

FIXED INCOME GLOBAL MACRO OUTLOOK

## Defend and spend

- The trade drama between the US and the rest of the world is a big worry
- Europe strikes back as massive defense spending plans are announced
- We see term premium rising and are keeping a cautious eye on credit

**Geopolitical uncertainty has skyrocketed, making US businesses and consumers hesitant to open their wallets (Figure 1). While fiscal support is anticipated later this year, the specifics remain unclear.**

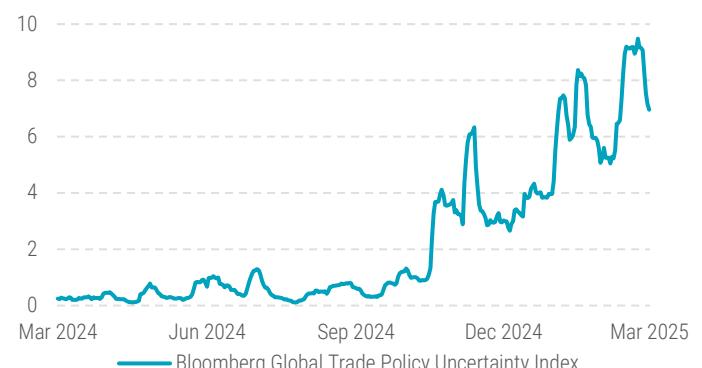
For now, the economic mood is gloomy. The March FOMC meeting highlighted the negative impact of tariffs on growth and inflation, with the Fed opting to keep rates steady but slashing the 2025 growth forecast and bumping up inflation projections. We note that this puts the Fed in a tight spot. A weakening labor market might prompt rate cuts, but if medium-term inflation expectations continue to climb, those cuts could be postponed. Consequently, we believe the market will struggle to price in more than the 70 bps of easing for the rest of the year.

In the meantime, Europe strikes back as unprecedented defense spending plans are announced. The European Commission has proposed a EUR 800 bln plan to ReArm Europe with a shared funding scheme to the tune of EUR 150 bln. But the biggest 'bazooka' came out of Germany, where fiscal policy has taken a sharp U-turn. The German parliament voted to loosen the debt brake (a constitutional fiscal deficit limit) to exempt spending on defense and create a EUR 500 bln infrastructure fund. The monumental spending plans have been met by a sharp rise in German Bund yields. To judge the size of this yield shock, we analyzed historical precedents and academic literature and we expect that this seismic shift is improving (longer-term) growth aspects. For the ECB we anticipate only one additional 25 bps cut this cycle to 2.25%, after having cut this year in both February and March.

Is this the end of US exceptionalism? The growth disparity between the US on one side and the Eurozone on the other,

seems to be decreasing. This is visible in the performance of equity and credit markets, where the US has considerably underperformed Europe this year. In addition there has been a sharp tightening of the 10-year UST-Bund spread, with German yields climbing and US yields dipping (see Figure 2).

Figure 1 – Trade policy uncertainty index



Source: Bloomberg, March 2025

With the new US administration settling in, US credit spreads have rebounded from their lows. As highlighted in our previous outlook, 'Made in the USA', European corporate spreads are pricey but still offer relative value, warranting a

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relative overweight. In this quarterly outlook, we've analyzed past instances where European spreads outperformed and concluded that there's likely still some room for further relative outperformance.

While our duration stance in Europe and the US is currently close to neutral, we continue to like curve steepeners in both regions. In our opinion, the risk of continued high fiscal deficits and inflation uncertainty could lead to a higher term premium. We have actually added to 5s30s and 10s30s German steepeners recently.

We still expect markets that have lagged in the monetary easing cycle like the UK, Norway and Australia to catch up. In Japan though, we have closed the underweight duration position as the BoJ is expected to become less hawkish. The underweight in Chinese government bonds has been maintained. Fiscal stimulus, improving credit data and some signs of stabilization in the property market suggest an upcoming cyclical improvement in economic activity.

In credits we have used the spread-widening between the US and Europe to trim our underweight in US versus European credit. Moreover, we have started to implement a more structural overweight in short-dated credits to enhance portfolio carry. However, this is being done through a risk-neutral shift. We remain constructive on European SSAs and covered bonds, as this asset class continues to outperform on swap spread tightening moves. We also have added to the overweight in EUR swap spreads as we believe that cash bonds can continue to underperform, now the private sector has to absorb increased net issuance.

