

# Enhanced Indexing equities: Delivering long-term value



# Summary of our new report on expected returns: The base-case scenario

Five-year return forecast for main asset classes	Forecast in Euro terms		US dollars	Japanese yen	Pounds	
	2026-30	2025-29	2026-30	2026-30	2026-30	
<b>Equity</b>						
Developed	↓	6.00%	6.50%	6.75%	3.75%	6.50%
Emerging	↑	7.50%	7.25%	8.25%	5.25%	8.00%
Real estate	≈	5.50%	5.50%	6.25%	3.25%	6.00%
Commodities	↑	5.25%	4.75%	6.00%	3.00%	5.75%
<b>Fixed income</b>						
Local cash	↓	3.00%	3.50%	3.75%	1.00%	4.00%
Local bonds	↑	2.75%	2.25%	3.50%	1.25%	4.50%
Developed	↓	3.00%	4.00%	3.75%	1.00%	4.00%
Emerging debt (local)	↓	5.50%	6.00%	6.25%	3.25%	6.00%
Emerging debt (hard)	↓	3.75%	5.50%	4.50%	1.75%	4.75%
Corporate investment grade	↓	3.00%	5.25%	3.75%	1.00%	4.00%
Corporate high yield	↓	3.25%	5.50%	4.00%	1.25%	4.25%
<b>CPI</b>						
Inflation	≈	2.50%	2.50%	2.75%	1.50%	2.75%

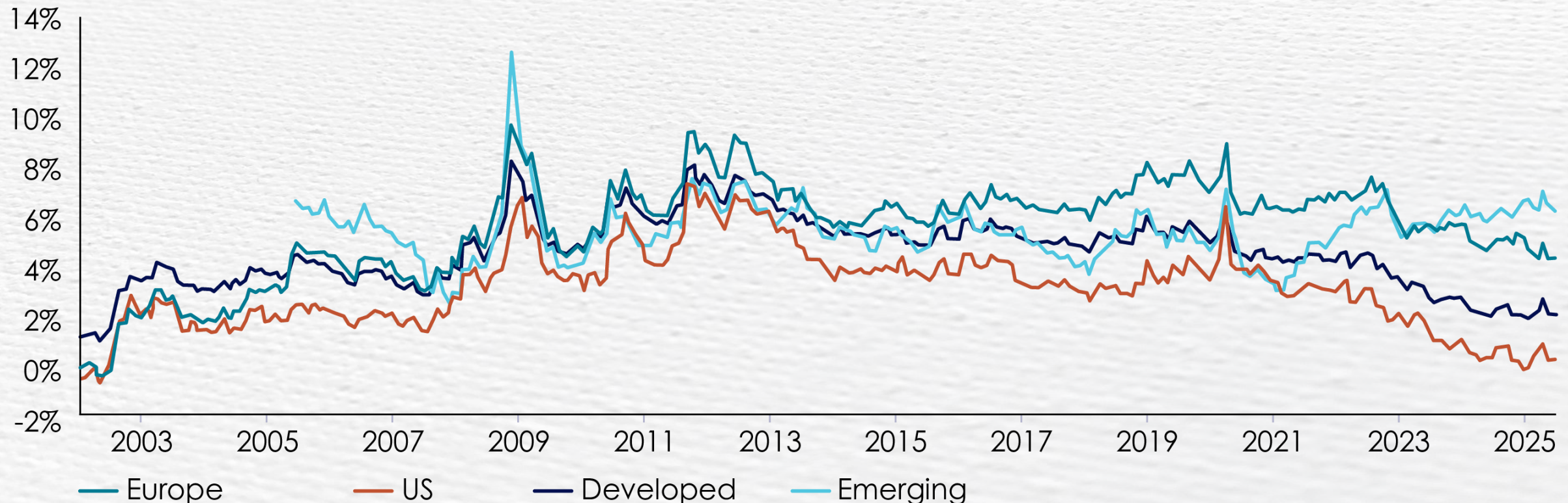
Source: Robeco, 31 September 2025

**Capital at risk: Returns are geometric and annualized. The scenarios presented are not an exact indicator.** They are an estimate of future performance based on current market conditions and evidence from the past on how the value of this investment varies. Expected returns will vary dependent on market performance. The medium-term influences represent our assessments of the valuation, climate and macro influences discussed in Chapters 2, 3 and 4. The expected returns we show are geometric and annualised. Bond returns are euro-hedged, except for local-currency emerging markets debt. The value of your investments may fluctuate, and estimated performance is no guarantee of future results.

