



Robeco Fashion Engagement Equities  
**Fixing Fashion's Faux Pas**

Dora Buckulcikova, Portfolio Manager

Wednesday 13 March 2024

Marketing materials for professional investors, not for onward distribution.

**Trends**  
**INVESTMENT**  
**SUMMIT** **BENELUX 2024**





"Fast fashion's mountain of leftover clothes can be seen from space"

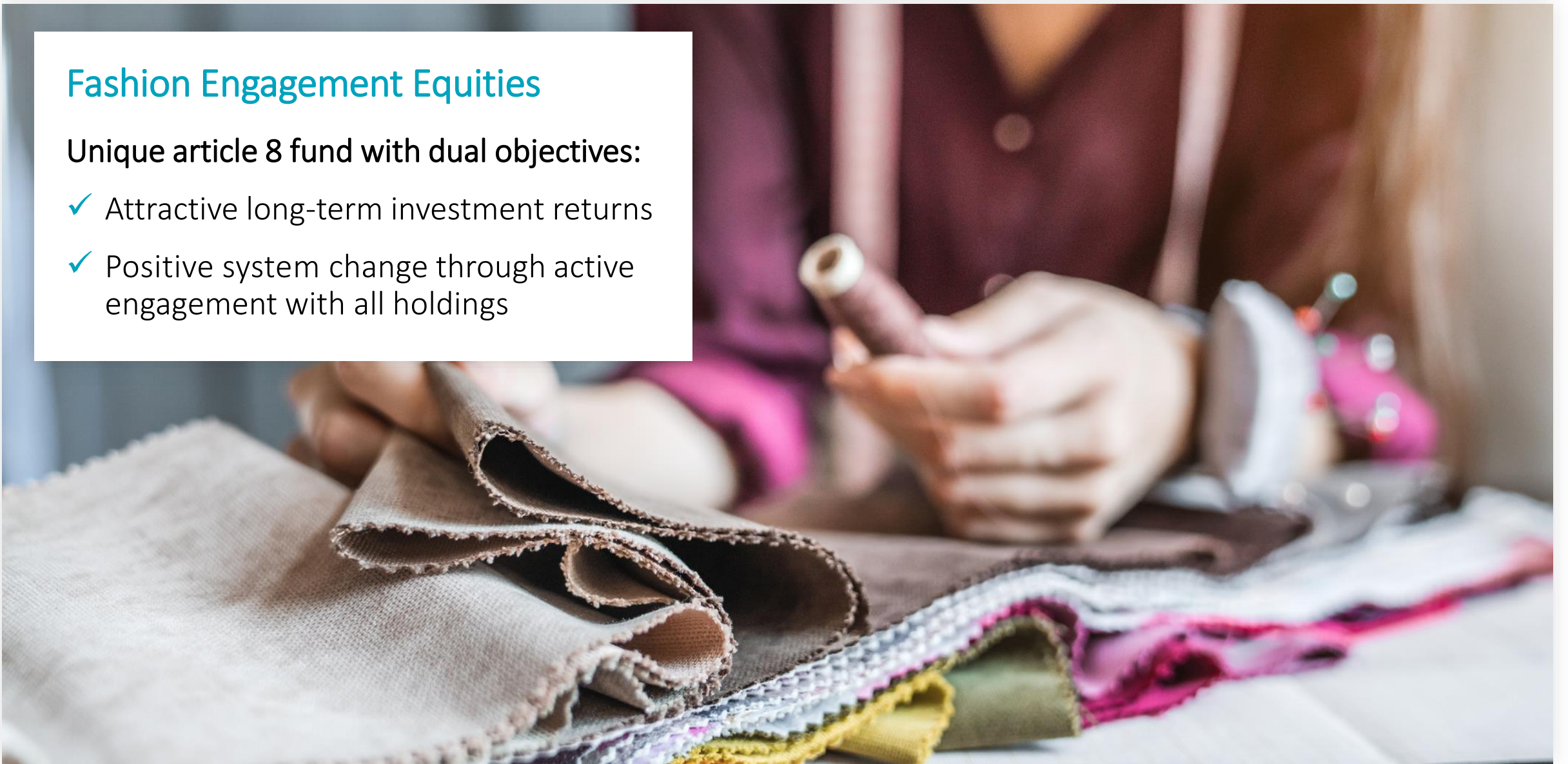
Insider, May 2023



## Fashion Engagement Equities

Unique article 8 fund with dual objectives:

- ✓ Attractive long-term investment returns
- ✓ Positive system change through active engagement with all holdings



# Our investment solutions

AuM appr.  
EUR 18 bn



Asset under Management as of September 2023, figures based on preliminary data.

