

United Sustainable Series – Global Credits Fund

As at 31 May 2022

Performance Update

For the month of May, the Fund MYRH class registered a return of -0.21%.

The fund underperformed the benchmark in May. The top-down positioning made a neutral contribution. Issuer selection contributed negatively to performance. Our overweight in Europe detracted as European credit markets underperformed their US counterparts in May. Our exposures in the banking, communication and insurance sectors were among the largest detractors. This was also visible in issuers that were among the largest detractors in May, such as European telecom company Cellnex, technology company Western Digital and Italian toll route operator Atlantia. Other large detractors were our holdings in Raiffeisen Bank and Banco de Sabadell. Among the largest contributors were our holdings in Charter Communications, Suzano and Deutsche Bank. We continue to hold a position in swap spreads, where we are long 5-year European swap spreads. The contribution this month was positive as swap spreads tightened. We see swap spreads continuing to normalize during the next quarter.

Market Outlook

Preference for European risk over US risk

It was difficult to make an economic assessment even before the escalation of the Russia-Ukraine crisis, given the distortion in many data series after two years of Covid. That is why for our previous Credit Quarterly Outlook, we chose the title 'Imperfect information and imperfect foresight'. With the Ukrainian conflict, higher oil prices and further supply chain disruptions, it is clear that an even wider set of possibilities has to be assessed for fundamentals. If anything, downside risks to the economy have risen materially and recession risk is now openly debated. Looking at monetary policy, the main worry we have is that developed market central banks are behind the curve. We think the Fed made a clear policy mistake by starting this tightening cycle too late. The key risks here are higher-than-anticipated hikes in the coming months, and inflation that not only lasts longer but peaks out at higher levels. It is clear that central banks will continue their tightening paths, for instance by reducing the amount of corporate bond buying in Europe. We aim for a portfolio beta that is closer to one, and we prefer European risk over US risk, on account of the Ukraine premium.

Portfolio Positioning

Beta kept close to 1

We kept the beta of the portfolio close to one throughout the month. Our largest sector overweights are in the technology, insurance and banking sectors. The valuations for bank debt are attractive, while capital ratios are solid and rising interest rates are a tailwind for banks. Our largest sector underweights are in utilities and consumer cyclicals, which trade at relatively expensive levels compared to the broader market. The allocation to high yield, emerging credits and securitized debt remained relatively unchanged over the month.

During the month, we took some profit on our positions in Apple, Suzano, Booking and Kasikorn Bank, and participated in some new issues from SEB, Barclays, BNP and Volkswagen that came to the market.

Our largest positions comprise a mix of financials and industrials. Often, we have more than one bond holding in a specific name. Among the top holdings are financials Raiffeisen Bank, Banco de Sabadell, and Deutsche Bank.

Bond Commentary

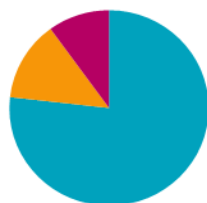
Bond	Country	Sector	Remarks
Deutsche Bank	German	Banking	<ul style="list-style-type: none"> Deutsche Bank is a German Multinational investment bank and financial services headquarter in Frankfurt. The company is a universal bank with four major divisions: Investment Bank, Corporate Bank, Private Bank, and asset Management (DWS). SDG Score: 0. Positive low on SDG 8 and SDG 9. The Bank has a poor track record in terms of business ethics and product governance. However, the bank has been working hard in improving internal controls. Although the bank is involved in multiple significant controversies, they concern matters from several years ago or weighted too negatively by S&P. The restructuring of the bank as announced in July 2019 has proved to be very positive. The business is much more focused and now has a smaller and less volatile balance sheet. Deutsche Bank has continued delivery on cost cutting and further evidence on franchise strength, despite cost cutting. The market has taken all of the above into consideration and spreads on the bonds have outperformed accordingly.
Cellnex Telecom SA	Spanish	Communications	<ul style="list-style-type: none"> Cellnex is a Spanish based European telecom infrastructure company that owns and manages wireless, broadcast towers and other network services. Cellnex focuses on the provision of services to mobile network operators, broadcasters and other public and private companies acting as a neutral infrastructure provider. SDG Score: +1. Positive Low Impact on SDG 8 SDG 9 and SDSG 16 Around 35% of Cellnex revenues comes from Spain, 20% from Italy and 20% from France, while the rest is from UK, Switzerland and the Netherlands. Cellnex has recently been looking at acquiring other Tower operates and its debt level has increased. However, in medium term the new M&A could add diversification. As leverage has increased, bonds have underperformed