# Equity markets: Implied equity premiums for the US equity market low

Valuations matter for long-term outcomes, but can be a poor short-term signal

Implied equity risk premiums



# Enhanced indexing at a glance

Designed with the aim to efficiently capture returns while aiming to minimise risk

Feature	Passive investing (0 to 0.5% TE)	Robeco enhanced indexing (1% to 2% TE)	Active-plus investing (3% + TE)
Broad market exposure & high liquidity	✓	✓	?
Constrained country allocation deviations from benchmark	✓	✓	x
Constrained sector allocation deviations from benchmark	✓	✓	x
Predictable risk-return characteristics	✓	✓	?
Proprietary stock selection model or process	x	✓	✓
Smart rebalancing & efficient trading	x	✓	?
Highly diversified portfolio with small individual contributions	x	✓	x
Enhanced sustainability profile	x	✓	?

Source: Robeco Institutional Asset Management, August 2024, 'The smarter alternative: Enhanced Indexing', page 10, accessed on 26 May 2025.

All expressions of opinion are subject to change. This information is intended for educational purposes, and it is not to be construed as an offer, solicitation, recommendation, or endorsement of any particular security, products or services.

# Proprietary stock selection model: Finding the 'super stock'

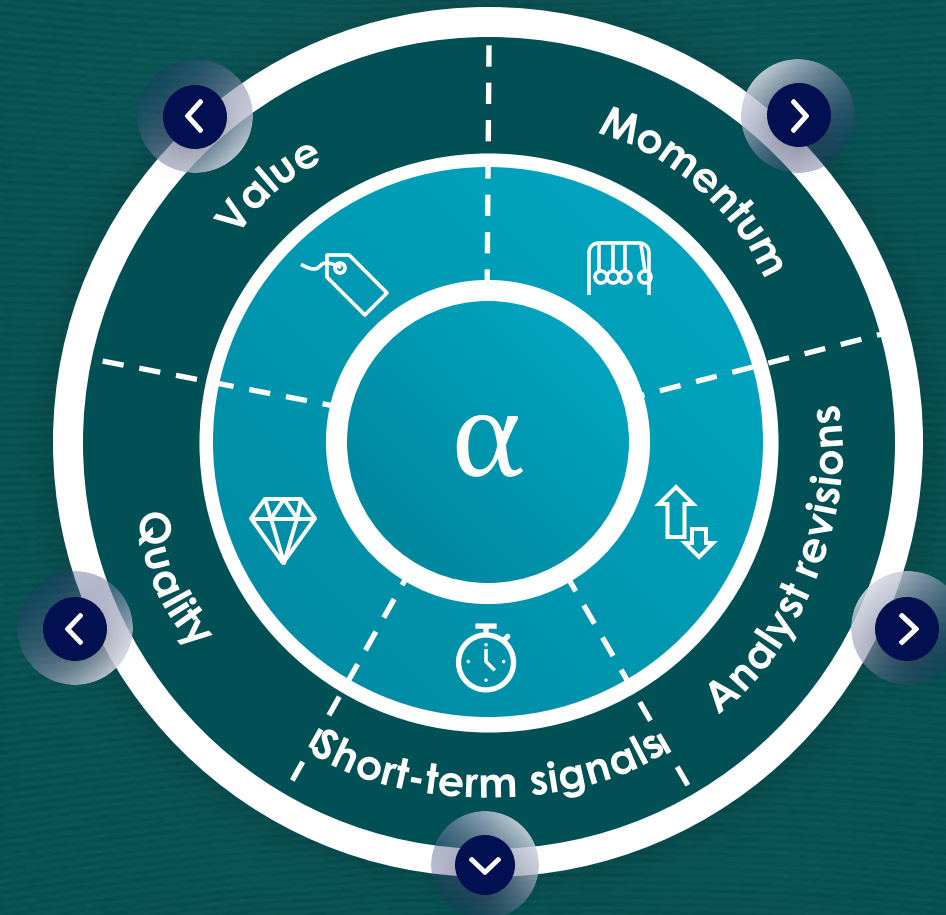
The stock  
trades at an  
attractive valuation