# Robeco Fashion Engagement Equities team

Combining Robeco's Thematic investing and Engagement expertise

## Team members

**Dora Buckulcikova, CFA**  
Lead Portfolio Manager



**Alyssa Cornuz, CFA**  
Deputy Portfolio Manager



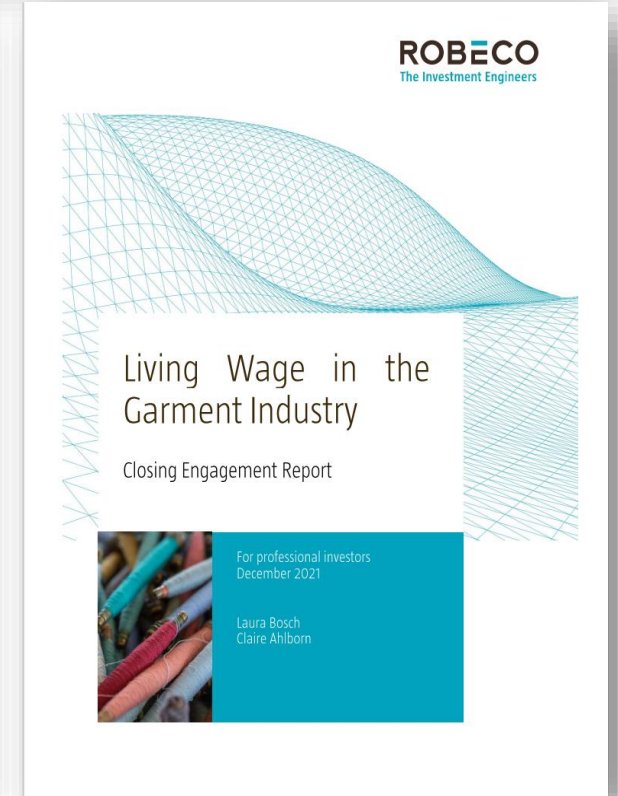
**Sam Brassler, CFA**  
Equity Analyst



**Danae Motta**  
Sustainable Research and Engagement Specialist



## Robeco's unique IP in Thematic Investing and Engagement



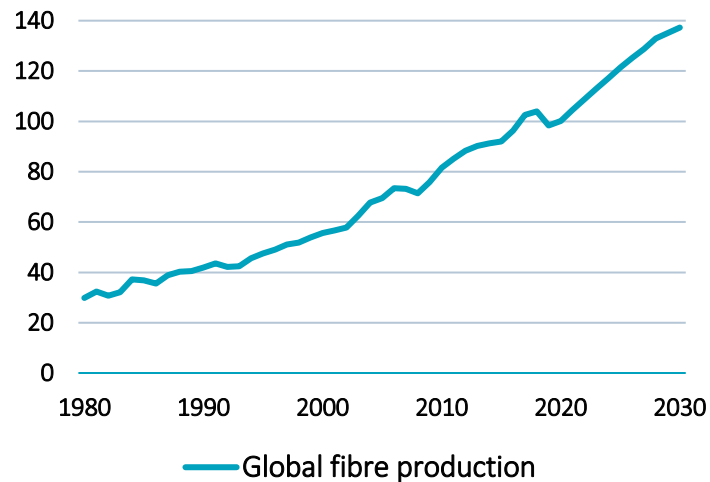
# Fashion: an appealing investment case in a sector that needs to change

## Fashion: a large and growing industry

~USD 2.5tn  
industry sales<sup>1</sup>

~40%  
growth by 2030<sup>2</sup>

~300m people  
employed<sup>3</sup>



## Current model not sustainable

> Transition away from current linear model is necessary

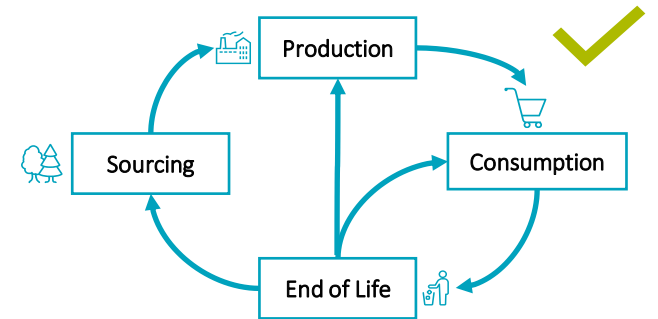


✗ Workers paid 45% below living wage<sup>4</sup>

✗ Less than 1% recycled into new fibers<sup>5</sup>

## Engagement to drive positive change

> Future circular model fair on workers and the environment



✓ Decent work and labor conditions

✓ Responsible use of natural resources

Pioneering investment strategy that integrates engagement to drive positive change in the fashion industry while capitalizing on its long-term growth opportunities.

