Press release

Robeco launches new flexible multi-asset strategy: Flexible Allocation

- Flexible Allocation targets a return of cash plus 4%, with no benchmark
- Approach allows for diverse asset mix of equities, bonds, cash and alternatives
- Strategy focuses on retail and wholesale investors looking to beat inflation

Rotterdam, 24 September 2024 – Robeco has strengthened its multi-asset proposition by launching a flexible allocation strategy, complementing its existing multi-asset Allocation strategies. The investment decisions for the Flexible Allocation strategy will not be anchored by a traditional benchmark. Instead it has an 'outcome-focused' approach by targeting cash plus 4% on an annual basis. Returns aim to outpace inflation, protecting and increasing the real value of investments, aimed at offering a stable investment journey for clients.

This dynamic asset allocation approach explicitly considers how conditions vary significantly across the market cycle. It aims to exploit market inefficiencies and manage downside risk, without being handcuffed by the parameters of a traditional benchmark. The strategy focuses on the retail or wholesale investor with a mid-range risk appetite and has a standard five-year investment horizon for returns.

It is the fourth strategy in the multi-asset range, which was reorganized earlier in 2024 as Sustainable Income Allocation, Sustainable Diversified Allocation and Sustainable Dynamic Allocation. Differentiating from the other three, Flexible Allocation has free reign to pick securities across the entire spectrum of assets managed by other Robeco equity and fixed income teams. This means it will not necessarily follow the usual '60-40' multi-asset mix of populating the portfolio with 60% equities and 40% bonds mirrored by standard benchmarks. Flexible Allocation is designed to offer far more active and dynamic views in terms of the asset mix.

The asset allocation will be based on Robeco's five-year outlook 'Expected Returns', which offers in-depth research on asset class projections for the next five years. It will be a key input for the ideal mix and weightings with a risk range of 6-12% volatility for the strategy. According to the outlook, it is expected that inflation is going to run higher than the central banks' virtually universal Consumer Price Index (CPI) target of 2% for the next four or five years, with a base case of 2.5% in euros that could at least cover inflation via the plus 4% target.

Colin Graham, Head of Multi Asset Strategies at Robeco: "Many investment strategies are focused on a benchmark. At Robeco we believe our clients don't start their investment journey with a benchmark, but with an investment goal. Therefore, the central focus of this is achieving an annual return of cash plus 4% return at a medium risk level. However, we're turning this around by using some of the best underlying security selection from across Robeco, whether that's from the equity side or credit selection."