

RBC Funds (Lux) - Emerging Markets Value Equity Fund

September 30, 2021

Investment commentary

The biggest contributor to relative returns this month was a holding in Sieyuan Electric. The share price strengthened on the back of a strong outlook. The company should benefit from growing demand as the power grid in China is modernised in order to accommodate renewable energy sources. Despite being an almost USD 5bn company, it remains undiscovered and trades at attractive valuations. Positions in RUSAL, the European aluminium producer, and Longshore Technology, also contributed. RUSAL's shares rose sharply on the back of strong aluminium prices and Longshore benefited from a rise in the number of offshore investors, from 2% of free float at the beginning of the year to 16% currently. The stock is still undiscovered but more investors are becoming aware of the strong growth potential and attractive valuations.

The biggest detractor was a holding in Xinyi Glass whose share price declined due to concerns that the power crunch in China could hit margins and a slowdown in the property market could adversely affect revenues. The stock has been strong year to date so profit-taking was also a driver of the poor performance. Positions in CIMC Enric and Innodisk also detracted. CIMC's share price declined after very strong performance in August and a sell-off in Chinese cyclical names, and Innodisk's share price weakened despite strong Q2 2021 results, as investors took profits after strong performance in prior months. Negative sentiment towards memory chips also weighed on the share price.

Fund information

Investment manager	RBC Global Asset Management Inc.
Sub-investment manager	RBC Global Asset Management (UK) Limited
Portfolio manager	Laurence Bensafi, CFA
Fund launch date	April 30, 2015
Benchmark	MSCI Emerging Markets Total Return Net Index
Fund size (USD)	84.8 m
Fund type	UCITS
Fund domicile	Luxembourg
SFDR classification	Article 6
Investment objective:	
To provide long-term total returns consisting of regular dividend income and capital growth by investing primarily in equity securities of companies located in or with significant business interests in emerging markets with above average dividend yields.	

Share class information

Share class	Mgmt fees (%)	TER* (%)	NAV	Bloomberg	ISIN
O (acc) USD	0.85	1.05	141.26	RBCEMVO LX	LU1217269478
O (acc) GBP	0.85	1.05	205.28	RBEOAGH LX	LU1327514805
O (acc) GBP (H)	0.85	1.05	115.41	RMVOAGH LX	LU1708194110
O (acc) EUR (H)	0.85	1.05	102.86	RMVOAEH LX	LU1748250849
A (acc) USD	1.60	1.90	131.21	RBCEMVA LX	LU1217269049
B (acc) USD	0.85	1.15	139.08	RBCEMVB LX	LU1217269122
B (acc) EUR (H)	0.85	1.15	102.31	RMVBAEH LX	LU1748250922
B (dist) GBP (H)	0.85	1.15	119.79	RBCVBGH LX	LU1217269395

Net annualised performance (%)

Share class	1 M	3 M	YTD	1 Y	3 Y	5 Y	10 Y	SI**
O (acc) USD	-4.84	-7.59	5.58	33.99	10.41	9.86	-	5.53
O (acc) GBP	-2.87	-5.32	7.04	28.47	9.19	9.04	-	13.17
O (acc) GBP (H)	-4.89	-7.66	5.27	33.17	8.78	-	-	3.74
O (acc) EUR (H)	-4.94	-7.83	4.71	32.34	7.98	-	-	0.76
A (acc) USD	-4.91	-7.79	4.72	32.53	9.16	8.61	-	4.32
B (acc) USD	-4.83	-7.59	5.43	33.74	10.14	9.59	-	5.27
B (acc) EUR (H)	-4.96	-7.91	4.49	32.02	7.81	-	-	0.62
B (dist) GBP (H)	-4.92	-7.81	4.85	32.66	8.53	7.88	-	3.89
Benchmark (USD)	-3.97	-8.09	-1.25	18.20	8.58	9.23	-	5.02

Fund characteristics

	Fund	Benchmark
Holdings (ex cash)	83	1,353
Portfolio turnover (%)	74.1	-
Active share (%)	81.7	-

Past performance is not indicative of future results and is calculated in various currencies as labeled. Returns may increase or decrease as a result of currency fluctuations.

Source: RBC Global Asset Management, MSCI. All returns for periods greater than one year are shown on an annualised basis.

*TER – Total expense ratio. **SI – Since inception.