1)2022 Euromonitor Apparel, Footwear, Sportswear and Personal Luxury categories2) Tecnon Orbichem, 3) UN Fashion Alliance, 4) The Industry We Want, 5) Ellen MacArthur Foundation

# Fashion sales and volumes experience secular growth

Consumption volumes and production origins have changed dramatically

## Growth drivers of the fashion industry



Rising disposable incomes

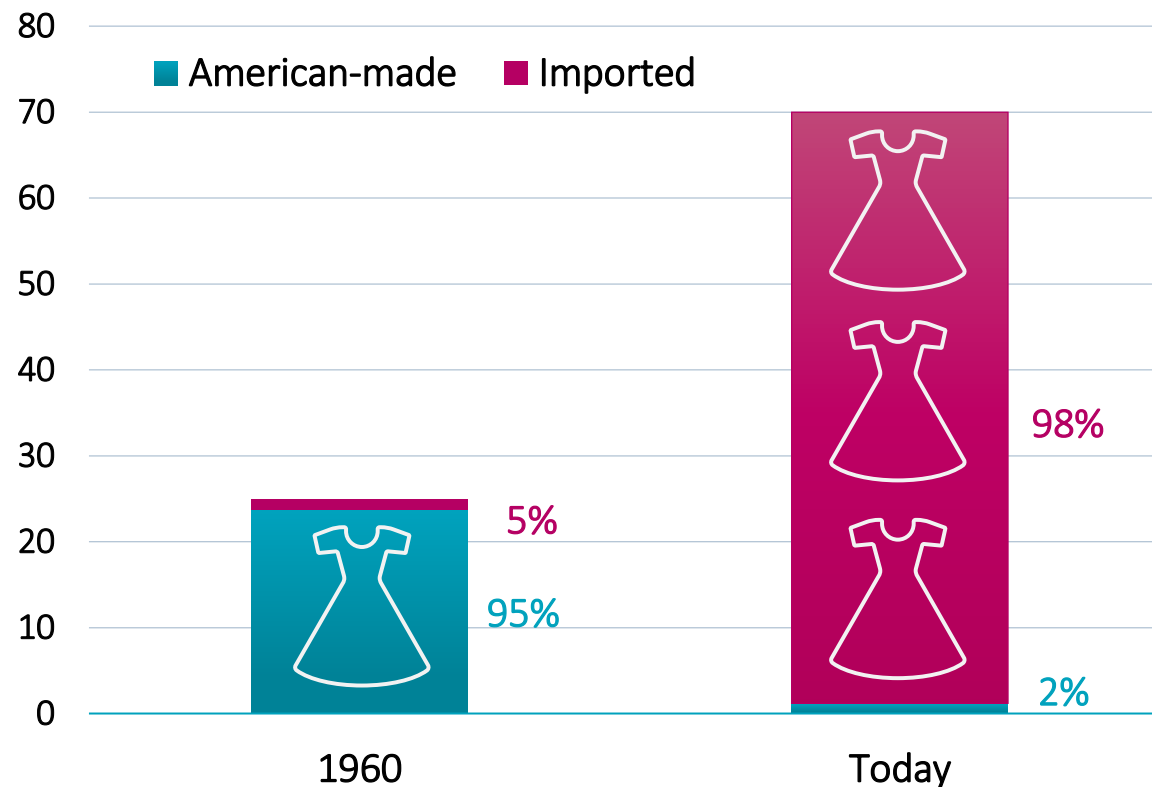


Desire for self-expression



Global population growth

## Amount of garments bought has tripled in one generation



Source: [Why America Stopped Making Its Own Clothes - The Lowdown \(kqed.org\)](https://www.kqed.org/why-america-stopped-making-its-own-clothes-the-lowdown)



