For professional investors

ROBECO
The Investment Engineers

INTEGRATING THE SDGs INTO
GOVERNMENT BOND STRATEGIES

Country SDG Framework

Sustainable Investing Expertise by
ROBECOSAM

Preface

The Sustainable Development Goals (SDGs) have offered a means of focusing investment strategies to create more of a real-world impact since they were launched in 2015. The goals address a broad range of issues from mitigating climate change, promoting human well-being, and reducing social inequalities. A deadline of 2030 was set to achieve the goals, presenting an ambitious 15-year timeline that in 2023 we're now half-way through.

Investor involvement is key to achieving the SDGs; indeed, the UN has long recognized that some of the most pressing issues facing humanity cannot be solved by governments or philanthropists alone. Subsequently, the UN calls upon all actors in societies, especially businesses and investors, to help tackle these challenges that the SDGs represent. To this end, asset managers have focused on putting capital to work in the companies or projects that can contribute to one or more of the goals. But how to know which ones they are?

In 2017, Robeco developed a framework that can assess the contributions – both positive and negative – that companies can make to the SDGs. This could be anything from a health care provider making affordable medicines for emerging markets and telecoms companies making broadband more widely available, to banks offering microfinance to lower-income households. The SDG framework has been used to create a number of investment products, which allocate to equities or bonds of companies capable of making a meaningful (and measurable) contribution. They have since attracted several billion euros of investor cash, signaling that investors want to align their capital with the ambitions of the SDGs.

“ Focusing investment strategies to support more of a real-world impact

But what about government bonds? Which governments should you invest in if you want to support the SDGs? A second framework that assesses the credentials of nations in being able to make further progress on the SDGs was launched in 2023. This advises how investors can integrate the SDGs into government bond portfolios by applying in essence the same kinds of SDG scores to countries as it does to companies. This new framework follows a different philosophy from existing sovereign ESG ratings, such as our Country Sustainability Ranking, thereby providing a complementary angle.

In this brochure, we outline how this Country SDG Framework analyzes countries in three steps. We show the distribution of SDG scores and then illustrate how these can be used to create government bond portfolios in support of the goals. We hope you will join us in working for a better world using the power of investment via the SDGs.

Jan Anton van Zanten, *SDG strategist*
Laurens Swinkels, *Multi-asset analyst*
Rikkert Scholten, *Global Macro strategist*
Max Schieler, *Country Sustainability Ranking specialist*

Introduction

The Sustainable Development Goals have noble aims. They want to:

'Free humanity from poverty, secure a healthy planet for future generations, and build peaceful, inclusive societies as a foundation for ensuring lives of dignity for all'

And this requires some serious investment estimated to be up to USD 5 trillion a year, according to the UN. We are not there yet: the SDGs face an annual funding gap of USD 2.6 trillion, equivalent to 2.7% of global GDP[1]. This financing gap is particularly wide in poorer nations; whereas emerging market economies such as Guatemala and Indonesia need to spend an additional 4% of their GDP per year to attain the SDGs by 2030, this figure rises to 15.4% for lower-income developing countries such as Vietnam, Rwanda and Benin.

These numbers starkly contrast the additional spending requirements of richer states. High-income countries must invest more in some areas linked to the SDGs, such as renewable electricity, roads, and water and sanitation, but the additional annual investments needed are estimated to be below 1% of their GDP.

Given their public nature, governments and ultimately taxpayers have thus far been the main financiers to furthering the SDGs through public projects. The challenge has been to involve the private sector, particularly the trillions of dollars in capital controlled by financial institutions including banks, asset managers, insurers and pension funds.

Much of the current involvement of financial institutions in the SDGs is in the corporate space. Investors are developing ways to buy the equities or corporate bonds of companies that can make a positive contribution to one or more of the SDGs via bespoke SDG or more thematic investment funds. Robeco uses its SDG Framework for companies to achieve this[2].

Now the challenge is to expand this to government bonds. The question that needs answering is: which countries' government bonds should be purchased to support the SDGs? Answering this question requires an altogether different set of considerations compared to using existing sovereign ESG ratings that government bond investors used for many years. These ratings, like the Robeco Country Sustainability Ranking, assess how countries perform on environmental, social and governance factors[3]. Assessing countries' sustainability credentials through the lens of ESG helps identify investment risks and opportunities. But while these rankings serve a specific purpose, they are not designed to identify which countries have good policies for advancing the SDGs, and as such support the largest societal and environmental impacts. Hence, aligning government bond portfolios with the SDGs requires a framework of its own.

The SDGs – 17 goals with a wide range of ambitions

1. Gaspar, Amaglobeli, Garcia-Escribano, Prady & Soto, 2019
2. The full SDG Framework brochure is available on the Robeco website.
3. The latest Country Sustainable Ranking of the world's most sustainable countries is available on the main Robeco website.