Notably, peripheral markets have performed well over the first months of the year. This was likely fueled by massive spending plans that boosted cohesion and growth in the Eurozone. French bonds have also done relatively well in this environment. However, France's issues are bound to resurface, especially with next year's budget negotiations looming later this year. We will use further strength in OATs to increase the underweight position. We remain positive on Spain and we added to Greek government bonds.

Figure 1 – Yield spread between 10-year US Treasuries and German Bunds



Source: Robeco, Bloomberg, March 2025

EM hard currency has remained strong after a wave of restructurings. Latin America has been leading, while Asia has lagged with tight spreads. EM local currency debt has done very well so far this year, thanks to Mexico and Brazil's strong returns. We suspect that Mexican bonds will keep outperforming US Treasuries. In CEEMEA, Germany's military spending has pushed yields up. Rate cuts have been pushed out in Hungary, while the Czech Republic and Poland are pricing in deeper easing than the ECB, potentially impacting their currencies. Optimism about a Ukraine ceasefire has boosted FX markets, now trading at high valuations.

## Macroeconomic and policy outlook

- Brighter growth prospects for Europe, darker for US
- Trade tension to hit EM, bounce in China might help
- Tariffs complicate Fed and EM central bank policy via FX

### Growth outlook: convergence from both sides

In our previous outlook (Made in the USA) we stated that the growth disparity between the US on one side and the Eurozone and China on the other would decrease in 2025. This is now unfolding. Partly because the new US administration's policy currently involves a stagflationary mix. Import tariffs – if fully imposed – are expected to noticeably increase consumer goods prices and slow growth, as would the tightening of fiscal policy under DOGE and stricter immigration policy.

However, the primary channel through which growth is currently being dampened is the confidence channel. Many businesses and consumers are uncertain about their future and are becoming more cautious with their spending.

The fiscal support expected later this year should provide some relief, but the extent of this support is unclear. For now, animal spirits are in decline. Whether the uncertainty shock will result in a recession is – itself – uncertain, but the risks have increased.

Figure 3 – Economic Surprise Indices for the US and Eurozone



Source: Bloomberg, Citi, March 2025

In Europe, growth prospects appear to have improved. Partly due to a potential ceasefire and, further out, a possible end to the war in Ukraine. This could reduce the relatively high savings rate of consumers and eventually lead to lower energy prices, which would support consumption.

However, European growth prospects – especially for the longer term – have also improved due to the additional fiscal stimulus that will be unleashed. This is mainly for defense

spending across the Eurozone region, but also for infrastructure in Germany (to the tune of EUR 500 bln or >10% of current GDP). The biggest concern in the short term is the impending trade tensions between the US and Europe.

Growth in emerging markets (EM) countries is also likely to be affected later this year by the reciprocal tariffs policy of the US, which should become clearer by early April.

How growth in China will develop is also crucial for EM. Here, we see some signs of stabilization in home sales, which points to a smaller drag from property. Moreover, the credit data and the latest round of fiscal stimulus suggest some upcoming cyclical improvement in economic activity.

### Inflation outlook: tarified

Progress in bringing inflation back to the central bank's target has stalled in many DM economies in recent months – the Eurozone being an exception. In some economies like Norway and Sweden this seems largely caused by renewed food price pressures, whereas in the US it mainly relates to the return of goods price inflation.

To be sure, Japan notwithstanding, forward-looking wage metrics have generally continued to cool, including in the US – but also in the UK (and the Eurozone). This suggests that wage growth and services inflation should slow (further). But as Fed Chair Powell recently explained, the key upside risk to US core inflation readings over the next six months comes from higher goods price inflation in the wake of US import tariff implementation.

Theoretically, import tariffs constitute a one-time price shock and need not lead to persistently higher core inflation. This seems to be the Fed's current baseline scenario. However, the risk of a lasting impact due to a rise in inflation expectations seems more pronounced this time around than during the trade war of 2018/2019.

Any retaliation to US import tariffs obviously has price implications outside of the US. But we would argue that – to the extent that exports to the US as a share of GDP are modest – these effects should be contained.

Across emerging markets, core disinflation momentum has generally lost steam in CEE and Latam economies (Mexico excluded), while remaining subdued in Asian economies – China in particular.

### Monetary policy outlook: dilemmas abound

Several DM central banks have continued to cut policy rates in recent months and are now seen as close to, or around,

'neutral'. This group includes the Riksbank, Bank of Canada and the ECB.

