

2025 OUTLOOK

This is not  
a landing





# Contents

1. Introduction	3
2. Three scenarios	6
3. Financial markets outlook	12
4. Signposts 2025	21
5. Sustainable investing: Eye on the longer-term prize	23
6. Embracing transition investing	27

The 2025 Outlook has been compiled by Peter van der Welle (Multi-Asset Strategist), Rachel Whittaker (Head of Sustainable Investment Research), Colin Graham (Head of Sustainable Multi-Asset Strategies) and Alik Rouffiac (Portfolio Manager Multi-Asset Solutions).

Marketing materials for professional investors only, not for onward distribution  
November 2024

# 1. Introduction

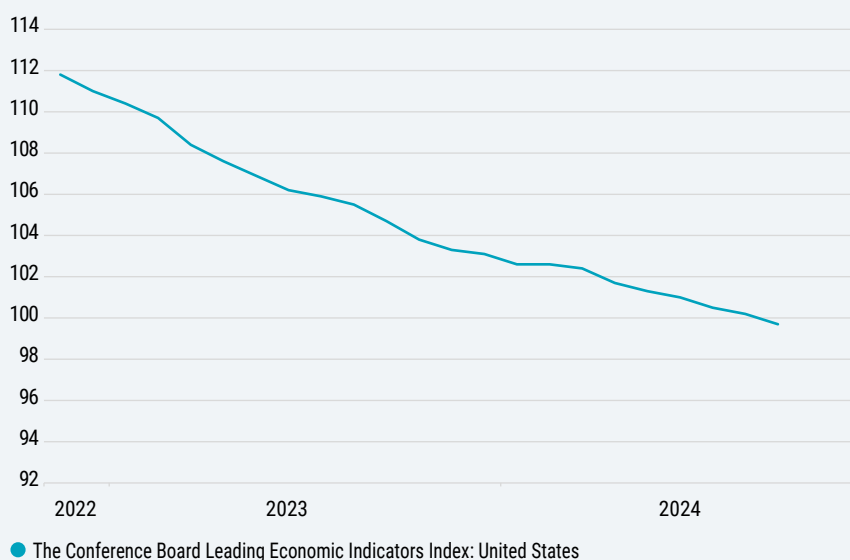
→ Surrealist painter René Magritte's iconic 1929 work 'The Treachery of Images' portrays a wooden pipe with the subscript '*ceci n'est pas une pipe*' or 'this is not a pipe.' The artwork highlights the clear distinction between an object and its representation. The painting is a mere image of the pipe, not the actual object itself.



Through a parallel lens, we see numerous 'treacherous images' in the current post-pandemic cycle. All the brushstrokes of a cyclical landing are present: an inverted yield curve (and its subsequent re-steepening in 2024), a triggered Sahm rule,<sup>1</sup> and the persisting global manufacturing slump. However, at Robeco, we deem that this is not actually a landing.

Instead of plunging into recession, the US economy seems to be moving from strength to strength in 2024, expanding at a vibrant 2.8% growth rate in Q3, whereas Germany and China struggle to even gain momentum. And instead of elevated layoffs (as typically seen at the onset of a recession), unusually high immigration levels have boosted labor supply and consequently distorted the 2024 unemployment numbers. Claudia Sahm reported herself that if her rule were to ever fail (the only precedent being in 1959), it would be now.

**Figure 1: 'This is not a landing'**



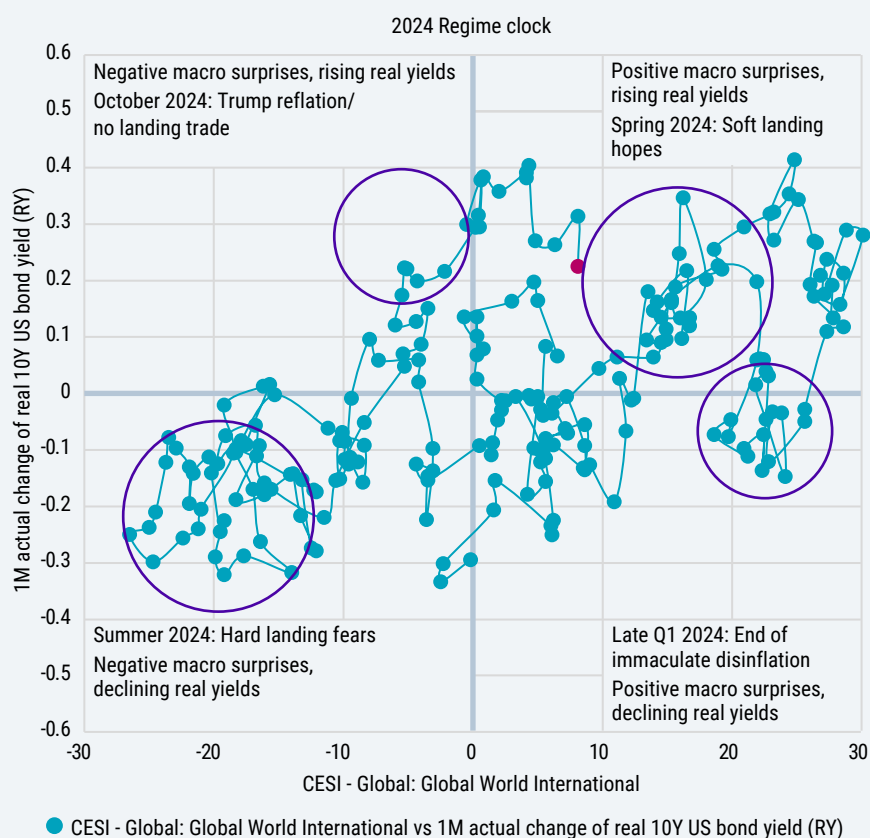
Source: LSEG Datastream, Robeco.

<sup>1</sup> The Sahm rule is a recession indicator that identifies the early stages of an economic downturn. It signals recession is imminent whenever the three-month moving average of actual US unemployment rises 0.5% above the previous 12-month low.

### Economic regime change has been a constant

While the US, unlike Germany, has managed to evade a recession, its strong GDP growth numbers hide sizeable downward adjustments beneath the surface. The notable respective declines in US job openings per unemployed, fulltime private employment growth, quits rates due to declining wage premium for job movers, and rising household delinquencies all show the Fed rate hikes have lowered aggregate demand. Fed chairperson Jerome Powell confirmed this in his Jackson Hole speech last August: "We do not seek or welcome further cooling in labor market conditions." Elsewhere in the G7, unemployment rates also seem to have begun bottoming out, with the notable exception of Japan and its unique macroeconomic climate. Moreover, the prolonged manufacturing recession since November 2022 shows that G7 central banks' aggressive tightening cycle exhibited rather short lags regarding their impact toward industries most sensitive to interest rates.

**Figure 2: Regime change has been a constant throughout 2024**



Source: LSEG Datastream, Robeco.

How far are we in this adjustment process from peak policy rates? Is there another, rather vicious downward leg for G7 labor markets on the horizon as shrinking profit margins will force layoffs? Or are we, as the global leading confidence indicator from the OECD suggests, already well past peak pain levels for developed economies? And are the risks tilted to the upside thanks to ample fixed-rate funding by households and corporates, and improving real wages? The lack of visibility among market observers on where we are in the cycle has led to an almost constant gyration of economic



narratives in the course of the year. Not just our 'Goldilocks: Exit stage right', but all three scenarios (softish/hard/no landing) predicted in our 2024 outlook have made stage appearances, albeit in a random, short-lived fashion.

### Adjusting the lenses

Misjudging the nature of the landing by having the wrong perspective could remain a key risk for market observers and central bankers in 2025. Whether and how we land is likely more dependent on the quality of the runway (productivity growth/labor force growth) than on aircraft pilots' skills (central bankers and politicians).

The US election outcome only compounds the lacking cycle clarity, with numerous policy proposals from the Trump administration expected. With the clear Republican sweep and a smooth transition of power ensured, election uncertainty is eliminated. Yet, elevated policy uncertainty about trade and tax cuts and its sequencing will still impact economic growth and market volatility outside the US, notably in China and Europe.



The surface-level fog surrounding 2025 provides an important clue for investors: short-termism, a low degree of central bank guidance and a very data point and meeting-to-meeting driven market are likely to continue. This raises the risk of losing sight of the underlying signal and medium-term macro trajectory.



## 2. Three scenarios

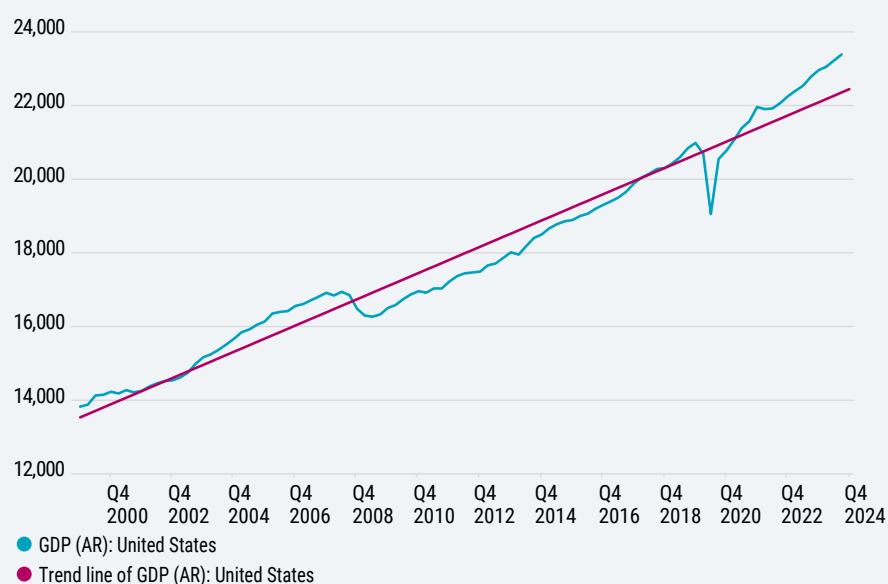
### → Base case: This is not a landing

In our view, 2025 will be another year of a treacherous macro climate with many idiosyncratic cross winds. By occasionally signaling some economic weakness, the data will blur broader economic resilience. Our stance remains: *ceci n'est pas un landing*.

