WHITE PAPER

Transition investing:

Exploring alpha potential

Contents

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Transition investing: Exploring alpha potential

Our analysis indicates there are plenty of alpha opportunities to be found across a multitude of climate solutions and so-called transition leaders, both in low- and high-emitting industries, and across developed and emerging markets. But having thematic support alone is not enough. The secret lies in the balance between impact and economics. Leaders in higher-emitting sectors are therefore also part of the net-zero equation. When sticking to classic investment principles and not blindly chasing everything that colors green, climate transition investing can certainly create value for investors while contributing to the climate goals.

Introduction

Climate change is a systemic challenge, requiring a more pervasive transformation of various sectors and industries than often assumed. Simply adding more solar and wind or plugging more EVs to the grid is not enough to solve for the complex puzzle called 'net zero'. Moreover, climate transition creates new challenges too. For example, how should we ensure equity and inclusiveness for workers and communities that still depend on fossil fuels? How can we enhance the efficiency and resilience of our food, transport, and building systems, which account for a large share of global emissions?

These questions imply the need for a comprehensive set of climate solutions beyond just clean technologies. We need to invest in the transition of all sectors that have a significant impact on the environment and society, while supporting the innovation and adaptation of businesses that are committed to sustainability. Next to the companies providing climate solutions, or 'enablers', we also need to recognize and reward the transition leaders already reducing their environmental footprint, improving their social performance, and aligning their strategies with the long-term goals of the Paris Agreement.

In the first section of this white paper, we'll quickly touch on the various climate solutions buckets and associated investment spend needed to make a transition to net zero happen. The second section will then look at the alpha potential of transition investing, as well as the role of transition leaders in the net-zero equation. Does doing good ultimately lead to doing financially well for investors too? In this white paper, we try to answer this question by, first, looking into the historical returns of various climate solutions and, second, comparing the historical returns between the transition leaders versus transition laggards. Of course, we'll use those findings as a guidepost for our playbook for the many exciting investment opportunities that lie ahead.

Investment needs

'Net zero' is a two-word ambition that is anticipated to take decades and require tens of trillions of dollars investment spending. Most reports looking at the economics of net zero conclude that a global investment of around USD 5 trillion per year is needed,[1] about three times today's annual spend, or around 4.5% of annual global GDP. While many pundits point to the need for a rapid investment scale-up across all systems, we, however, see real-world limitations to this. Moreover, a fixation on the short term might lead to a misallocation of capital over the long term, potentially jeopardizing the transition itself.

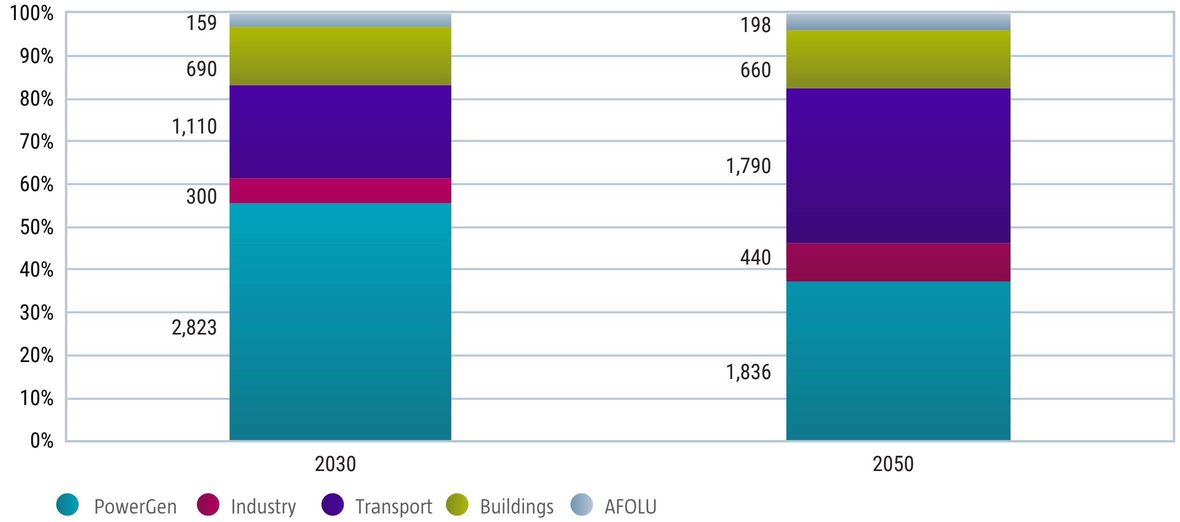
By triangulating capital expenditure projections from several leading research reports, we've assessed the investment needs by climate solution category (Figure 1). Most investment needs to be geared toward the power generation sector (43% of total), mainly as this forms the gateway to many other sectors. For example, without clean power, there will be no green buildings. The transportation space is another big investment driver (32%), followed by buildings (13%), industry (8%) and agriculture, forestry and other land-use (AFOLU; 4%).

