RBC Global Asset Management

RBC Emerging Markets Equity Strategy

Strong absolute and relative returns over 15 years

September 2025

RBC Emerging Markets Equity team

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> **"In the 15 years since its launch, the Strategy has established a track record of consistent outperformance against the MSCI EM Index."**

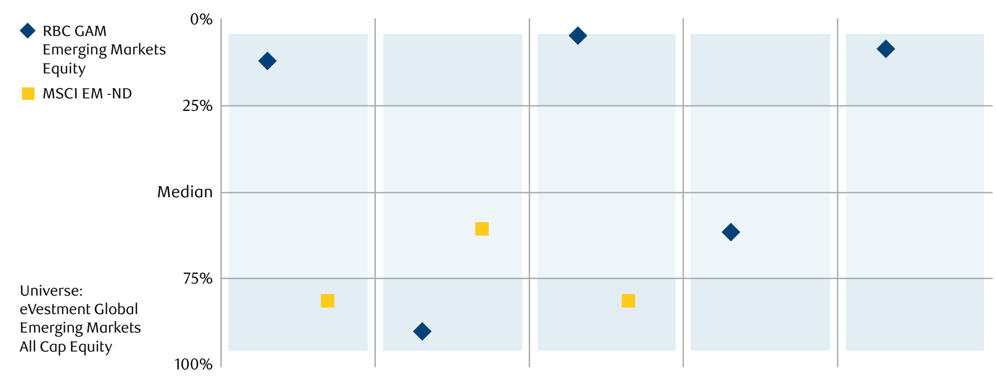
With our EM Equity Strategy passing its 15-year milestone in April 2025, we take a step back and reflect on the factors that have worked well and contributed to our alpha, and the areas for improvement.

Key takeaways

- In the 15 years since its launch, the Strategy has established a track record of consistent outperformance against the MSCI EM Index.
- It has delivered substantially lower standard deviation compared to both the index and global emerging markets equity peers, emphasising its ability to offer downside protection.
- The Strategy has achieved top 10th percentile Sharpe and Information Ratios compared to its peers, highlighting the efficiency with which we have added value relative to the benchmark (Exhibit 1).

Exhibit 1: Trailing 15-year risk statistics versus peer group

Our Strategy has delivered strong risk-adjusted returns over time



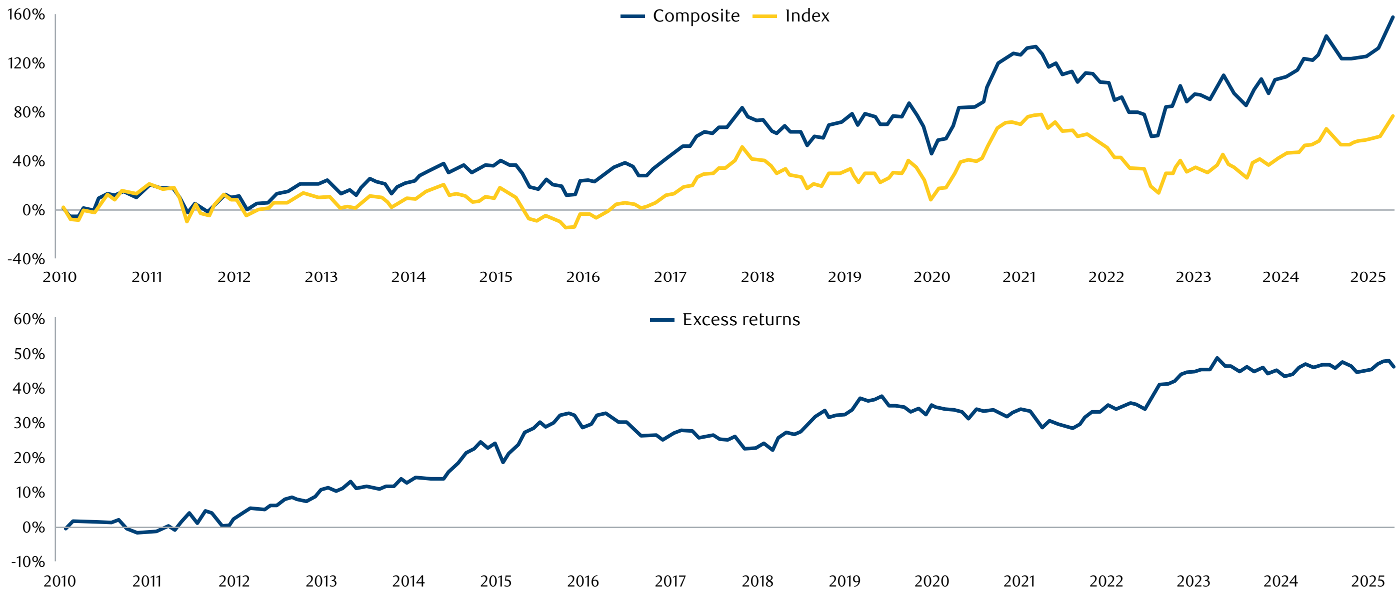
Over 15 years	Returns	Rank	Standard deviation	Rank	Sharpe ratio[1]	Rank	Tracking error[2]	Rank	Information ratio[2]	Rank
RBC GAM Emerging Markets Equity (Gross)	6.98	12	15.64	94	0.36	6	4.20	62	0.61	9
MSCI EM -ND	4.44	82	17.31	42	0.18	80	–	–	–	–