The Country SDG Framework

We therefore developed a Country SDG Framework that helps investors integrate the SDGs in sovereign bond portfolios. Our approach identifies:

- Countries that have good policies for achieving the SDGs
- Those that need better access to capital to fund sustainable development
- Nations which fail to respect key sustainability principles.

Let us now go through the three steps in our Country SDG framework. Firstly:

1. Do policies support the SDGs?

Investors can support the SDGs by investing in the bonds of governments that have good policies for advancing the goals. Identifying these policies are the starting point of what the SDG framework needs to investigate. While there are excellent assessment models that tell us how far countries already have come in achieving these goals, such as the SDSN SDG Index and the annual progress reviews of the UN, these don't tell investors much about the quality of governmental policies for making additional progress. For example, existing data may tell us that in a particular country a relatively large share of the population lacks access to clean drinking water. But this data does not inform about the potential future growth of such access. This is what we want to measure. Ideally, we would generate such insights by analyzing governmental policy documents, but such data is not available, at least not in standardized and comparable formats.
To overcome this issue, we gauge countries' policies for the SDGs in an innovative way. We use 71 indicators that directly link to SDG targets, using an assessment method for each one. Three types of methods are applied.

First, policies for various SDG targets are indirectly scored by assessing how countries have performed on an indicator in recent years. If countries show progress, then they can get a positive score; reverse trends can lead to negative scores. For example, one indicator for SDG 3 (Good health and well-being) is a country's maternal mortality ratio. A reduction in maternal mortality would lead to positive scores, while increases would lead to negative scores. The assumption is that good/bad progress on an SDG target can tell us something about the quality of governmental policies for that target.

Second, some indicators are screened by looking at a country's average performance in recent years. For example, a nation's average health expenditure relative to its GDP is used to gauge policies in support of SDG 3.

The third method looks at a country's most recent performance on an indicator. For SDG 8 (Decent jobs and economic growth), for example, we assess children's rights in the workplace in the most recent year available. Combinations of these methods may apply, whereby both absolute levels and trends are assessed for a particular indicator.

Together, these methods enable us to approximate countries' policies for the SDGs and assign the relevant scores.

2. Is there potential to improve financing?

Some countries have better access to capital markets than others. We therefore assess whether investors can support countries in getting better access to the financing needed to make progress on the SDGs. This assessment consists of two dimensions. We firstly identify what a country's income classification is according to the World Bank, and then screen them for corruption. Countries that are rated as low, lower-middle, and upper-middle income and that do not have high levels of corruption get a +1 score during this step of the framework. These countries can be considered in need of additional capital, and the risk that funds will be misallocated should be reduced by the corruption check.

3. Are controversies known?

The corruption check is a good example of how attaining the SDGs requires countries to follow the principles that lie at the heart of sustainability itself. This is not the only check. The framework screens different kinds of controversies, led by the overall quality of governance that is identified by the Country Sustainability Ranking. Those with poor governance are assigned a -1 score.

We further analyze whether countries are

Figure 1 | Robeco's SDG Framework – a three-step process

POLICY

Do policies support the SDGs?

Does a country implement policies that promote or limit each of the SDGs?

Assessing policies for the SDGs:

- Progress on SDG targets over time
- Average performance in recent years
- Absolute performance in the last year

POTENTIAL

Is there potential to improve financing?

Is there potential for an investor to improve a country's access to capital?

Considerations:

- Country income-status
- Corruption
- Policy (step 1)

CONTROVERSIES

Are controversies known?

Does the country comply with key principles for the SDGs?

Examples of controversies:

- Poor governance
- Hard-line autocracies
- Violation of right and civel liberties

Source: Robeco

dictatorships using the BTI Transformation Index. Such nations are given a -2 score. Then we screen for whether countries face EU, UN, and/or US sanctions; whether they are highly fragile states; if political rights or civil liberties are violated routinely, or whether they otherwise face very high political instability. Countries that score poorly on this composite measure receive a -3.