Fund Classes

Fund Classes					
MYR Hedged Class	USD Class	AUD Hedged Class	SGD Hedged Class	RMB Hedged Class	GBP Hedged Class

Positioning by Segment and Region

Segment (Absolute weight)



Investment Grade	77%
High Yield	13%
Emerging Market	10%

Region (Absolute weight)



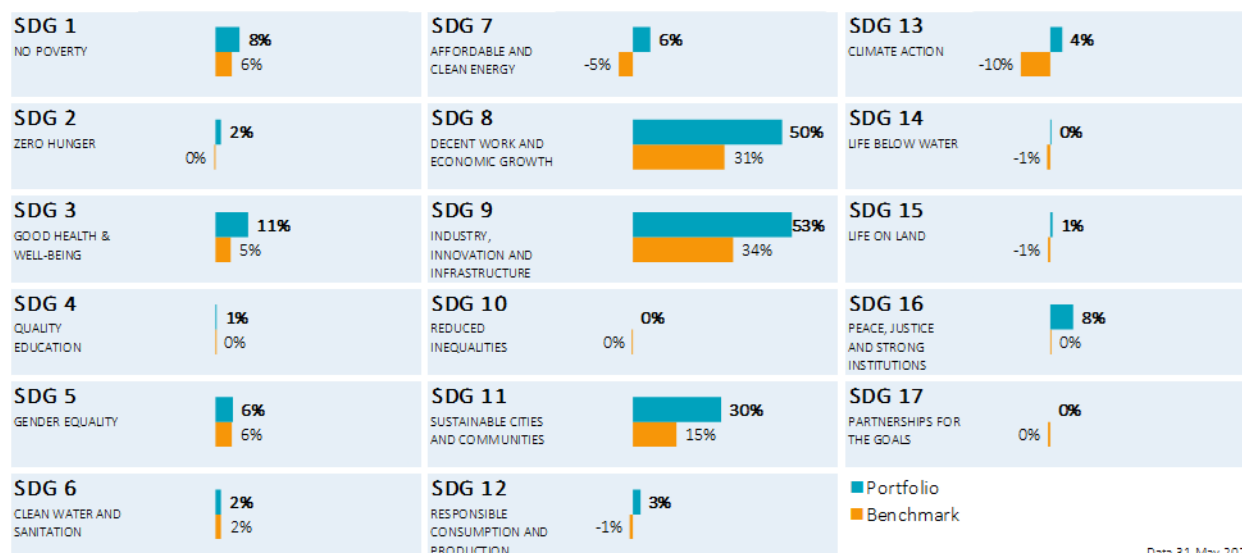
Europe ex-UK	34%
United Kingdom	9%
North America	37%
Other Developed	5%
Emerging	10%

Source: Robeco. RobecoSAM Global SDG Credits. Data end of May 2022

Sustainability

Contribution to the United Nations Sustainable Development Goals (SDGs)

The portfolio has a high contribution to SDG 1 (no poverty), SDG 8 (decent work & economic growth), SDG 9 (industry, innovation & infrastructure) and SDG 11 (sustainable cities & communities). Our holdings in the banking and insurance sector and in emerging markets contribute the most to these SDGs. But also our holdings in the telecom and technology sectors contribute positively to SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation and infrastructure).



Data 31 May 2022

Source: Robeco. Net figures for individual SDGs.

Portfolio: RobecoSAM Global SDG Credits. Benchmark: Bloomberg Global Aggregate Corporate.

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