Source: Past performance is not indicative of future results and is calculated in USD. Returns may increase or decrease due to currency fluctuations. Last 15 years through to 06.30.2025. Created on 07.28.2025 from a universe of 204. [1]FTSE 3-month T-bill; [2]MSCI EM-ND. All categories not necessarily included; totals may not equal 100%. Returns are gross of fees and include the reinvestment of all income. Please refer to the disclaimer for important information regarding gross returns.

As shown in Exhibit 2, the cumulative returns of the Strategy have steadily exceeded those of the index, reinforcing its ability to capture opportunities and compound growth over time, thus providing long-term value creation for investors.

Exhibit 2: Cumulative excess and absolute returns (gross of fees, USD)

A consistent return profile



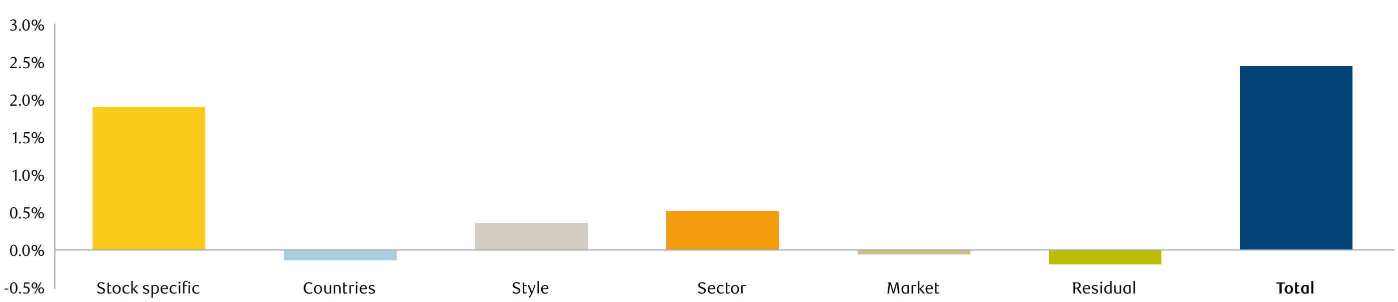
Source: RBC GAM, as at June 30, 2025. Past performance is not indicative of future returns. Returns may increase or decrease due to currency fluctuations. Please refer to the disclaimer for important information regarding gross returns.

