

Emerging markets: A new cycle in the making

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Investment team

Centralised, diverse, research-focused



Philippe Langham
Head of Emerging Markets Equity
34 years of experience



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



Guido Giammattei
Portfolio Manager
Taiwan & CEE¹
28 years of experience



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



Richard Farrell
Portfolio Manager
China
19 years of experience



Christoffer Enemaerke
Portfolio Manager
Latin America
16 years of experience



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



James Bateson
Senior Portfolio Engineer
9 years of experience



Angel Su
Associate Portfolio Manager
China
7 years of experience



Will Hayes
Associate Portfolio Manager
South Africa & Korea
11 years of experience



Miya Tailor
Analyst
3 years of experience

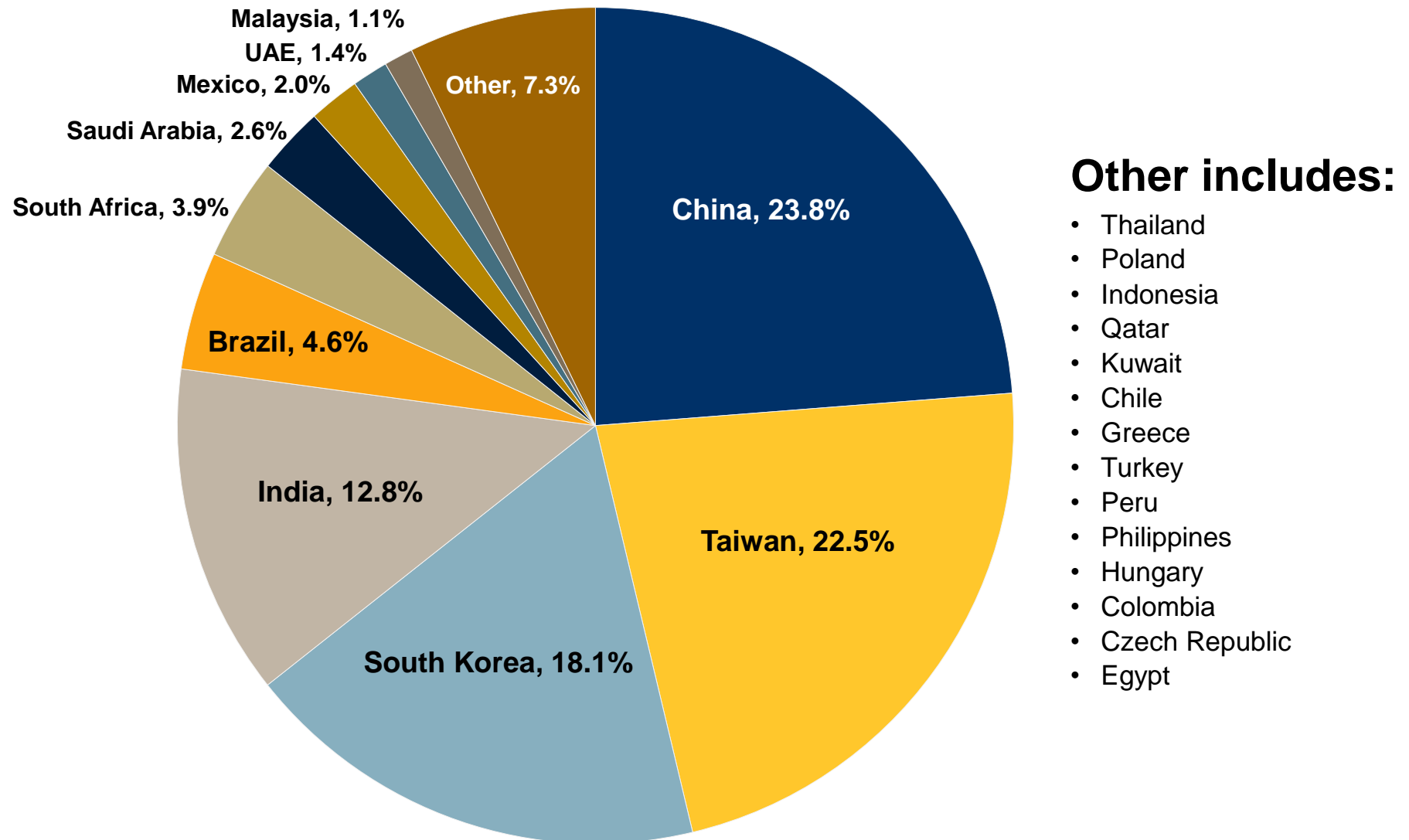


Dijana Jelic
Senior Institutional Portfolio Manager
15 years of experience

As at 31.12.2025. Source: RBC Global Asset Management. All employees of RBC Global Asset Management (UK) Limited. ¹Central & Eastern Europe.

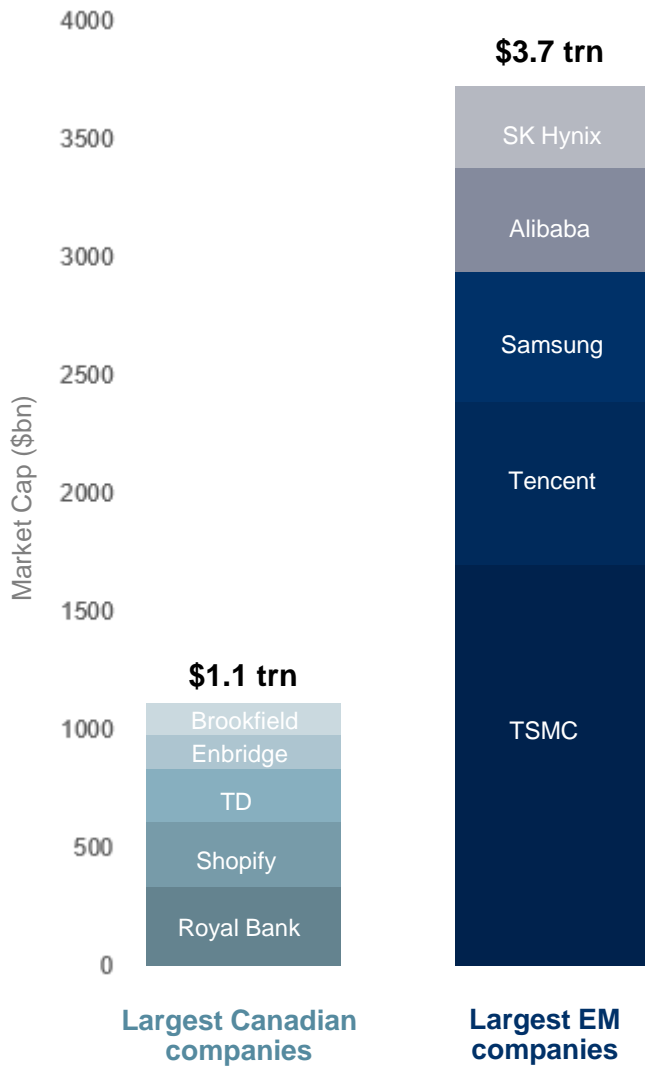
MSCI Emerging Markets (EM) Equity Index

24 countries and 1,195 companies

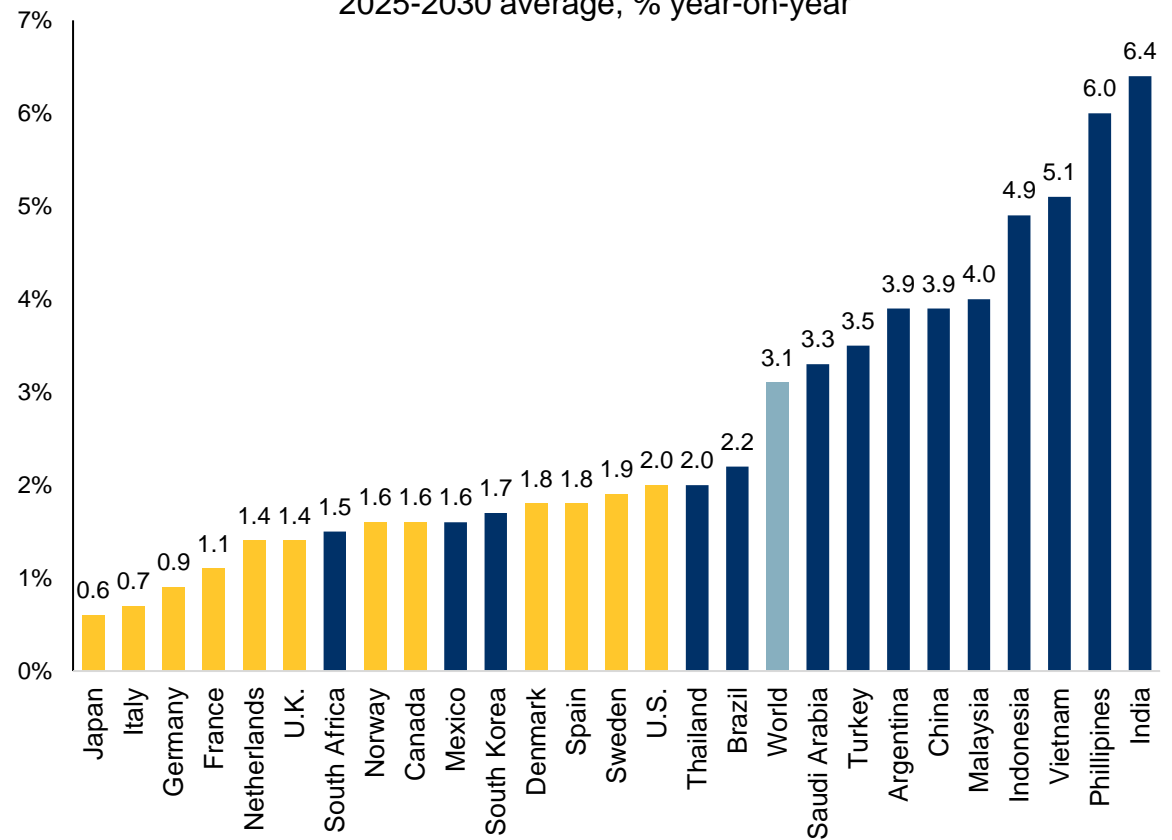


Source: RBC GAM. Showing country weights in the MSCI Emerging Markets Equity Index as of February 28, 2026.