# The sustainability challenges of fashion

Growth comes at the expense of our society and the environment



## Linear Value Chain

- > Every year, **100 billion** articles of clothing are produced – 14 for every person on the planet!
- > Around **20% go unsold** and less than **1% is recycled** into new clothing



## Social Inequality

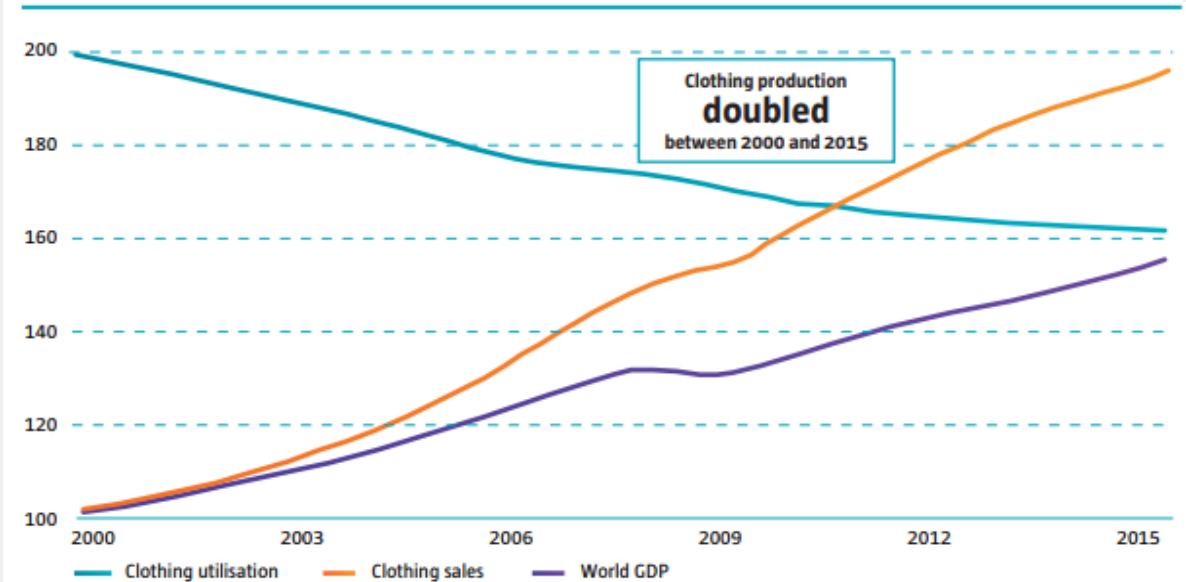
- > Garment worker pay is on average **45% below** local living wages
- > Up to **90% of companies** fail to prove they pay a living wage to their workers



## Resource Intensity

- > The industry is responsible for up to **10% of world's GHG emissions**
- > Up to **35%** of all the microplastics released into the environment can be traced back to textiles

## Clothing production and utilization trends 2000-2015



Source: Ellen MacArthur Foundation

# The catalysts for change

Increasing pressure on the industry to transform

## Regulatory changes



Regulation is gathering momentum and will stimulate transparency and sustainable practices

- > US Uyghur Forced Labor Prevention Act, published in 2021
- > EU Strategy for Sustainable and Circular Textiles, published in 2022
- > France's Anti-Waste Law, i.e. ban on the destruction of unsold fashion goods came into force in 2022

## Consumer expectations



Fashion consumers demand more sustainable products and services

- > 69% of consumers say sustainability is an important factor when making a fashion purchase<sup>1</sup>
- > Second-hand apparel market is expected to grow 8x faster than overall market in North America, reaching USD 82bn by 2026<sup>3</sup>
- > 56% of apparel chief purchasing officers say sustainability and transparency are top priorities for being ready for the future<sup>4</sup>

1) Survey conducted by fashion publisher Vogue in May 2021. 2) GlobalData consumer survey among 3,500 US adults in April 2021. 3) Bernstein Circular Economy Series: Circular fashion is the new black in 2021. 4) McKinsey survey of apparel companies' chief purchasing officers in 2019.