1. IIGCC (2022), IEA (2023). McKinsey (2022) even arrives at USD 9.2 trillion per year of spend needed, though this also includes, for example, continued spending on high-emission assets of USD 2.7 trillion within that figure.

When we zoom in on individual climate solutions, timelines and price tags can differ quite a bit. For example, well established technologies such as solar PV have seen costs drop significantly over time, whereas carbon capture and green hydrogen are still at a very nascent stage, and hence in need of lofty subsidies to make it work economically. And of course, options related to behavioral changes (e.g. dietary patterns) or simply planting trees come at very low cost while being quite effective.

Figure 1 also indicates that by 2050, investments in net zero will not stop. By then, many mature decarbonization technologies will need constant maintenance spending. At the same time, newer solution categories that are largely undeveloped today will still require high investment, particularly in the higher emitting, harder-to-abate sectors such as steel, cement and aviation. In other words, we assume the USD 5 trillion annual spending will stay relatively constant, albeit allocated differently across the various climate solution categories.

Figure 1 – Average annual spend by category in USD bln



Source: Robeco (2023), IIGCC (2022), McKinsey (2022)

In an earlier white paper, we took a deeper dive into the topic of carbon abatement costs per climate solution, arriving at an average carbon cost estimate of about USD 105/t,[2] clearly higher compared to today's EU carbon price of roughly EUR 70/t.[3] Our more conservative approach is based on our higher expected implementation costs of decarbonization solutions in the real economy as we are less convinced that cost curves of both mature and still unproven technologies can come down as quickly as many assume. This also has implications for the climate solutions we want to get exposure to over time to harvest alpha potential, which, as Figure 1 illustrates, is connected to how we expect investment flows will evolve over time.

All in all, the transition will take decades, yet a lot of heavy lifting needs to take place in the coming years. To meet the demand of such a transition, limited fiscal and societal headroom are putting a break on a fast roll-out of many climate plans. Higher borrowing costs, rising debt levels, inflationary shocks and complex geopolitics strain the investment capacity needed. Meanwhile, an expedited transition risks negative side effects such as a consumer revolt as escalating prices might drive social unrest.

Furthermore, in contrast to the period in which many research reports were written, we are now facing significantly higher interest rates, most likely causing financing issues for many renewables-related infrastructure projects, for example. The implication of this is that alpha opportunities are never static, despite many solution categories enjoying multi-year secular support. As in any investment cycle, some areas in the market will thrive and others stay subdued for a while.

2. Robeco white paper "Charting a realistic path toward net zero" (2023).
3. Carbon Price Tracker | Ember (ember-climate.org) (July, 2024)

This is exactly why we argue for a comprehensive, diversified approach to stay agile in the pursuit of alpha.

Climate solutions

The blueprints of the decarbonization pathways, extensively discussed in a prior paper,[4] help us in our search for feasible climate solutions. Again, acknowledging the inherent challenges in the implementation of many of such climate measures, this white paper does not take a position what the best pathway is nor whether it is sufficient to limit the global temperature rise to either 1.5 °C or 2 °C degrees. Rather, we actively and thoroughly investigate the universe to identify the most attractive investment opportunities across a variety of decarbonization-critical climate solution categories.

