rallying bond markets. The fund is quantitatively driven, as the duration positioning is always based on the outcome of our duration model. The model uses market expectations for variables such as economic growth, inflation and monetary policy, as well as technical variables such as valuation, seasonality and trend to predict the direction of bond markets. Depending on the outcome of the model, the duration of the basis portfolio is increased or decreased by maximum 6 years. The model has shown a solid track record since its inception in 1994. The quantitative duration has proven to have forecasting ability in periods with rising yields as well as in periods with declining yields. Therefore Lux-o-rente serves as a very good diversifier in a fixed income portfolio and can function as an airbag during adverse markets.

Fund manager's CV

Mr. Olaf Penninga is a Senior Portfolio Manager with Robeco's Rates team. Previous affiliations include a position as a Senior Quantitative Researcher with Robeco. Prior to rejoining Robeco in 2002, Olaf was employed by Interpolis as Investment Econometrician for one year. Olaf started his career in the Investment Industry in 1998. He holds a Master's degree in Mathematics (cum laude) from Leiden University.

Team info

Robeco Lux-o-rente is managed within Robeco's Rates team, which consists of four portfolio managers. The team is focused on government bond strategies including quantitative duration strategies. The team works closely together with four dedicated quantitative researchers and four fixed income traders. On average, the members of the rates team have an experience in the asset management industry of sixteen years, of which ten years with Robeco.

Fiscal product treatment

The fund is established in Luxembourg and is subject to the Luxembourg tax laws and regulations. The fund is not liable to pay any corporation, income, dividend or capital gains tax in Luxembourg. The fund is subject to an annual subscription tax ('tax d'abonnement') in Luxembourg, which amounts to 0.05% of the net asset value of the fund. This tax is included in the net asset value of the fund. The fund can in principle use the Luxembourg treaty network to partially recover any withholding tax on its income.

Fiscal treatment of investor

The fiscal consequences of investing in this fund depend on the investor's personal situation. For private investors in the Netherlands real interest and dividend income or capital gains received on their investments are not relevant for tax purposes. Each year investors pay 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

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