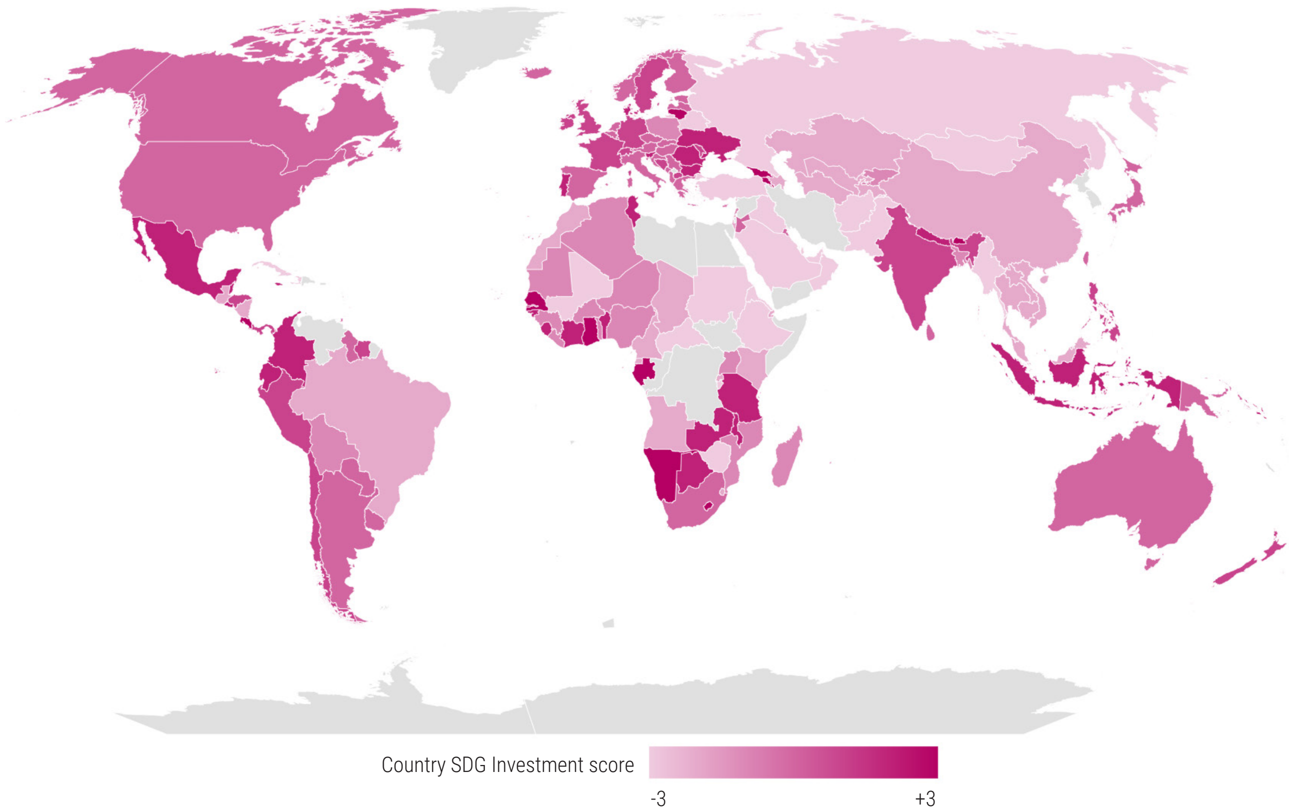
Assigning the total country SDG scores

Once the data is in and calculations have been made for all three steps, a total SDG score can be assigned to each country. If a country has a negative score in any of the three individual steps, then the lowest score becomes the country's total SDG score. This recognize that countries with poor policies for the SDGs (step 1) or those displaying behavior that strongly conflicts with the SDGs (step 3) cannot receive a neutral or positive total score. Countries that have a neutral score in step 1 but no negative score in step 3 would receive a total score of 0. For those with a positive score in step 1, we add the country's score in step 2. This way, countries with good policies (step 1) and that also need better access to financing (step 2) get higher scores to facilitate their inclusion in investment solutions.

What the Country SDG scores look like

How this plays out in a division of scores can be seen in the figure below. Of the 170 countries analyzed, 34% get a positive score, 22% a neutral score and 44% a negative score. Among the positive scores, 14 countries (8%) get a +3 score, with 24 (14%) and 19 (11%) receiving +2 and +1 scores.

Of the countries with a negative score, 17 (10%), 32 (19%) and 27 (16%) are given -1, -2 and -3 scores, respectively. Various countries have policies that detract from many SDGs, or are involved in controversies that conflict with sustainable development. Fortunately, there are multiple countries that stand out as having good policies for the SDGs, while also needing better access to finance.