Emerging markets are too big to ignore



IMF GDP growth estimates 2025-2030 average, % year-on-year



Source: IMF, CLSA, as at September 2025. Note: IMF real GDP growth estimate (2025-2030 average, % year-on-year). Dark blue bars indicate an Emerging Market country. Yellow bars indicate a Developed Market Country. While the light blue bar represents the entire investable universe including both Emerging Markets and Developed Markets.

Source RBC GAM. Showing the market cap (in billions) of the five largest companies in S&P/TSX Composite Index and MSCI Emerging Markets Index, in Canadian dollars as of December 31, 2025.

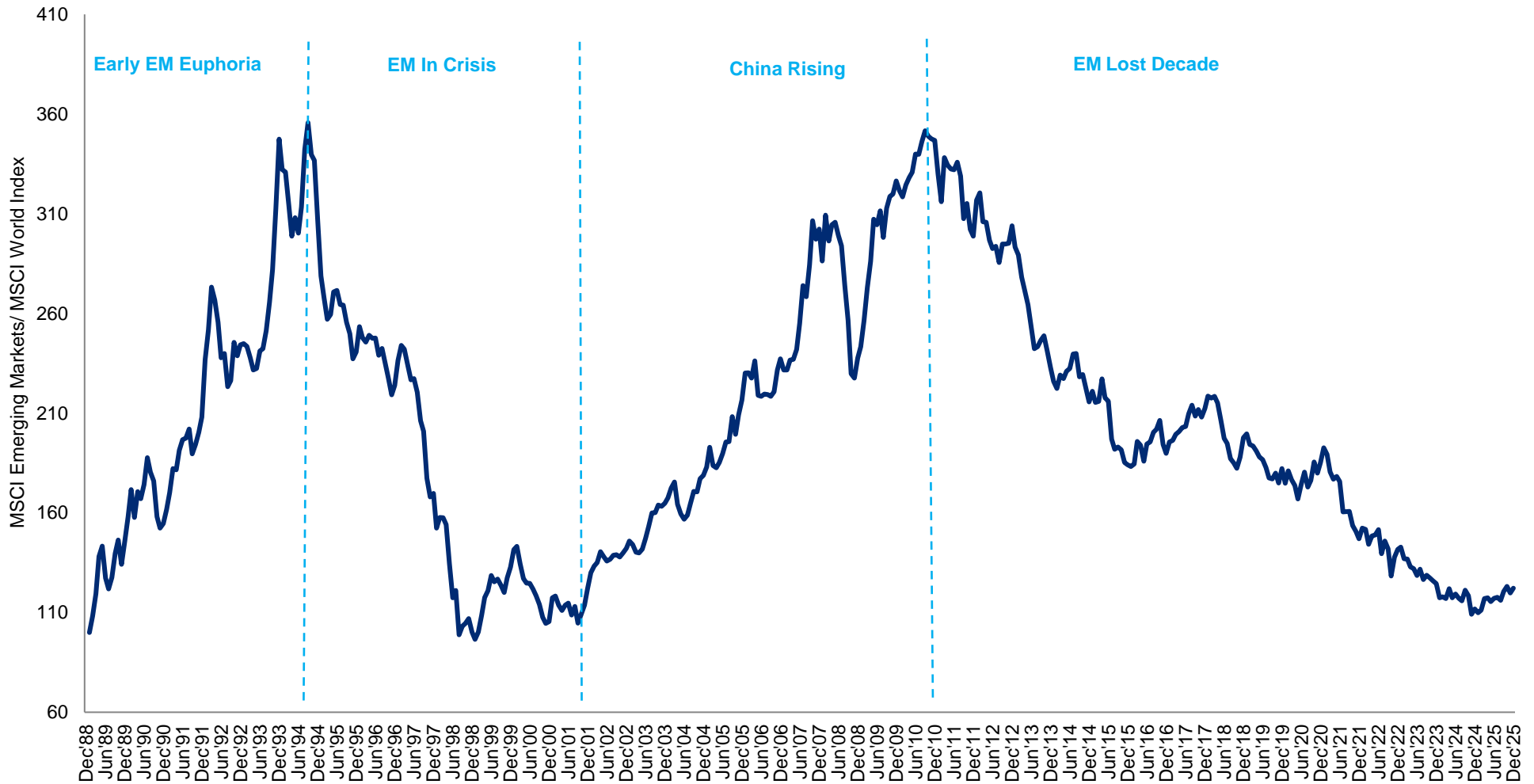


EM equities market review & outlook

Super cycle phases

Regime change

EM vs DM equities relative performance since 1989

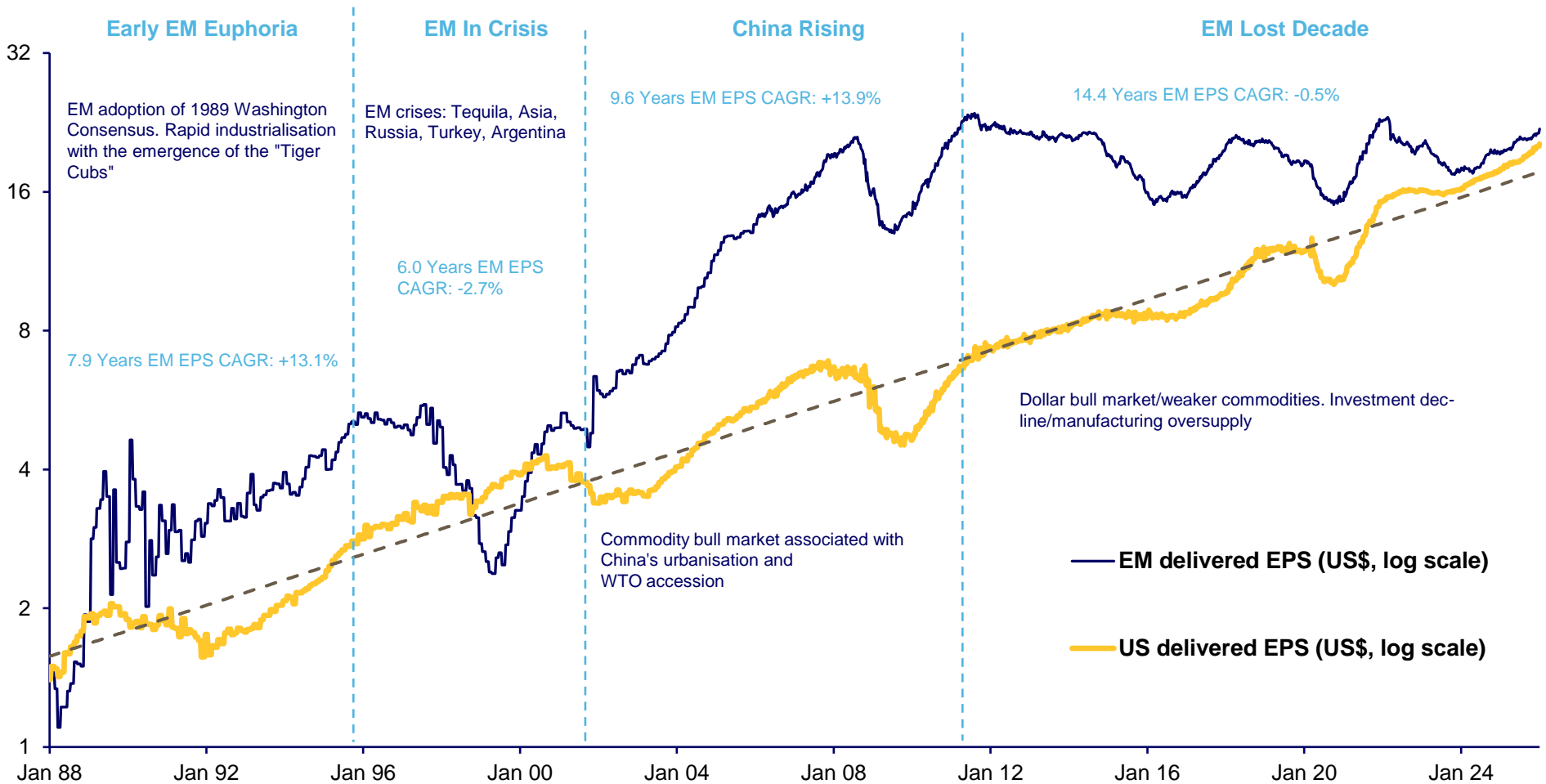


Past performance is not indicative of future results and is calculated in USD, gross of fees. Source: MSCI, Bloomberg, December 31, 2025.