On the other side of the spectrum we find the slow (or non-) movers, which include the RBA and Norges. Obviously, the BoJ is still going against the flow and looks set to deliver at least one further 25 bps *hike* later this year.

Somewhere in the middle are the BOE, RBNZ and the Fed, which retain policy rates above or slightly below 4%. The former are likely to continue easing, albeit gradually, while the Fed seems stuck in wait-and-see mode and will likely hold rates steady in May as well.

The likely combination of slower growth and higher spot inflation due to import tariffs creates a dilemma for the Fed in reaching its dual mandate. Our central scenario assumes that weakening labor market conditions will force the Fed's hands into cutting policy rates by June/July. But if higher inflation prints due to tariffs were to push up medium-term inflation expectations – and growth were to stop slowing – further rate cuts could well be delayed until later this year or even 2026. So unless a recession becomes imminent, it will likely be hard for markets to price in (much) more than the current 70 bps of Fed easing for the remainder of 2025.

The ECB, meanwhile, looks set to deliver at least one more 25 bps cut, although perhaps not as soon as April. Whether the depo rate (currently: 2.50%) will be lowered below 2% remains to be seen, especially now that fiscal policy will be loosened for the Euro region.

Across EM, the picture is also scattered: policy rates in Brazil and Mexico are still going in opposite directions, some CEE central banks are on hold without an easing bias (Hungary, Romania), while others (i.e. Poland and Czechia) are seen to deliver (further) easing in coming quarters.

Meanwhile in Asia, where policy rates generally are much lower than in Latam and CEE, some central banks – notably Bank Indonesia but perhaps also BoK – could struggle to ease policy if reciprocal tariffs prompt FX weakness.

Finally, in China where the PBoC has continued to face inflation undershoot risks, a further reduction in the key policy rate (currently: 1.50%) and RRR of banks are still on the cards – despite the delay.

## Rates strategy

- Divergence in US-Europe has reversed
- Curves have steepened, we see some potential left
- Gilts have lagged and continue to look attractive

### Level shift upwards in euro rates

European rates markets have been shaken by the announcement of massive fiscal spending in the EU – Germany in particular. In response, German 10-year yields jumped 50 bps from early March and 90 bps from early December levels, peaking on 11 March. Yields remain close to these levels. So, what is the prospect for rates after this sharp level shift?

To judge the size of the shock in yields we have looked at historical precedents, academic literature and the expected impact on issuance. Historical precedents are not easy to find, but we see some parallels with the US in Q4 2020 when there was a run-up to the announcement of a USD 1.9 tln fiscal spending plan in January 2021. In the months prior to the announcement, US 10-year yields jumped by 50 bps. After a brief pause, they continued rising, but it is difficult to differentiate that move from post-Covid recovery sentiment.

The late Thomas Laubach was one of the experts on the connection between fiscal policy and rates. In a 2003 study<sup>1</sup> he suggests a fiscal shock of the size that has been announced in Europe could push up yields by 50-70 bps. Similar results were found in a 2019<sup>2</sup> study by Larry Summers and Lukasz Rachel.

Comparing approximately EUR 800 bln in extra bond issuance over a period of five years, or EUR 160 bln per year, with gross EGB issuance expected for 2025, suggests an increase of 12% in annual volume. For Germany the funding needs will be larger, as the EUR 500 bln infrastructure fund requires financing. This year circa EUR 30 bln is expected in additional German coupon issuance – a meaningful amount, though annual gross EGB issuance has increased by more than EUR 400 bln since 2018. In our opinion, the market should be able to absorb the planned increase. The examples suggest that the recent 50 bps jump in 10-year German yields seems fair, albeit at the lower end of a range. Meanwhile there are plenty of other risks that should be incorporated in bond prices, as mentioned previously. After the sell-off, we initiated an overweight position in euro rates. This position is small in size, as a return to Bund yield lows of 2%, last seen in Q4 2024, has become less likely.

The jump in German yields was led by the 10-year segment and the 2-10 curve steepened 30 bps in response. We expect the German curve to steepen further, as the back end should price in some premium for supply and additional inflation uncertainty. The front end is likely to be less of a driver for steepening, as the scope for the ECB rate cuts has diminished. On net we see some further potential for German curve steepening in 5s30s and 10s30s.

