

RBC Funds (Lux) - Emerging Markets Small Cap Equity Fund

August 31, 2021

Investment commentary

The biggest contributor to relative returns this month was a holding in Bajaj Holdings and Investment as the company's share price continued to strengthen, duly narrowing the wide conglomerate discount. Positions in Tata Consumer Products and Tube Investments of India also contributed. Tata's share price appreciated alongside broader strength in the consumer space in India and recent IPO activity has further raised interest in the space and Tube Investments' share price benefited from broader strength in the India consumer space, with renewed investor interest in this area.

The biggest detractor from relative returns was a holding in Chroma as the company reported weaker-than-expected Q2 2021 earnings resulting from a client-specific one-off impact. The company reiterated its guidance for the year and expects a stronger 2H 2021. Positions in Voltronic Power Technology and Soulbrain also detracted. Voltronic's share price has corrected following very strong performance in 2020 and its fundamentals continue to be attractive, with the company providing exposure to our Green Infrastructure and Digitalisation themes. Soulbrain's share price was negatively impacted by weak Q2 2021 results as a result of delays to the increased capacity for a key client, Samsung. Additionally, the entire technology supply chain is experiencing near-term pressure from input costs.

Fund information

Investment manager	RBC Global Asset Management Inc.
Sub-investment manager	RBC Global Asset Management (UK) Limited
Portfolio manager	Guido Giammattei
Fund launch date	April 30, 2015
Benchmark	MSCI Emerging Markets Small-Cap Total Return Net Index
Fund size (USD)	18.8 m
Fund type	UCITS
Fund domicile	Luxembourg
SFDR classification	Article 8
Investment objective:	
To provide long-term capital growth by investing primarily in equity securities of small-cap companies located in or with significant business interests in emerging markets.	

Fund characteristics

	Fund	Benchmark
Holdings (ex cash)	50	1,819
Portfolio turnover (%)	27.3	-
Active share (%)	96.6	-

Share class information

Share class	Mgmt fees (%)	TER* (%)	NAV	Bloomberg	ISIN
O (acc) USD	1.00	1.30	125.66	RBCEMSO LX	LU1217269809
O (acc) GBP	1.00	1.30	154.51	RBEMSOG LX	LU1327516768
A (acc) USD	2.05	2.50	116.63	RBCEMSA LX	LU1217269551
B (dist) GBP (H)	1.10	1.55	114.57	RBCSBGH LX	LU1217269718

Net annualised performance (%)

Share class	1 M	3 M	YTD	1 Y	3 Y	5 Y	10 Y	SI**
O (acc) USD	-0.85	0.53	14.41	32.43	4.76	4.67	-	3.67
O (acc) GBP	0.17	3.84	13.64	28.84	2.79	3.64	-	7.89
A (acc) USD	-0.94	0.25	13.56	30.95	3.51	3.44	-	2.46
B (dist) GBP (H)	-0.95	0.39	13.92	31.36	3.08	2.94	-	2.17
Benchmark (USD)	1.16	2.16	19.58	43.75	12.59	10.48	-	6.15

Net calendar year performance (%)

Share class	2020	2019	2018	2017	2016	Cumulative SI**	Inception date
O (acc) USD	4.51	1.04	-10.46	24.79	5.73	25.66	28-Apr-15
O (acc) GBP	1.28	-2.86	-4.89	13.99	26.12	54.51	07-Dec-15
A (acc) USD	3.29	-0.23	-11.51	23.37	4.49	16.63	28-Apr-15
B (dist) GBP (H)	3.02	-1.21	-12.37	22.62	4.42	14.57	28-Apr-15
Benchmark (USD)	19.29	11.50	-18.59	33.84	2.28	45.95	28-Apr-15

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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Top 10 holdings (%)

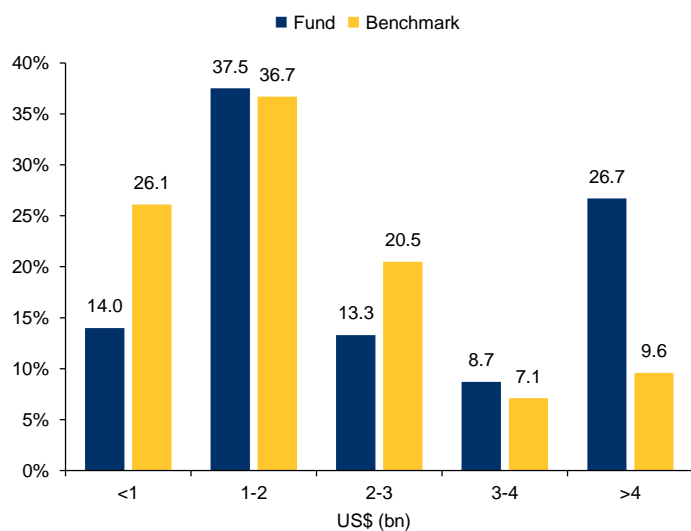
Issuer	Fund	Benchmark
Voltronic Power Technology	5.1	0.2
Chroma ATE	4.9	0.2
Century Pacific Food	4.3	0.1
Cyient	4.1	0.1
Bajaj	3.6	0.0
LEENO Industrial	3.3	0.1
Giant Manufacturing	3.3	0.0
Cholamandalam Financial	3.2	0.1
SITC International	3.1	0.0
Koh Young Technology	2.9	0.1
Total	37.9	0.9