Earnings

Key driver of super cycle phases

EM vs US equities EPS since 1989

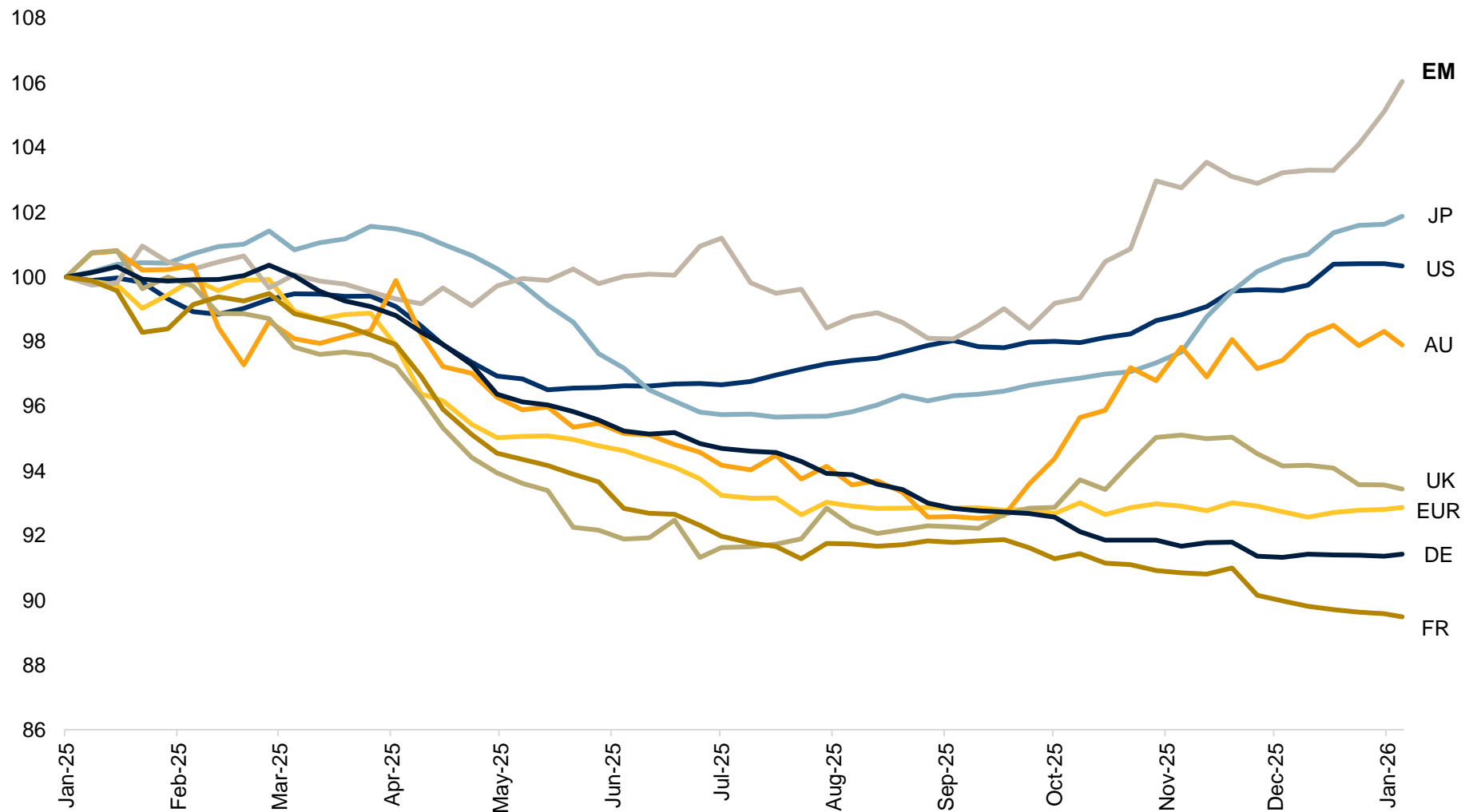


Source: CLSA, IBES, MSCI, Earnings per share showed from January 1, 1988 to January 31, 2025. A log scale is the alternative of a linear scale. Log scales compress large ranges of data into readable visualizations and make relative changes easier to compare.

Earnings

Earnings momentum is turning positive

Revisions to 2026 consensus EPS expectations by region



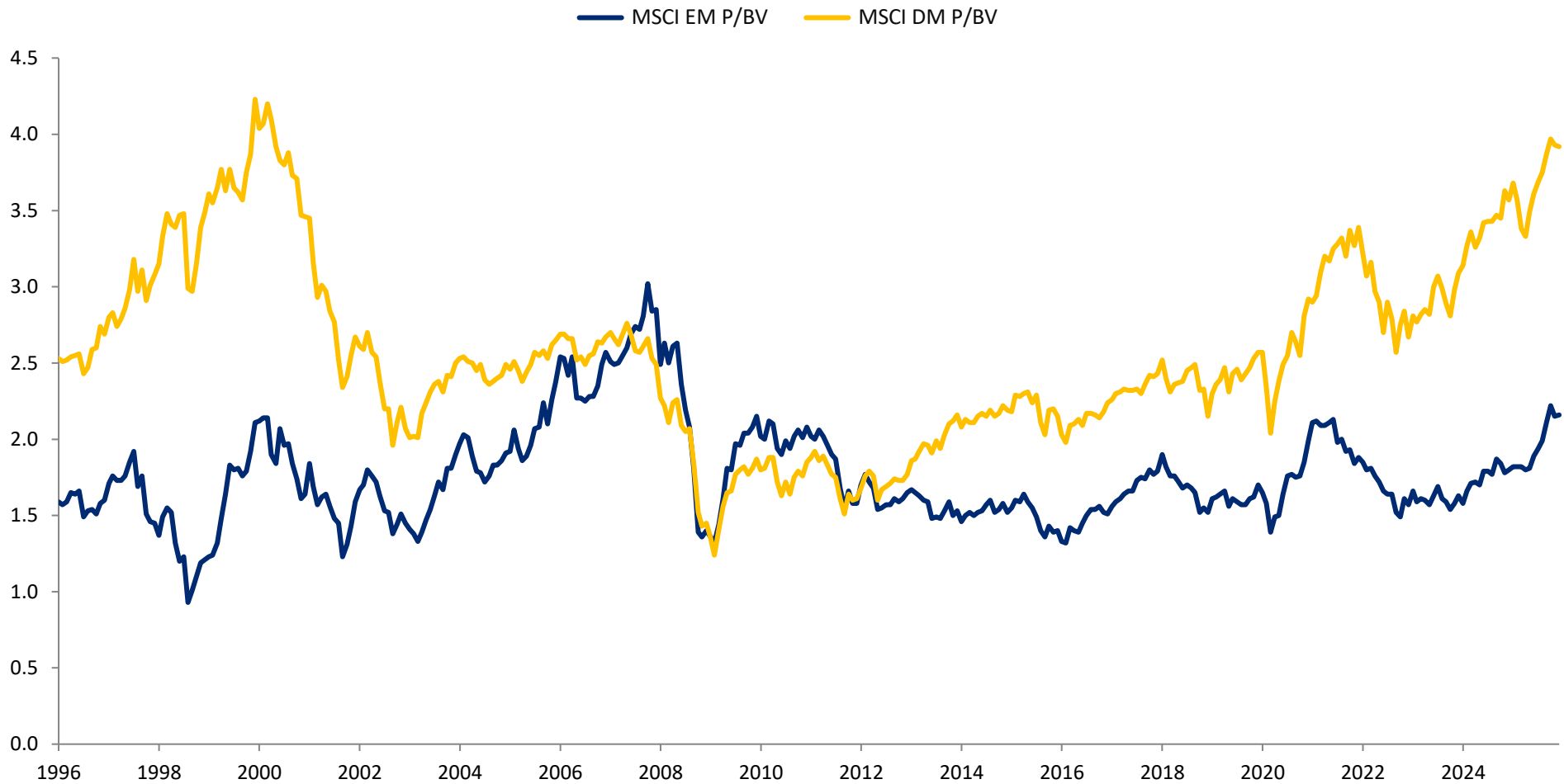
Source: Citi Research, FactSet, MSCI. January 31, 2026.



Valuations

EM equities trade at a historically wide discount to DM

MSCI Emerging Markets (EM) Index and MSCI Developed Markets (DM) Index absolute trailing P/BV

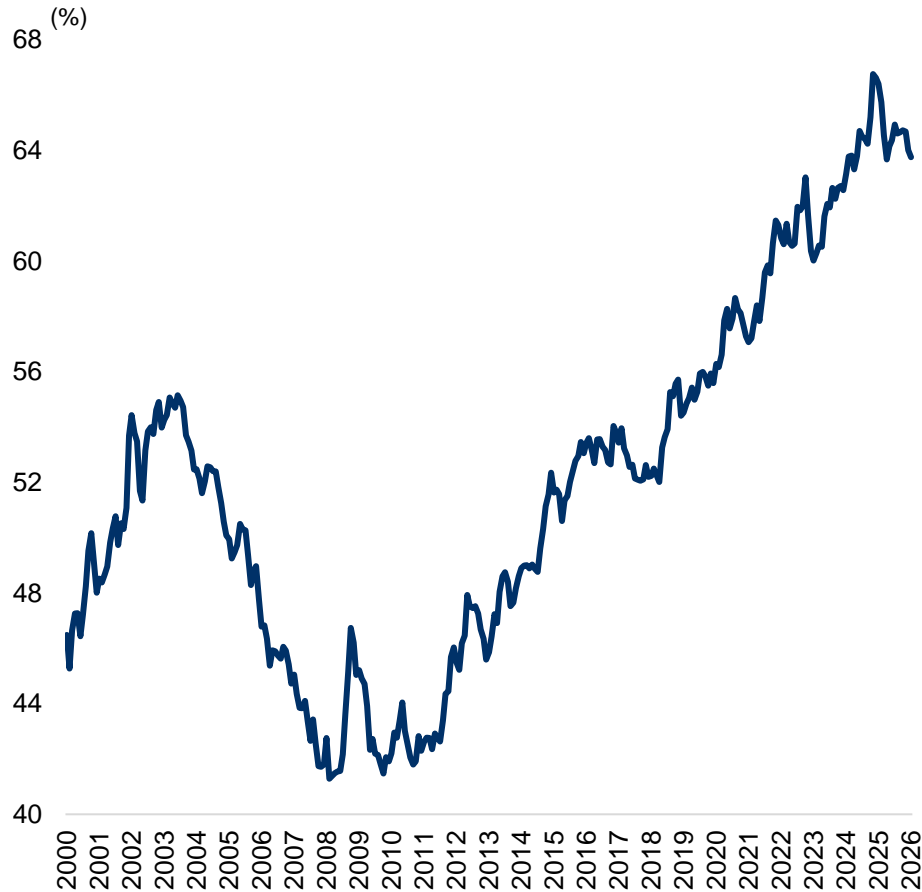


Source: Bloomberg, MSCI, December 31, 2025

End of US exceptionalism?