### Growth uncertainty leads to lower US yields

In the US, the bond market dynamic has been different. Yields have dropped on the back of increased economic uncertainty and a decline in risk sentiment led by the 5-year point. The more muted response at the front end reflects the Fed's greater hesitation to cut rates (see policy outlook section), while the back end seems to reflect more fiscal uncertainty. Our duration stance in the US is close to the index and we have more conviction on the curve. In our opinion, the risk of continued high fiscal deficits and inflation uncertainty could lead to a higher term premium and steeper UST yield curve.

Our main overweights remain in markets that have lagged in the monetary easing cycle: the UK, Norway and Australia. We expect these markets to fall in sync with the global cycle. Increased global policy uncertainty should support this expectation.

We've long held an underweight in Japanese government bonds, paired with a 10s30s flattener position. Both have been closed as targets were met and the outlook for the BoJ has become less hawkish due to rising global growth uncertainty. Our underweight in Chinese government bonds has been maintained. All in all, this leaves us positioned for steeper curves and with a modest size overweight in duration.

Figure 4 – German yield curve spread (%)



Source: Bloomberg, March 2025

<sup>1</sup> [New Evidence on the Interest Rate Effects of Budget Deficits and Debt](https://www.brookings.edu/articles/on-falling-neutral-real-rates-fiscal-policy-and-the-risk-of-secular-stagnation/)

<sup>2</sup> See: <https://www.brookings.edu/articles/on-falling-neutral-real-rates-fiscal-policy-and-the-risk-of-secular-stagnation/>

## Fixed income asset allocation

- European outperformance
- Negative correlations helping to stabilize total returns
- US and German swap spreads converge

### Credit markets: Europe's time to shine

Since the new US administration took office, US credit spreads have bounced off the lows. In an asset class where investors value certainty of repayment, a new risk has taken center stage: policy uncertainty. As is most clearly visible in consumer sentiment, uncertainty does not stimulate new investments or increased spending. Instead, consumers have become more worried about their job security and the future of the economy, while businesses have become more cautious on capex. All this is a clear negative for global spread markets. However, it remains to be seen how much of the recent weakening in economic sentiment will feed through into weaker 'hard' activity data.

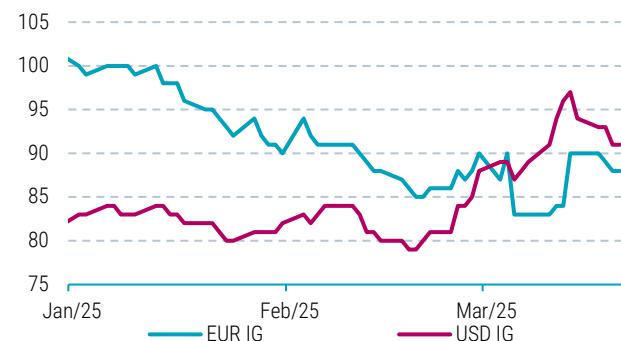
While US spreads have widened, European spreads have actually tightened on balance – even after the strong performance of financials. As we argued in our previous outlook, European corporate spreads are rich, but still offer relative value, deserving a relative overweight. Moreover, we expected the growth gap between the US and Europe to narrow, this is being realized with the help of trade uncertainty and a pick-up in European and German fiscal support. For this outlook we examined previous episodes where European spreads outperformed and concluded that there is likely further room for relative outperformance. Indeed, correcting for maturity and rating differences between the two universes, European credit still screens 10-20 bps cheap relative to USD credit.

This year has also demonstrated the reemergence of the negative correlation between rates and (IG) credit spreads, as US rates have come down since the start of the year – in line with equities. This confirms the notion that inflation has come down enough for the buffer effect to be reestablished. Going forward, total returns in IG should be better protected than HY if a material economic slowdown were to occur. Meanwhile, in the swap spread space, US swap spreads tightened on the possibility of a softening in US regulations which would allow bank-affiliated primary dealers to play an even bigger role in the intermediation of US Treasury markets. The net outperformance of Treasuries versus SOFR swaps since December might continue, but we are contemplating going short 10-year US treasuries vs swaps around a level of -35 bps on lingering fiscal and supply risks, DOGE notwithstanding. Meanwhile, German swap spreads have broken decisively through 0 on increased German

issuance plans (as covered in the rates section). For now, we continue to expect German Bunds to underperform swap rates, despite some possible outperformance into the early April US reciprocal tariff announcement.

In terms of positioning, the current widening in US credit spreads has not been meaningful enough to change our allocations, although we have trimmed the relative underweight of US versus European credit. Moreover, we have started to implement a more structural overweight in short-dated credits to enhance portfolio carry. This is being done through a risk neutral shift and keeps our overall credit beta close to 1. We remain constructive on European SSAs and covered bonds as this asset class continues to outperform on swap spread tightening moves.