Our RBC Emerging Markets Equity team manages over USD22 billion in AUM for a range of predominantly institutional clients across the U.S., Canada, Europe, and Asia. The Strategy's robust track record of outperformance demonstrates the strength of our team's investment philosophy and process, with alpha driven by stock selection and bolstered by long-term thematic research. Stock selection, particularly in high-conviction positions, is the main driver of relative returns, contributing over 70% of annualised attribution since inception (Exhibit 3).

A core element of the Strategy's investment philosophy is the emphasis on identifying and investing in high-quality compounders – companies with the ability to achieve sustained earnings and revenue growth over time. This involves seeking companies with a track record of high returns, delivering long-term value for investors. These companies typically prioritise this long-term value creation through three key factors: driven and trustworthy management, competitive franchises, and durable business practices. Our analysis has shown that compounders comprise on average 55% of the portfolio and have delivered strong performance over time[1].

Exhibit 3: Performance attribution (annualised, since inception)

Stock selection is the main driver of relative returns



Source: RBC GAM, Axioma, Barra Global, as at June 30, 2025.

[1] RBC EM Equity annual team offsite, May 2025.

Diverse and research-focused team

When discussing strengths, we would highlight the team itself as an important factor. Philippe Langham, the team's founder and leader, has focused on creating an optimum team in terms of size, structure, and skillset. He has worked to build a team that is diverse in gender, culture, education, and experience, while fostering a collaborative environment where every member feels a strong sense of ownership and accountability.

Our team structure, which combines portfolio management and research responsibilities with clearly defined roles, has been a key element in achieving this goal. Another significant advantage is our strong emphasis on independent research.

We conduct extensive research from both top-down and bottom-up perspectives. Crucially, our research is focused on long-term factors. From a top-down perspective, we analyse structural themes, while our bottom-up approach evaluates the long-term sustainability of companies. This focus helps us stay clear of short-term earnings fluctuations and market noise, ensuring our efforts remain aligned with long-term objectives.

Themes

We have adopted a top-down thematic approach to investing because it allows us to focus on long-term global trends that are resilient to economic cycles and capable of driving durable growth. At present, we invest in five themes across the portfolio: Domestic Consumption, Financialisation, Technology Transformation, Health & Wellness, and Future Infrastructure (Exhibit 4).

Exhibit 4: Portfolio themes

Long-term thematic research drives top-down views

Investment themes	Ways to play
Domestic Consumption	▪ Value conscious ▪ Local brands ▪ Experiences
Financialisation	▪ Deposit franchises ▪ Behavioural insurance ▪ Capital markets
Technology Transformation	▪ Software and services ▪ AI enablers ▪ Smart manufacturing
Health & Wellness	▪ Healthy living ▪ Drugstores ▪ Medical services
Future Infrastructure	▪ Electrification ▪ Smart grid ▪ Transition materials

Source: RBC GAM, as at July 2025.

Over the past year, we have continued to refine and expand our investment themes to ensure they align with evolving market dynamics and long-term trends. For instance, we recently changed "Green Infrastructure" to "Future Infrastructure" to demonstrate our recognition of the broader demands for infrastructure and energy in a rapidly evolving world. Similarly, we changed "Digitalisation" to "Technology Transformation" to reflect accelerating technological innovation and transformation, and to capture a new intelligent age.

Process of continuous learning and improvement

As a team, we are committed to an ongoing journey of learning and improvement. Our annual offsite, which was initiated almost a decade ago in 2016, has been central to the team's culture of continuous learning and improvement. Over the years, we have made refinements to our investment process and research activities due to the lessons learned at these offsites.

Over the years, we have observed that the fund management industry, including our own team, tends to place greater emphasis on and achieve more success in buying stocks than selling them. Recognising this, we have worked to strengthen our sell discipline by implementing several initiatives, including an independent stock review process where members are assigned to present opposing viewpoints on a stock. This has proven effective in introducing fresh perspectives, mitigating behavioural biases, and fostering dynamic, thought-provoking debates. Over time, our analysis has shown that these debates, combined with alpha lifecycle reviews, have improved the value we generate when selling stocks. We have also undertaken considerable analysis at our offsites through the years on conviction level and position sizing, and have found our top 10 positions where we have highest conviction have tended to be stable and have made a disproportionately high contribution to total alpha over the long term.