The stock price  
has recently entered  
a relative positive trend

The company  
has a solid  
profitability profile

Analysts have become  
more positive about  
company earnings

The short-term timing is right



# There is an ocean of data

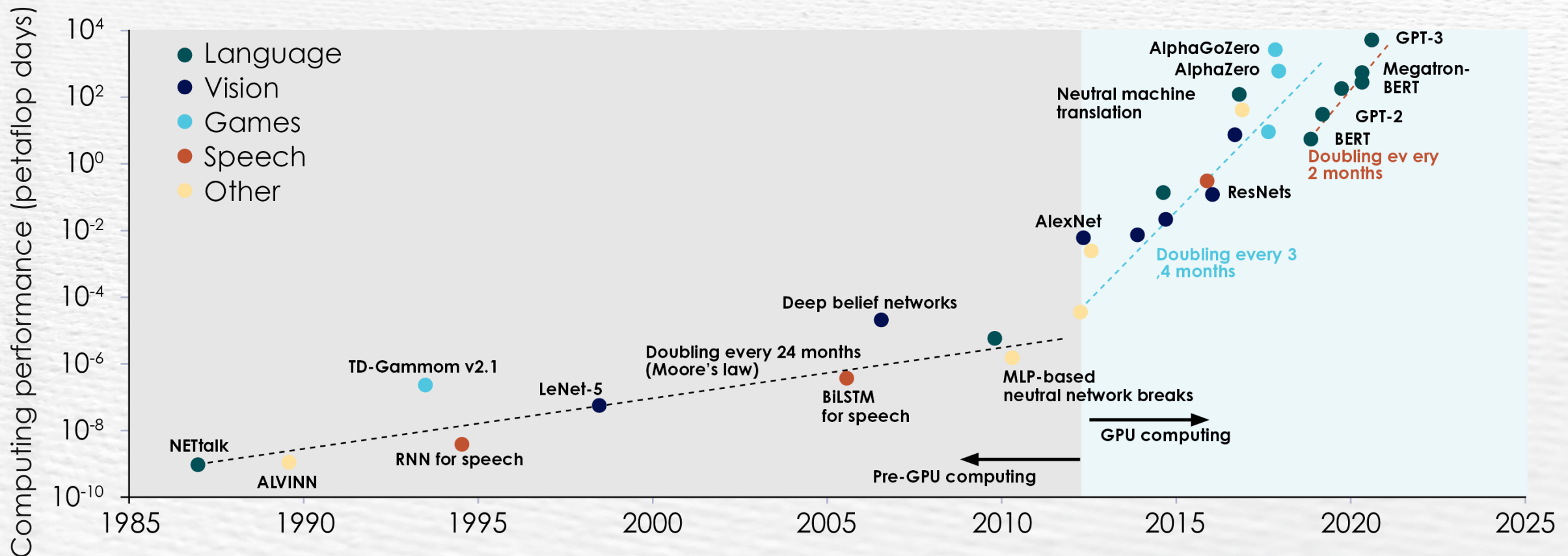
## Trend 1



Source: ???