Figure 5 – USD and Euro IG spreads



Source: Bloomberg, March 2025

### Peripheral bonds: all well (for now)

Peripheral markets have performed well over the first part of the year, despite fears around upcoming tariffs. This optimism likely stems from the German announcement on infrastructure spending and the European defense spending plans. These plans should benefit cohesion and growth in the Eurozone. Defense spending can be excluded from deficit statistics and combined European efforts will make it difficult to be harsh toward countries that don't meet deficit and debt reduction targets.

One thing to keep in mind: while this looks great on paper, the money still needs to be funded in the market, presumably at higher interest rates. Ultimately, it is still an increase in debt, which will need to be paid down over time and, in the meantime, incurs additional interest costs. This could possibly put the long-term debt sustainability of countries like Italy back on the table again. Already yields have risen by 30-40 bps after the announcements. Despite tight spreads, Italian 10-year government bond yields still trade around 4%.

Several studies show that the fiscal multiplier of defense spending is probably low, at around 0.5 or even less, meaning a country will likely not easily outgrow this additional debt stock.

Even French bonds have performed well in this environment, with OATs benefiting from less focus on France's internal challenges. President Macron's approval ratings have also risen, as he positions himself as the statesman of Europe, capable of negotiating with President Trump. But problems in France are bound to return, especially around next year's budget negotiations set for later this year. Therefore, we will use further strength in spreads to increase the underweight position. We remain positive on Spain, while acknowledging it lags on defense spending as a % of GDP. If pressure from EU member states increases, Spain may be forced to issue more debt. Greece also remains an overweight position. In March we added to Greek government bonds by participating in a tap of the 15-year outstanding bond. The size of the bond was increased by EUR 2 bln, with a total book of interest of EUR 28 bln, which shows the continuing strong support from markets.

#### EM debt: in a sweet spot

Hard currency emerging market (EM) debt started the year on a strong note, largely driven by a rally in core rates, while EM spreads remained mostly unchanged. However, carry continues to be a key driver of returns, contributing to nearly half of the total return. The EM hard currency space is in a solid position after emerging from a period of heightened restructurings, leaving the most vulnerable issuers in better shape – at least in the near to medium term – which should keep carry supportive.

Overall, index spreads have barely changed year-to-date, but there have been significant regional and credit-quality divergences. Latin America has been the best-performing region, whereas Asia, where spreads remain tight, has lagged. Lower-rated EM bonds have outperformed, with CCC-rated securities leading gains, while higher-rated issuers (AA-A) struggled to keep pace with the broader market. At the country level, idiosyncratic returns from issuers such as Lebanon and Venezuela have significantly outperformed. Among mainstream sovereigns, Panama and Brazil posted some of the strongest gains, rebounding from stress in late 2024.

Local currency debt has also had a stellar start to 2025, driven by strong duration returns in Mexico and Brazil, alongside a broadly weaker dollar. EM currencies have benefited, particularly those that lagged in 2024, such as Latin American and Central and Eastern European (CEE)

currencies, which have been buoyed by the euro's strength and increased fiscal spending in the region.

This trend is likely to persist. The dollar remains near its strongest levels since the Plaza Accords in real effective exchange rate terms. However, shifting global policy dynamics should favor non-dollar currencies, supporting local bond markets – especially in higher-yielding EMs, where central banks may feel less pressure to maintain tight policies to support their currencies.

Brazilian markets have rebounded in early 2025, with both FX and duration markets posting positive total returns after a difficult 2024, when concerns over fiscal largesse and the late stage of the central bank's rate-cutting cycle weighed on sentiment. The market continues to price in rate hikes, given the central bank's forward guidance following last year's volatility. However, with clear signs of economic slowdown and modest inflation, the central bank may opt for smaller hikes than the market currently expects. The Brazilian real should remain supported by attractive front-end carry and stable terms of trade.

Mexico has shown surprising resilience despite tariff threats from the US. With those threats now appearing less focused on Mexico specifically, both Mexican bonds and the peso have remained well-supported. Given narrowing inflation differentials and slowing growth, we anticipate that Mexican local bonds could maintain their outperformance relative to US Treasuries.