Central bankers need to tread carefully. By underestimating inflation risks in 2025 relative to growth risks, they could cause excessive easing (lowering actual policy below the natural rate), bringing an inflationary inflection point forward in time against a backdrop of reinvigorated procyclical fiscal policy and higher cost-push inflation due to tariffs.

Especially in the US, there is not much leeway for non-inflationary growth. First, looking at metrics like the NAIRU<sup>2</sup> estimates (ranging around 4.5%) and the number of job vacancies per unemployed, there is still hardly any slack in the US labor market. Second, the fact that the US economy is still comfortably growing above its 25Y trend rate, is hardly consistent with a net tightening stance on behalf of the Fed.

**Figure 3: Is the US economy really experiencing net tightening?**

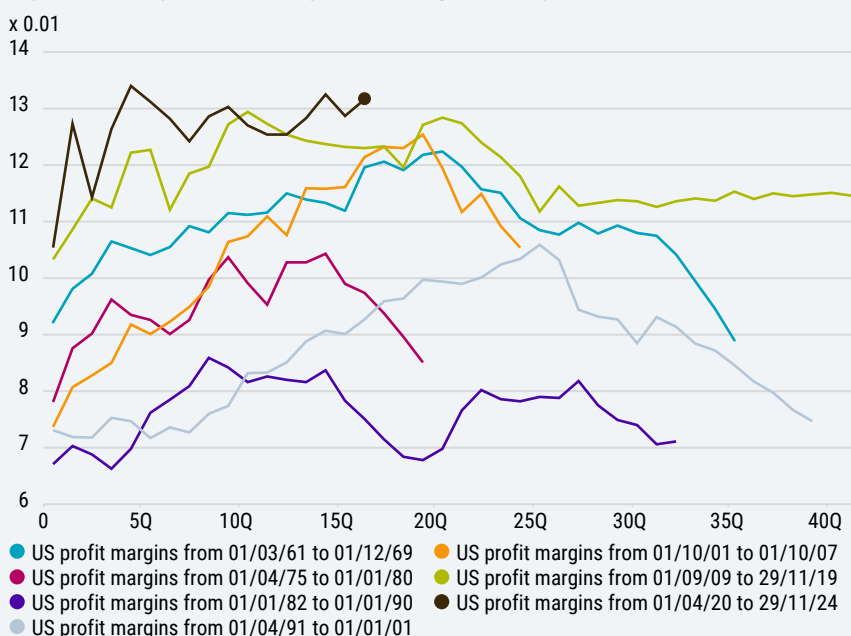


Source: LSEG Datastream, Robeco.

<sup>2</sup> NAIRU stands for non-accelerating inflation rate of unemployment, where inflation is neither cooling nor accelerating.

The peak misery from the global tightening cycle is behind us, especially in Europe. We find that after peak misery a cyclical rebound in European consumption gets underway which is likely to accelerate in 2025. In the US, procyclical monetary policy is joining procyclical expansionary fiscal policy, a powerful policy mix underpinning US exceptionalism. We also believe Trump's corporate tax cuts will add jobs and growth.

**Figure 4: No signs of a landing in US NIPA profit margins**



Source: LSEG Datastream, Robeco

Yet, US exceptionalism<sup>3</sup> is not carved in stone. First, past Fed tightening still has a lagged impact on aggregate demand, visible in cooling US consumption growth, initial disinflation and a further modest uptick in US unemployment.

Second, tariffs will be hotly debated in 2025, being the cornerstone of MAGA 2.0. We think Trump will mainly use the tariff threat as a bargaining chip and that it will be toned down in practice. Yet, when implemented, these tariffs still act as a tax on the domestic consumer (cooling consumption from above-trend levels). In addition, restrained immigration (we don't envisage mass deportation) could also prompt higher inflation.

Third, while there is much focus on Trump's policies, one shouldn't forget Biden's legacy impact on the US economy. Immediate economic concerns have played a key role in Trump's victory, indicating the lagged effects of high inflation and tightening still have carryover into 2025. The year after a presidential election typically sees a 54 bps

<sup>3</sup> We loosely define 'US exceptionalism' as a 2.5% real GDP growth performance gap with peers.

lower growth rate than the post-World War II average GDP growth trend in the US, even up to 0.87% if the incumbent party loses the presidency. While our outlook on US nominal growth is still optimistic, our estimate of real GDP growth at 1.7% (below consensus) and inflation at 2.75% (above consensus) provide a stagflationary twist when it comes to anticipated macro surprises in 2025.

**Table 1: Biden's legacy could still be felt in 2025**

	If incumbent party loses	If incumbent wins	Average post-election year	Average 1947-2023
US GDP growth one year following presidential elections	2.23%	2.97%	2.56%	3.10%
Growth relative to LT average	-0.87%	-0.13%	-0.54%	
SPX return in post-election calendar year	4.20%	16.30%	9.40%	7.70%
SPX return in post-election calendar year relative to LT average	-3.50%	8.60%	1.70%	

Source: LSEG Datastream, Robeco

Clearly facing structural challenges, Europe requires radical change to boost productivity growth, exacerbated by Trump's looming tariff threats. But despite broadening bearish consensus and a lacking fiscal punch, Europe is not out of the races. The eurozone's fiscal impulse is improving against a backdrop of considerable heterogeneity in fiscal stance among EU economies. A renewed focus on increased self-reliance (pushed by Trump) could provide countries more fiscal leeway from Brussels. The Draghi report may serve as a recipe book to optimize fiscal expenditures.

From a cyclical point of view, easing financial/credit conditions, a 17% drop in oil prices in 2024 YtD, decent real disposable income growth, rising house prices and peaking savings rates provide leeway for a catch-up to US consumers. Eurozone unemployment continues to hover around its historical lows, even as the struggling German industrial and car manufacturing sectors could uptick unemployment. Policy reforms following snap elections in Germany next year could further spur producer confidence. Our baseline sees a 2025 1.7% eurozone consumption growth versus a cooling US consumption growth toward 1.6%, marked by higher import tariffs, cooling job growth and depleted excess savings for the marginal US consumer. Higher nominal European growth would also alleviate fiscal stabilization efforts of for example Italy's and France's economies facing an Excessive Deficit Procedure. Starmer's national budget amounts to a sizeable, ineffective fiscal loosening which will disrupt the disinflationary process in 2025. In addition, the UK housing market is likely to gain momentum, boosting consumer confidence and demand-pull inflation.

China's policy mix becomes countercyclically expansionary after a policy pivot in September 2024 as policymakers forcefully address the challenge of secular stagnation, confronted by rising pressures in the domestic labor market against rising US tariff threats. A mix of monetary and fiscal stimulus only pushes growth back to its (declining) trend growth path, removing downside risks yet failing to eliminate disinflationary pressures as output gaps remain negative. A continuing downward trend in home sales and house prices inhibits consumer confidence and a sustainable domestic consumption rebound by end 2025. Japanese corporates continue to pass on higher PPI prices to domestic consumers, BoJ raises policy rates.



**Table 2: Macro forecasts 2025**

2025	Consensus GDP	Consensus CPI	Robeco GDP	Robeco CPI
US	1.9%	2.2%	1.7%	2.75%
China	4.5%	1.4%	4.75%	0.9%
Eurozone	1.2%	2.0%	1.5%	2.2%
Japan	1.0%	1.8%	0.8%	2.0%
UK	1.3%	2.3%	1.6%	2.6%

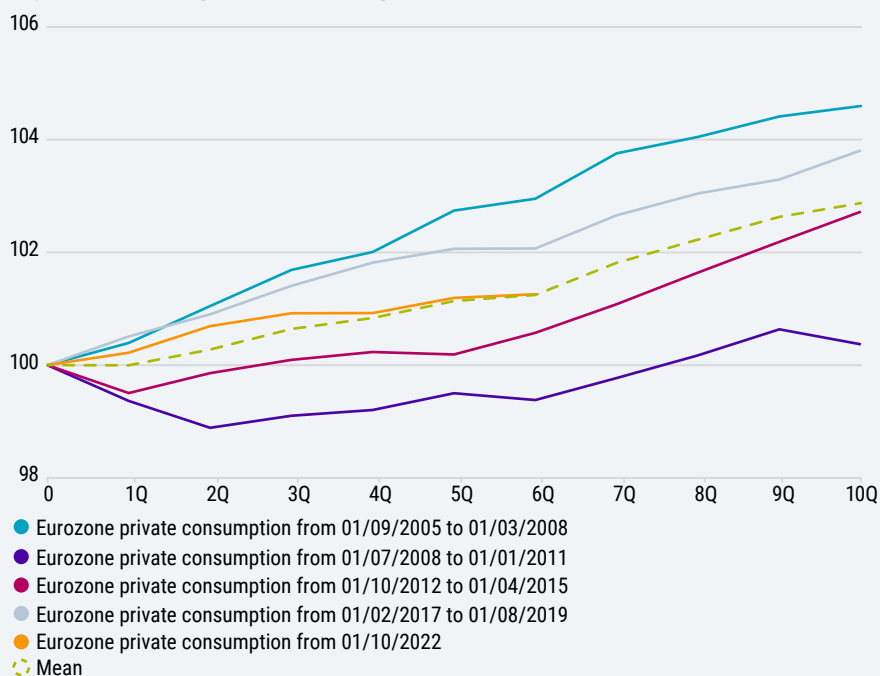
Source: Robeco

**Bull case: A surreal ascent**

In our bull case we envisage a synchronized easing cycle enabled by synchronized further disinflation. In the words of President-elect Trump, the US is truly entering 'a golden age,' echoing the achievements of Germany in the 1950s or Japan in the 1960s. The main engine of global growth keeps humming: US unemployment drops just below 4% again from current levels, keeping US consumption growth above its 2% long-term trend throughout 2025. Yet, immaculate disinflation continues as productivity advances and well supplied oil markets keep unit labor costs and energy prices in check, respectively.