Although capital deployment will not be homogeneous across regions and industries, the approach taken should still be as universal as possible. This means essentially that all sectors have to actively contribute to the transition in a concerted way. For example, the aviation industry can only decarbonize if refiners supply them with advanced biofuels, which in turn are dependent on food and waste companies to provide the necessary feedstock. The same accounts for steel makers relying on producers of green hydrogen, graphite electrode manufacturers and carbon capture technology providers as ways to ultimately transition to net zero.

As earlier explained, climate solutions are not limited to just clean technologies. At Robeco, with our in-house Climate Analytics tools, we have developed our own definition of what constitutes a climate solution by aligning with legislative and scientific guidance from the IPCC, IIGCC, GFANZ, EU Taxonomy and Singapore Taxonomy. The result is illustrated in Figure 2.

Figure 2 – Climate solution toolbox

Source: Robeco (2024), IIGCC (2022), McKinsey (2022), IEA (2023)

Opportunities to generate alpha: climate solutions

Having explored the climate universe for many years now, has cemented our view that the investment opportunities for alpha potential are bountiful. We'll start by sharing our analysis on the ways to do so within a large group of climate solution providers, before we hit on the many alpha opportunities we see in so-called climate transition leaders in the next section.

4. Robeco white paper "Charting a realistic path toward net zero" (2023).
5. Transition facilitators include companies that do not have direct climate solutions but do play a facilitating role to all solution categories (e.g., capital providers, software engineers and science hubs)
6. Within conventional energy, natural gas (liquid) is considered a transitional activity in our Taxonomy framework. While not considered fully sustainable, it does contribute to climate change mitigation during the transition to a sustainable economy.

After years of Goldilocks, a series of interest rate hikes by the US Federal Reserve since 2022 in response to rising inflation caused tremors across the wide cleantech and renewables space. These higher interest rates have had a negative effect on such growth-oriented sectors, which depend on future cash flows and often have high capital costs. 'Doomers' claimed this as the end of climate investing. We disagree. On the contrary, against the background of still very sound growth fundamentals in combination with a much more cleansed valuation set-up, we believe this sets the stage for the next climate investment renaissance. At the same time, recent market behavior toward climate investing also supports our belief that diversification in terms of exposures remains important as ever as to enhance alpha generation over the long term.

To find the most promising areas for alpha potential, we delved into a wide range of climate solutions to see how they've performed over time. Perhaps unsurprisingly, it turns out that it pays off to be exposed to a very diverse set of solutions and not put all your eggs in the same basket. Obviously, classic rules of investment around diversification, valuation discipline and risk management still apply, also in the context of thematic climate investing.

In terms of our research approach, to compare the historical returns of all climate solutions, we took into account the homogeneity of some solutions and re-grouped them into 17 baskets based on a combination of industry and solution types. Our sample contains close to 650 stocks seen as climate solution providers across both developed and emerging markets. We calculated the annualized total return of each solution basket over the past three and ten years, and compared the returns to that of the MSCI ACWI for the same periods. This way we believe we can capture the long-term, through-the-cycle performance of such solutions, but also see how they fared in the different rate regime from the last few years.