In CEMEA, the focus remains on the war in Ukraine. Increased military spending, particularly in Germany, has pushed yields higher. Hungary has priced out rate cuts over the next twelve months, while the Czech Republic and Poland are pricing in deeper easing cycles than the ECB, which could weigh on their currencies. However, optimism surrounding a potential ceasefire in Ukraine has already lifted FX markets, which now trade at elevated valuations.

In Asia, inflation is largely under control, but markets have already priced in much of this support. Regional FX performance will be heavily influenced by China's currency policy. The renminbi remains tightly managed by authorities, and its direction will depend on the Chinese government's broader FX strategy.

#### FX: sur's up!

After four decades of policy predictability, the early days of the Trump administration have shown markets that, for the next four years, heightened volatility and uncertainty are the only guarantees. Moreover, the administration's approach

has driven significant policy shifts abroad in response. That, in turn has percolated through FX markets and occasionally sparked vicious price swings. Thus far, implied volatility across both G10 and EM FX, while generally higher, remains around relatively familiar levels.

For the moment, markets appear unsure of how individual actions are likely to play out. This has limited the persistence of any fallout in the FX space. However, the gradual erosion of institutional trust in the US, combined with a potential tectonic shift in Europe's fiscal and defense policies, creates scope for a global portfolio reallocation that could end the decade-long USD bull market.

In early 2025, on a real effective exchange rate basis, the USD was less than 0.5% away from its 1985 post-Bretton Woods high. This strength occurred amid a sustained deterioration in the non-oil current account deficit to a record of 4.5% of GDP that, based on International Investment Position data, was funded almost entirely by growth-seeking equity capital. As a result, the USD's fortunes are closely linked to (now stuttering) stock market performance. Europe was one of the biggest buyers of US equity and debt since 2010 as investors fled low (if not outright negative) yields and deteriorating bond market liquidity. Europe could potentially present itself as a growth alternative with stable political structures. It is also likely to need to ramp up commodity imports to support both the energy transition and re-armament. That, in turn, could mean a rapid reversal of capital flows back to Europe.

European portfolio debt investment outside the EU has increased by USD 3 tln over the last decade, while foreign portfolio holdings of EU debt has fallen. Consequently, should Europe's debt supply improve, leading to higher bond liquidity and free float, the return of those allocations may represent a flood of capital that could power a rapid USD depreciation against EUR and commodity-linked G10 and EM currencies.

While commodity-linked FX are initial beneficiaries, stronger growth prospects for EMs integrated into Europe's industrial supply chains, especially in CEEMEA, may also gain. Amid the structurally firmer commodity prices, greater onus is likely to be placed on monetary policy bona fides.

Table 1 – Asset class preferences

	Constructive	Neutral	Cautious
Bunds		✓	
US Treasuries		✓	
JGBs		✓	
Euro periphery	✓		
EM local	✓		
EM HC			✓
IG credit			✓
HY credit			✓
SSA		✓	

Source: Robeco, March 2025

We wish to thank Rohan Khanna (Barclays), Binky Chadha (DB) and Dan Clifton (Strategas) for contributing to our quarterly outlook meetings.

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The Prospectus relates to a private collective investment scheme which is not subject to any form of domestic regulations by the Autoriti Monetari Brunei Darussalam ("Authority"). The Prospectus is intended for distribution only to specific classes of investors as specified in section 20 of the Securities Market Order, 2013, and must not, therefore, be delivered to, or relied on by, a retail client. The Authority is not responsible for reviewing or verifying any prospectus or other documents in connection with this collective investment scheme. The Authority has not approved the Prospectus or any other associated documents nor taken any steps to verify the information set out in the Prospectus and has no responsibility for it. The units to which the Prospectus relates may be illiquid or subject to restrictions on their resale. Prospective purchasers of the units offered should conduct their own due diligence on the units.

## Additional information for investors with residence or seat in Canada

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.

## Additional information for investors with residence or seat in the Republic of Chile

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).

## Additional information for investors with residence or seat in Colombia

This document does not constitute a public offer in the Republic of Colombia. The offer of the fund is addressed to less than one hundred specifically identified investors. The fund may not be promoted or marketed in Colombia or to Colombian residents, unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign funds in Colombia. The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions. The information contained in this Prospectus is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves of any applicable legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

## Additional information for investors with residence or seat in the Dubai International Financial Centre (DIFC), United Arab Emirates

This material is distributed by Robeco Institutional Asset Management B.V. (DIFC Branch) located at Office 209, Level 2, Gate Village Building 7, Dubai International Financial Centre, Dubai, PO Box 482060, UAE. Robeco Institutional Asset Management B.V. (DIFC Branch) is regulated by the Dubai Financial Services Authority ("DFSA") and only deals with Professional Clients or Market Counterparties and does not deal with Retail Clients as defined by the DFSA.