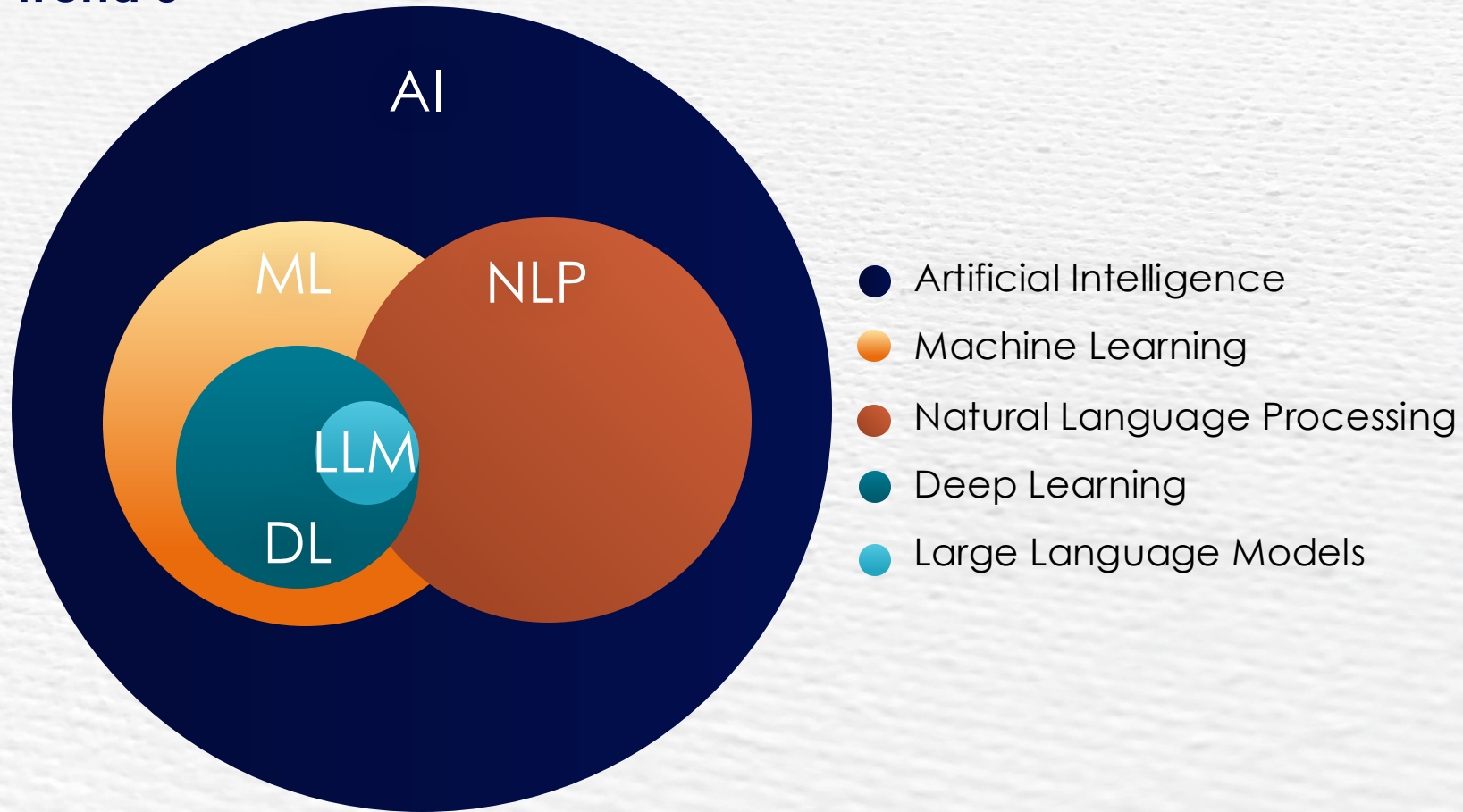
# Computing power is increasing rapidly

## Trend 2



# Algorithms are booming

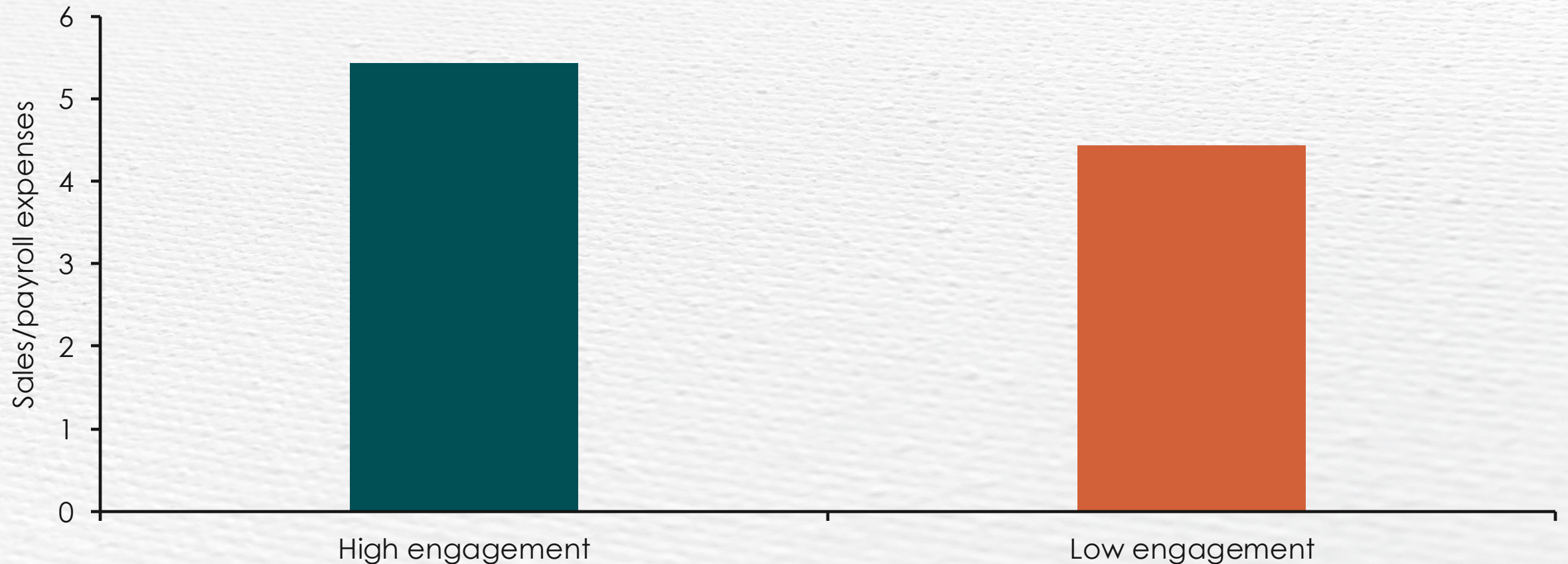
## Trend 3



```
DECLARE @invoiceDateTemp  
SET @invoiceDateTemp = CONVERT  
  
INSERT #CTemp  
(line, itemCode, itemBarCode,  
couponSerialNoRef, daySheff,  
SELECT DISTINCT  
T.line, T.itemCode, T.itemBar  
DATEADD(day, I.daySheffLi  
IIF(T.couponUpgrade = Y, T  
T.couponUpgrade  
FROM  
OrderDetail AS T INNER JO  
WHERE  
(T.companyCode = @comp
```