Peaking of US market

% Weight of MSCI US in MSCI AC World Index



S&P500 index concentration



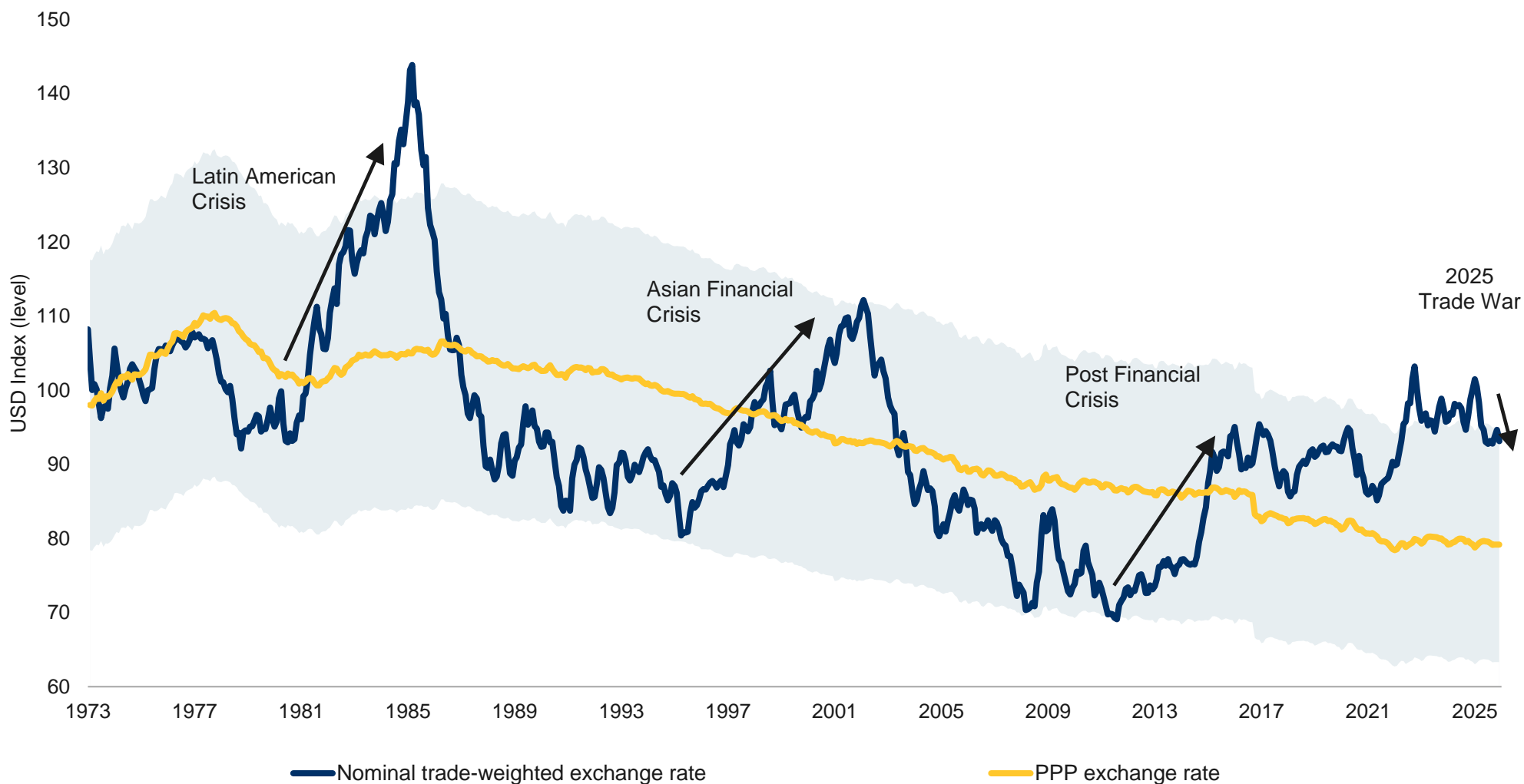
Note: Historical month-end weightings and latest weighting. Source: FactSet, MSCI, December 31, 2025.

Source: CLSA, Factset, September 30, 2025

US dollar

Reversal in US dollar strength

US trade-weighted dollar performance and PPP valuation

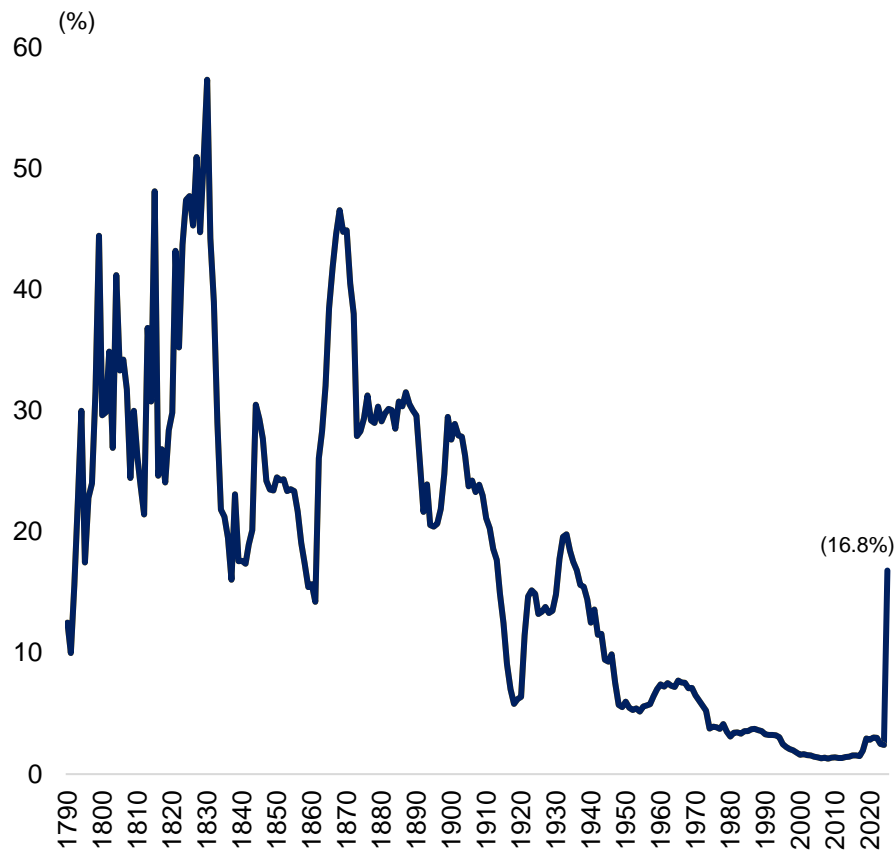


Note: As of 01/02/2026. New Nominal Advanced Foreign Economies Dollar Index used from 01/01/2020 onward. Shaded area represents 20% range above and below PPP exchange rates. Source: Federal Reserve, Bloomberg, RBC GAM

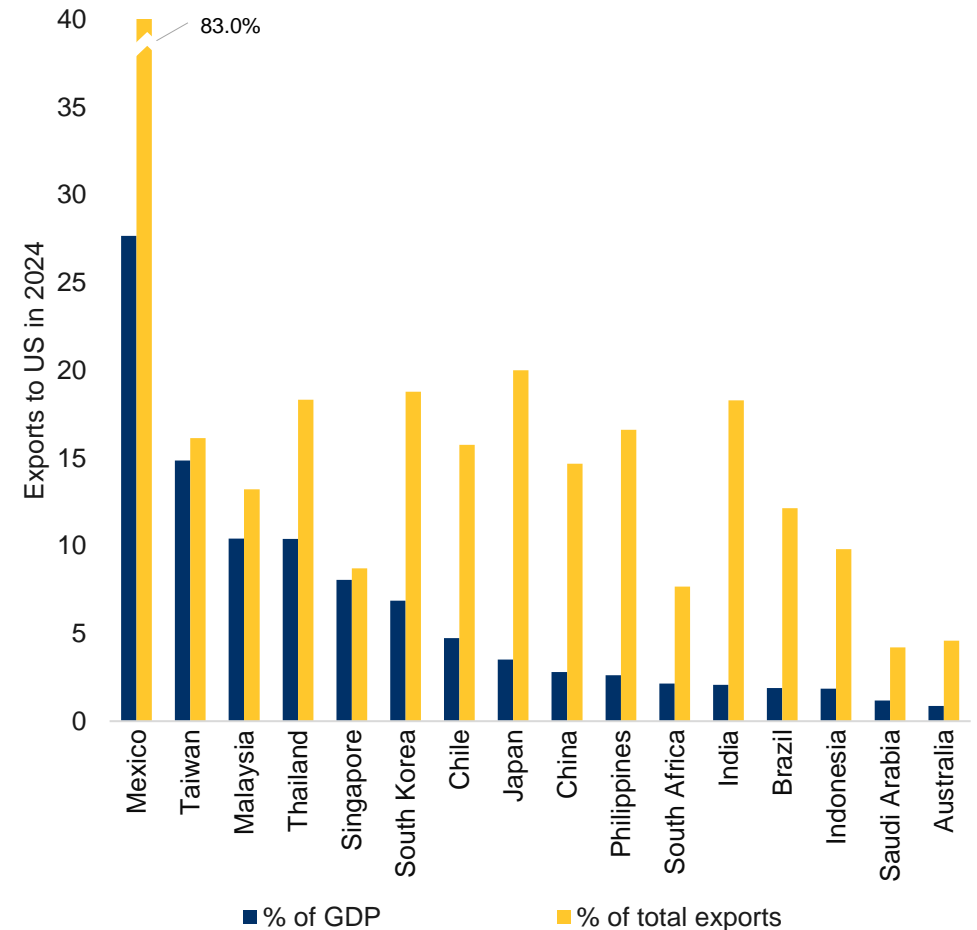
Trade tariffs

Limited exposure to US trade for most EM economies

US average effective tariff rate is at the highest level since 1934



Exports to US (% of total and % of GDP, 2024)