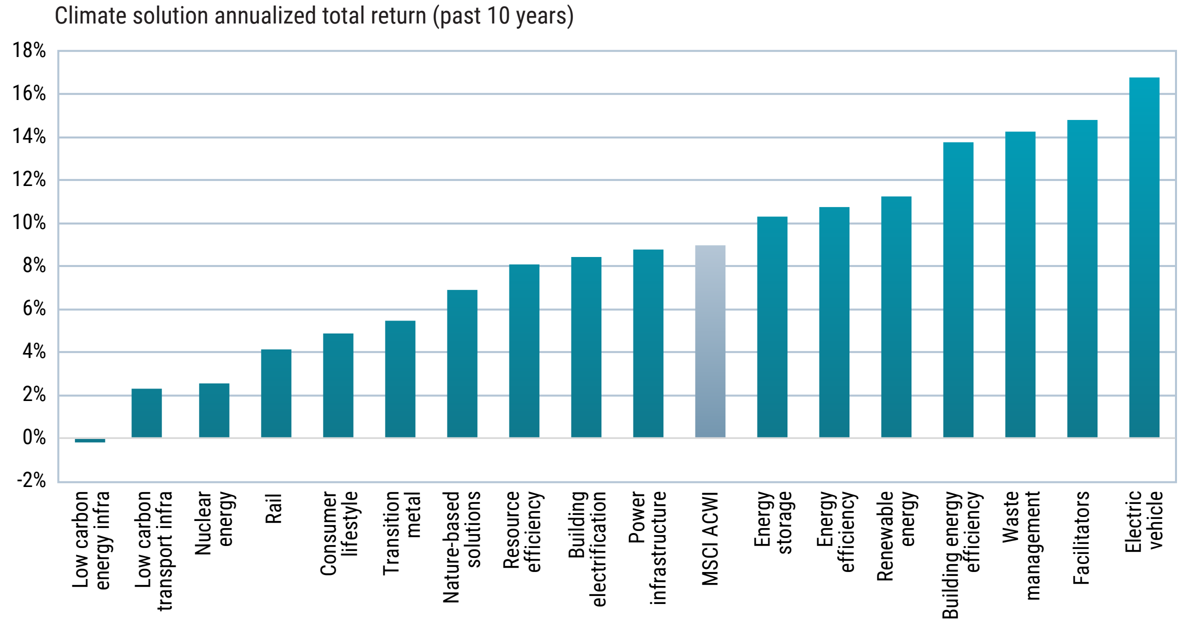
From our analysis, we see that solutions including 'Building energy efficiency', 'Energy efficiency' (i.e., more general industrial exposure outside of the specific Building category), 'Waste management' and 'Transition facilitators' (e.g., financial capital providers, software engineers, environmental consultancy firms and science hubs) outperformed the MSCI ACWI over both three- and ten-year horizons (Figure 3). However, solutions such as 'EVs' and 'Energy storage' have outperformed over the ten-year period, but lagged significantly over the past three years. Such divergence in the historical performance is not hard to explain. Solutions that suffered the most over the past three years are clearly those that are most prone to changes in interest rates and economic cycles.

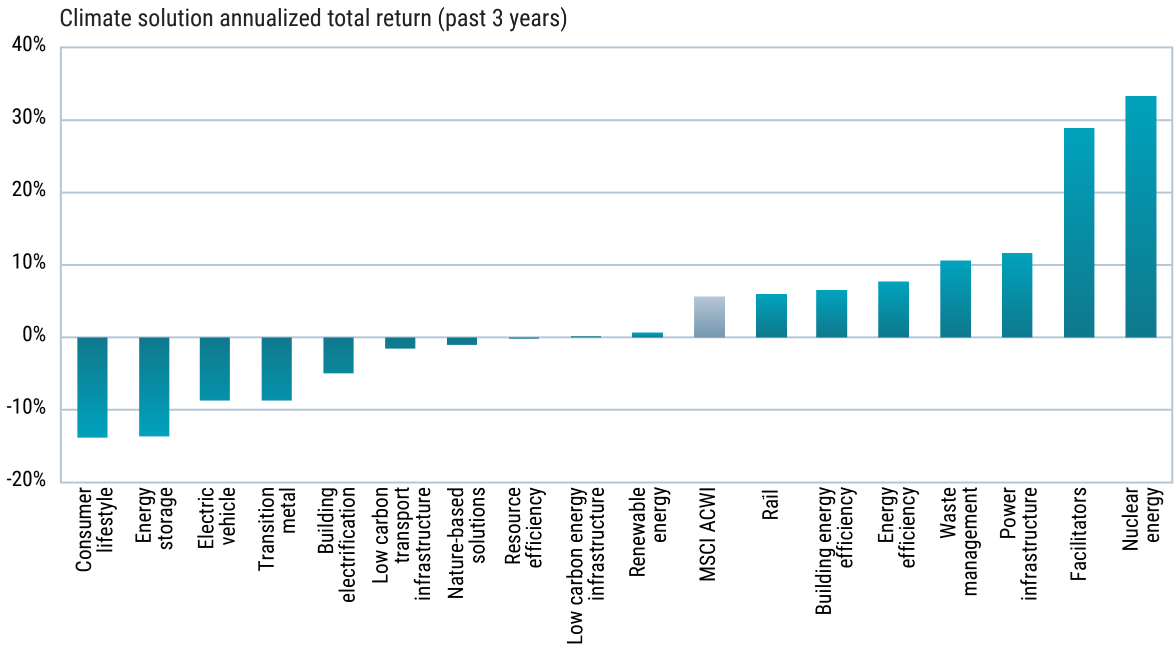
Climate solutions that have proven to be more resilient through cycles, however, tend to be those of higher quality, for instance companies that have stronger free cash flow generation capabilities, healthier balance sheets and better operating efficiency. These winners also tend to operate in a less competitive market environment and have already built a deep competitive moat. Such businesses are more likely to deliver consistent earnings and revenue growth over extended periods of time. We see a higher number of such compounders within the '(Building) Energy efficiency' and 'Waste management' solution baskets than in most others. We therefore would be structurally overweight solution providers that fit well with the quality characteristics that correlate most to alpha over the long term.