Though ESG has been integrated into our Strategy from the beginning, we continue to refine our approach to ensure we remain effective. For example, we have adopted a more focused engagement strategy to complement our broader activities, targeting areas where we can make a meaningful impact, such as executive remuneration, board and workforce diversity, ESG disclosure, and societal value. Additionally, we track and measure our engagement efforts using a structured template, allowing us to build a database that demonstrates the progress and outcomes of our initiatives.

These are just some examples of the many lessons and improvements we have made to our investment process since the launch, and we are eager to continue our path of learning and development.

Investment team

Centralised, diverse, research-focused

Philippe Langham
Head of Emerging Markets Equity
33 years of experience

Laurence Bensafi
Deputy Head of Emerging Markets Equity
27 years of experience

Guido Giammattei
Portfolio Manager
Taiwan & CEE[1]
27 years of experience

Veronique Erb
Portfolio Manager
Southeast Asia & Saudi Arabia
25 years of experience

Richard Farrell
Portfolio Manager
China
20 years of experience

Christoffer Enemaerke
Portfolio Manager
Latin America
15 years of experience

Ashna Yarashi-Shah
Portfolio Manager
India subcontinent
13 years of experience

James Bateson
Portfolio Engineer
8 years of experience

Angel Su
Associate Portfolio Manager
China
6 years of experience

Will Hayes
Senior Analyst
South Africa & Korea
10 years of experience

Miya Tailor
Associate Analyst
2 years of experience

Dijana Jelic
Product Specialist
14 years of experience

Source: RBC GAM, as at June 30, 2025. [1]Central & Eastern Europe.

GIPS® Composite Report, as at June 30, 2025

RBC GAM Emerging Markets Equity (USD)

Inception Date: April 1, 2010
Benchmark: MSCI Emerging Markets Total Return Net Index
Currency: USD

Annual returns

Year end	Composite gross return (%)	Composite net return (%)	Benchmark return (%)	Composite 3 yr std dev (%)	Benchmark 3 yr std dev (%)	Number of portfolios	Internal dispersion (%)	Composite assets (millions)	Firm assets (millions)
YTD 2025	15.31	14.79	15.27	16.61	16.90	14	0.29	16,932.1	527,555.9
2024	7.71	6.74	7.50	17.30	17.50	12	0.29	13,608.8	479,853.0
2023	12.79	11.78	9.83	16.55	17.14	12	0.16	12,175.7	427,022.8
2022	-13.73	-14.50	-20.09	18.93	20.26	12	0.17	10,711.9	385,022.7
2021	-3.71	-4.57	-2.54	16.76	18.33	14	0.50	14,196.0	481,049.3
2020	17.98	16.93	18.31	17.75	19.60	14	0.51	13,532.5	424,813.8
2019	18.58	17.52	18.42	12.36	14.17	13	0.44	10,321.9	361,400.0
2018	-9.71	-10.52	-14.57	13.05	14.60	10	0.62	6,795.5	305,983.2
2017	36.91	35.69	37.28	12.66	15.35	10	0.76	6,175.8	331,885.2
2016	6.33	5.38	11.19	13.35	16.07	5	0.30	2,702.9	289,538.6
2015	-8.14	-8.96	-14.92	12.11	14.06	5	0.82	1,913.7	276,979.3

Annualized returns (%)

Composite or benchmark	QTD	YTD	1 year	3 year	5 year	7 year	10 year
Composite – Gross of fees	12.61	15.31	14.88	12.40	8.73	6.76	6.61
Composite – Net of fees	12.36	14.79	13.86	11.39	7.76	5.80	5.66
Benchmark	11.99	15.27	15.29	9.70	6.81	4.48	4.81

The GIPS® Composite Report is incomplete without the full disclosures. **n/a** = not applicable, **std dev** = standard deviation

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Compliance Statement: RBC GAM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. RBC GAM has been independently verified for the periods January 1, 2002 through December 31, 2023. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS® standards must establish policies and procedures for complying with all the applicable requirements of the GIPS® standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS® standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The Emerging Markets Equity (USD) composite has been examined for the periods April 1, 2010 - December 31, 2023. The verification and performance examination reports are available upon request.

