

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

September 30, 2021

Investment commentary

The biggest contributor to relative returns was a holding in Voltronic as the manufacturer of uninterruptible power supply products saw significant share price appreciation, driven by strong results that came in above expectations. Positions in Bajaj Holdings and Cyient also contributed. Bajaj's share price continued to strengthen, duly narrowing the wide conglomerate discount, and Cyient did well alongside other Indian small and mid-cap names that continued to strengthen in September, and also reported improving profitability led by robust services margins and a favourable outlook.

The biggest detractor from relative returns was a holding in SITC, as the share price underperformed as a result of profit-taking on the back of strong prior performance. Falling freight rates and disruption due to power shortages in China also weighed on the business this month. Positions in Koh Young Technology and Innodisk also detracted. Koh Technology's shares underperformed despite the company reporting strong results and investments for long-term growth, largely due to profit-taking following strong prior share price gains. Innodisk's share price was weak 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	Guido Giammattei
Fund launch date	April 30, 2015
Benchmark	MSCI Emerging Markets Small-Cap Total Return Net Index
Fund size (USD)	5.5 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)	51	1,815
Portfolio turnover (%)	73.5	-
Active share (%)	97.2	-

Share class information

Share class	Mgmt fees (%)	TER* (%)	NAV	Bloomberg	ISIN
O (acc) USD	1.00	1.30	124.14	RBCEMSO LX	LU1217269809
O (acc) GBP	1.00	1.30		RBEMSOG LX	LU1327516768
A (acc) USD	2.05	2.50	115.11	RBCEMSA LX	LU1217269551
B (dist) GBP (H)	1.10	1.55	113.09	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	-1.21	-2.25	13.02	32.83	5.06	4.13	-	3.42
O (acc) GBP	-	-	-	-	-	-	-	-
A (acc) USD	-1.31	-2.53	12.08	31.35	3.80	2.90	-	2.21
B (dist) GBP (H)	-1.29	-2.46	12.45	31.80	3.38	2.40	-	1.93
Benchmark (USD)	-1.99	-2.16	17.20	43.24	13.11	9.75	-	5.73

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	24.14	28-Apr-15
O (acc) GBP	1.28	-2.86	-4.89	13.99	26.12	-	07-Dec-15
A (acc) USD	3.29	-0.23	-11.51	23.37	4.49	15.11	28-Apr-15
B (dist) GBP (H)	3.02	-1.21	-12.37	22.62	4.42	13.09	28-Apr-15
Benchmark (USD)	19.29	11.50	-18.59	33.84	2.28	43.05	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 (%)

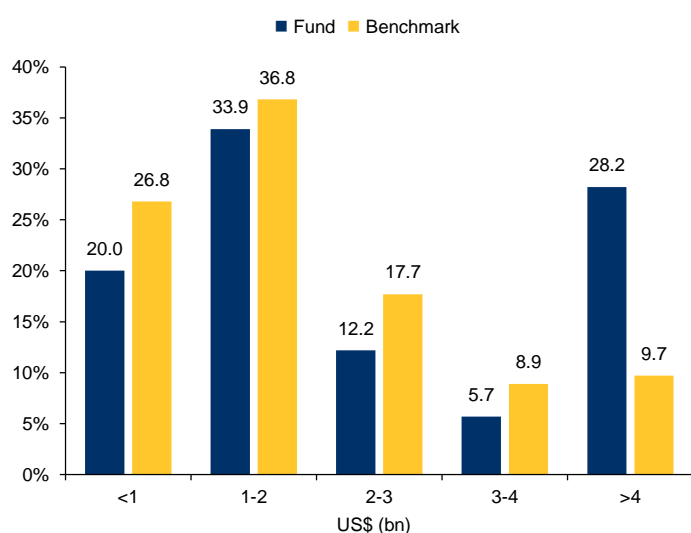
Issuer	Fund	Benchmark
Precision Tsugami China	5.7	0.0
Voltronic Power Technology	4.8	0.3
Chroma ATE	4.8	0.2
Century Pacific Food	3.8	0.1
Bajaj	3.7	0.0
Cyient	3.5	0.1
LEENO Industrial	3.2	0.1
Giant Manufacturing	3.1	0.0
Cholamandalam Financial	2.9	0.1
Phoenix Mills	2.8	0.1
Total	38.2	1.0