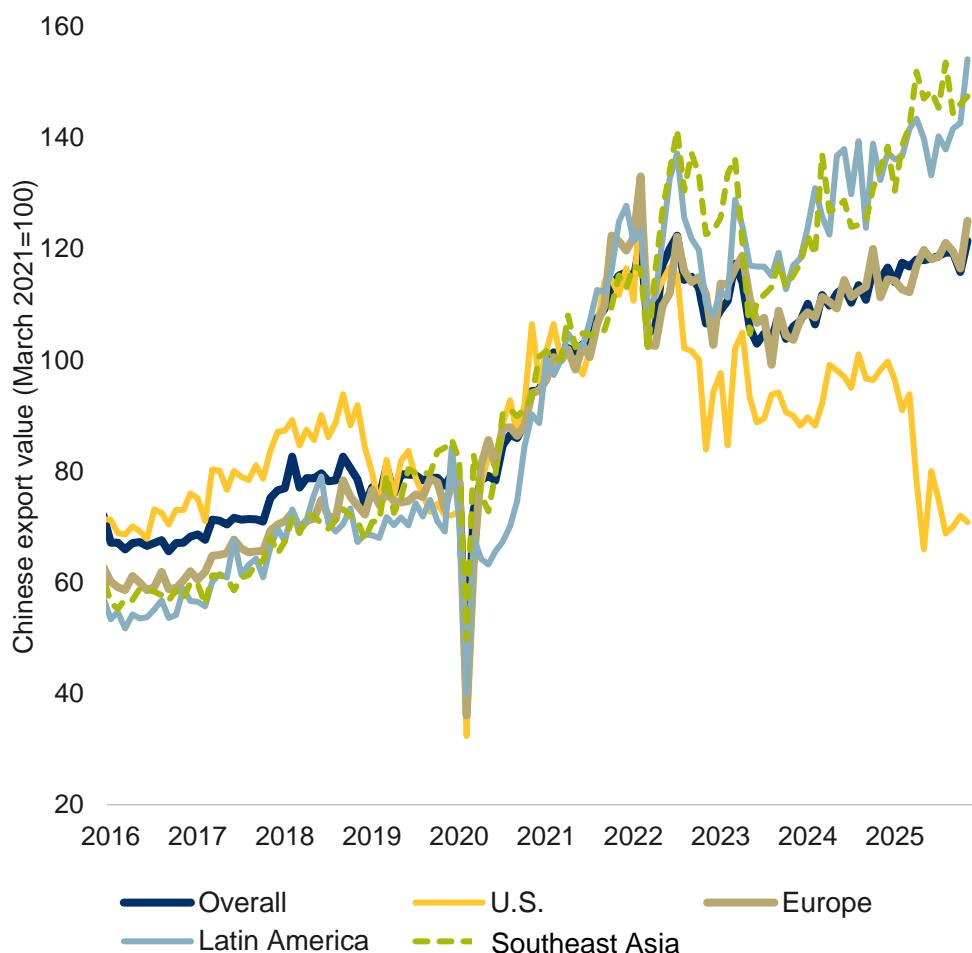
Source: The Budget Lab at Yale, US International Trade Commission (USITC), Jefferies January 31, 2026.

Source: IMF, Haver Analytics, RBC GAM

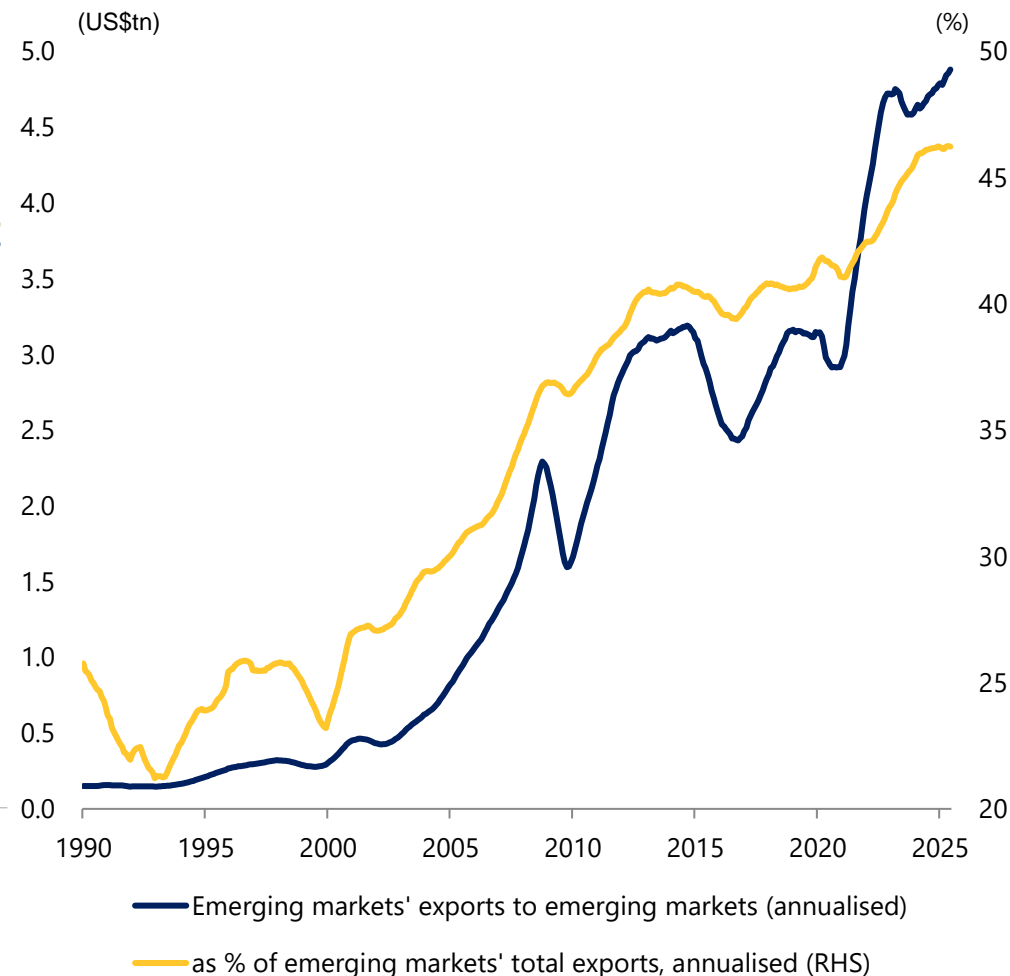
EM decoupling

Increasing trade between EM countries

Bifurcation in China exports – decline in US replaced by rest of world



Intra-EM trade continues to rise to nearly 50% of total exports



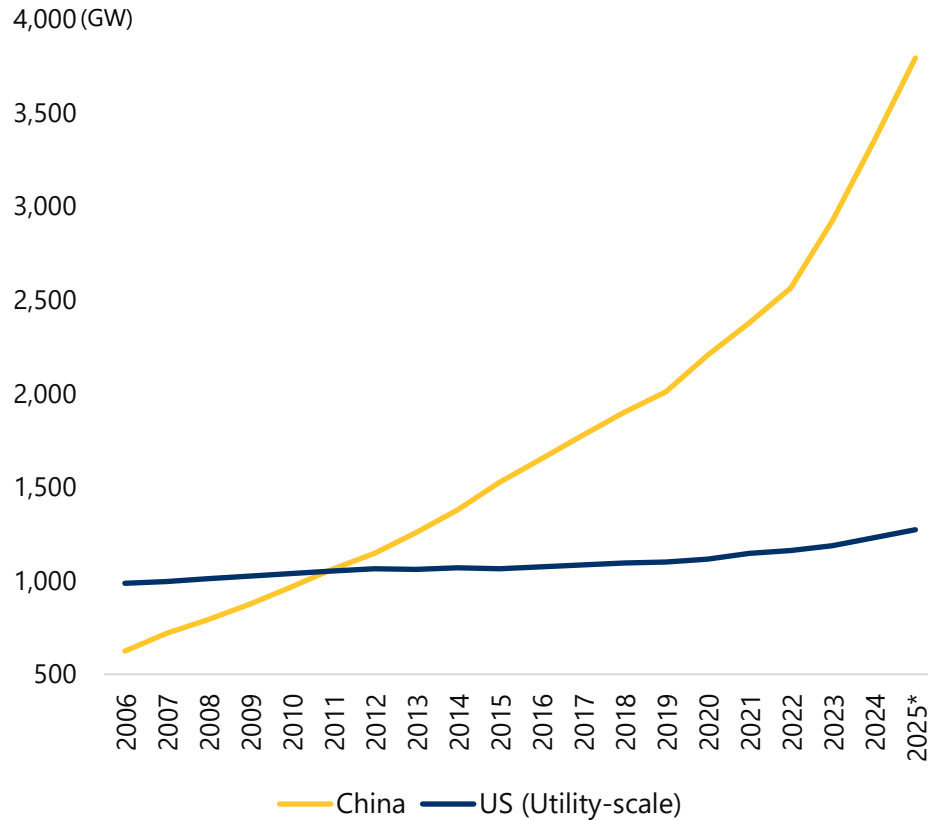
As of November 30, 2025. Source: China General Administration of Customs, Macrobond, RBC GAM.

As of June 30, 2025. Source: IMF, Haver Analytics, RBC GAM.

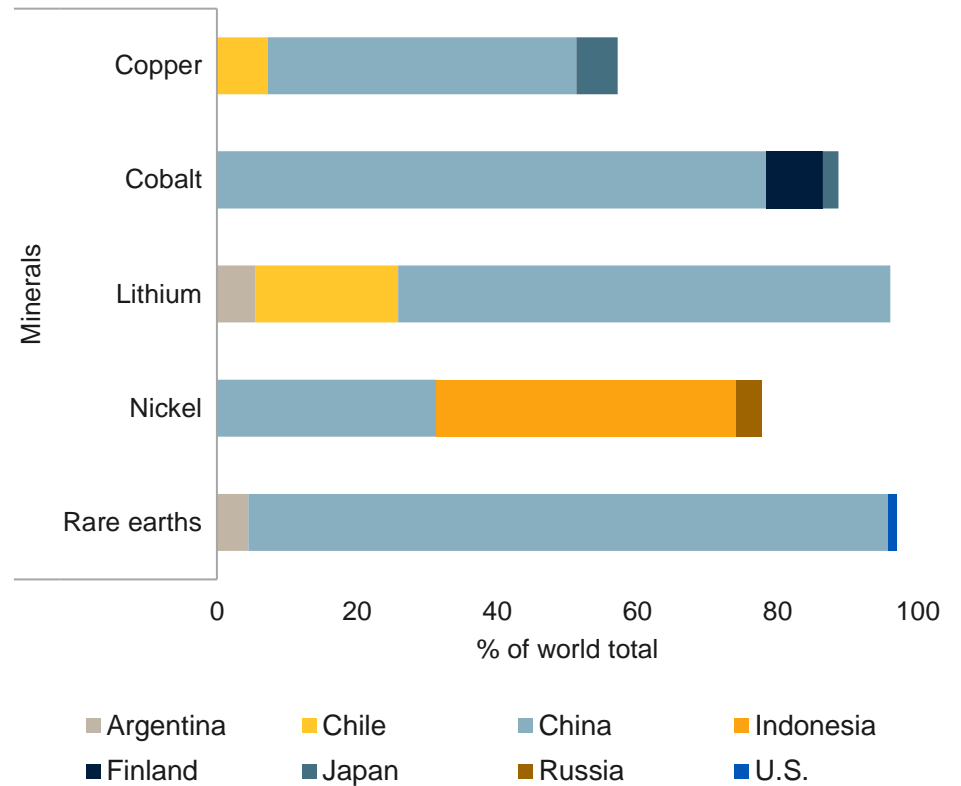
China

Strategic advantages

China vs US electricity generation capacity (Gigawatts)