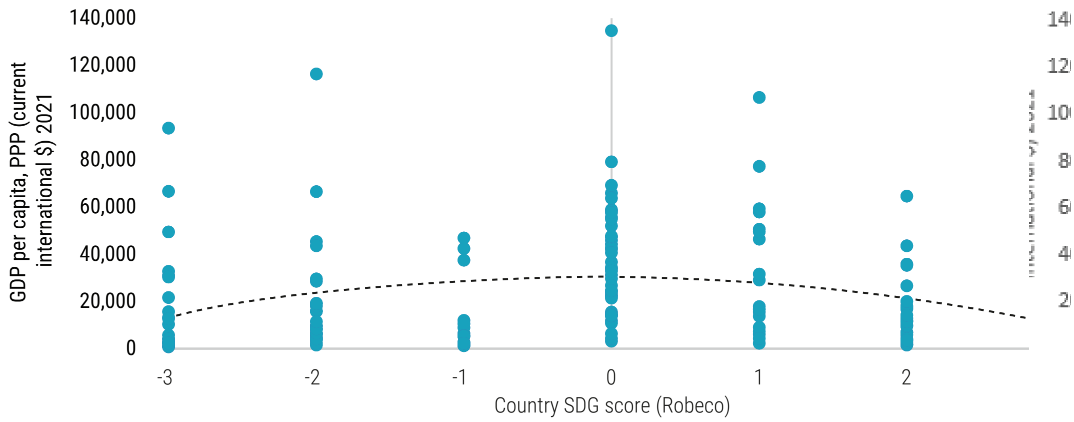
Country scores around the world

Some of the highest scoring countries are emerging markets that have good policies for the SDGs. This can be seen in the fact that the three highest scoring countries are Ghana, Costa Rica and Lithuania, thanks to all three achieving the maximum possible +3 for having pro-SDG policies. Those with the lowest outcomes score poorly on policies for the SDGs and/or may be involved in controversies. For instance, Turkey and Qatar have -3 scores for these policies. Scores in the middle tend to be given to countries that are already quite advanced in meeting the SDGs. This can be seen in the neutral (0) ratings for the US and the Netherlands. This reflects the methodology and purpose of the SDG score that seeks to reward countries that have good policies and need better access to capital, rather than assessing a country's current level of SDG attainment.

Country	Total SDG score	Scores per step of the framework			Scores per SDG in Step 1 - Policies																
		Step 1 Policies	Step 2 Potential	Step 3 Contro-versies	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Ghana	3	3	1	-	-	-	2	2	2	3	2	1	-	1	-	2	2	-	-1	2	-
Costa Rica	3	3	1	-	3	-	-	3	1	-	-	-	-	2	-	2	2	-	1	2	-
Lithuania	3	3	-	-	2	2	1	-	1	3	2	-	1	-1	-	-3	1	1	-	2	-
Mexico	2	2	-	-	-	-	1	2	3	-	-	-	-	1	1	1	1	3	-1	-2	-
Indonesia	2	2	-	-	3	-	3	2	1	-1	1	1	-	-	-	2	-	-	-2	-1	-
Denmark	2	2	-	-	-	-	-	1	-	-	2	-	2	-	-	2	3	1	1	-	1
India	1	1	-	-	-	-	2	1	3	-	-1	1	2	-	-	2	-	-	-1	-1	-
United Kingdom	1	1	-	-	-	1	-	1	2	-	1	-	1	-1	-	2	3	1	-	-1	-
France	1	1	-	-	-	-	-	-	3	-	-	-	1	1	-	2	1	3	-1	-	-
Kuwait	-	-	-	-	-	-	1	2	-	-	-	-	-	-	-	-	-3	-	-1	-2	-
United States	-	-	-	-	-	1	1	-	2	-	-	-	1	-1	-	2	-2	2	-1	-2	-
Netherlands	-	-	-	-	-	-	-	1	-1	1	-	-	1	1	-	1	-2	1	-1	-	-1
Bangladesh	-1	1	-	-1	-	1	2	1	1	1	-1	-	-	-	1	3	-	-	-1	-2	-
Poland	-1	-1	-	-	2	2	1	-	1	2	-	-	1	-1	-	-2	-3	1	-	-1	-
Korea, Rep.	-1	-1	-	-	-	-	-1	-	1	-	-	-	2	-	1	-	-3	-	-2	-1	-
China	-2	-2	-	-2	-	-	1	1	2	1	-	1	3	2	1	-3	-1	-	-2	-3	-
Brazil	-2	-2	-	-	-	-1	2	2	1	2	-	-	1	-2	-	-2	3	3	-2	-2	-
Israel	-2	-2	-	-	-	-	-1	1	2	1	-	-	2	-	-	1	-2	-	-3	-3	-
Qatar	-3	-3	-	-2	-	-	2	-	1	-2	-	-	1	1	-	-3	-3	-	-1	-3	-
Russian Federation	-3	-3	-	-3	-	1	-1	1	-	-	-	-	1	2	-	-2	-3	-	-1	-3	-
Turkey	-3	-3	-	-	2	-	-1	1	1	-2	-	1	1	-2	1	-2	-1	-	-1	-3	1

To dig deeper, we have found that a country's SDG score isn't necessarily linked to its GDP per capita. As the chart below shows, low-income countries appear on both ends of the spectrum; top-placed Ghana (+3) has a GDP per capita of USD 2,363 while bottom-placed Turkey's (-3) is four times that at USD 9,661.[4]