# Engaging on topics that matter

## Decent Work

### Engagement opportunities:

- > The fashion industry employs up to 300mln workers worldwide, of which less than 2% earn a living wage (1)
- > Over USD 109mln in wages owed to Cambodian garment workers alone during COVID-19 (2)

### Indicative examples of SDG alignment:



## Resource Stewardship

### Engagement opportunities:

- > Fashion is responsible for >10% of global GHG emissions
- > Polyester accounted for 58% of global fiber production in 2021, and for 35% of all microplastics in the world's oceans (3)



## Circular Models

### Engagement opportunities:

- > 20% of global wastewater comes from textile dyeing (4)
- > Less than 1% of garments are recycled into new clothing (5)



(1) Fashion United, (2) Business & Human Rights Resource Center, (3) 2022 Fashion Transparency Index, (4) Textile Exchange, (5) CBI EU

The SDGs listed are not exhaustive, have been prioritized based on strength of impact and the overarching goals of the strategy over the long term. Use of the United Nations Sustainable Development Goals (SDG) logos, including the color wheel, and icons shall only serve explanatory and illustrative purposes and may not be interpreted as an endorsement by the United Nations of this entity, or the product(s) or service(s) mentioned in this document. The opinions or interpretations shown in this document hence do not reflect the opinion or interpretations of the United Nations

# Our partner in engagement: Platform Living Wage Financials (PLWF)

Collaborative action to magnify our impact on the industry

## Leveraging our impact by teaming up with PLWF

### What is PLWF?

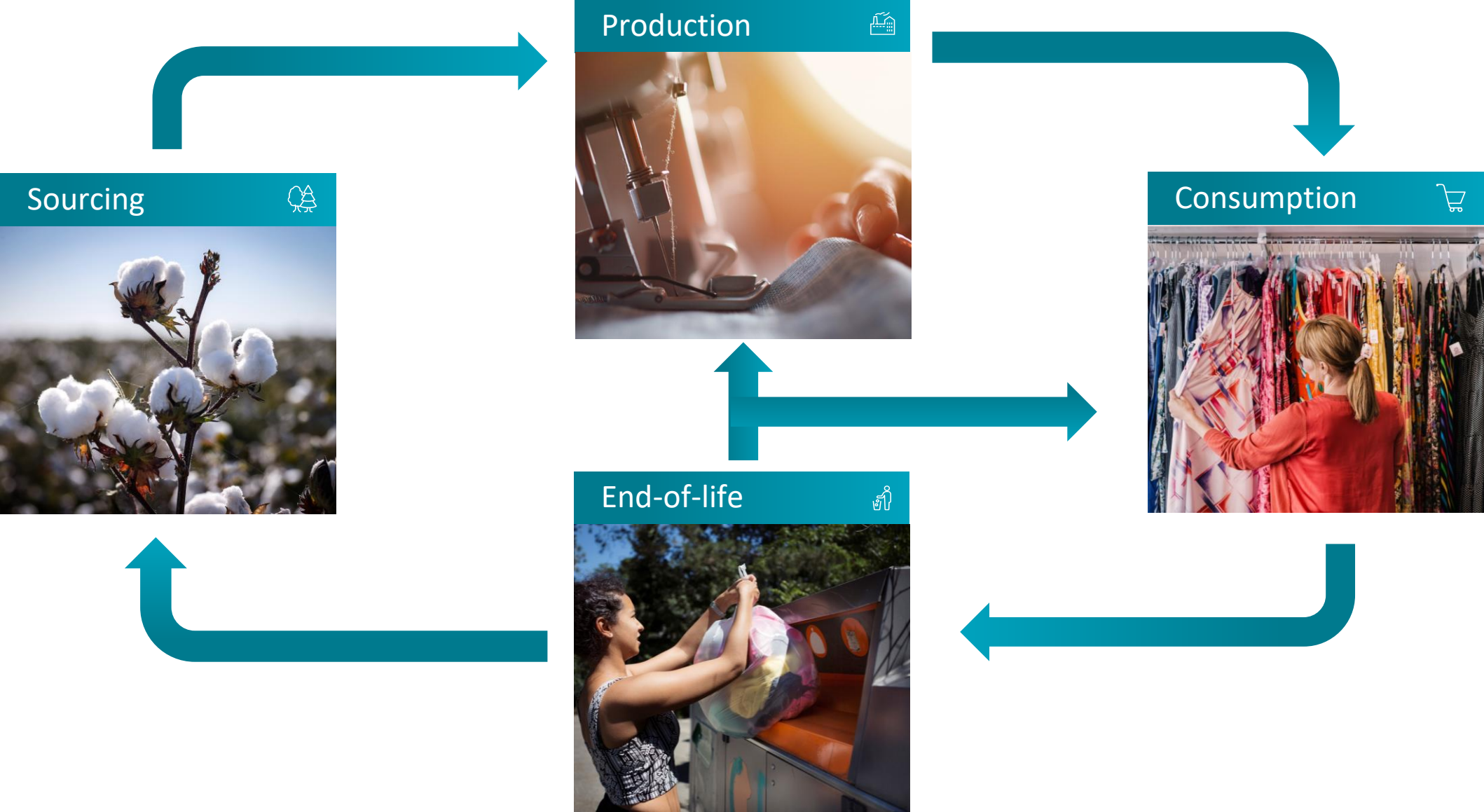
- > Investor-led association that aims to collectively address the most salient social risks in the fashion industry:
  - > lack of living wages,
  - > child labor,
  - > gender discrimination and
  - > excessive overtime.