Share of top three producing countries in processing of select minerals



Note: IEA data for oil as of December 31, 2023, data for minerals as of December 31, 2024. TradeInt data for natural gas exports as of December 31, 2024. Source: IEA, TradeInt, RBC GAM

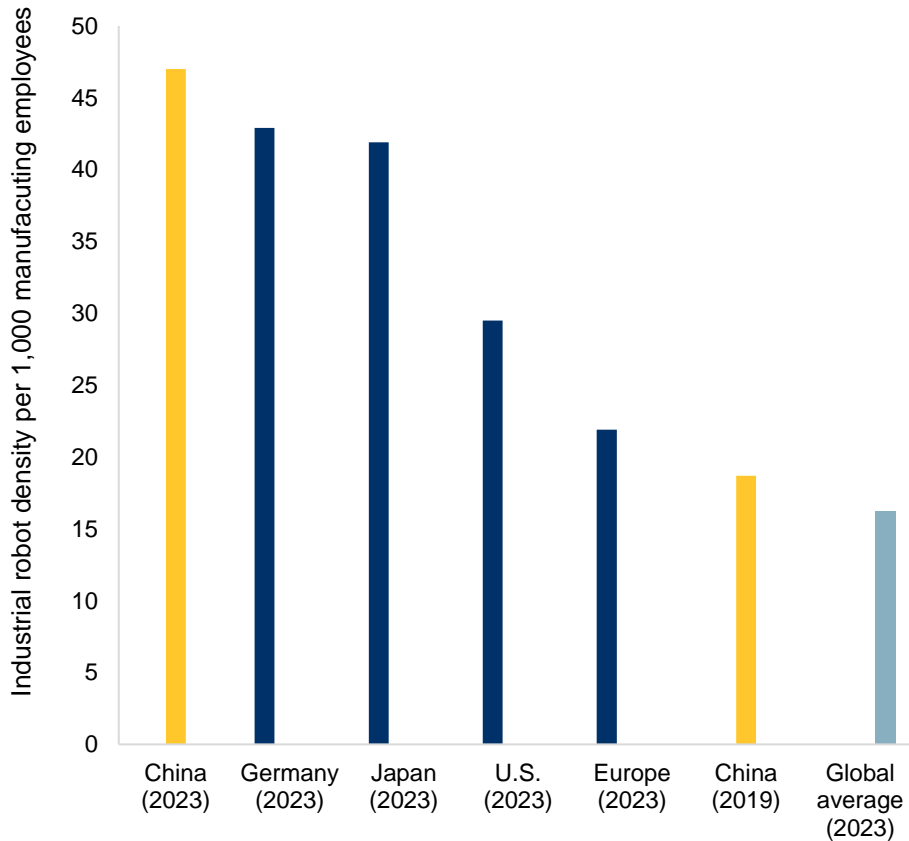
Source: China Electricity Council (CEC), US Energy Information Administration (EIA), CEIC Data, November 30, 2025



China

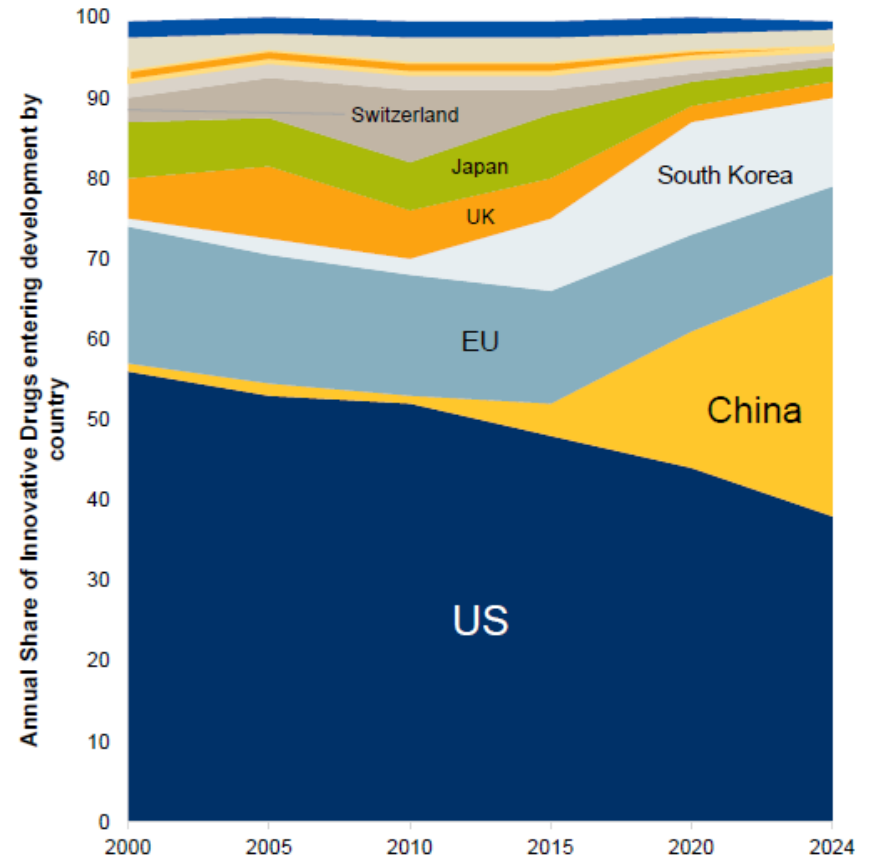
Innovation leader

China's industrial robot density has surpassed leading DMs



Source: Goldman Sachs Global Investment Research, October 31, 2025.