On the other end of the spectrum sit the clean technologies and infrastructure-related solutions. These are generally businesses that operate in a highly competitive environment, are more prone to technology iterations, carry high capital intensity and/or are more sensitive to policy changes. Many of these solutions play a critical role in enabling the energy transition and receive the most future green investments; however, they are not always the ideal candidates to invest in. Clearly, though, if we see undervalued alpha potential we would not shy away from being invested in those areas from time to time. Scanning our solution universe through multiple lenses is one way to find alpha in investing in transition.

Interestingly, over the past three years we've seen a strong outperformance of the 'Nuclear energy' basket, as the realization that getting to net zero without the help of nuclear is increasingly difficult, fueling a renewed interest in this long-forgotten space. The excess performance of the 'Power infrastructure' bucket also makes sense: without the necessary picks and shovels, cable transmission lines and related electrical equipment, it's not possible to get to net zero.

Figure 3 – Historical returns of different climate solution buckets





Source: Robeco (2024), Datastream (2024)

Opportunities to generate alpha: transition leaders

Next to the alpha potential among climate solution providers, we've done a similar exercise for climate transition leaders, i.e. trailblazing companies that set the example in decarbonizing toward net zero. It turns out that transition leaders have historically outperformed laggards. This profound finding not only holds true both in developed markets and emerging markets, but also within both higher emission and lower emission sectors. Clearly, this increases our conviction that climate transition leaders are the best way to capture alpha.

Before returning to our research results, we first explain what we actually mean by 'transition finance'. Global green finance, which includes direct financing to support climate solutions such as wind farms or battery plants, has increased over a hundredfold in the past decade to over USD 540 billion; however, it remains a very small part of finance overall.[7] Governments and investors increasingly recognize that green finance alone is not enough to take us to net zero. The IEA estimates that three-quarters of the emissions reductions needed by 2050 require new technologies and solutions.[8] Transition finance, therefore, is needed to bridge the gap between the current and the future low-carbon economy.

Hence, transition finance is the capital for companies that aim to lower their carbon footprint and reduce their environmental impact, but are not net-zero compliant yet. It can be bonds, loans, equity or hybrid instruments, depending on the investors' and issuers' preferences. To achieve the net-zero goal, many companies across various sectors have to change their businesses to reduce their emissions. They are not yet green, but they have credible plans and actions to get there. These companies need transition finance to support them in reaching their goals or speeding up their decarbonization process.

With our in-house Climate Analytics toolbox, we've developed a science-based framework to identify so-called transition leaders and laggards. This way, within each respective sector, we acknowledge transition leaders (i.e., companies that set decarbonization goals that are either Paris aligned or aligning). An example of a transition leader would be a cement company that backs up its net-zero target with a credible decarbonization investment plan that brings it on a pathway in-line or better than its sector would strictly dictate. On the flipside, in our so-called 'Climate Traffic Light' system we also penalize transition laggards (i.e., companies that are partially aligned or misaligned) by not automatically including them in our investable universe. An example here would be an industrial machinery company that fails to come up with any plans to redirect capital flows toward what's needed to become Paris-aligned over time.

Next, to find out how companies' transition profiles are associated with their historical returns, we separated the universe of 10,000 stocks into the two groups of transition leaders and laggards. Do note there can be some degree of survivorship bias in the sample of our return calculation as we only have the Traffic Light assessment of companies today, not historically. Nonetheless, considering a company's transition profile can be rather static and a qualitative indicator, we think our analysis does provide value of reference for future studies.