We predict a snowball effect: Trumps deregulation wave facilitates AI infrastructure and the chips industry. Well-behaved energy markets with further Fed easing into a cyclical upswing paves the way for a global manufacturing revival. Inflation drops within the 1.75-2.25% range, allowing central banks to cut rates out of choice rather than necessity. Convinced that the US will maintain its tech supremacy, Trump replaces his vicious trade war rhetoric with a softer tone toward China, which in turn paves the way for appeasement and derisking instead of decoupling.

Both geopolitical risk premiums and the hurdle for outside investors to (re-)enter Chinese markets are lowered. China manages to sustainably reflate its economy by boosting domestic consumption on the back of large fiscal stimulus. A lower dollar and higher capital inflows into emerging markets create room for an extended easing cycle in emerging markets as import inflation is lowered. Earnings delivery broadens across global sectors as sales growth rebounds with US corporate pricing power staying around historically elevated levels, reflecting a vibrant US consumer. Global spreads drop even further while US equity multiples enter exuberance territory.

**Figure 5: Further upside for the European consumer in 2025**

Source: LSEG Datastream, Robeco.

**Bear case: Waking up from a pipe dream**

In our bear case, the soft-landing hopes embedded in consensus expectations prove to be a pipe dream. Escalating state-led conflicts (currently already a total of 59, the highest number since WWII) force governments to boost military expenditures well beyond NATO's required 2% of GDP. In turn, reckless fiscal spending worsens inflation, which troubles the bond market.

Trump's favorite word, 'tariffs', reawakens fears from nearly a century ago: The Smoot-Hawley Tariff Act (1930) significantly raised US tariffs on thousands of imported goods, resulting in other countries retaliating with their own tariffs on US goods, drastically restricting US exports. The act worsened international trade well into the 1930s, and ultimately exacerbated the Great Depression. Is history about to repeat itself?

Fast-forward to 2025, a tit-for-tat tariff war escalates, worsening stagflationary pressures as import tariffs raise domestic prices, burdening the US consumer while trade uncertainty lowers corporate investments. Cost push inflation rises on the back of new disruptions in global supply chains caused by hybrid wars, hot conflicts and rising tensions between China and Taiwan. China is faced with accelerating youth unemployment, huge US tariffs, and subsequent social destabilization. To stimulate its economy, China pulls out 'the big bazooka' and ramps up its belligerent rhetoric against Taiwan to distract from rising domestic misery, while letting the yuan slip versus the dollar.

Long-term interest rates are rising faster than short-term rates in developed economies because bond investors are worried about future inflation, and they consequently demand a higher compensation for future inflation risk. Meanwhile, Trump pressures the Fed to keep short-term rates low. This leads to unstable inflation expectations, worrying central banks. Disinflation now requires more unemployment as a mitigating measure. The bond market does the heavy lifting for the Fed by pushing long-term rates higher.

A temporary spike in oil prices and real yields pushes the global economy into a genuine recession. Corporate earnings decline by 20%, high yield spreads widen, and equity markets enter a new bear market. The Fed responds to the economic downturn by easing monetary policy as unemployment rises above 4.5%.

**Table 3: Trump proposal under CRFB central estimate, savings/costs (-) (USD trillions, 2026-2035)**

		Real GDP	Inflation
Extend and modify parts of the Tax Cuts & Jobs Act	-5.35	▲	▲
Reduce individual taxes and expand tax breaks	-3.75	▲	▲
Reduce business taxes and expand tax breaks	-0.25	▲	▲
Increase resources for health care and long-term care	-0.15	▲	▲
Increase defense spending	-0.4	▼	▲
Support paid leave, preschool, child care and education	0		
Restrict immigration and strengthen border security	-0.35	▼	▲
Increase housing-related spending and tax breaks	-0.15	▲	▲
<b>Subtotal: deficit-increasing policies</b>	<b>-10.4</b>		
Increase taxes on corporations and high earners	0		
Increase tariffs	2.7	▼	▲
Reduce other spending and tax breaks	1	▼	▼
<b>Subtotal: deficit-reducing policies</b>	<b>3.7</b>		
Net interest	-1.05	▼	▼
<b>Total net deficit impact</b>	<b>-7.75</b>	<b>Neutral to negative</b>	<b>Inflation positive</b>

Source: CRFB, Robeco



### 3. Financial markets outlook

→ If one factor stood out in financial markets this year it has been (concentrated) momentum. Past winners proved to be future winners. The S&P 500 has been highlighting extended US exceptionalism posting one of its strongest year to date rallies of the past decades with the closely watched S&P 500 CAPE valuation metric now at levels only observed twice before in the last 125 years (1998/2021).

Yet, we have also observed that momentum can change on a dime if the macro story turns given this backdrop of extended valuation levels. Take the sell-off in developed markets early August or, conversely, the stunning Chinese equity market rally in September from a historical low single-digit equity multiple starting point. It highlights the need for multi-asset allocators to continuously assess the evolving markets landscape from various angles. Momentum/technicals, macro, valuation and liquidity conditions should all play their part.



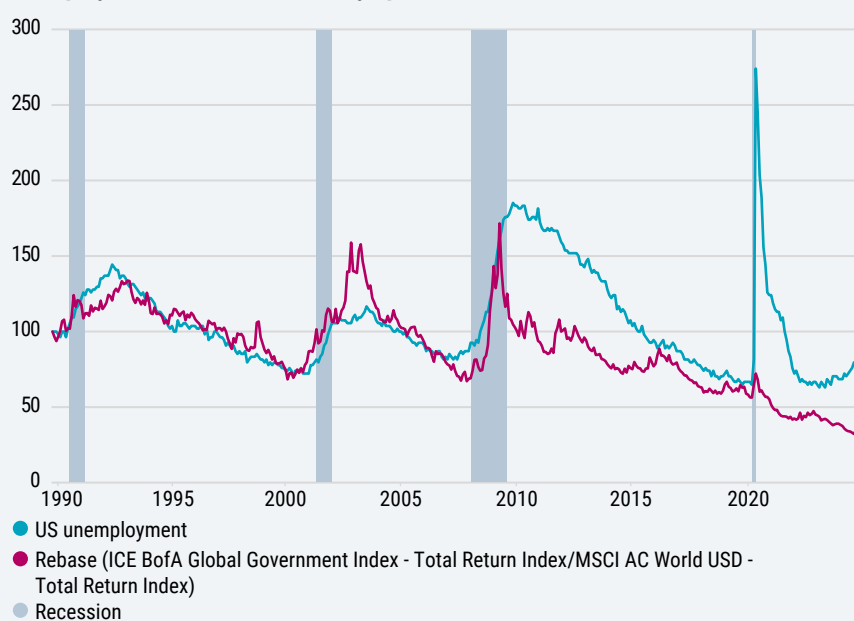
The continuous gyration of trading regimes, highlighted earlier in this publication as well as the short termism exhibited by the leading momentum factor, indicate something has been brewing during 2024 and the market is looking for directionality into 2025. Many assets have attractive risk premiums but are in search of a catalyst to unlock the value for investors.

Important clues for directionality will come from the Trump policy agenda, the broader macro developments and global liquidity conditions. First, the Trump trade is in full swing at the time of writing, evidencing we are in the hope phase of the MAGA 2.0 agenda. Equities rallied once the red sweep removed uncertainties about the transition of power and likely extension of the 2017 Tax Cuts and Jobs Act. The yield curve has steepened, anticipating higher fiscal deficits and cost-push inflation, and the dollar has strengthened because of higher tariffs and tax cuts. Yet, we see ultimately a stagflationary twist emerging from Trump's policy agenda. After the initial hope phase, equities could face headwinds as the implications of a tariff wave become more tangible.

Second, the US consumer remains paramount for global financial markets, making up 70% of the US economy's value. However, optimism could prove vulnerable if US consumption does cool in the first half of 2025 as we expect. Third, the market believes that US unemployment, though showing signs of troughing in 2024, will remain in check, as evidenced by the strong global equity outperformance versus sovereigns. Global sovereign bond performance relative to global equities has closely tracked US unemployment over the past three decades (see Figure 6). Fourth, improved global liquidity due to supportive procyclical fiscal and monetary policy bodes well for another year of risky assets beating sovereign bonds.

Finally, the path for equities may be treacherous as the incoming macro data will sometimes represent a hard landing narrative. Historically stretched US valuation levels against a backdrop of elevated geopolitical risk leaves the market susceptible to (deep) sell-offs and warrant protection against downside risk. Our work on CAPEY levels shows that given the current valuation level in the US technology sector there is a 30% probability of a 30% sell-off.<sup>4</sup>

**Figure 6: Global sovereign bonds consistently beat global equities only when US unemployment is on a recessionary uptrend**



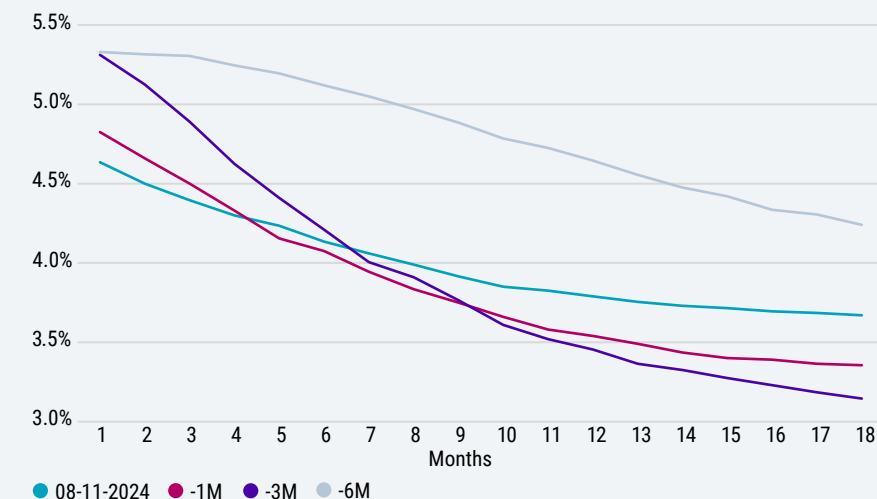
Source: LSEG Datastream, Robeco

### Bond and rates outlook

With Trump elected, the market has already grown more uncertain about further easing, which we interpret from the 50 bps upward shift of the Fed funds future curve compared to September 2024.