Composite Description: The Emerging Market Equity (USD) Composite includes all portfolios that invest in Emerging Market equities managed by RBC GAM directly. Reported in $USD. Starting June 1, 2017 portfolios in this composite cannot hold more than 90% investment in another RBC Mutual Fund.

Benchmark: The benchmark is the MSCI Emerging Market net index. The Index is designed to measure the equity market performance of emerging markets. Index returns are provided for comparison purposes to represent the investment environment existing during the time periods shown. An index is fully invested, includes the reinvestment of dividends and capital gains, but does not include any transaction costs, management fees, or other costs. Holdings of each separately managed account in a composite will differ from the index. An investor may not invest directly in an index.

Gross of Fees: Gross of fees performance is presented gross of all fees, but after all trading expenses. Returns are presented net of withholding taxes on dividends, interest income and capital gains where applicable.

Net of Fees: Net of fee performance is calculated using the maximum stated annual fee of 0.90% calculated and applied monthly.

Performance Calculations: Results are based on all fully discretionary accounts meeting the composite definition, including those accounts no longer with the firm. Returns are shown in U.S. Dollars, and include the reinvestment of all income. Performance shown for the Emerging Markets Equity Composite is based on information generated by RBC Global Asset Management's internal performance systems, which may differ from the performance shown in official books and records of certain investment funds which form a part of the composite. Official books and records for certain investment funds which form a part of the composite include the impact of a fair value for market timing that is applied to certain securities as of the close of trading for the fund. For the purposes of calculating the Emerging Markets Equity Composite, we prepare a separate performance stream for such funds that eliminates the impact of this fair value adjustment. This second performance stream is used to calculate performance of the composite in an effort to better align the methodology for calculating composite performance with the methodology applied to calculate the benchmark. Additional information regarding policies for valuing investments, calculating performance, and preparing GIPS® Report is available upon request.
Past performance is not indicative of future results.

Composite Dispersion: The composite dispersion of annual returns is indicated by the performance of individual accounts representing the equal weighted standard deviation of returns. Dispersion of returns is calculated for portfolios included in the composite for the full year. Calculations are based on gross portfolio returns if gross composite returns are presented. If only net composite returns are presented, then net portfolio returns are used in the composite dispersion calculation.

3-Year Standard Deviation: Periods with less than 3 years of data will show "n/a". Calculations are based on gross composite returns, if gross composite returns are presented. If only net composite returns are presented, then net composite returns are used in the calculation.

Derivatives, Leverage and Short Positions: The portfolios may use derivatives for hedging purposes, and may also use derivatives such as options, futures, forwards and swaps for non-hedging purposes as a substitute for direct investment, as long as the portfolio's use of derivatives is consistent with its investment objectives. Currency hedging is used primarily as a risk management tool to limit the volatility of portfolio returns and may be used tactically to enhance returns. Currency hedge ratios can range between 0-100%, depending on asset class and mandate. No leverage has been used in any of the portfolios contained in the composite.

Fee Schedule: The standard management fee schedule for the portfolios in this composite: 0.90% per annum on the first $25 million, 0.80% per annum on the next $25 million, 0.75% per annum on the next $50 million and 0.70% per annum on amounts over $100 million. This may not represent the actual fee charged to the client. The fee schedule is subject to change.

Minimum Account Size: Currently there is no minimum account size in order to be included in this composite. Prior to January 01, 2012 an account must be at least $25,000,000 to be included.

Creation Date: This composite was created on July 30, 2013 and has an inception date of April 1, 2010.

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