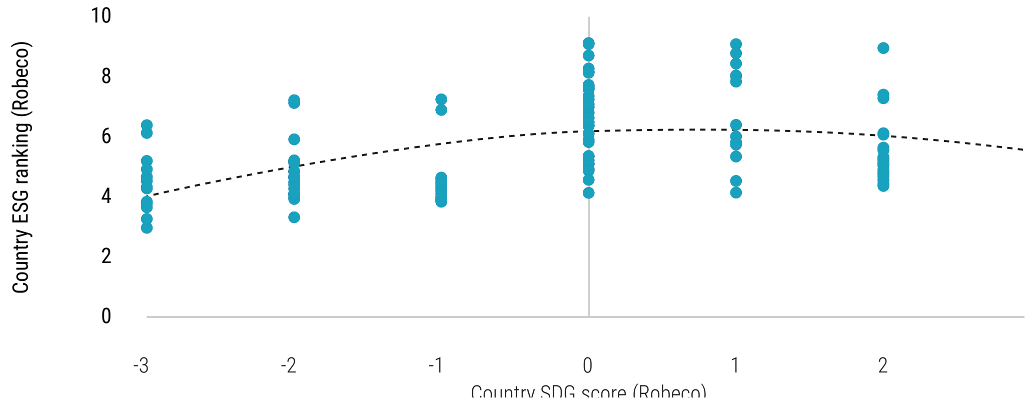
SDG score and GDP per capita



A country's SDG score is also not correlated to its ESG rating. As the chart below shows, countries with high ESG ratings can still get negative SDG scores – several with ESG ratings of 5 or above are -3 on the SDG scale, and many with the highest ESG levels are neutral when it comes to the goals. Conversely, many countries with high SDG scores of -2 or -3 rank in the lower halves when it comes to ESG.

This lack of correlation is a good thing because it reflects the different philosophies that lie behind the SDG score and ESG ratings like the Country Sustainability Ranking. We can use the SDG score to align funds with the SDGs, while we then use an ESG assessment in the investment process to ensure that we pursue sustainability opportunities and avoid related risks. This makes them complementary. There is one important exception, though. Both in the SDG scores and country ESG ratings, there is no compromise on poor governance or controversies. Countries that look poorly from this perspective will score low in both our SDG and country ESG framework.

SDG score and Country ESG ranking



4. GDP per capita data (worldbank.org)

Creating an SDG-aligned government bond portfolio

Now that the scores have been calculated, we can integrate them into government bond portfolios. We can do this in multiple ways.

Before going into the details, it is worthwhile explaining the sovereign debt market. There are 111 sovereign debt issuers in the world that are covered by fixed income indices, in a multi-trillion dollar market that is dominated by five players: the US (37% of all government debt), Japan (16%), China (7%), the UK (6%) and France (5%). The smallest 98 countries together account for just 13% of market capitalization. Each country has a credit rating assigned by three main agencies – S&P, Moody's and Fitch – that reflects the likelihood that it will make good on repaying the debt, or worse, the risk of default.

As a rule of thumb, the lower the rating on the traditional scale of AAA to CCC, the higher the credit risk premium in the yield of the bond, since the issuer has to offer a higher return to compensate for the risk. Ratings above BBB- on the standard scales are 'investment grade' and have a lower default risk free; ratings below this are 'sub-investment grade' – often called 'junk bonds' – and carry higher default risk.

No	S&P	Moody's	Fitch	Meaning and color
1	AAA	Aaa	AAA	Prime
2	AA+	Aa1	AA+	High Grade
3	AA	Aa2	AA	
4	AA-	Aa3	AA	
5	A+	A1	A+	Upper Medium Grade
6	A	A2	A	
7	A-	A3	A-	
8	BBB+	Baa1	BBB+	Lower Medium Grade
9	BBB+	Baa2	BBB+	
10	BBB-	Baa3	BBB-	
11	BB+	Ba1	BB+	Non Investment Grade Speculative
12	BB	Ba2	BB	
13	BB-	Ba3	BB-	
14	B+	B1	B+	Highly Speculative
15	B	B2	B	
16	B-	B3	B-	
17	CCC+	Caa1	CCC+	Substantial Risks
18	CCC	Caa2	CCC	Extremely Speculative

Against this background we show two types of portfolios that we can build using our SDG scores. These should be seen as examples of how the methodology can be applied in portfolio construction. The first is by building an 'SDG Core' government bond portfolio, which has a low default risk and is relatively liquid in nature. The second is through an 'SDG Focus' portfolio, which allows for more default risk to increase the sustainability profile, as well as expected returns. These two types of portfolios reflect differences in investor's risk appetite. Below, these two are explained sequentially.