In general, this curve has shifted continuously throughout 2024 amid various economic trading regimes. The actual market-implied terminal rate for the Fed at 3.5% appears at the lower end of the spectrum given the US's economic resilience, positive industrial capacity utilization rates, the lack of significant slack in the US labor markets, and signs of improving economic productivity. In Europe, the ECB will have more urgency to cut interest rates compared to the Fed as Europe braces for Trump's tariff impact.

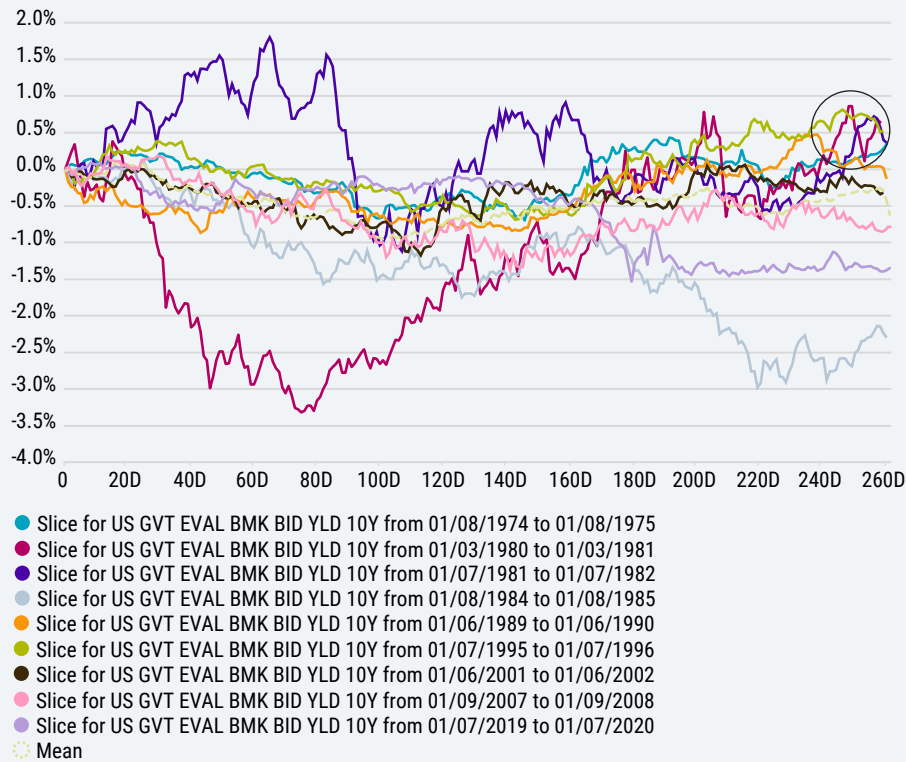
<sup>4</sup> Robeco 5-year Expected Returns 2025-2029, p.57

**Figure 7: The Trump trade has led toward higher terminal rates – Fed Funds futures**

Source: LSEG Datastream, Robeco

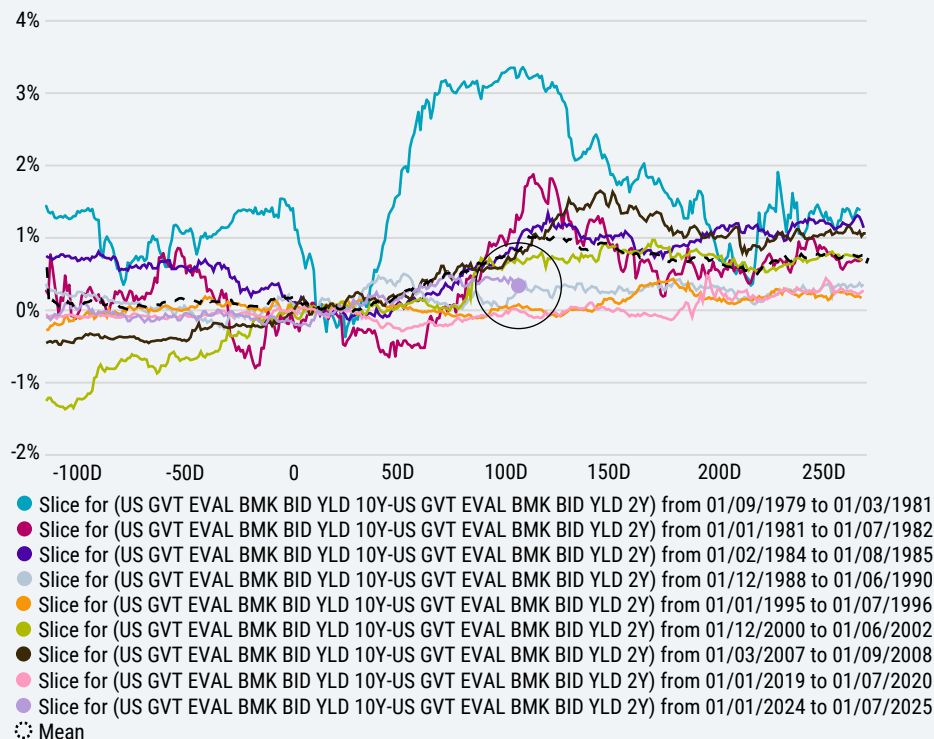
Our current fair value model suggests US 10Y should trade around 4.25%. We generally expect negative macro surprises in the US given our below consensus 2025 US GDP call, and inflation will surprise to the upside in the second half of 2025. We believe there is reflationary potential given the tight constraints in the US economy. Therefore, US bond yields are likely to peak somewhere in the 4.50-5% bracket, reflecting a US nominal growth rate averaging above 4% in 2025. Historically, 10Y bond yields have on average drifted lower in the year after the Fed started cutting interest rates. However, a notable exception was the 1995 soft landing where 10Y yields ended 50 bps above yields at the onset of easing. In our bull case, there is more room for non-inflationary growth, allowing the Fed more leeway to cut rates with the longer end of the curve likely rallying. In our bear case, we see 10Y bond yields peaking above 5% on the back of fiscal sustainability concerns.



**Figure 8: Soft landings see 10Y higher 12M after start of easing cycle**

Source: LSEG Datastream, Robeco

The steepener trade might have limited potential in the baseline scenario where the US does not experience a significant downturn. This would resemble 1995, when the 10-2s steepened by less than the historical average in the year following the start of the Fed easing cycle. Also, positive inflation surprises spurred by a procyclical policy mix in 2025 likely will inhibit a bear steepening of the curve. Real yields could decline into 2025 as we foresee initially negative growth surprises combined with positive inflation surprises.

**Figure 9: Less room to run in the steepener trade?**

Source: LSEG Datastream, Robeco

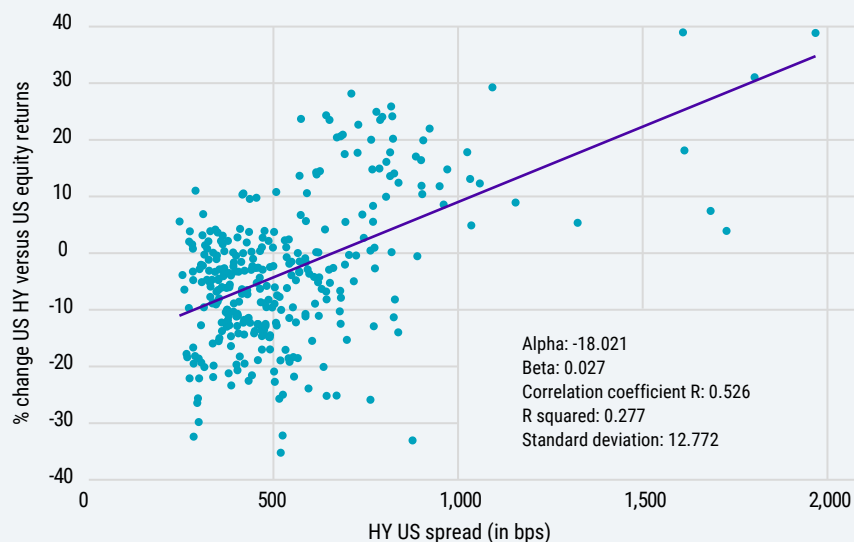
### Credit and high yield

For risky fixed income, investment grade and high yield, we observe that the spreads have reached the lowest decile. Our high yield fair value model suggests the current market should trade around the 470 bps level; however, at 300,<sup>5</sup> global high yield bonds are clearly signaling stretched valuation levels. A similar valuation gap with our fair value model appeared in November 2006. Back then, it took another seven months before spreads reached a cyclical trough and started widening toward fair value levels. If financial conditions improve and the global manufacturing cycle recovers even just modestly, spreads could remain at these levels from the liquidity and macro perspective.

As we forecasted in our base case, central banks will cut rates willingly instead of being forced to, which means technicals are likely to remain robust and supportive. Further declines in risk-free rates are ahead, enticing increased inflows into high yield, despite its low spread. As the main high yield market, growth in the US is below consensus, increasing the risk of spread widening. A potential increase in spreads could exceed its positive contribution to returns that might come from a decline in the risk-free rate in case of negative macro surprises.