Top / bottom 5 contributors (%)

Top 5 contributors	Contribution
Voltronic Power Technology	1.72
Bajaj	0.47
Cyient	0.31
Xiamen Faratronic	0.27
Phoenix Mills	0.27

Bottom 5 contributors	Contribution
SITC International	-0.47
Koh Young Technology	-0.39
Innodisk	-0.30
Fleury	-0.26
Inversiones La Construccion	-0.21

Market capitalisation distribution (%)



Fund positions

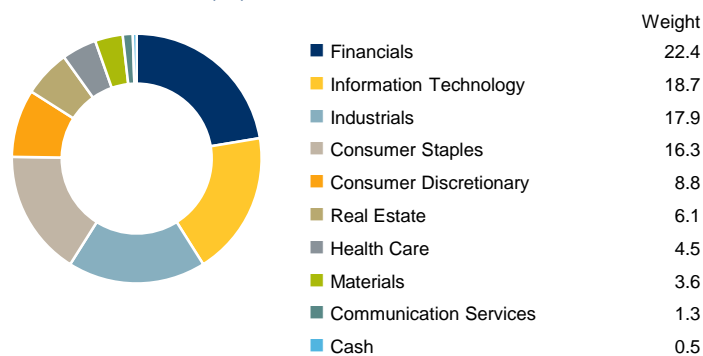
Closed positions

There were no positions closed for the current time period.

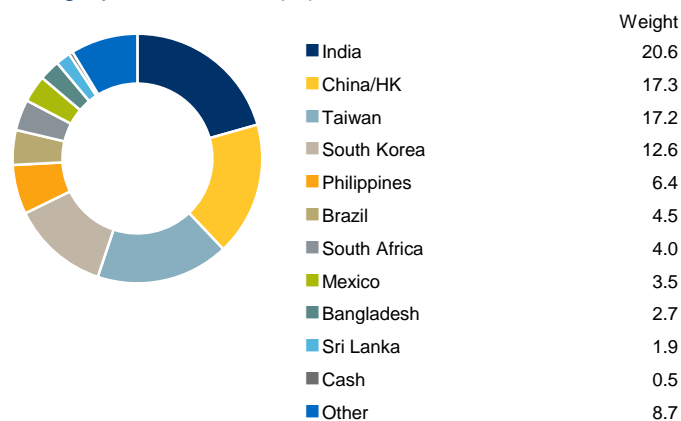
Opened positions

Yantai China Pet Foods Co Ltd

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	1.46	-0.68	4.65	3.94
India	4.05	0.84	1.44	2.29
Thailand	-3.09	0.24	0.43	0.67
Malaysia	-2.08	0.43	-0.12	0.31
Turkey	-1.35	0.23	0.00	0.23

Bottom 5 contributors	Active weight	Asset allocation	Security selection	Total effect
Brazil	-1.60	0.17	-2.39	-2.22
South Africa	1.50	0.46	-2.18	-1.73
Chile	2.71	-0.82	-0.89	-1.70
South Korea	-6.16	0.19	-1.44	-1.25
United Arab Emirates	1.49	-0.24	-0.83	-1.07

Fund sector attribution (%)

Sector	Active weight	Asset allocation	Security selection	Total effect
Health Care	-3.53	0.99	1.11	2.11
Information Technology	1.72	-0.08	1.66	1.58
Real Estate	-1.90	0.42	-0.12	0.30
Communication Services	-2.86	0.39	-0.23	0.17
Energy	-1.96	-0.19	0.00	-0.19
Industrials	-0.36	-0.04	-0.34	-0.38
Utilities	-3.47	-0.32	-0.15	-0.47
Consumer Discretionary	-3.34	0.18	-1.07	-0.89
Consumer Staples	11.82	-1.67	-0.01	-1.68
Financials	12.92	0.89	-3.21	-2.35
Materials	-9.05	-1.77	-1.86	-3.59
TOTAL	-	-1.23	-4.22	-5.40

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.

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.

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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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.

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