SDG Core

We follow a three-step process to illustrate how the SDG Government Framework can be used.

Step 1: Determine the list of 'safe and liquid' sovereigns

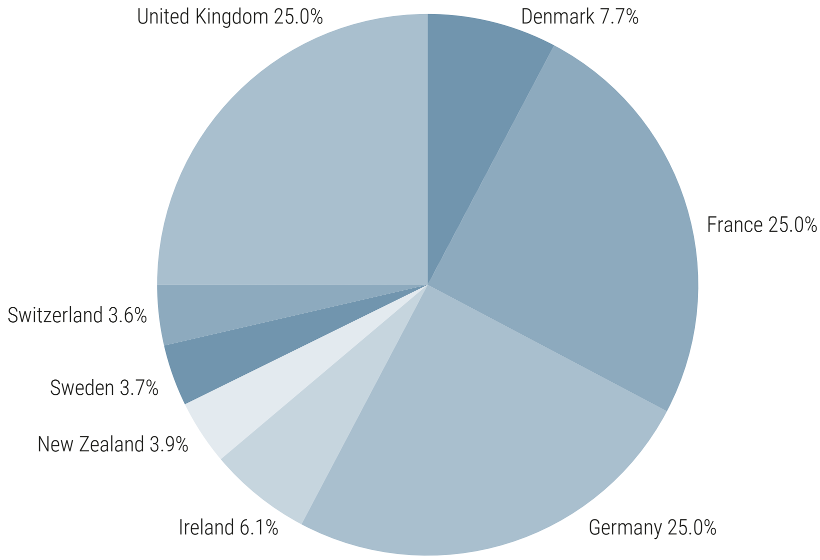
The main measure for 'safe and liquid' is whether the sovereign is considered a 'safe haven'. It is standard market practice to label Germany, Japan, the UK and US as safe havens. We then add countries with an AAA or AA credit rating and a bond market of at least USD 50 billion in size, leading to a set of 21 countries.

Step 2: Determine which SDG scores are eligible for inclusion

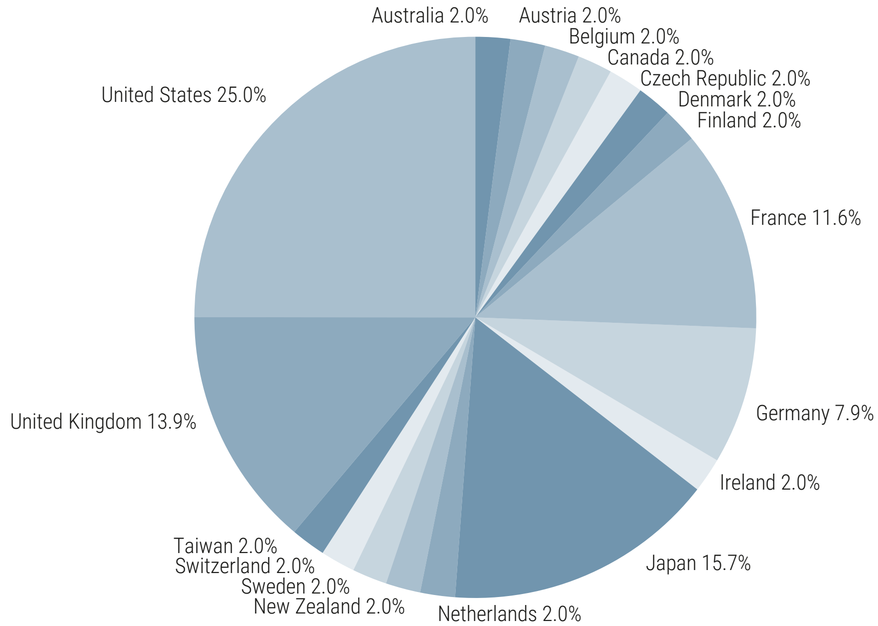
We give zero weight to countries with a negative or neutral SDG score. This excludes 13 out of the 21 sovereigns, including the US and Japan. This step has therefore major consequences for the SDG Core strategy. If we had only excluded the three sovereigns with a negative SDG score, the portfolio would be much less affected and would still have included the US and Japan.

Step 3: Determine the portfolio weights

Essentially, we want to allocate more to the government debt of countries with a higher SDG score and include a certain level of diversification, all while recognizing that larger bond markets have more investment capacity and liquidity. To achieve this, we multiply a country's nominal bond market with a factor that depends on the SDG score: 1.00 for an SDG score of +3; 0.50 for an SDG score of +2; and 0.25 for an SDG score of +1. To ensure diversification, the maximum allocation to a sovereign is 25%.