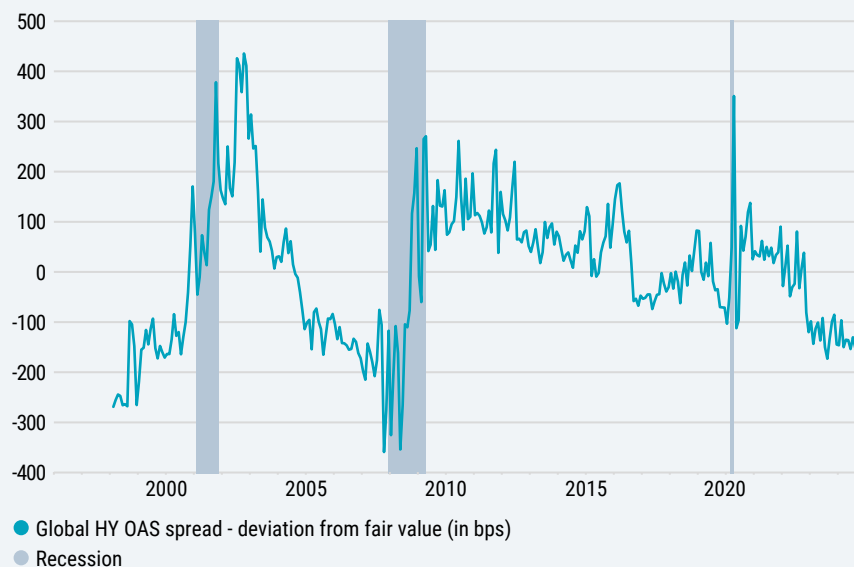
Another 9% of US GDP worth of outstanding credit needs to be refinanced next year. A 100-200 bps spread widening in 2025 for global HY toward its fair value would roughly align with a rise in refinancing risk. High yield typically outperforms equities on a 12-month horizon only once starting spreads are above 700 bps. As this level remains out of sight in our baseline scenario, we prefer taking equity risk in 2025.

<sup>5</sup> 300 bps being the lowest observed spread since 2007

**Figure 10: High yield tends to beat equities only after spreads have blown out**

Source: LSEG Datastream, Robeco. Data from 31/12/1996, US HY = ICE BofA US High Yield Index, US equity = S&P 500.

US investment grade credit, in particular, stands out with exceptionally tight spreads. In contrast, euro investment grade credit appears more attractive relative to the US, as spreads hover just below the 20-year median. Within US investment grade, the long end of the curve is particularly expensive. Additionally, the spread compression between A-rated and BBB-rated bonds is near all-time lows in both Europe and the US. Despite being expensive, investment grade is relatively less expensive compared to high yield. Also, we find that in the past three easing cycles, investment grade outperformed high yield.<sup>6</sup> All in all, the performance gap between high yield and investment grade could be declining in 2025.

**Figure 11: Global HY as expensive compared to pre-GFC**

Source: LSEG Datastream, Robeco

<sup>6</sup> However, the Fed was forced to ease in these cycles.

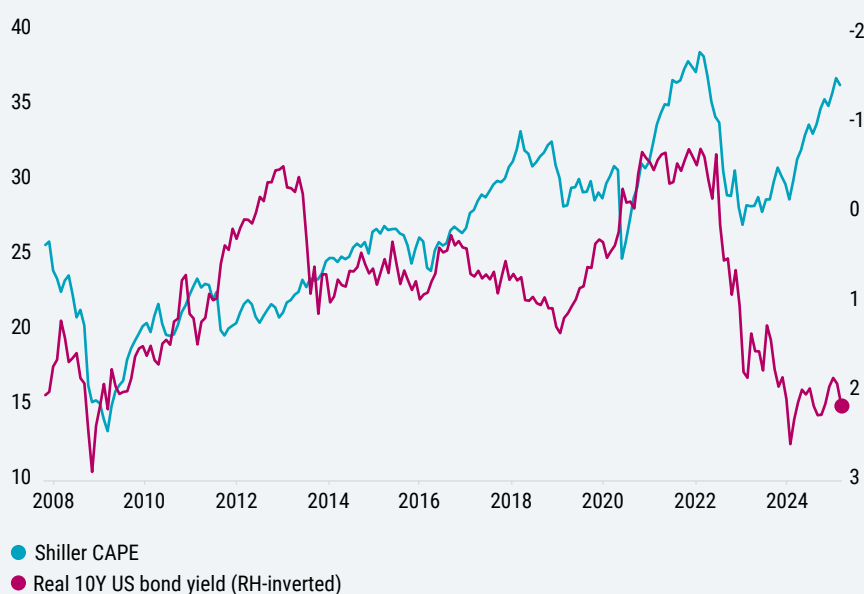


### Equity markets outlook

A late-cycle market typically sees a combination of multiple compression and positive earnings delivery in the US. In our base case, we expect mid-single-digit returns for the S&P 500 with 9% EPS growth, but higher real yields will likely reduce the high US equity multiples throughout 2025. In contrast, Europe trails behind the US in the cycle. We expect a rise in European multiples, given the continent's positive earnings surprises and relatively lower discount rates creating multiple expansion, lowering the existing historically large discount on P/E basis versus the US.

In the bull case we expect to see exuberance taking over on the back of broadening EPS delivery driven by a synchronized cyclical upswing. Multiples expand while EPS delivery surprises to the upside of current low-to-mid double digit expectations for developed as well as emerging markets. In the bear case, however, we expect to see a 20% earnings recession as stagflation simultaneously raises costs and suppresses aggregate demand. Multiples will initially compress as a result of stock prices dropping faster compared to the ongoing EPS contraction. However, multiples will rise again toward 2026, anticipating recovery from further emergency Fed cuts.

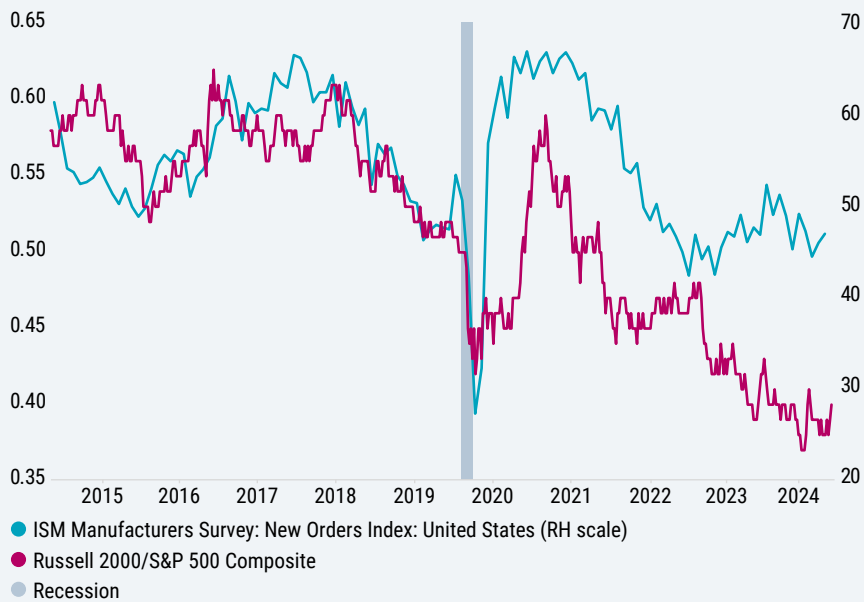
**Figure 12: Sizeable gap between US equity valuation and real yields**



Source: LSEG Datastream, Robeco

Within the equity space, we see room for US small-cap and value stocks as tariffs will benefit domestic companies, aligning with an anti-globalist presidency. Reducing the US corporate tax rate to 15% might especially benefit smaller companies. At the same time, small caps and value have lagged a growth-driven rally, are still cheap, and also showed initial decent performance around the start of the first Trump administration.

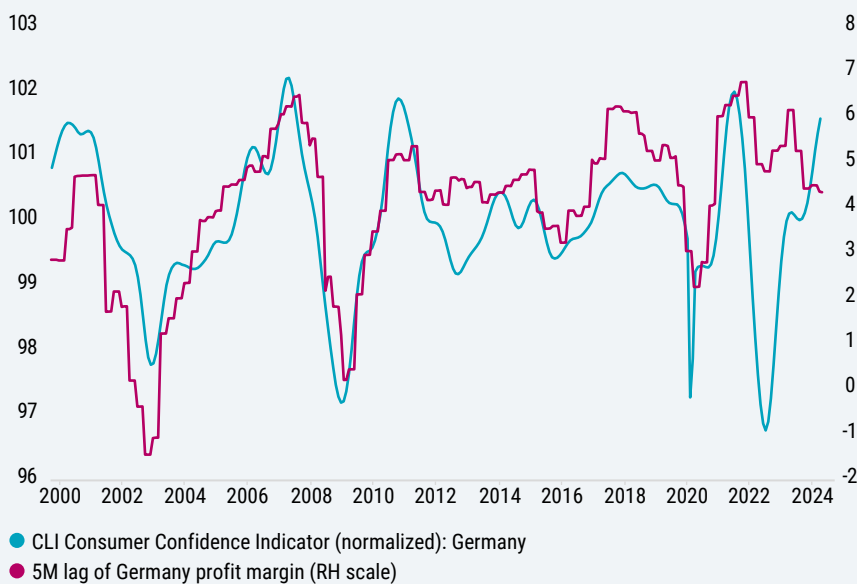
**Figure 13: Despite the recent small caps rally, a large gap with leading indicators remains**



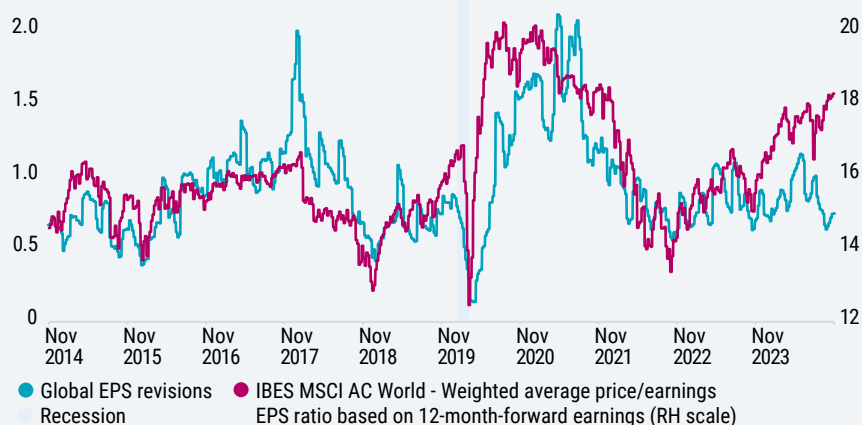
Source: LSEG Datastream, Robeco

The market has welcomed the Republican sweep with open arms. Yet, the equity rally could stall when the more growth-unfriendly aspects of Trump's policies, notably tariffs, come to the fore and dent earnings optimism. Under Trump's first presidency, 2019 EPS expectations notably fell in the course of 2018 as the trade war gained momentum after initially enjoying the boost from tax cuts. Our S&P 500 EPS forecast is below consensus.