China's share of innovative drugs entering development has seen a rapid rise

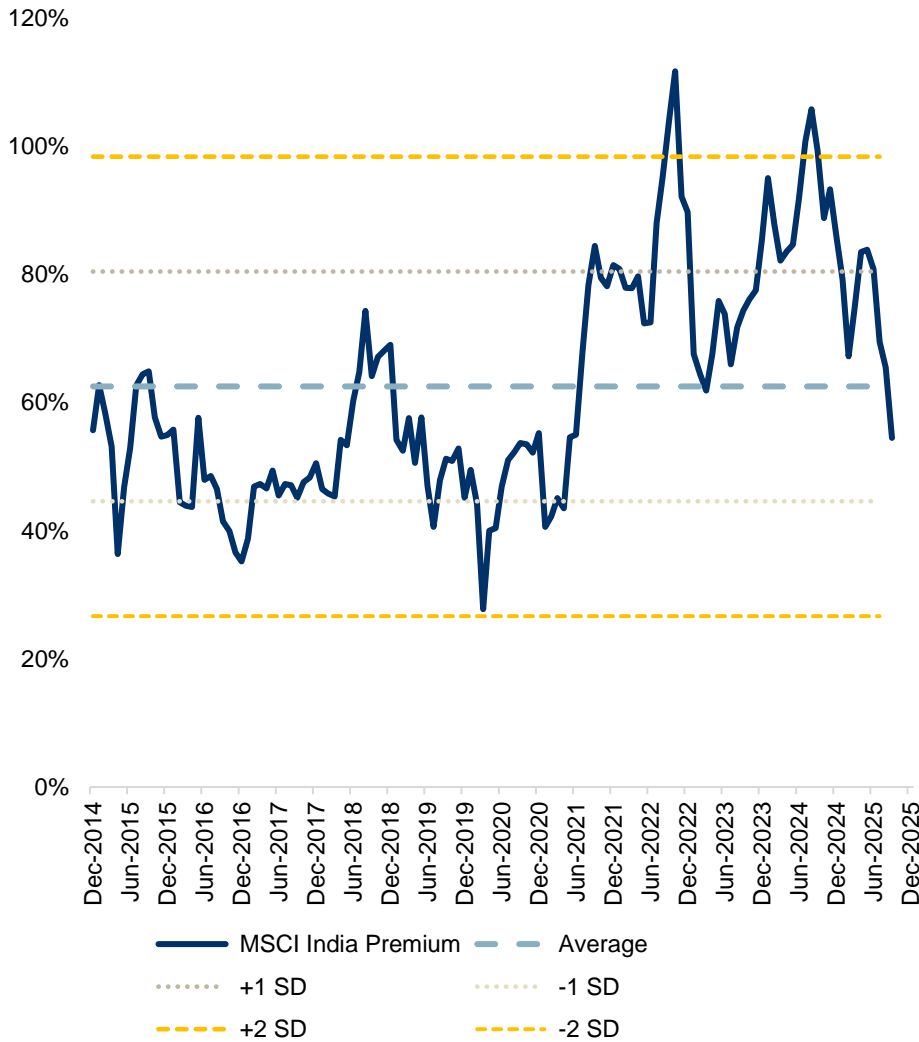


Source: Norstella, Bloomberg, December 31, 2024

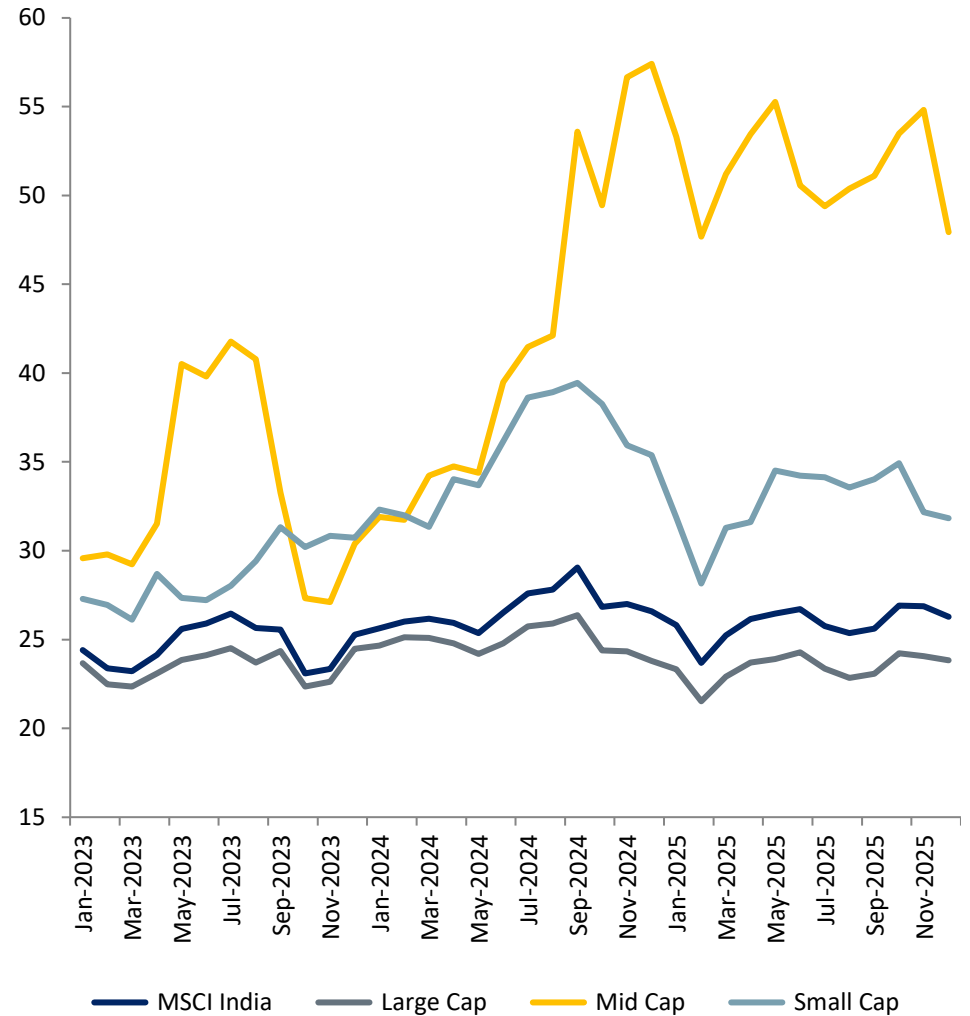
India

Valuations are normalising

MSCI India Index Price-to-Book valuation relative to MSCI EM



MSCI India Index Price-to-Earnings valuation by Market Cap



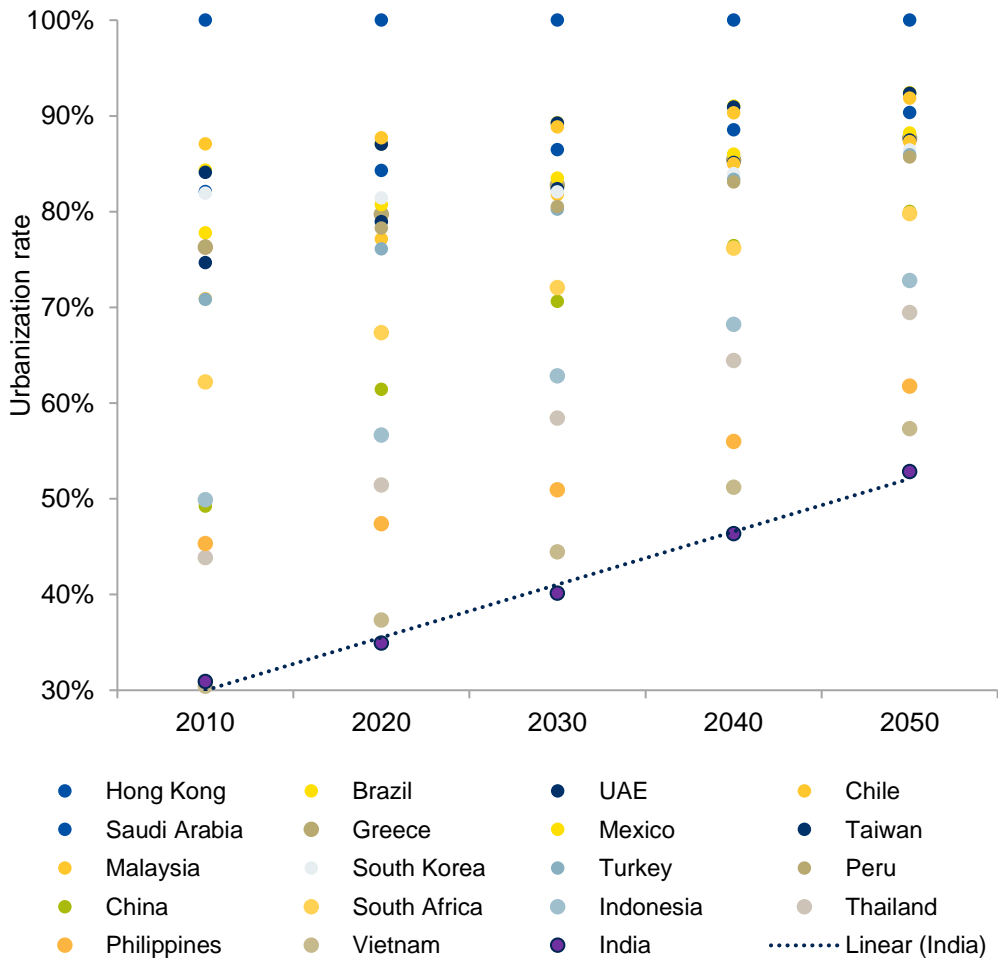
Source: Bloomberg, MSCI, December 31, 2025.



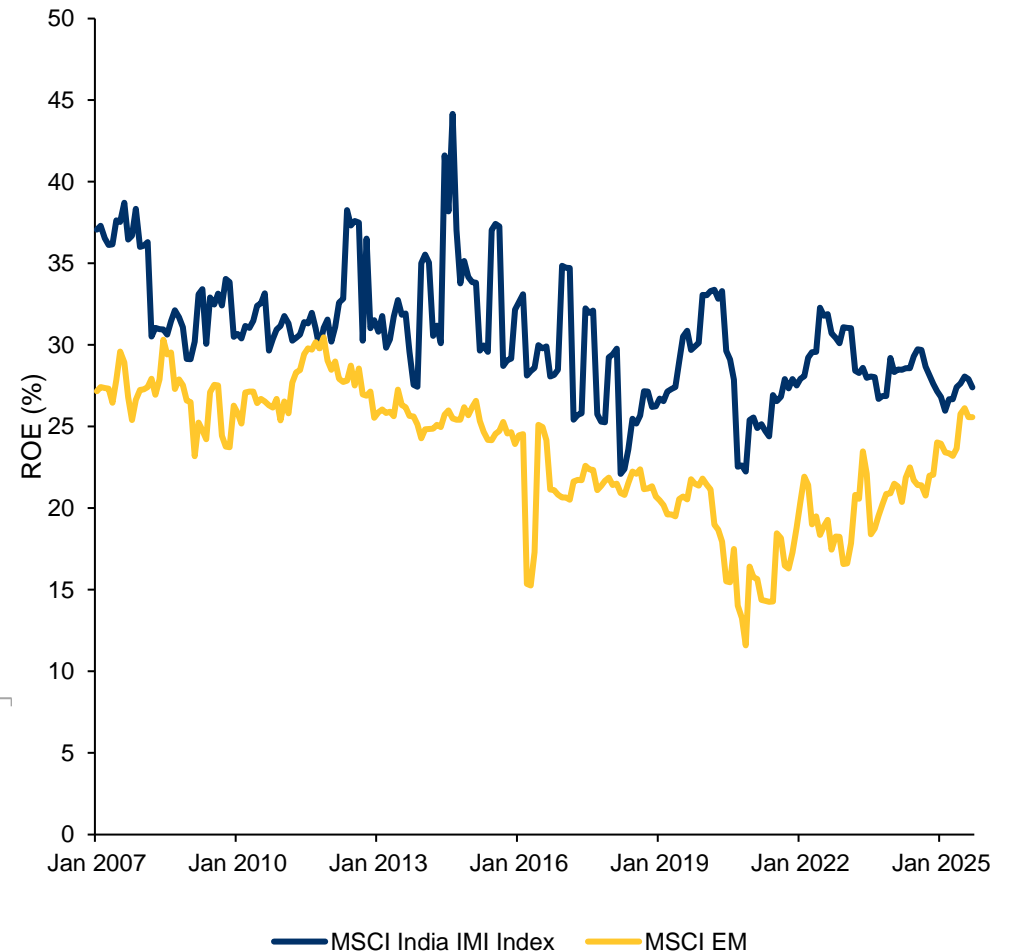
India

Compelling long-term opportunity

Urbanisation rates across EM countries



Return on-Equity of Highest Price-to-Book Quintile



Source: World Urbanisation Prospects 2018, United Nations. Note: The data denotes percentage of population at mid-year residing in urban area

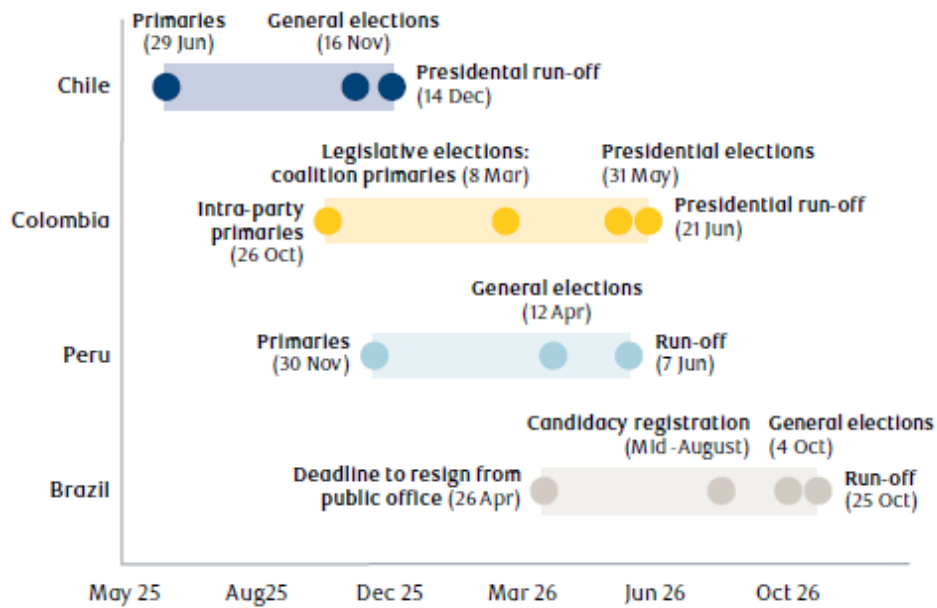
Source: RBC, Bloomberg, MSCI, September 30, 2025.