# Employee ratings and reviews shed light on productivity levels

## Applying NLP techniques to uncover alternative alpha sources

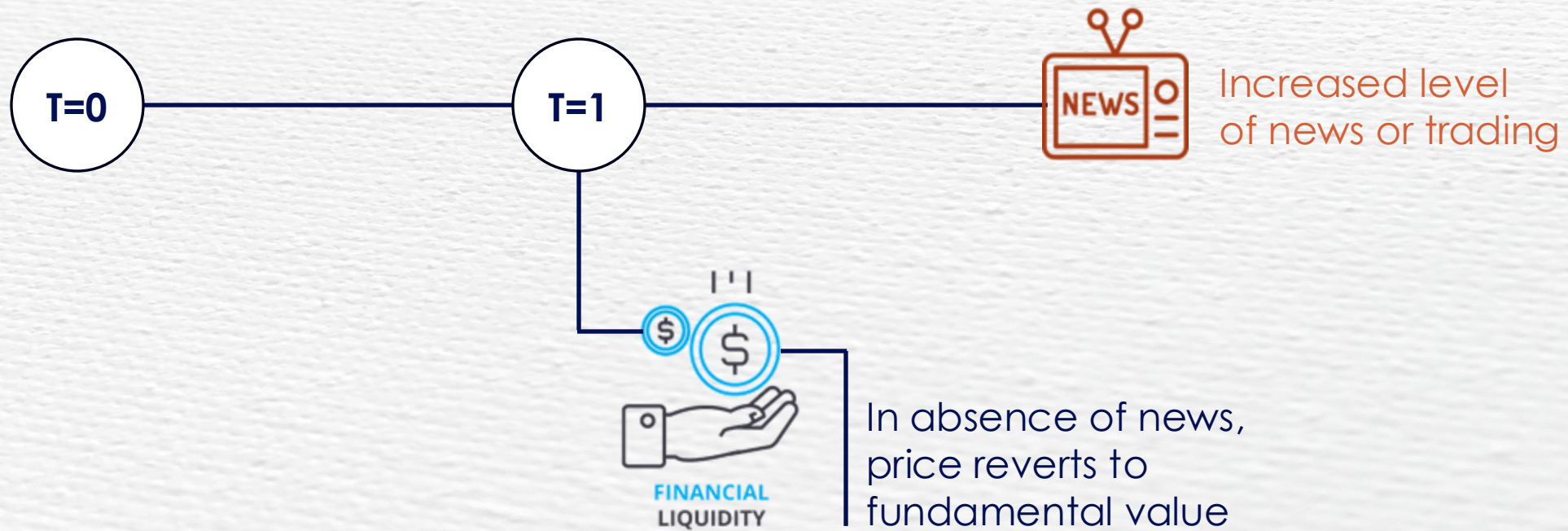


Source: Glassdoor ratings, peer normalized, April 2025

This is not a buy, sell or hold recommendation for any particular security. The information shown is only available for one-on-one presentations and for illustrative purposes only. No representation is made that these examples are past or current recommendations, that they should be bought or sold, nor whether they were successful or not.

# Machine learning can detect interactions when the market overreacts and recovers

## Interactive reversal in action



Source: De Groot, Huij & Zhou (2012) <sup>1</sup> and 'Beyond Fama-French Factors: Alpha from Short-Term Signals, Blitz, Hanauer, Honarvar Gheysary, Huisman & van Vliet (2022) <sup>1</sup>.

**The performance shown is hypothetical, based on theoretical models and assumptions, and is no guarantee for future results.**

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# Examples of novel China signals used in emerging market strategies

Designed using alternative data to extract alpha from the unique nature of the Chinese retail market and regulation

## Exchange forum questions and answers

### Negative sentiment

"The company displays a **concerning level of arrogance**, often **exhibiting delays** in addressing shareholders' inquiries with a rather **indifferent attitude**. For instance, while most listed companies readily provide precise figures... our company **consistently deflects** by referring to annual reports..."

### Positive sentiment

"Company X consistently **demonstrates responsibility and strong executive skills**. Recently, he has shown commitment by **increasing his stake in the company by 5%**. His approach is characterised by a lack of grandiose claims, which is commendable."