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Net calendar year performance (%)

Share class	2020	2019	2018	2017	2016	Cumulative SI**	Inception date
O (acc) USD	19.25	15.62	-18.14	36.74	16.09	41.26	28-Apr-15
O (acc) GBP	15.57	11.16	-13.05	24.91	38.47	105.28	07-Dec-15
O (acc) GBP (H)	17.48	13.29	-19.80	-	-	15.41	03-Nov-17
O (acc) EUR (H)	17.05	12.10	-	-	-	2.86	19-Jan-18
A (acc) USD	17.87	14.33	-19.08	35.18	14.69	31.21	28-Apr-15
B (acc) USD	18.98	15.31	-18.37	36.40	15.80	39.08	28-Apr-15
B (acc) EUR (H)	16.92	11.97	-	-	-	2.31	19-Jan-18
B (dist) GBP (H)	17.49	12.93	-20.13	34.38	14.67	27.76	28-Apr-15
Benchmark (USD)	18.31	18.42	-14.57	37.28	11.19	36.93	28-Apr-15

Top 10 holdings (%)

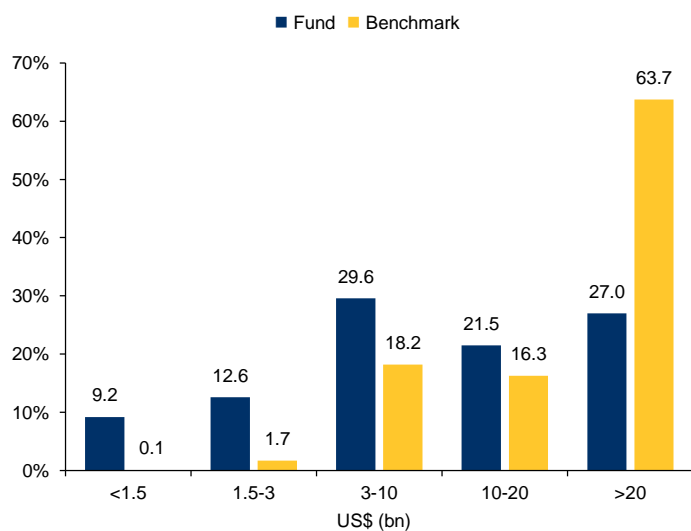
Issuer	Fund	Benchmark
TSMC	4.0	6.5
Samsung Electronics	4.0	4.4
Alibaba	3.7	3.5
Ping An Bank	2.4	0.0
Ping An Insurance	2.3	0.6
Hana Financial	1.9	0.1
Hindalco Industries	1.8	0.1
Sieyuan Electric	1.8	0.0
MTN	1.7	0.2
Samsonite International	1.6	0.0
Total	25.1	15.6

Top / bottom 5 contributors (%)

Top 5 contributors	Contribution
Sieyuan Electric	0.37
United Co RUSAL International	0.35
Longshine Technology	0.33
Vale*	0.15
DB Insurance	0.14

Bottom 5 contributors	Contribution
Xinyi Glass	-0.31
CIMC Enric	-0.23
Innodisk	-0.22
Pacific Basin Shipping	-0.19
Sul America	-0.16

Market capitalisation distribution (%)

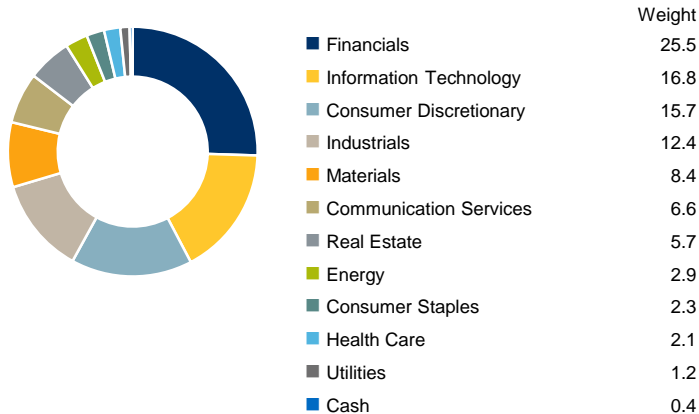


Fund positions

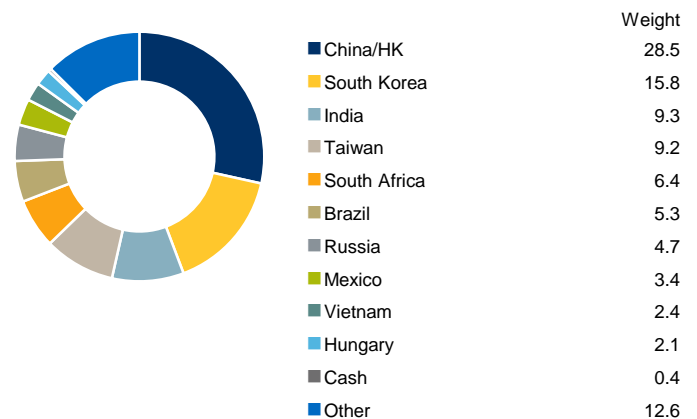
Closed positions
Prosus NV
Krung Thai Bank PCL
Lotes Co Ltd - Rights

Opened positions
Kasikornbank PCL

Sector allocation (%)



Geographic allocation (%)



Source: RBC Global Asset Management, MSCI. Weights reflect actual positions, figures may not sum to 100% due to rounding. * Indicates securities that are not held. The top 5 open and closed positions are displayed in order of position size, descending in order from largest to smallest. All transactions were completed as at 30.09.2021. If you require any further information, please visit our [website](#) for contact information.