By comparing the past three- and ten-year equal-weighted performance of transition leaders versus laggards (Figure 4), we clearly see that transition leaders have outperformed during both time periods, and when dividing the groups further into low- and high-impact, the low-impact transition leaders outperformed low-impact laggards, but also the high impact group as such. The divergence in the historical returns among these groups could be well linked to a study done by Robeco's Quant Equity team on alpha signals based on resource efficiency of companies.[9] It pointed out that more resource-efficient companies not only yield higher-than-expected alpha than their resource-inefficient peers, but are also associated with a reduction in a portfolio's overall environmental footprint.

Within our sample universe, over 80% of companies in the energy, material, real estate and utility sectors, traditionally more asset heavy industries with lower asset turnover, are categorized as high-impact companies. Moreover, a greater proportion of high-impact companies are not yet on the right pathway to be aligned with the Paris goal. Investing in climate transition leaders in the high-emitting industries allows us to capture the upside from their improved resource efficiency, reduced environmental footprints, as well as their improved access to capital markets and lower cost of

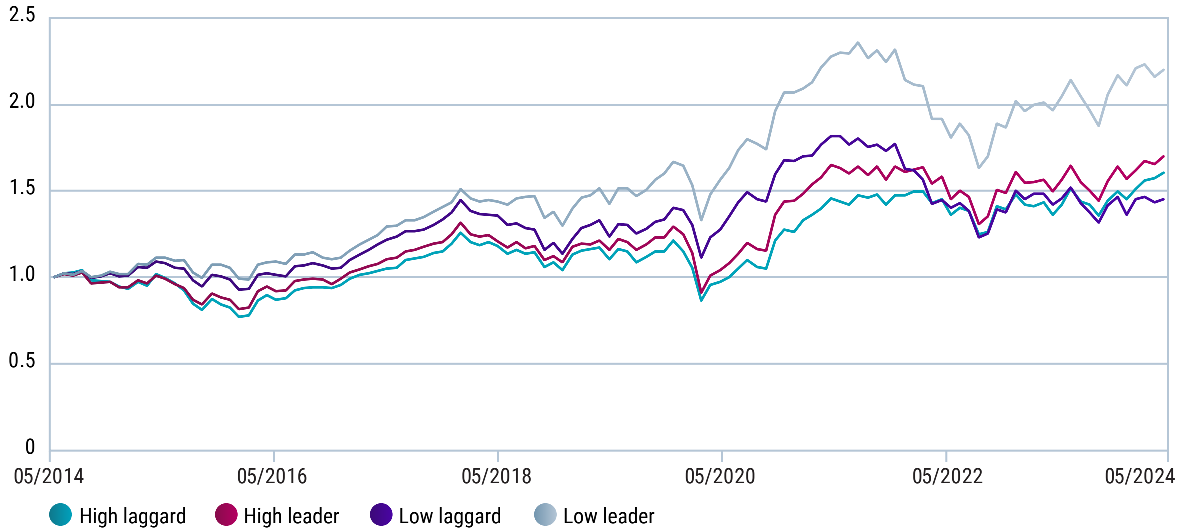
7. Green finance: A quantitative assessment of market trends, TheCItyUK and BNP Paribas, March 2022
8. Net Zero by 2050: A roadmap for the global energy sector, IEA, 2021
9. Have your cake and eat it, too: Finding alpha in sustainability, Robeco, 2023

capital. A cement company aiming to get to net zero by investing in 'green cement' using, for example, calcinated clay and recycled materials, supplemented with carbon capture technology and green hydrogen, would fit this bucket.

One other angle we looked at was the return difference between transition leaders and laggards in both the developed market (DM) and emerging market (EM) universes (Figure 5). Interestingly, we see that although transition leaders tend to outperform laggards within both DM and EM, the DM laggards still outperform EM as such. We acknowledge sector biases, with asset-light and highly profitable sectors dominating the DM universe, play a role here. At a more granular level, we also observed that the best performing cohort of stocks in DM has been the leaders in low-impact sectors. Examples would be Big Tech companies with ambitious net-zero plans, some of which actively spur cleantech development across the value chain. In EM, we cannot find a similar strong relationship, though we do see a marked underperformance of laggards in low-impact sectors. The financials sector, often lacking credible climate policies, would fall into that category as an area that failed to attract investment inflows in recent years. Moreover, EM is also more of a value-oriented market historically with higher-impact sectors such as utilities and energy being a much more dominant part of the market versus DM.