### Why collaborate with PLWF?

- > Partnership leverages our impact:
  - > PLWF represents €6.9 trillion of assets under management and advice



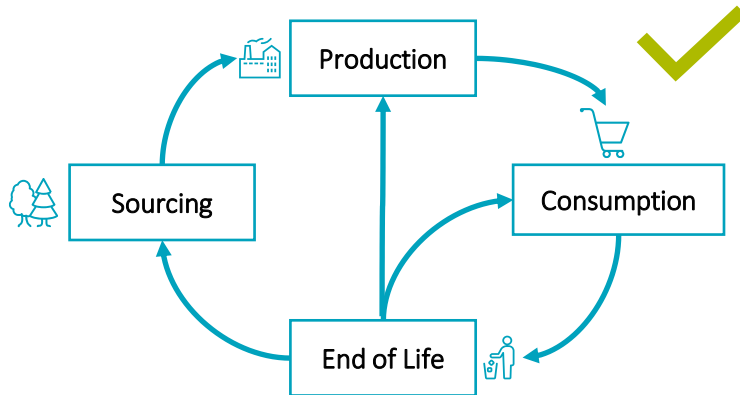
# Investment universe across the fashion value chain



# Universe construction

## Larger than one might think

### 1: Fashion Value Chain



### 2: Core Activity

Examples from investment universe:

SPORTSWEAR: Nike, Lululemon

LUXURY: Prada, Moncler

ONLINE PLATFORMS: Zalando, ASOS

SECONDHAND: ThredUp, RealReal, Etsy

EYEWEAR: Essilor Luxottica, Fielmann

COSMETICS: L'Oréal, Shiseido

MANUFACTURERS: Eclat, Shenzhou

MATERIALS: Lenzing

MASS MARKET: Levi's, Crocs

FAST FASHION: H&M, Inditex

### 3: Thematic Clusters

Casualization & Value



Premiumization



Automation & Digitalization



Sustainability & Circularity



~200  
companies

~USD 2.9tn combined  
market cap

~USD 1.2tn combined  
revenue

~USD 126bn combined operating  
profit

As of August 2023  
The companies shown on this slide are for illustrative purposes only in order to demonstrate the investment strategy on the date stated. It cannot be guaranteed that the strategy/fund will consider the companies in the future. No reference can be made to the future development of the companies.

# Portfolio split over four different clusters

## Casualization & Value



- 44% portfolio value*  
*81 eligible stocks*
- > **Activewear:** Lululemon
  - > **Mass Market:** Levi Strauss
  - > **Off Price:** Ross Stores

## Premiumization



- 34% portfolio value*  
*43 eligible stocks*
- > **Luxury:** Moncler
  - > **Cosmetics:** L'Oreal
  - > **Retailers:** Watches of Switzerland

## Automation & Digitalization



- 10% portfolio value*  
*36 eligible stocks*
- > **Manufacturers:** Eclat Textile
  - > **Platforms:** Mercado Libre
  - > **Technology Enablers:** Zebra Tech

## Sustainability & Circularity

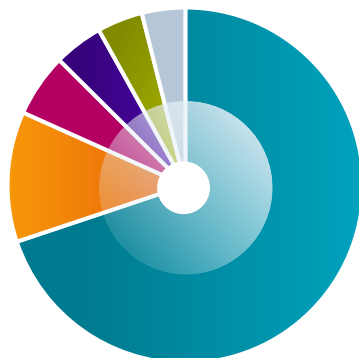


- 11% portfolio value*  
*24 eligible stocks*
- > **Platforms:** Etsy
  - > **Ingredients:** Symrise
  - > **Inspection:** Bureau Veritas

