



RBC Emerging Markets Equity Strategy

Strong absolute and relative returns over 15 years

For professional investors only | Marketing communication

RBC Emerging Markets
Equity team

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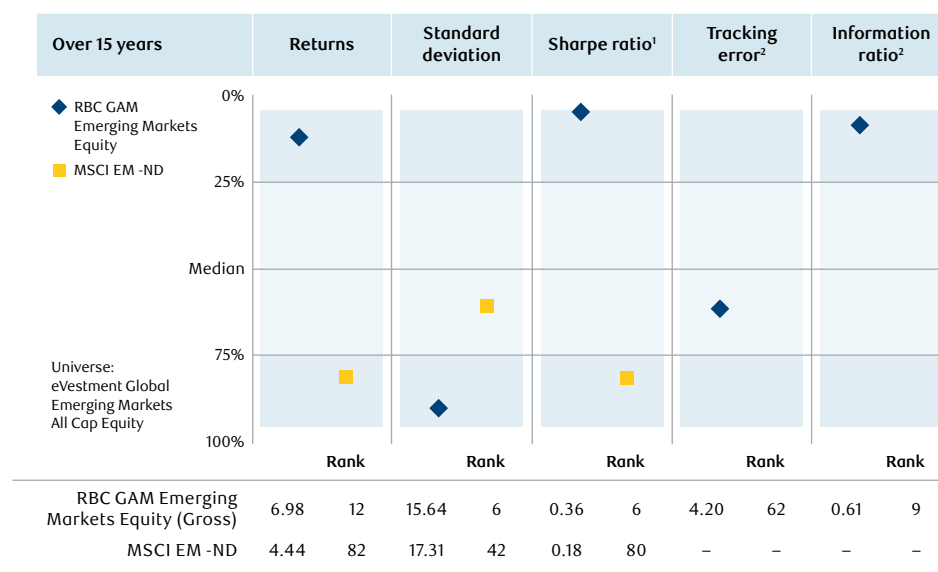
With our EM Equity Strategy passing its 15-year milestone in April 2025, we take a step back and reflect on the factors that have worked well and contributed to our alpha, and the areas for improvement.

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

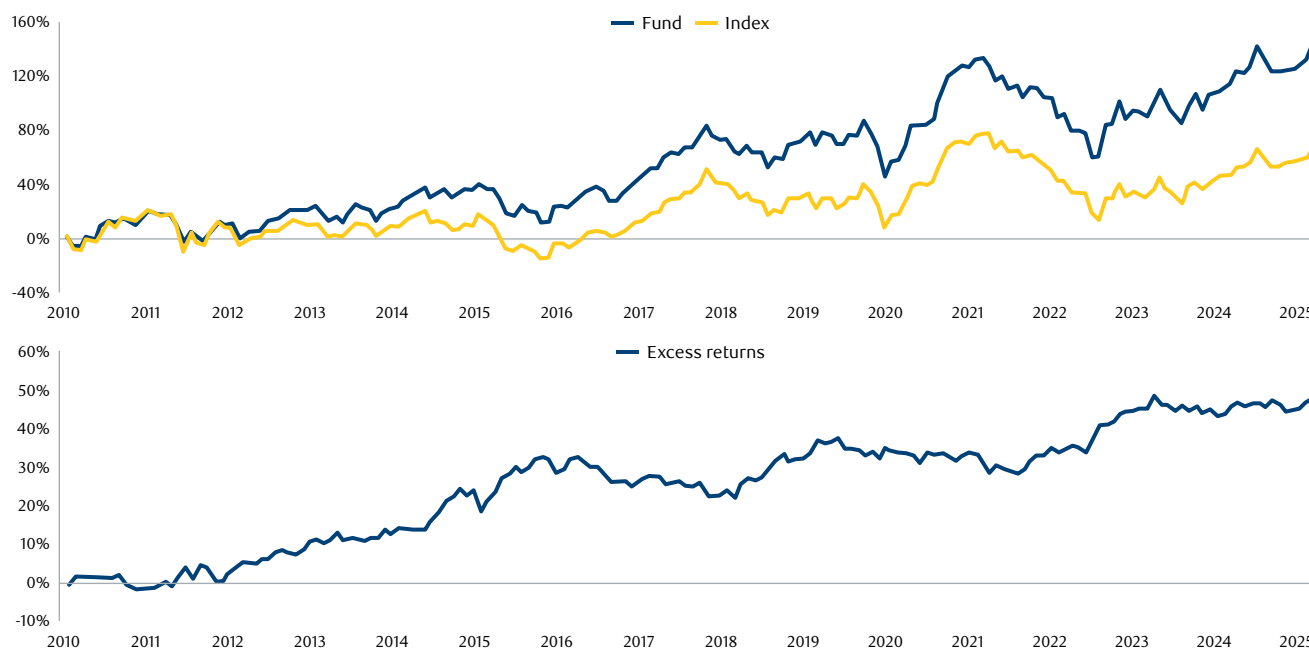


Source: Past performance is not indicative of future results and is calculated in USD. Returns may increase or decrease due to currency fluctuations. Last 15 years through to 30.06.2025. Created on 28.07.2025 from a universe of 204. ¹FTSE 3-month T-bill; ²MSCI EM-ND. All categories not necessarily included; 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



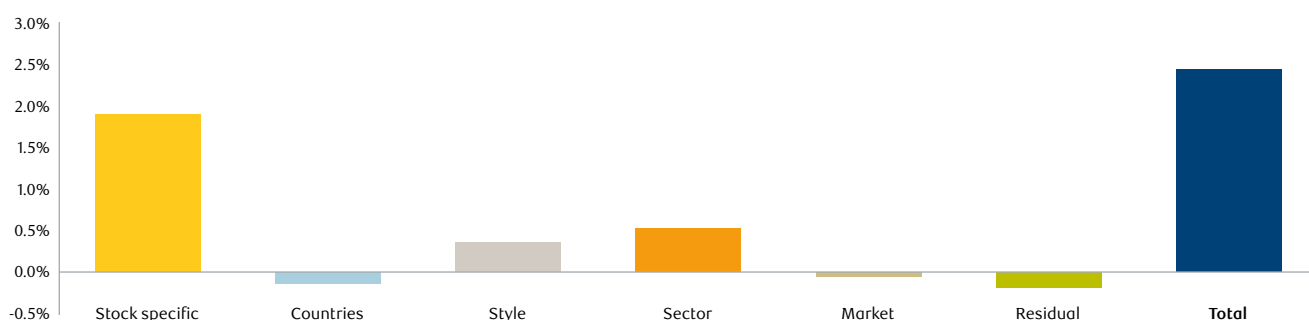
Source: RBC GAM, as at 30 June 2025. Past performance is not indicative of future returns. Returns may increase or decrease due to currency fluctuations. Please refer to the disclaimer for important information regarding gross returns.

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 time¹.

Exhibit 3: Performance attribution (annualised, since inception)

Stock selection is the main driver of relative returns



Source: RBC GAM, Axioma, Barra Global, as at 30 June 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	<ul style="list-style-type: none">Value consciousLocal brandsExperiences
Financialisation	<ul style="list-style-type: none">Deposit franchisesBehavioural insuranceCapital markets
Technology Transformation	<ul style="list-style-type: none">Software and servicesAI enablersSmart manufacturing
Health & Wellness	<ul style="list-style-type: none">Healthy livingDrugstoresMedical services
Future Infrastructure	<ul style="list-style-type: none">ElectrificationSmart gridTransition 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 & CEE¹
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 30 June 2025. ¹Central & Eastern Europe.

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