The pie chart above shows the resulting portfolio. The UK, France, and Germany each account for the maximum of 25% allocation. Denmark, the only country with an SDG score of +2, has an 11% allocation. The SDG Core portfolio is heavily tilted towards European government bonds. A way to increase geographical diversification is to lower the SDG standards to include also neutral-scoring sovereigns, or to decrease the safety and liquidity rules by allowing lower-rated and smaller countries to enter the portfolio. We illustrate the effect of including neutral-scoring sovereigns in the pie chart below. This choice has a large impact on the portfolio, with the US and Japan now accounting for the largest weights, leading to much more geographical diversification within the SDG Core portfolio.



SDG Focus portfolio

For the SDG Focus portfolio, the emphasis is on the SDGs, with safety, liquidity, and credit ratings requirements seen for this purpose as secondary concerns. This results in a riskier portfolio compared to its SDG Core counterpart. To construct this portfolio a three-step procedure is followed, similar to the one described above.

Step 1: Determine the list of eligible sovereigns

All sovereigns with a bond market covered by our index provider are in principle part of the investment universe, except for those that already qualify for the SDG Core portfolio.

The size of the bond market needs to be at least USD 1 billion. Investors who care more about liquidity may use an alternative threshold where the bond market's size for example needs to be above USD 10 billion. The minimum credit rating should be B- on the S&P scale or better (i.e. not starting with C), allowing us to avoid buying debt from countries in the process of defaulting. This leaves 71 countries eligible for inclusion in the SDG Focus portfolio.

Step 2: Determine which SDG scores are eligible for inclusion

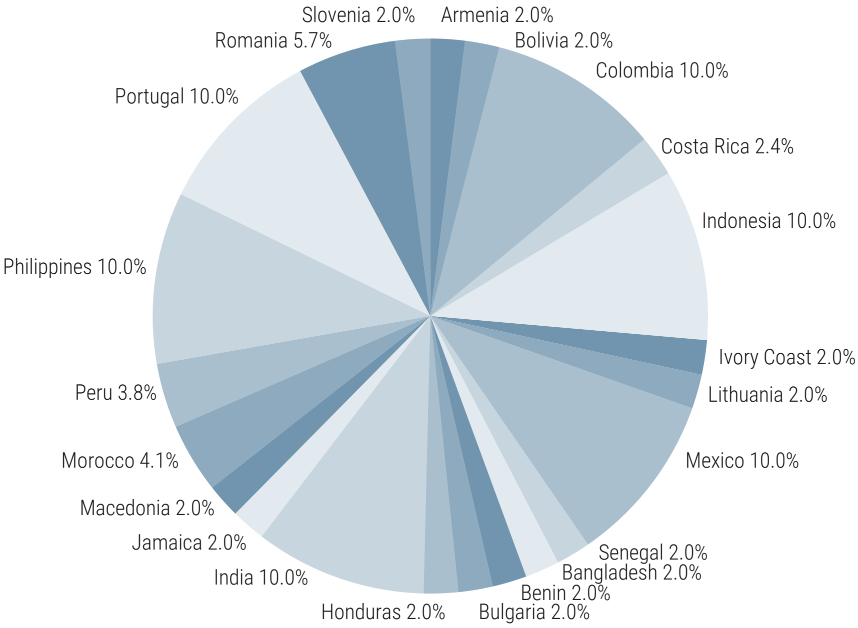
To create a government bond strategy with maximal positive exposure to the SDGs, we include only those governments with an SDG score of +2 or +3. While including SDG scores of +1 would create more diversification, it would also lower the portfolio's SDG score. For this example, we opt to generate a portfolio with higher SDG scores. This criteria further reduces the sample from 71 to 22 eligible countries.

Why are only 22 remaining? Even though 67 countries have a +2 or +3 rating, unfortunately only 22 of those have functional bond markets. This means only one-third of the countries that warrant investment from an SDG perspective are accessible for the global investment community.

While we focus on bond markets covered by index providers in this section, the impact potential would be even greater if investors could include government bonds from countries with less established bond markets, or even support these countries establishing such new markets. This would give those governments more access to international financial markets, lowering their cost of borrowing and therefore enabling a significant step for their further development. We are aware that pursuing such a strategy is not a realistic option for every investor.