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Fund country attribution (%)

Top 5 Contributors	Active weight	Asset allocation	Security selection	Total effect
China/HK	-7.42	1.86	6.28	8.25
South Africa	3.24	0.23	1.62	1.86
India	-1.61	-0.49	1.68	1.18
Vietnam	1.80	-0.11	1.12	1.01
South Korea	4.07	0.34	0.63	0.98

Bottom 5 contributors	Active weight	Asset allocation	Security selection	Total effect
Taiwan	-3.76	-0.76	-0.14	-0.90
Saudi Arabia	-2.75	-0.67	0.00	-0.67
Brazil	0.40	-0.14	-0.23	-0.36
Pakistan	0.90	-0.31	0.03	-0.28
Peru	0.52	-0.06	-0.16	-0.23

Fund sector attribution (%)

Sector	Active weight	Asset allocation	Security selection	Total effect
Industrials	5.04	0.60	3.38	4.00
Consumer Discretionary	1.12	-0.22	3.30	3.08
Communication Services	-4.99	0.80	2.19	3.01
Materials	0.83	0.44	1.85	2.29
Information Technology	-1.36	0.07	1.64	1.72
Real Estate	3.65	-0.85	1.34	0.48
Health Care	-2.49	0.13	0.01	0.13
Consumer Staples	-3.62	0.15	-0.21	-0.06
Utilities	-1.05	-0.13	-0.04	-0.16
Financials	4.86	0.55	-0.77	-0.22
Energy	-2.00	-0.55	0.29	-0.27
TOTAL	-	0.98	13.66	14.77

Source: RBC Global Asset Management, MSCI. Attribution results are calculated over a trailing 12 month period. Attribution is intended to demonstrate trends in performance due to security selection and sector/country allocation and is calculated from the underlying segregated asset positions and may not add up to the total portfolio return calculated using the NAV of the fund. Fund sector/country weights in the attribution table are based on beginning market values, adjusted for purchases and sales activities during the year.

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Important Risk Considerations:

Large Shareholder Risk: Investors holding a large portion of issued and outstanding shares of a Sub-Fund are likely to incur transaction costs in case of redemptions.

Liquidity Risk: Under highly volatile markets, securities may not be sold as quickly or easily, which could have an influence on meeting redemption requests on demand.

Market Risk: The market value of a Sub-Fund's investments will fluctuate based on specific company developments, broader equity or fixed-income market conditions, economic and financial conditions.

Shanghai-Hong Kong Stock Connect Risk: Investments made through Stock Connect may be subject to greater risk factors to comply with Stock Connect rules and counterparty risks with respect to ChinaClear.

Currency Hedging Risk: Hedging currency risks may protect investors against a decrease in the value of the Reference Currency relative to the Hedged Share Class, but it may also preclude investors from benefiting from an increase in the value of such currencies. All costs and gains/losses of hedging transactions are borne by the relevant Hedged Share Classes.

Currency Risk: Sub-Funds are invested in securities denominated in different currencies other than the Reference currency. As a result, changes in the value of the Reference Currency compared to other currencies will affect the value in the Reference Currency of any securities denominated in another currency.

Derivative Risk: Derivative instruments are highly sensitive to changes in the value of the underlying asset that they are based on. Certain derivatives may result in losses greater than the amount originally invested.

Emerging Markets Risk: The price of emerging market securities is subject to higher risk of price fluctuation due to possible lack of adequate political, economic, legal, trading liquidity structures and relatively lower liquidity.

International Investment Risk: Investments on an international basis are subject to uncertainties, including: changes in government policies, taxation, fluctuations in foreign exchange rates, accounting and financial reporting standards, and fluctuations in value due to discrepancy of currency.

Further details of the risks that apply to the fund can be found in the funds prospectus.

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Past performance is not indicative of future results. With all investments there is a risk of loss of all or a portion of the amount invested. Where return estimates are shown, these are provided for illustrative purposes only and should not be construed as a prediction of returns; actual returns may be higher or lower than those shown and may vary substantially, especially over shorter time periods. It is not possible to invest directly in an index.

Exchange rate movement could increase or decrease the value of underlying investments/ holdings. The Sub-Fund may be invested in securities denominated in a number of different currencies other than the Reference Currency. As a result, changes in the value of the Reference Currency compared to other currencies will affect the value, in the Reference Currency, of any securities denominated in another currency. While it is the intention of the Sub-Fund to achieve its investment objective, there can be no assurance that it will.

Index returns are for illustrative purposes only, do not represent actual fund performance and do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index.

The value of the Sub-Fund can change from day to day because the value of the securities in which it invests can be affected by changes in interest rates, the general financial market and economic conditions or individual company news. As a result, at the time of redemption, Sub-Fund Shares may be worth more or less than the original purchase price. There can be a number of risk factors that impact the value of an investment in a Sub-Fund. Investors should refer to the section called "Risk Factors" in the Prospectus before investing.

None of the Shares of the Sub-Funds has been or will be registered for sale or distribution in Canada or in the United States.

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