## Additional information for investors with residence or seat in France

Robeco Institutional Asset Management B.V. is at liberty to provide services in France. Robeco France is a subsidiary of Robeco whose business is based on the promotion and distribution of the group's funds to professional investors in France.

## Additional information for investors with residence or seat in Germany

This information is solely intended for professional investors or eligible counterparties in the meaning of the German Securities Trading Act.

## Additional information for investors with residence or seat in Hong Kong

The contents of this document have not been reviewed by the Securities and Futures Commission ("SFC") in Hong Kong. If there is any doubt about any of the contents of this document, independent professional advice should be obtained. This document has been distributed by Robeco Hong Kong Limited ("Robeco"). Robeco is regulated by the SFC in Hong Kong.

## Additional information for investors with residence or seat in Indonesia

The Prospectus does not constitute an offer to sell nor a solicitation to buy securities in Indonesia.

#### **Additional information for investors with residence or seat in Italy**

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#### **Additional information for investors with residence or seat in Japan**

This document is considered for use solely by qualified investors and is distributed by Robeco Japan Company Limited, registered in Japan as a Financial Instruments Business Operator, [registered No. the Director of Kanto Local Financial Bureau (Financial Instruments Business Operator), No.2780, Member of Japan Investment Advisors Association].

#### **Additional information for investors with residence or seat in South Korea**

The Management Company is not making any representation with respect to the eligibility of any recipients of the Prospectus to acquire the Shares therein under the laws of South Korea, including but not limited to the Foreign Exchange Transaction Act and Regulations thereunder. The Shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to applicable laws and regulations of South Korea.

#### **Additional information for investors with residence or seat in Liechtenstein**

This document is exclusively distributed to Liechtenstein-based, duly licensed financial intermediaries (such as banks, discretionary portfolio managers, insurance companies, fund of funds) which do not intend to invest on their own account into Fund(s) displayed in the document. This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich, Switzerland. LGT Bank Ltd, Herrengasse 12, FL-9490 Vaduz, Liechtenstein acts as the representative and paying agent in Liechtenstein. The prospectus, the Key Information Documents (PRIIP) the articles of association, the annual and semi-annual reports of the Fund(s) may be obtained from the representative or via the website.

#### **Additional information for investors with residence or seat in Malaysia**

Generally, no offer or sale of the Shares is permitted in Malaysia unless where a Recognition Exemption or the Prospectus Exemption applies: NO ACTION HAS BEEN, OR WILL BE, TAKEN TO COMPLY WITH MALAYSIAN LAWS FOR MAKING AVAILABLE, OFFERING FOR SUBSCRIPTION OR PURCHASE, OR ISSUING ANY INVITATION TO SUBSCRIBE FOR OR PURCHASE OR SALE OF THE SHARES IN MALAYSIA OR TO PERSONS IN MALAYSIA AS THE SHARES ARE NOT INTENDED BY THE ISSUER TO BE MADE AVAILABLE, OR MADE THE SUBJECT OF ANY OFFER OR INVITATION TO SUBSCRIBE OR PURCHASE, IN MALAYSIA. NEITHER THIS DOCUMENT NOR ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION WITH THE SHARES SHOULD BE DISTRIBUTED, CAUSED TO BE DISTRIBUTED OR CIRCULATED IN MALAYSIA. NO PERSON SHOULD MAKE AVAILABLE OR MAKE ANY INVITATION OR OFFER OR INVITATION TO SELL OR PURCHASE THE SHARES IN MALAYSIA UNLESS SUCH PERSON TAKES THE NECESSARY ACTION TO COMPLY WITH MALAYSIAN LAWS.

#### **Additional information for investors with residence or seat in Mexico**

The funds have not been and will not be registered with the National Registry of Securities or maintained by the Mexican National Banking and Securities Commission and, as a result, may not be offered or sold publicly in Mexico. Robeco and any underwriter or purchaser may offer and sell the funds in Mexico on a private placement basis to Institutional and Accredited Investors, pursuant to Article 8 of the Mexican Securities Market Law.

#### **Additional information for investors with residence or seat in Peru**

The Superintendencia del Mercado de Valores (SMV) does not exercise any supervision over this Fund and therefore the management of it. The information the Fund provides to its investors and the other services it provides to them are the sole responsibility of the Administrator. This Prospectus is not for public distribution.