**Figure 14: Improved outlook for German corporate margins in 2025**



Source: LSEG Datastream, Robeco

**Figure 15: Divergence between EPS revisions and global multiple**

Source: LSEG Datastream, Robeco

### FX outlook

In our view, the US dollar is overvalued, while the yen is undervalued. The US dollar is trading higher than its relative purchasing power parity (at an 18% premium). Whereas the trade-weighted dollar normally strengthens after a peak in political uncertainty, the rising gold price shows the dollar's status as a safe haven status is weakening. We expect the dollar to peak if the Fed continues to cut interest rates because of benign disinflation in our bull case. In our base case, bouts of dollar strength may remain, especially if the Fed slows easing and the US economy remains resilient in the second half of 2025 relative to the rest of world.

Meanwhile, the dollar-yen pair trade tickles our interest, as the discount of the yen on relative purchasing power parity is historical. Externally, the yen could strengthen if the Fed continues cutting policy rates or if geopolitical turbulence returns investors to their safe haven. Meanwhile, internally, the Bank of Japan could hike rates in 2025 in response to higher product costs being passed on to consumers.

### Summary

The longest serving chair of the Fed from 1951-1970, William McChesney Martin, was often portrayed smoking a pipe. Having to navigate the complexities of business cycles, no doubt he would have loved surrealist Magritte's iconic 1929 work 'The Treachery of Images'. In 2025, macro data and policy headlines from the Trump administration will sometimes paint a different picture compared to what actually is going on, wrongfooting the market: *ceci, n'est pas un landing*.



We therefore expect another year where the gyration of market trading regimes continues, especially after Trump starts implementing tariffs. Many assets have attractive risk premiums but are in search of a catalyst to unlock the value, one such catalyst could be a lower US dollar for emerging market assets. Through 2025, investors will experience a smoother investment journey by allocating to flexible funds which can capture these catalyst-driven opportunities and avoid losses when the market prices different scenarios.



## 4. Signposts 2025











→ US equity valuations have reached historic levels. Real yields need to decline to justify current levels, even for an equal-weighted S&P 500. Expect moderate US multiple compression in the late-cycle market. European multiples could expand and show declining valuation discount versus the US. Rising odds of big fiscal bazooka in China expands EM multiples as EPS improves.

Corporate earnings can improve versus 2024 growth levels but unlikely to exceed 14% 12-month forward EPS consensus for the US. After anticipated tax cuts boost EPS, growth-unfriendly Trump policies (tariffs) will create downside risk to EPS delivery in 2025. Yet, US EPS is expected to outperform Europe (even as Europe is catching up, helped by a lower euro, troughing manufacturing cycle, and stronger domestic consumption).

Procyclical fiscal expansion in the US and Japan are set to continue. The fiscal impulse in Europe will improve as Trump pushes for increased self-reliance, though country heterogeneity persists. Risk: new German government pushes for growth-friendly policies and supports anticyclical fiscal expansion.

Risks to the dual mandate might turn out less well balanced as the Fed expects. Nearly no slack in the labor markets leaves inflation risks tilted to the upside versus growth risks. There is little room for non-inflationary growth in a resilient US economy expecting more tariff-induced cost-push inflation. The ECB has more room to cut given the slack in the former German industrial powerhouse.

Limited room for further US steepening in a soft landing as an inflation inflection point nears. Europe initially has more room to steepen. Risk: further bear steepening in the US following escalating fiscal worries with global spillovers.

Check list	Now	Expectations in 12 months
Valuations		
Earnings		
Fiscal policy		
Monetary policy		
Yield curve slope	 ↑	

	Check list		Now	Expectations in 12 months
Global HY trades 150 bps more expensively though validated by US economic momentum. Risk: refinancing and a bout of negative macro surprises could be catalysts for spread widening.	Spreads	↑	● ● ● ●	● ● ● ●
US exceptionalism and tariffs strengthen the USD despite stretched valuation levels. Risk: Trump prefers a weaker dollar. High gold price erodes the USD's safe haven status. Fiscal profligacy on the rise under MAGA 2.0.	USD	↓	● ● ● ●	● ● ● ●
The energy market is well supplied. The US as a marginal global supplier is helped by deregulation and increased production under Trump. Risk: Trump's 'peace through strength' foreign policy could spur geopolitical risk premiums in commodity markets.	Oil/energy prices	↑	● ● ● ●	● ● ● ●
Easy financial conditions in the US and Europe continue in 2025. US bank reserves are still ample. Risk: higher net Treasury issuance as TCJA extends, stretched valuations US assets.	Financial conditions	↓	● ● ● ●	● ● ● ●
Housing markets face supply constraints (except China). Easing financial conditions and steadying nominal wage growth improve housing affordability.	Housing market		● ● ● ●	● ● ● ●
Expect some further modest cooling in the US and German labor markets. G7 unemployment will reach 0.4-0.5% max. by the end of 2025.	Labor market		● ● ● ●	● ● ● ●

## 5. Sustainable investing: Eye on the longer-term prize

➔ Heading into 2025, our base case scenario of economic uncertainty and unpredictable financial markets may lead some businesses and investors to deprioritize sustainability in the short term. Nevertheless, the long-term trend toward sustainability and decarbonization of the global economy is well established and, while it would have more space to flourish under bull case conditions, we believe the overall trajectory will be maintained. Sustainable investors with a longer-term horizon are therefore well positioned to look beyond the next 12 months' challenges.



From an impact perspective, the next US leadership is expected to withdraw from the Paris Agreement and reduce support for green industries, hindering but not halting progress toward global sustainability goals.

In Europe, despite the structural challenges, a growth recovery, rebound in consumer spending, and low unemployment would broadly benefit sustainable investors. European companies tend to perform better than US and Asian companies on sustainability assessments, a trend likely to be further entrenched in 2025 as Europe is tightening its ESG reporting regulations. In the US, a Republican administration may reduce incentives for corporate transparency or sustainability commitments. The medium-term outlook for green industries in Europe is also positive, with momentum and political support for decarbonization and its strong position in clean energy technologies.

In the US, with no clarity on the macro outlook, the bigger question for sustainable investors is how green industries and sustainable finance in general will fare with the change of administration. Republican states benefited disproportionately from the Inflation Reduction Act funding, so we expect much of that to remain, as will bipartisan policy support for key industries such as infrastructure and power grids. Under the bear case scenario though, we could see a significant drop in attention to sustainability and damage to global supply chains in key green industries in a tariff war between China and the US.

### Sustainable equity

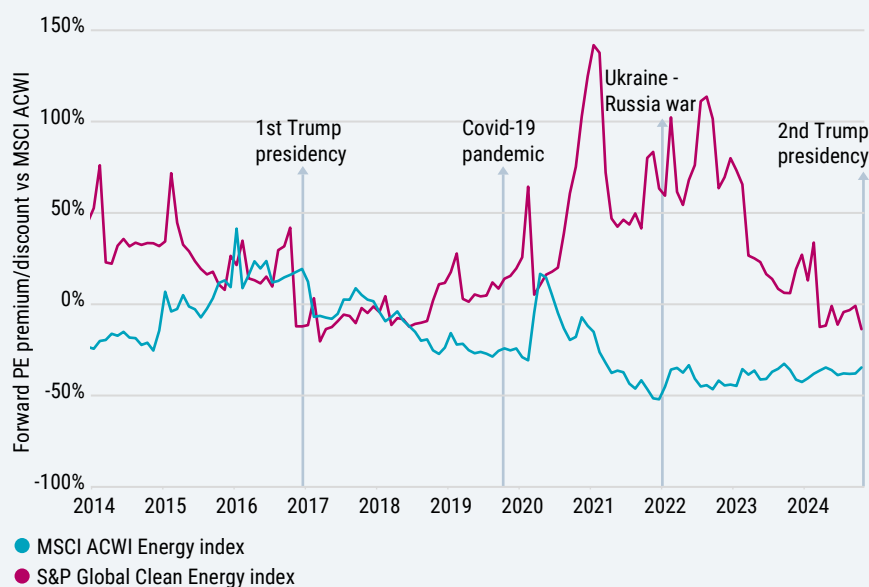
Year-to-date in 2024, ESG-related indices performed slightly weaker than conventional benchmarks (though the picture is mixed depending on region and SI approach) and slightly weaker than 2023. Still, ESG performance has improved since 2022 driven by outperformance in technology, communications, and financials sectors as well as relative underperformance of the energy sector this year.

Since 2023, valuation premiums of ESG and SRI-labeled equity indices relative to conventional benchmarks have on average reduced across developed markets (DM). This is partly explained by regional forces, such as market concentration in the US Equity index, where the top seven stocks impacted the relative valuation picture of ESG versus conventional indices.

This is something to watch over the next 12 months: if we see further broadening out of the performance of conventional indices, active sustainability approaches that have a lower concentration of the top seven stocks may benefit versus passive approaches. Within emerging markets (EM), lower allocation to China, for instance in the EM SRI index, likely also played a role, as China is trading at a discount relative to other EM.