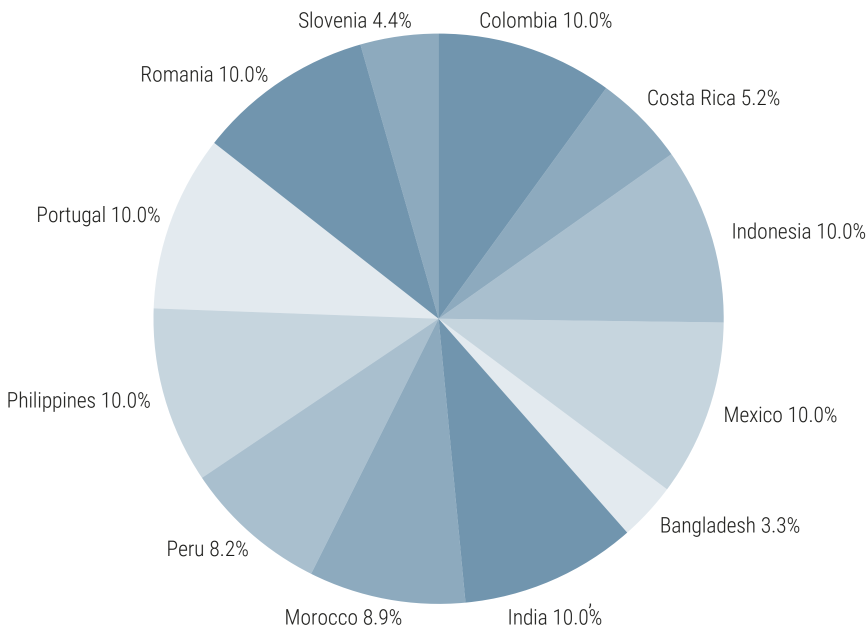
Step 3: Determine the portfolio weights

Once again, in essence we want to invest relatively more in the government debt of countries with a higher SDG score, while recognizing that larger bond markets have more investment capacity and liquidity. In this example, we multiply a country's total bond market capitalization by a factor of 1.00 for an SDG score of +3 and by 0.50 for an SDG score of +2. To avoid allocations that are too small, the minimum weight is 2%, and to ensure diversification, the maximum weight is 10%.



The result of this three-step process is the SDG Focus allocation presented in the pie chart above. This is capped at 10% for India, Indonesia and Mexico. There are 15 countries at the lower bound of 2%. This means that the portfolio is diversified across countries, although returns could still suffer from a high correlation in risk-off episodes.

Note that this is not simply an emerging markets government bond portfolio loading on default risk. This portfolio also incorporates a large and developed country like Portugal, as well as Slovenia and Lithuania, with an A-rating. Investors that care more about liquidity may want to exclude bond markets that are, for example, smaller than USD 10 billion in size. The effect of this choice is shown in the pie below. Most countries with a 2% minimum weight in the pie chart above have disappeared from this portfolio.



The SDG Country Framework is used internally by Robeco's portfolio managers to build investment products that contain the best possible government bonds.

"We see a growing interest in funds that promote the SDGs, and our country SDG framework helps us in building portfolios that fulfil that demand," says Michiel de Bruin, portfolio manager with Robeco's Global Macro team.

It's also useful for multi-asset products. "We believe that sovereign bonds should not be excluded from our sustainability analysis and reporting," says Colin Graham, Head of Multi-Asset Strategies.

"The Country Sustainability Ranking is a useful framework, but as with ESG measures, this lens is based on an historical look-back. So, with our SDG sovereign framework we can look forward and assess where we are going to witness the largest marginal changes."

"In this way, we can adjust for countries that are at different stages of their economic transition and fund the governments accordingly."

Summary

Our new Country SDG Framework gives us a tool for aligning government bond portfolios with the SDGs. This responds to the World Bank's call to develop a new sovereign sustainability framework that provides clarity on investment objectives, incorporates forward-looking scenarios, and corrects for the income bias that is engrained in established sovereign ESG ratings.

We believe that the scores created via our framework contribute towards this objective, since they include a forward-looking perspective on policies for the goals. The framework incorporates the current development status of a country, leading to an inverse relationship between a country's SDG score and its income status. This novel SDG framework can therefore complement existing ESG ratings.

With these scores we enable a novel type of sustainable investing approach to sovereign debt, one of the world's largest asset classes. Such an approach, targeted at channeling investments towards achieving SDG goals, has thus far been lacking, with the exception of ring-fenced financial instruments such as green, social and sustainability linked-bonds. We hope this approach will contribute to countries attaining better access to financing, closing the SDG financing gap and thereby promote positive sustainable development outcomes.

Important information

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Additional information for US Offshore investors – Reg S

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

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The Fund may not be offered or sold to the public in Brazil. Accordingly, the Fund has not been nor will be registered with the Brazilian Securities Commission (CVM), nor has it been submitted to the foregoing agency for approval. Documents relating to the Fund, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of the Fund is not a public offering of securities in Brazil, nor may they be used in connection with any offer for subscription or sale of securities to the public in Brazil.

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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.

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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.

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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.

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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.

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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.

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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 Superintendency 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.

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