Top / bottom 5 contributors (%)

Top 5 contributors	Contribution
Bajaj	0.33
Tube Investments of India	0.27
Tata Consumer Products	0.27
SITC International	0.23
Giant Manufacturing	0.19

Bottom 5 contributors	Contribution
Chroma ATE	-0.45
Soulbrain/New	-0.40
Voltronic Power Technology	-0.40
Koh Young Technology	-0.30
Poya International	-0.29

Market capitalisation distribution (%)

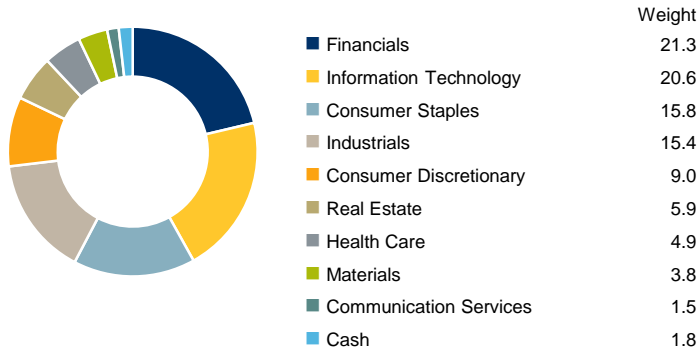


Fund positions

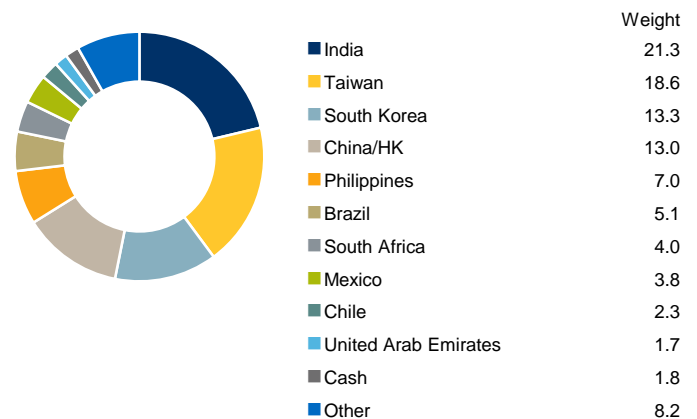
Closed positions
Macquarie Korea Infrastructure Fund - Rights

Opened positions
There were no positions opened for the current time period.

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 31.08.2021. 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	0.94	-0.48	4.81	4.31
India	4.30	0.92	0.21	1.13
Thailand	-3.01	0.21	0.52	0.73
Malaysia	-2.01	0.48	-0.12	0.36
Egypt	0.73	-0.18	0.35	0.17

Bottom 5 contributors	Active weight	Asset allocation	Security selection	Total effect
Taiwan	-3.05	0.12	-2.38	-2.26
Brazil	-1.74	0.20	-2.16	-1.96
Chile	2.98	-1.06	-0.79	-1.84
South Africa	1.72	0.62	-2.31	-1.70
South Korea	-6.57	0.01	-0.99	-0.99

Fund sector attribution (%)

Sector	Active weight	Asset allocation	Security selection	Total effect
Health Care	-3.51	0.76	0.71	1.47
Information Technology	1.46	-0.15	1.44	1.28
Communication Services	-3.02	0.42	-0.01	0.41
Real Estate	-2.21	0.51	-0.21	0.29
Energy	-1.92	0.10	0.00	0.10
Utilities	-3.35	-0.13	-0.25	-0.37
Industrials	-0.50	-0.06	-0.35	-0.41
Consumer Staples	12.22	-2.03	1.36	-0.70
Consumer Discretionary	-3.42	0.15	-1.55	-1.41
Financials	13.28	0.38	-3.17	-2.80
Materials	-9.04	-1.79	-1.71	-3.47
TOTAL	-	-1.86	-3.78	-5.57

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:

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.

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.

Small Cap Risk: Securities of small cap companies are typically traded less frequently and in smaller volumes relative to large cap companies, leading to less stable prices and difficulty to trade.

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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