# Portfolio exposures

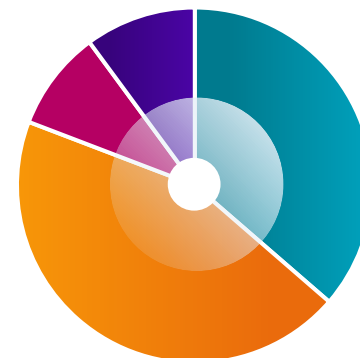
## Robeco Fashion Engagement Equities (29.02.2024)

### Sector exposure (Global Industry Classification Standard excluding cash)



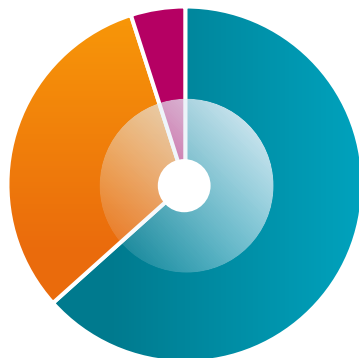
- Consumer Discretionary; 70%
- Consumer Staples; 12%
- Health Care; 6%
- Industrials; 4%
- Information Technology; 4%
- Materials; 4%

### Cluster exposure (excluding cash)



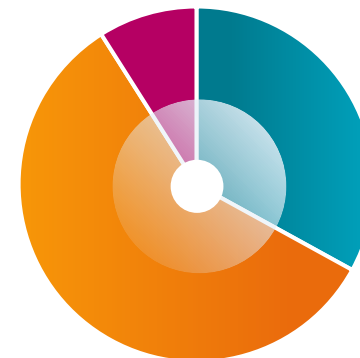
- Casualisation & Value; 36%
- Premiumization; 44%
- Automation & Digitalisation; 9%
- Sustainability & Circularity; 10%

### Market capitalization exposures (excluding cash)



- Large caps (>USD 10 bn); 64%
- Mid caps (USD 2-10 bn); 32%
- Small caps (<USD 2 bn); 5%

### Regional exposure (excluding cash)



- Americas; 33%
- Europe; 58%
- Pacific Rim; 9%

Source: Robeco. Data as of 29.02.2024.

The data stated above may differ from data on the monthly factsheets due to different sources.



## Portfolio top 10 holdings

### Robeco Fashion Engagement Equities (29.02.2024)

Company	Company focus	Weight
Hermès International	French luxury brand	4.09%
EssilorLuxottica	Leading eyewear player	3.83%
Richemont	Luxury conglomerate (Cartier, Van Cleef & Arpels, IWC, etc.)	3.79%
Ross Stores	Off-price fashion retailer	3.60%
Deckers Outdoor	Outdoor/footwear holding company (UGG, HOKA and Teva)	3.47%
Prada	Italian luxury player	3.27%
Brunello Cucinelli	Italian “quiet” luxury brand	3.27%
Eclat Textile	Taiwanese sportswear and fabric manufacturer	3.19%
Moncler	Italian luxury outerwear brand which also owns Stone Island brand	3.12%
Lululemon Athletica	American athleisure brand with strong niche in yoga	3.10%
Total		<b>34.72%</b>