In the renewable energy space, the challenging macro environment of unexpectedly high inflation, interest rates, and subsequent volatility in 2024 has posed a headwind. Clean energy equities have repriced significantly relative to the traditional energy sector, now at their cheapest level historically.

**Figure 16: Clean Energy and ACWI Energy equities forward valuation vs global equities**



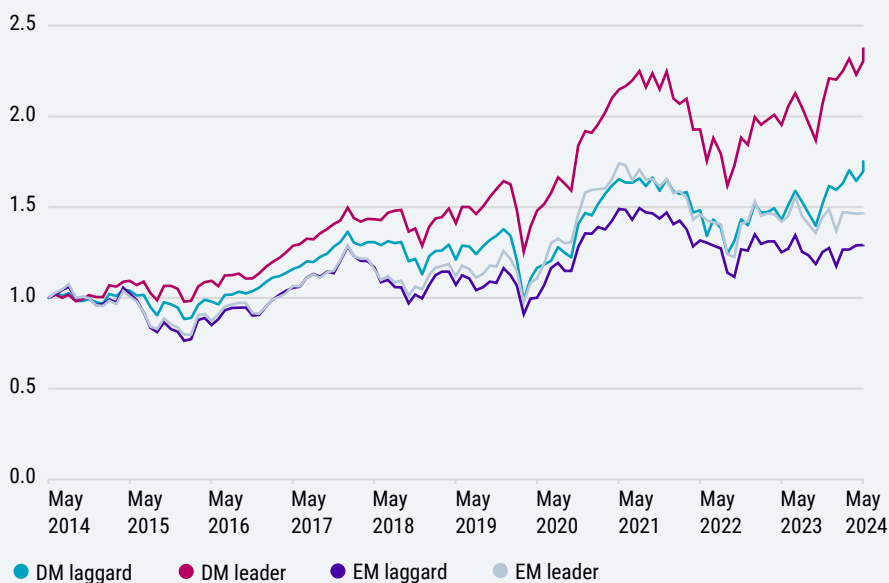
Source: Bloomberg. Data to 30 October 2024.

Changes in fund naming guidelines in Europe in 2025 will further differentiate the opportunity set, as some indices and funds move away from 'ESG' and 'Sustainable' terms and toward 'Transition', with a more flexible investable opportunity set. Historically, companies that are climate transition leaders<sup>7</sup> have outperformed versus laggards both in DM and EM, as well as in both low and high emitting sectors.

<sup>7</sup> We define 'climate transition leaders' as companies that have set credible decarbonization goals and are Paris-aligned or aligning.



**Figure 17: Similar historical performance pattern found in both DM and EM (equal-weighted)**



Source: Transition investing: Exploring alpha potential, Robeco Global (2024).

As disinflation continues over the first half of 2025, a lower-interest-rate, low-inflation environment would benefit growth-oriented thematic approaches. However, over the second half of the year, we might increasingly see positive inflation surprises as we approach an inflation inflection point. This will also disrupt the easing cycle and likely impact relative valuations for ESG versus non-ESG indices and thematic approaches. Overall, the outlook is unclear and dependent on the macro and policy environment, while uncertainty around future US policies is likely to lead to regional divergence.

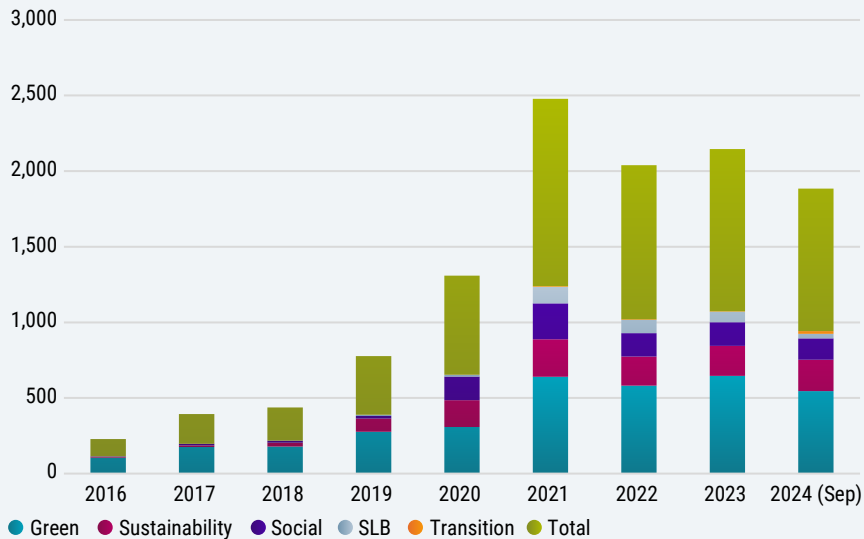
### Sustainable bonds

The market for green, social, sustainability, and sustainability-linked (GSS+) bonds remained robust in 2024, fueled by high investor demand for green bonds which play a crucial role in financing the transition to a sustainable future. Issuance reached USD 942 billion by the end of September, with green bonds sales reaching record highs. Europe remains at the forefront of issuance and market maturity has increased due to greater diversification among issuer types – both corporates and the SSA (Sovereigns, Supras, Agencies) segment. This diversification trend is expected to continue in 2025, particularly driven by EM issuers and hard-to-abate sectors. Transition bonds are also expected to gain traction, especially in Asia.

The greenium (green bond premium) has declined in 2024, which results in attractive pricing for green bonds compared to historical levels. The lower greenium is largely attributed to the strong supply observed so far in 2024. However, this does not imply a loss of appetite from green bond investors. We expect the greenium to remain near current levels, though it could increase if investor demand grows for EU Green Bond Standard-certified bonds, coming into force in December 2024.



**Figure 18: Sustainable debt issuance (in USD billions)**



Source: Bloomberg NEF

**Figure 19: Spread differential: Green vs conventional corporate bond indices**



Source: Bloomberg. Data to 30 October 2024. Note: For the calculation of the OAS (option-adjusted spread) differentials between Green corporate and Conventional corporate bond indices the following indices are being used: Bloomberg MSCI Global Green Bond Index: Corporate, Bloomberg MSCI US Green Bond Index: Corporate, Bloomberg MSCI Euro Green Bond Index: Corporate, Bloomberg Global Agg Corporate 3-7 yrs, Bloomberg US Credit Corporate 5-10Y, Bloomberg Euro-Aggregate: Corporates.

## 6. Embracing transition investing

### → Sustainable investing landscape

The SI landscape in 2025 will continue to be shaped by evolving regulations, emphasizing increased disclosure requirements and standardization. The Corporate Sustainability Reporting Directive (CSRD) in Europe requires large public companies to release ESG information in 2025. Investors will need to report on the alignment of investment portfolios with the EU Sustainable Taxonomy. Other countries, including the UK, Singapore, Canada, and China are planning mandatory sustainability disclosures in the coming years. While promoting transparency and better-informed investment decisions, the cost and effort is substantial, and failing to meet standards could have financial, operational, and reputational consequences.

Regulators in Europe have increased scrutiny of asset manager compliance with sustainable finance regulations. In contrast, in the changing political environment in the US, asset owners and managers may face pressure to focus solely on financial returns. On the corporate side, business leaders may deprioritize sustainability initiatives due to lacking motivation or fear of backlash.



A key trend in 2025 will be transition investing. Increasingly recognized by regulators as a category of sustainable investing, we expect rapid growth in transition-investing funds. Investors should pay attention to the definitions of transition, with some focusing on transition to a low-carbon economy and others taking a broader sustainable transition approach.

### Climate, nature and social action

At the time of writing, the COP 29 climate summit is in progress, focusing on developing a new financial commitment to supersede the USD 100 billion commitment made at COP 15 in 2009. In 2025, COP 30 will be crucial as countries will need to submit new climate action plans and emissions targets based on the 2023 'global stocktake'. A key question is whether China reached peak emissions in 2023 or if new coal capacity will prevail.

The past two years have centered on financing discussions, in particular the concept that money should flow from rich countries that contributed to climate change to poor countries that did not. While mitigation ambitions are delayed pending financing decisions, the consensus is that adaptation and resilience will require significant investments. The US is unlikely to contribute to climate discussions in the next few years, but, like last time, this will not stop other countries' commitment and forward progress.

Nature action will gain importance in 2025. The COP 16 biodiversity summit in October 2024 made progress toward global conservation efforts. Key outcomes included the establishment of a permanent Indigenous subsidiary body and a focus on

mainstreaming biodiversity across sectors. However, challenges remain in addressing resource mobilization, emphasizing the need for increased financial support and conservation commitments.

In the coming months, corporates and investors are expected to set targets and develop action plans helped by improved data analysis. Providers have recently released new datasets in collaboration with nature organizations, so, while there is no data-based 'silver bullet', further progress is anticipated. Geospatial data should also provide improved insights in 2025 after significant industry-wide investment in recent years.



Environmental topics will remain top of the 2025 agenda, but progress on social topics will be made. The recently launched Taskforce on Inequality and Social-related Financial Disclosures will convene working groups next year to develop a global framework for companies and financial institutions to improve disclosures on social impacts, dependencies, risks, and opportunities.