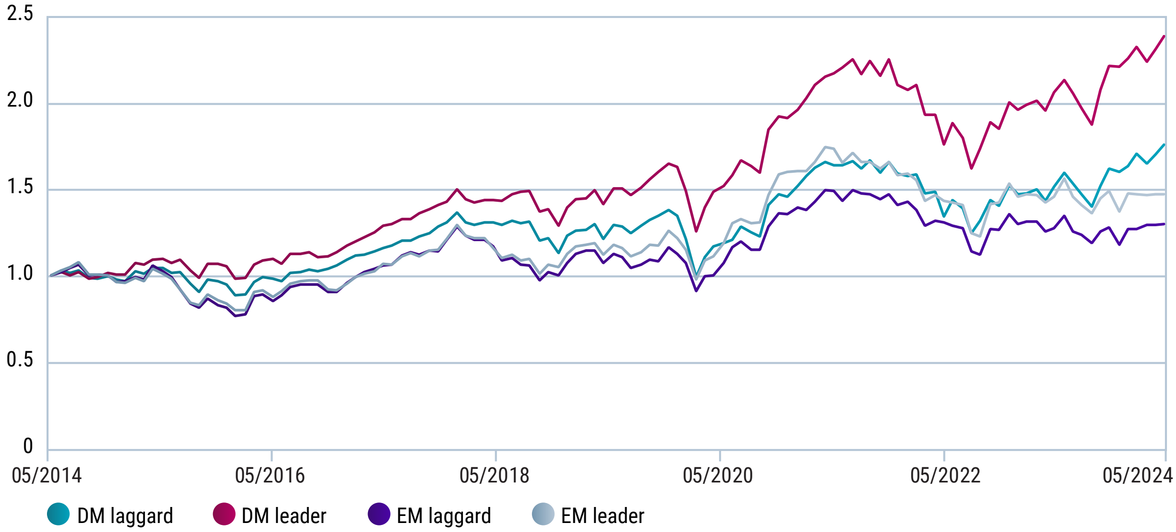
All in all, our analysis suggests that transition leaders have outperformed laggards, both within high- and low impact sectors and across regions. We assume such leaders are likely to be valuable sources of alpha going forward too as they also tend to inhibit favorable quality characteristics often rewarded in the market.

Figure 4 – Historical returns of transition leaders and laggards, by low- and high-impact sectors (equal weighted)



Source: Robeco (2024), Datastream (2024)

Figure 5 – Historical returns of transition companies in DM vs. EM (equal weighted)



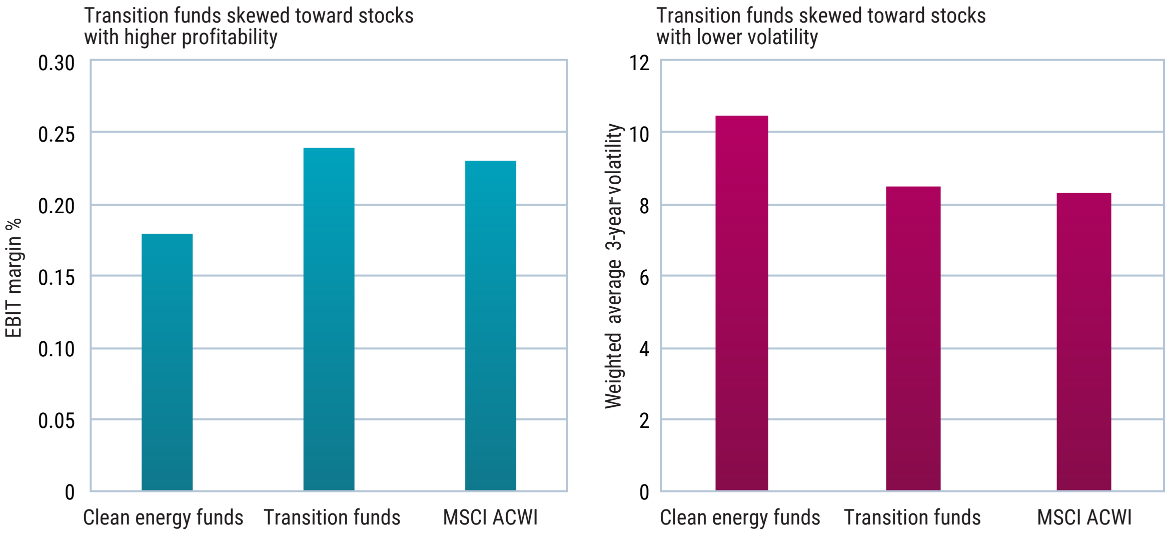
Source: Robeco (2024), Datastream (2024)