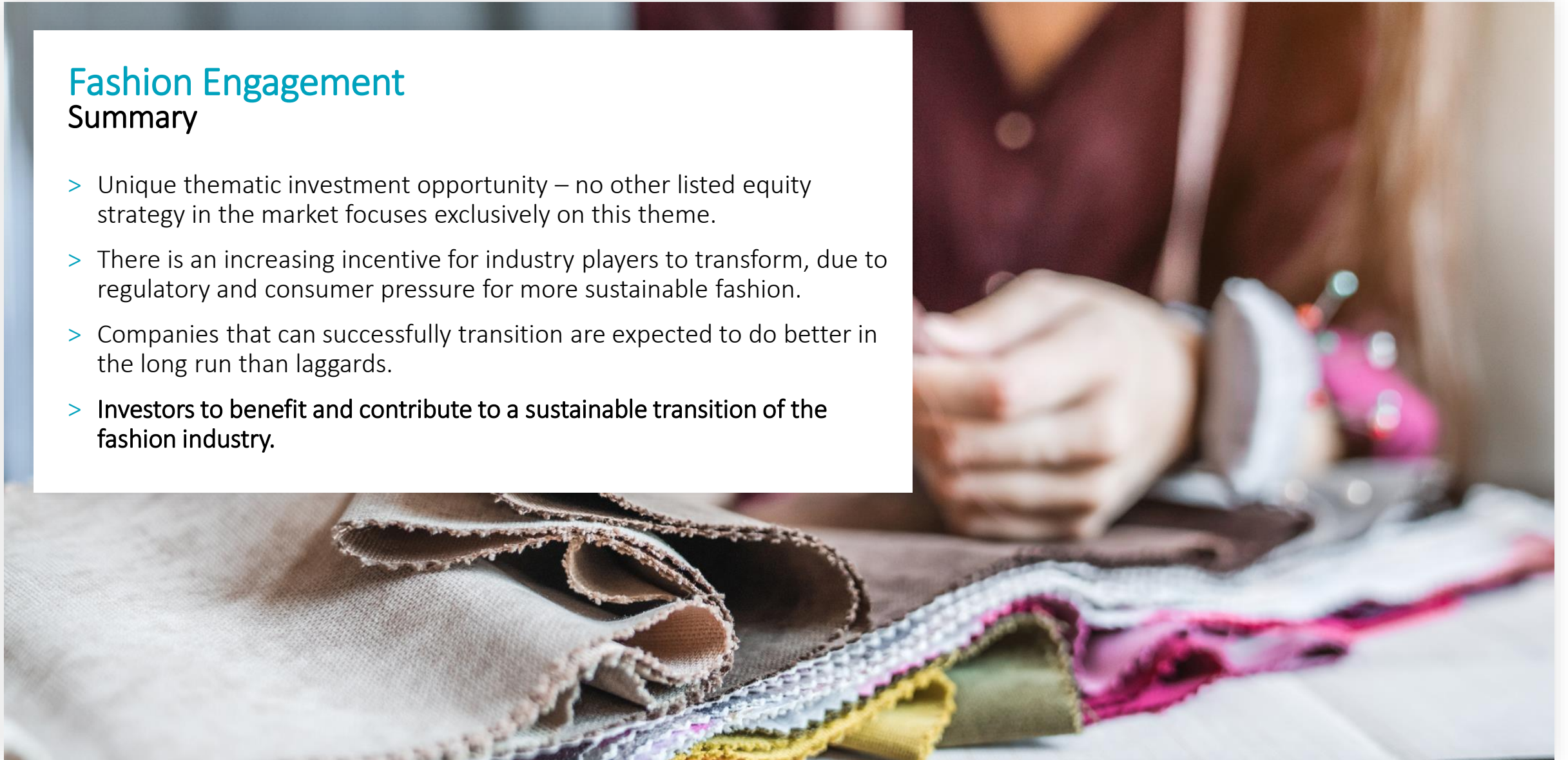
- ✓ 39 stocks
- ✓ 1.1 beta vs MSCI ACW
- ✓ 17% forward EPS growth
- ✓ 21x forward P/E
- ✓ \$37bn avg market cap

Source: Robeco. Data as of 29.02.2024

The companies shown on this slide are for illustrative purposes only in order to demonstrate the investment strategy on the date stated. It cannot be guaranteed that the strategy/fund will consider the companies in the future. No reference can be made to the future development of the companies.

## Fashion Engagement Summary

- > Unique thematic investment opportunity – no other listed equity strategy in the market focuses exclusively on this theme.
- > There is an increasing incentive for industry players to transform, due to regulatory and consumer pressure for more sustainable fashion.
- > Companies that can successfully transition are expected to do better in the long run than laggards.
- > **Investors to benefit and contribute to a sustainable transition of the fashion industry.**



# Any other questions? Come visit us at our booth!



Frank Groven



John van der Moezel



Bob Wildvank



Dora Buckulcikova

French



Dutch



# Important information

## Robeco Institutional Asset Management B.V.

### 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

Robeco is considered "participating affiliate" and some of their employees are "associated persons" of Robeco Institutional Asset Management US Inc. ("RIAM US") as per relevant SEC no-action guidance. Employees identified as associated persons of RIAM US perform activities directly or indirectly related to the investment advisory services provided by RIAM US. In those situations these individuals are deemed to be acting on behalf of RIAM US, a US SEC registered investment adviser. SEC regulations are applicable only to clients, prospects and investors of RIAM US. RIAM US is a wholly owned subsidiary of ORIX Corporation Europe N.V. and offers investment advisory services to institutional clients in the US.

### 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.