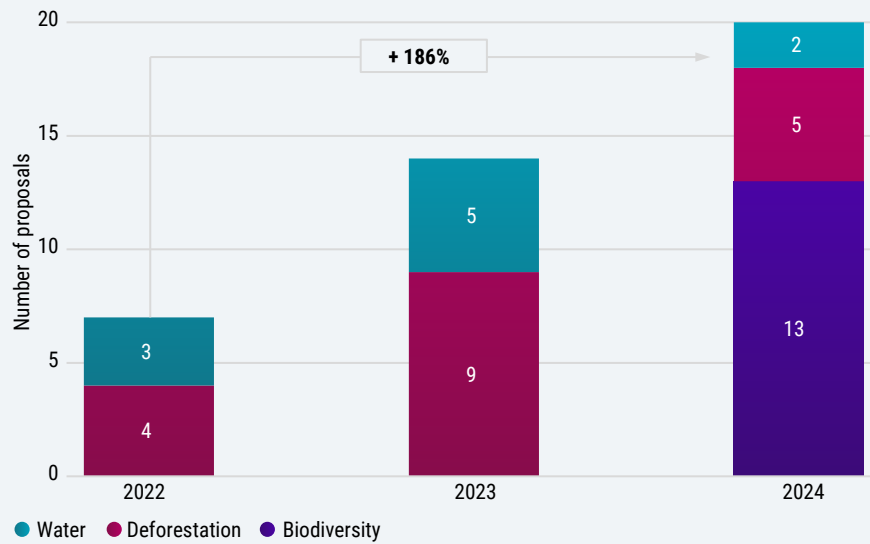
#### Active ownership

For the 2025 proxy season, we anticipate continued global focus on director accountability, climate action, diversity, equity & inclusion, AI, and nature. A major unforeseen development in 2024 was Exxon's lawsuit against two shareholders, Follow This and Arjuna Capital, to prevent their proposal for stronger climate targets from going to a vote. This lawsuit bypassed the typical SEC process of shareholder proposal exclusion, setting a precedent that could impact the 2025 proxy season and potentially deterring shareholders from submitting proposals.

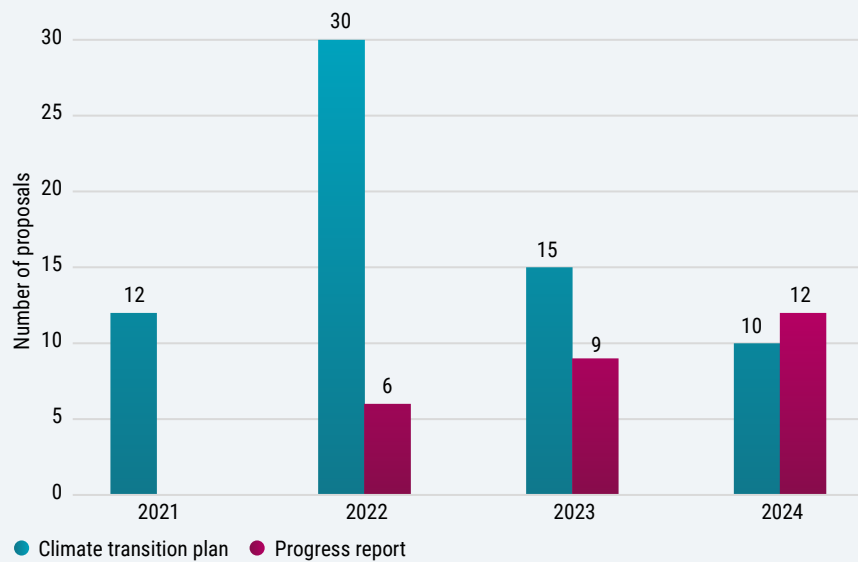
In the US, the anti-ESG rhetoric was also evident in the rise of anti-ESG proposals in 2024, though receiving limited support. We expect a further increase in 2025. Nevertheless, there were signs that nature-related shareholder proposals are starting to take off in 2024, and committed active owners with sustainable priorities will persist.

In Europe, executive remuneration was the focus in 2024 and is likely to remain so. 'Say on Climate' related resolutions have declined but the number of companies submitting their climate transition plans to a vote has increased.

**Figure 20: Nature-related proposals submitted by year**



**Figure 21: Number of climate transition plans and progress reports put to a shareholder vote (Europe)**



Climate engagement is expected to increase in 2025, with a growing distinction between companies transitioning and those defending their legacy business models, particularly in the US energy sector. Investor collaboration may temporarily decline, with more US investors likely to withdraw from the Climate Action 100+ initiative, though other global investors are stepping in. Engagement on biodiversity and nature-related topics will rise, boosted by the Nature Action 100 initiative launched in 2024.

### Conclusion

2025 may be a holding pattern year for sustainable investors. As in any economic cycle, opportunities are still there but sustainable investors need to seek them in industries that are most resilient to the macro conditions. Combining impact goals with rigorous investment discipline will be crucial. Despite setbacks with new leadership in the US, the global commitment to climate and nature action remains strong, ensuring continued progress.





# Important information

Robeco Institutional Asset Management B.V. has a license as manager of Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs) ("Fund(s)") from the Netherlands Authority for the Financial Markets in Amsterdam. This marketing document is intended solely for professional investors, defined as investors qualifying as professional clients, who have requested to be treated as professional clients or are authorized to receive such information under any applicable laws. Robeco Institutional Asset Management B.V. and/or its related, affiliated and subsidiary companies, ("Robeco"), will not be liable for any damages arising out of the use of this document. Users of this information who provide investment services in the European Union have their own responsibility to assess whether they are allowed to receive the information in accordance with MiFID II regulations. To the extent this information qualifies as a reasonable and appropriate minor non-monetary benefit under MiFID II, users that provide investment services in the European Union are responsible for complying with applicable recordkeeping and disclosure requirements. The content of this document is based upon sources of information believed to be reliable and comes without warranties of any kind. Without further explanation this document cannot be considered complete. Any opinions, estimates or forecasts may be changed at any time without prior warning. If in doubt, please seek independent advice. This document is intended to provide the professional investor with general information about Robeco's specific capabilities but has not been prepared by Robeco as investment research and does not constitute an investment recommendation or advice to buy or sell certain securities or investment products or to adopt any investment strategy or legal, accounting or tax advice. All rights relating to the information in this document are and will remain the property of Robeco. This material may not be copied or shared with the public. No part of this document may be reproduced or published in any form or by any means without Robeco's prior written permission. Investment involves risks. Before investing, please note the initial capital is not guaranteed. Investors should ensure they fully understand the risk associated with any Robeco product or service offered in their country of domicile. Investors should also consider their own investment objective and risk tolerance level. Historical returns are provided for illustrative purposes only. The price of units may go down as well as up and past performance is no guarantee of future results. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. The performance data do not take account of the commissions and costs incurred when trading securities in client portfolios or for the issue and redemption of units. Unless otherwise stated, performances are i) net of fees based on transaction prices and ii) with dividends reinvested. Please refer to the prospectus of the Funds for further details. Performance is quoted net of investment management fees. The ongoing charges mentioned in this document are the ones stated in the Fund's latest annual report at closing date of the last calendar year. This document is not directed to or intended for distribution to or for use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, document, availability or use would be contrary to law or regulation or which would subject any Fund or Robeco Institutional Asset Management B.V. to any registration or licensing requirement within such jurisdiction. Any decision to subscribe for interests in a Fund offered in a particular jurisdiction must be made solely on the basis of information contained in the prospectus, which information may be different from the information contained in this document. Prospective applicants for shares should inform themselves as to legal requirements which may also apply and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile. The Fund information, if any, contained in this document is qualified in its entirety by reference to the prospectus, and this document should, at all times, be read in conjunction with the prospectus. Detailed information on the Fund and associated risks is contained in the prospectus. The prospectus and the Key Information Document (PRIIP) for the Robeco Funds can all be obtained free of charge from Robeco's websites.

## Additional information for US investors

This document may be distributed in the US by Robeco Institutional Asset Management US, Inc. ("Robeco US"), an investment adviser registered with the US Securities and Exchange Commission (SEC). Such registration should not be interpreted as an endorsement or approval of Robeco US by the SEC. Robeco Institutional Asset Management B.V. is considered "participating affiliated" and some of their employees are "associated persons" of Robeco US as per relevant SEC no-action guidance. Employees identified as associated persons of Robeco US perform activities directly or indirectly related to the investment advisory services provided by Robeco US. In those situations these individuals are deemed to be acting on behalf of Robeco US. SEC regulations are applicable only to clients, prospects and investors of Robeco US. Robeco US is wholly owned subsidiary of ORIX Corporation Europe N.V. ("ORIX"), a Dutch Investment Management Firm located in Rotterdam, the Netherlands. Robeco US is located at 230 Park Avenue, 33rd floor, New York, NY 10169.

## Additional information for US Offshore investors – Reg S

The Robeco Capital Growth Funds have not been registered under the United States Investment Company Act of 1940, as amended, nor the United States Securities Act of 1933, as amended. None of the shares may be offered or sold, directly or indirectly in the United States or to any US Person. A US Person is defined as (a) any individual who is a citizen or resident of the United States for federal income tax purposes; (b) a corporation, partnership or other entity created or organized under the laws of or existing in the United States; (c) an estate or trust the income of which is subject to United States federal income tax regardless of whether such income is effectively connected with a United States trade or business. In the United States, this material may be distributed only to a person who is a "distributor", or who is not a "US person", as defined by Regulation S under the U.S. Securities Act of 1933 (as amended).

## Additional information for investors with residence or seat in Australia and New Zealand

This document is distributed in Australia by Robeco Hong Kong Limited (ARBN 156 512 659) ("RIAM BV"), which is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 (Cth) pursuant to ASIC Class Order 03/1103. Robeco is regulated by the Securities and Futures Commission under the laws of Hong Kong and those laws may differ from Australian laws. This document is distributed only to "wholesale clients" as that term is defined under the Corporations Act 2001 (Cth). This document is not intended for distribution or dissemination, directly or indirectly, to any other class of persons. In New Zealand, this document is only available to wholesale investors within the meaning of clause 3(2) of Schedule 1 of the Financial Markets Conduct Act 2013 (FMCA). This document is not intended for public distribution in Australia and New Zealand.

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

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

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

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.

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

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**

This document is considered for use solely by qualified investors and private professional clients (as defined in Article 26 (1) (b) and (d) of Consob Regulation No. 16190 dated 29 October 2007). If made available to Distributors and individuals authorized by Distributors to conduct promotion and marketing activity, it may only be used for the purpose for which it was conceived. The data and information contained in this document may not be used for communications with Supervisory Authorities. This document does not include any information to determine, in concrete terms, the investment inclination and, therefore, this document cannot and should not be the basis for making any investment decisions.

#### **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 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**

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**

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.

© Q3/2024



Please visit the [Robeco website](#) for more information