## Profit notice from Chinese companies



Turning point



Loss



Large change in earnings

## Analyst company visits

Shenzhen companies must disclose analyst visits



Part of efforts to increase transparency in Chinese markets



# Enhanced indexing equities strategy

## Building an enhanced Indexing portfolio

	Curate Global Sustainable Equity Fund	Curate Global Emerging Markets Equity Fund
<b>1. Investable universe</b>	MSCI World	MSCI Emerging Markets
✓ Benchmark constituents	1,300	1,400
✓ Large, liquid off-benchmark stocks	400	200
<b>2. Enhanced Indexing Equities portfolio construction</b>		
✓ Scoring and ranking on academically and novel proven characteristics	1,700	1,600
✓ Small over- and underweights of individual positions	0.3%/-0.45%	0.2%/-0.3%
✓ Max country/region over/underweight	1.0%/-1.0%	0.3%/-0.3%
✓ Max sector/industry over/underweight	1.0%/-2.0%	1.0%/-1.0%
✓ Maximum off-benchmark position	5%	5%
✓ Sustainability ESG risk rating lower than benchmark	-10%	✓
✓ Carbon footprint lower than benchmark	-30%	✓
✓ Water usage and waste generation lower than benchmark	-20%	✓
✓ Robeco SDG Framework integration	-3, -2 excluded	✓
<b>3. Enhanced Indexing Equities portfolio management</b>		
✓ Ex-ante tracking error (long-term average)	1.5%	1.2%
✓ Expected information ratio	0.65	1.0
✓ Expected long-term outperformance	1.0%	1.2%
✓ Number of holdings (long-term average)	±400	±500
✓ Voting & enhanced engagement reflected in portfolio positioning	✓	✓

# Track record

## Curate Global Sustainable Equity Fund (in US dollars)

### Annualised returns to 30 September 2025

	YTD	One year	Three years	Since June 2021
Curate Global Sustainable Equity Fund R	18.01%	19.11%	24.15%	11.05%
MSCI World Index	17.43%	17.25%	23.71%	10.37%
Relative returns	0.58%	1.86%	0.44%	0.68%

### Calendar year returns

	2024	2023	2022
Curate Global Sustainable Equity Fund R	20.75%	22.74%	-17.05%
MSCI World Index	18.67%	23.79%	-18.14%
Relative returns	2.08%	-1.05%	1.09%

### Curate Global Sustainable Equity Fund R USD Acc

	Return	Date
Rolling one-year high	34.47%	31-Oct-24
Rolling one-year low	-17.38%	30-Sep-22

Source: Robeco, MSCI, 30 September 2025

Past performance is no guarantee of future results. The value of your investments may fluctuate. Highest and lowest returns of the fund class for the periods shown to 30 September 2025  
Portfolio: Curate Global Sustainable Equity Fund. Index: MSCI World Index\* (net dividends reinvested). All figures in USD. Inception date is 8 June 2021. Data end of 30 September 2025. 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. Performance since inception is as of the first full month. Periods shorter than one year are not annualized. Returns gross of fees, based on gross asset value. Values and returns indicated here are before cost; the performance data does not take account of the commissions and costs incurred on the issue and redemption of units. These have a negative effect on the returns shown.

# Track record

## Curate Global Emerging Markets Equity Fund (in US dollars)

### Annualised returns to 30 September 2025

	YTD	One year	Since July 2024
Curate Global Emerging Markets Equity Fund R	27.86%	18.95%	24.91%
MSCI Emerging Markets Index	27.53%	17.32%	24.13%
Relative returns	0.32%	1.62%	0.78%

### Curate Global Emerging Markets Equity Fund R USD Acc

	Return	Date
Rolling one-year high	19.30%	31-Aug-25
Rolling one-year low	17.24%	31-Jul-25

Source: Robeco, MSCI, 30 September 2025

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Portfolio: Curate Global Emerging Markets Equity Fund. Index: MSCI Emerging Markets Index\* (net dividends reinvested). All figures in USD. Inception date is 31 July 2024. Data end of 30 September 2025. 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. Performance since inception is as of the first full month. Periods shorter than one year are not annualized. Returns gross of fees, based on gross asset value. Values and returns indicated here are before cost; the performance data does not take account of the commissions and costs incurred on the issue and redemption of units. These have a negative effect on the returns shown. As of 1 July 2008, the benchmark changed from S&P/IFC EM Regional Investable Composite (Net dividends reinvested) to the MSCI Emerging Markets index (Net dividends reinvested).



# Thank you

# Disclaimer

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