#### **Additional information for investors with residence or seat in Singapore**

This document has not been registered with the Monetary Authority of Singapore ("MAS"). Accordingly, this document may not be circulated or distributed directly or indirectly to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. The contents of this document have not been reviewed by the MAS. Any decision to participate in the Fund should be made only after reviewing the sections regarding investment considerations, conflicts of interest, risk factors and the relevant Singapore selling restrictions (as described in the section entitled "Important information for Singapore Investors") contained in the prospectus. Investors should consult their professional adviser if you are in doubt about the stringent restrictions applicable to the use of this document, regulatory status of the Fund, applicable regulatory protection, associated risks and suitability of the Fund to your objectives. Investors should note that only the Sub-Funds listed in the appendix to the section entitled "Important information for Singapore Investors" of the prospectus ("Sub-Funds") are available to Singapore investors. The Sub-Funds are notified as restricted foreign schemes under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and invoke the exemptions from compliance with prospectus registration requirements pursuant to the exemptions under Section 304 and Section 305 of the SFA. The Sub-Funds are not authorized or recognized by the MAS and shares in the Sub-Funds are not allowed to be offered to the retail public in Singapore. The prospectus of the Fund is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. The Sub-Funds may only be promoted exclusively to persons who are sufficiently experienced and sophisticated to understand the risks involved in investing in such schemes, and who satisfy certain other criteria provided under Section 304, Section 305 or any other applicable provision of the SFA and the subsidiary legislation enacted thereunder. You should consider carefully whether the investment is suitable for you. Robeco Singapore Private Limited holds a capital markets services license for fund management issued by the MAS and is subject to certain clientele restrictions under such license.

#### **Additional information for investors with residence or seat in Spain**

Robeco Institutional Asset Management B.V., Sucursal en Espana with identification number W0032687F and having its registered office in Madrid at Calle Serrano 47-14º, is registered with the Spanish Commercial Registry in Madrid, in volume 19.957, page 190, section 8, sheet M-351927 and with the National Securities Market Commission (CNMV) in the Official Register of branches of European investment services companies, under number 24. The investment funds or SICAV mentioned in this document are regulated by the corresponding authorities of their country of origin and are registered in the Special Registry of the CNMV of Foreign Collective Investment Institutions marketed in Spain.

#### **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.

#### **Additional information for investors with residence or seat in Switzerland**

The Fund(s) are domiciled in Luxembourg. This document is exclusively distributed in Switzerland to qualified investors as defined in the Swiss Collective Investment Schemes Act (CISA). This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich. ACOLIN Fund Services AG, postal address: Leutschenbachstrasse 50, 8050 Zürich, acts as the Swiss representative of the Fund(s). UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, postal address: Europastrasse 2, P.O. Box, CH-8152 Opfikon, acts as the Swiss paying agent. The prospectus, the Key Information Documents (PRIIP), the articles of association, the annual and semi-annual reports of the Fund(s), as well as the list of the purchases and sales which the Fund(s) has undertaken during the financial year, may be obtained, on simple request and free of charge, at the office of the Swiss representative ACOLIN Fund Services AG. The prospectuses are also available via the website.

#### **Additional information for investors with residence or seat in Taiwan**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document has been distributed by Robeco Hong Kong Limited ("Robeco"). Robeco is regulated by the Securities and Futures Commission in Hong Kong.

#### **Additional information for investors with residence or seat in Thailand**

The Prospectus has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the Shares will be made in Thailand and the Prospectus is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

#### **Additional information for investors with residence or seat in the United Arab Emirates**

Some Funds referred to in this marketing material have been registered with the UAE Securities and Commodities Authority ("the Authority"). Details of all Registered Funds can be found on the Authority's website. The Authority assumes no liability for the accuracy of the information set out in this material/document, nor for the failure of any persons engaged in the investment Fund in performing their duties and responsibilities.

#### **Additional information for investors with residence or seat in the United Kingdom**

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#### **Additional information for investors with residence or seat in Uruguay**

The sale of the Fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18.627. The Fund must not be offered or sold to the public in Uruguay, except under circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The Fund is not and will not be registered with the Financial Services Superintendence of the Central Bank of Uruguay. The Fund corresponds to investment funds that are not investment funds regulated by Uruguayan law 16,774 dated 27 September 1996, as amended.