

Striving to optimally balance alpha, risk and sustainability

Robeco Quant Equities 3D range



Why the shift to 3D?

- > **Wealth and well being:** Standard risk-return optimization does not fully capture investors' growing focus on balancing financial and non-financial outcomes
- > The innovative 3D investing approach within Robeco Quant strategies aims for a **balanced trade-off** between **sustainability, return, and risk**

How will this affect the Robeco Quant strategies?

- > More dynamic sustainability integration beyond solely relying on constraints¹
- > Tilt to companies that aim to make a positive contribution to the **UN SDGs**²
- > Integrate forward-looking **Climate Traffic Light** info (firms' commitment to decarbonization)³

What is in it for the investor?

- > Implementing sustainability criteria as an **objective** supports our aim to optimally balance the three dimensions and deliver better sustainability outcomes over time
- > **Greater flexibility** to adapt to market conditions while achieving long-term financial and sustainable goals

Binding elements are denoted in the **green** font color and pertain to fund vehicles. These do not apply to mandates, which are governed by IMAs.

¹Source: Blitz, D., Chen, M., Howard, C. & Lohre, H. (2024). *3D Investing: Jointly Optimizing Return, Risk, and Sustainability*. Financial Analysts Journal. ²Robeco proprietary SDG framework scores companies from -3 to +3 on UN SDGs. More details on <https://www.robeco.com/en-int/sustainable-investing/sdg-framework>. ³The Robeco Climate Traffic Light is an assessment of companies' alignment with Paris Agreement goals. More details on <https://www.robeco.com/files/docm/docu-robeco-paris-alignment-assessment.pdf>. ⁴In addition to aiming for a 10% lower Sustainalytics ESG Risk Rating at the moment of rebalancing, stocks with a ESG Risk Rating >40 (labelled as severe risk) are also excluded from the eligible investment universe.

⁵For Enhanced Indexing strategies, the portfolio targets a carbon reduction of at least 20% compared with the benchmark at the time of each rebalancing. For the Active strategies, the target is a carbon reduction at least 30% compared to the benchmark at the time of rebalancing. *Binding element of the strategy.

	Former: SI Focus Equities	Current 3D Equities
<i>Differences</i>		
Sustainability integration	Constraints	Objectives and constraints
SDG exclusions	-3, -2	-3
Tilting to SDG positives > BM	✓	In 3D portfolio optimization
ESG risk rating versus BM*	10% better	10% better ⁴
Climate Traffic Light assessment	-	✓
<i>Similarities</i>		
Factor exposures to alpha model	✓	✓
Robeco exclusions Level 2*	✓	✓
Voting in portfolio*	✓	✓
Carbon footprint versus BM*	30% better	20%/30% better ⁵
Waste & water footprint versus BM*	20% better	20% better