Quality matters

Lastly, as investors, we see transition finance as an opportunity to broaden our investment scope and create alpha by backing the companies that can become the low-carbon leaders of tomorrow. Doing so can limit the concentration in high-volatility companies often occupying the clean tech space and invest more heavily in industry incumbents with credible climate transition investment plans. Moreover, it's fair to say classic rules of investing still need to be upheld to increase alpha potential. This is a balanced approach, where principles such as diversification, sound risk management and valuation discipline remain important as ever.

This more expansive approach of climate transition funds stands somewhat in contrast to 'pure-play' clean energy investment strategies, which tend to have a narrower investment focus and heavier sector concentration. Given their theme purity, such funds are also often skewed toward companies with lower profit margins, higher capital intensity and greater volatility, whereas transition strategies tend to be more geared into companies with strong quality characteristics (Figure 6). We believe the latter category is the more interesting one from a risk and return perspective and ties in well with our investment strategy.

Figure 6 – Transition vs. clean energy labeled funds



Source: BofA US Sustainability Research (2024), Factset (2024)

Conclusion

A Herculean task to get to net zero awaits. As the energy transition takes decades, it's critical to understand the implications of this journey – not to exclusively focus on the destination. The interplay of environmental, societal and technological factors at play is inherently complex. Any net-zero investment approach should, therefore, be grounded in a matter-of-fact, realistic attitude with an eye on the social dimension too. The net-zero transition equals opportunities too, yet will appear uneven across time and dimension. In this white paper, we've explored and identified a host of alpha opportunities across many different climate solution providers and transition leaders.

We strongly believe the best way to capture alpha from net zero is to follow a diversified, all-sector approach, balancing short- and long-term considerations across a wide array of climate solutions. Our research indicates that even though some solution areas seem to have done structurally better than others, in particular those catering to energy efficiency, the success of companies still heavily depends on their financial health, operational track record and the competitive dynamics at play.

Furthermore, our analysis also shows so-called climate transition leaders are important sources of alpha generation over the long term. Leaders beat laggards across high- and low impact sectors, but also across both developed and emerging markets. We believe that investing in climate transition leaders allow us to capture the upside from their improved resource efficiency and reduced environmental footprint over time.

Cyclicality often trumps secular trends: being favorably exposed to a certain trend does not always equal a guarantee for strong performance. For example, global solar and wind installations have skyrocketed over the past decade, but related stocks have seen very volatile returns. Ultimately, climate realism is where the energy transition and sustainable returns meet. Climate investing, therefore, does not mean 'the trend is always your friend' – macro factors, economics and having a sound business model are still very relevant. Quality matters, just like other classic rules of investing.

In sum, the need to step up investments to transition to net zero has become consensual. The implications of this shift have led to a growing focus on transition-conscious investing, requiring a level-headed evaluation of the status quo and the business case for specific solutions, while being open-minded to transition leaders in higher-emitting sectors. Our climate transition strategies continue to look for the right mix of practical climate solutions and transition leaders, (the brains and muscles if you will) that ultimately provides the best potential for strong alpha generation.

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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.

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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 España 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
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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
Robeco Institutional Asset Management B.V (FRN: 977582) is authorised and regulated by the Financial Conduct Authority.

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 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.