Latin America

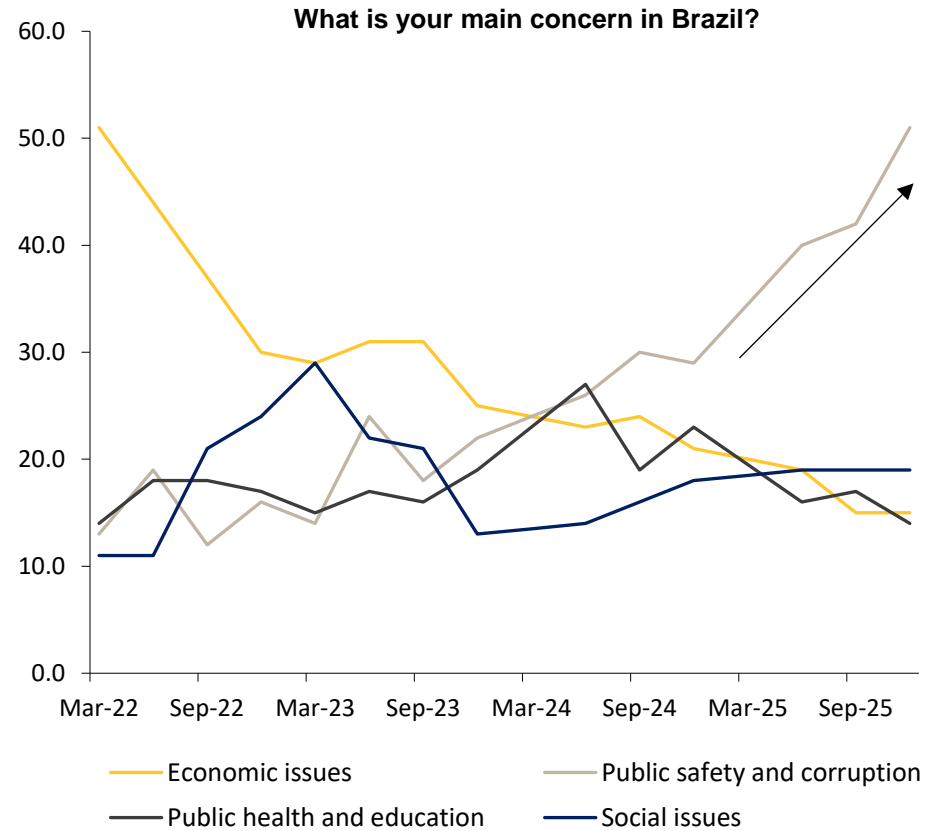
Political elections

Latin America Elections Calendar



Source: JP Morgan, November 30, 2025

Voters concerns in Brazil suggest potential for a right-wing shift



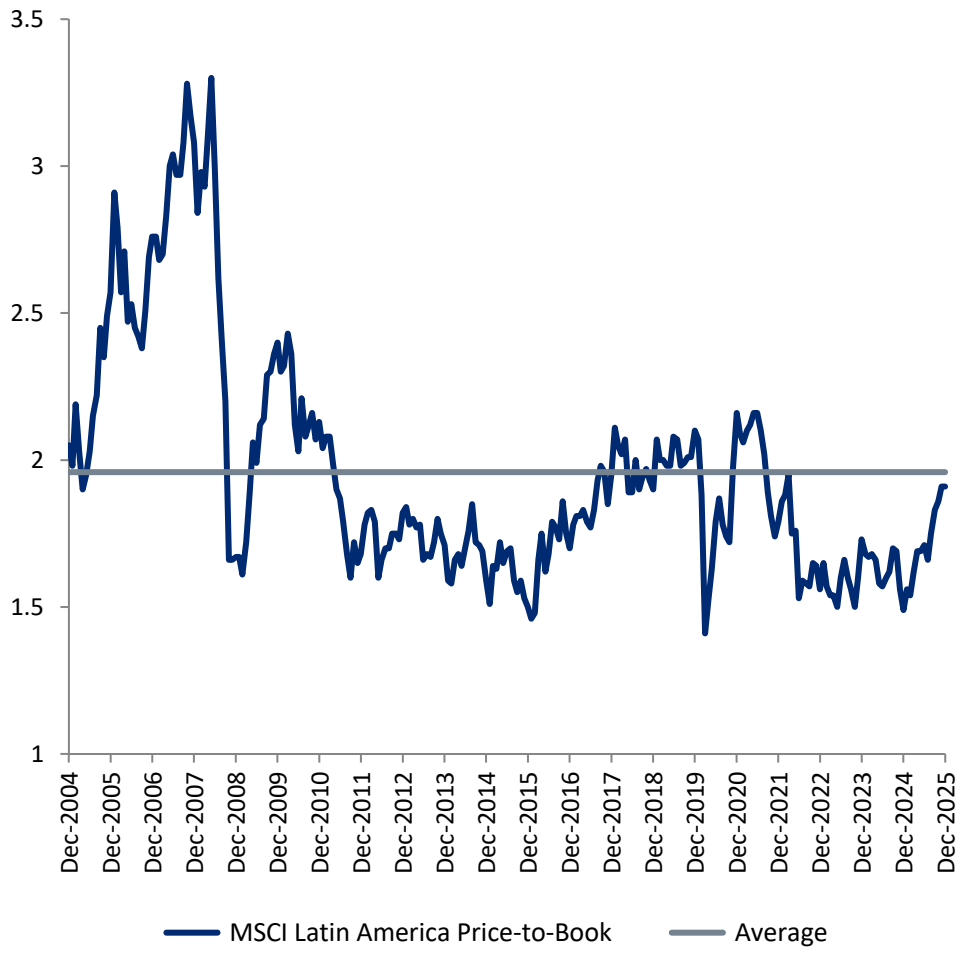
Source: Genial Quaest opinion polls, HSBC as of December 31, 2025



Latin America

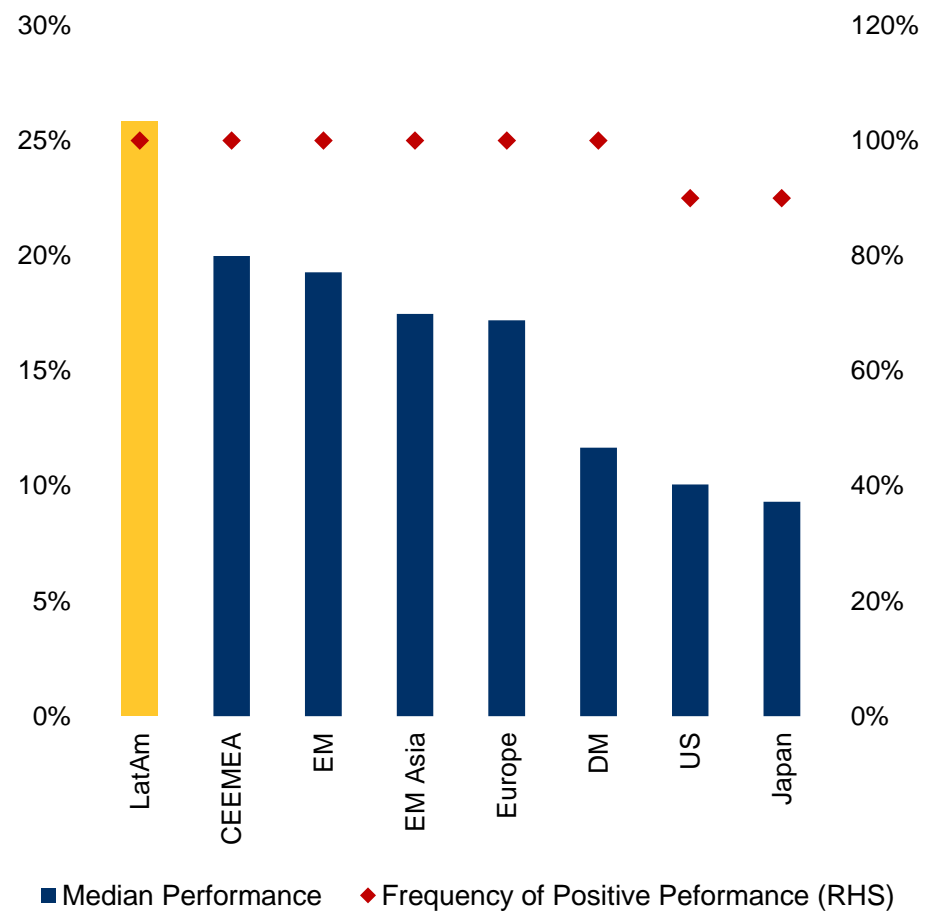
Supportive factors

MSCI LatAm Forward Price-to-Book (x)



Source: MSCI, Bloomberg, December 31, 2025.

Equity performance during periods of USD weakness



Source: Bloomberg, JP Morgan, March 31, 2025. USD weakness defined as 5% or more.

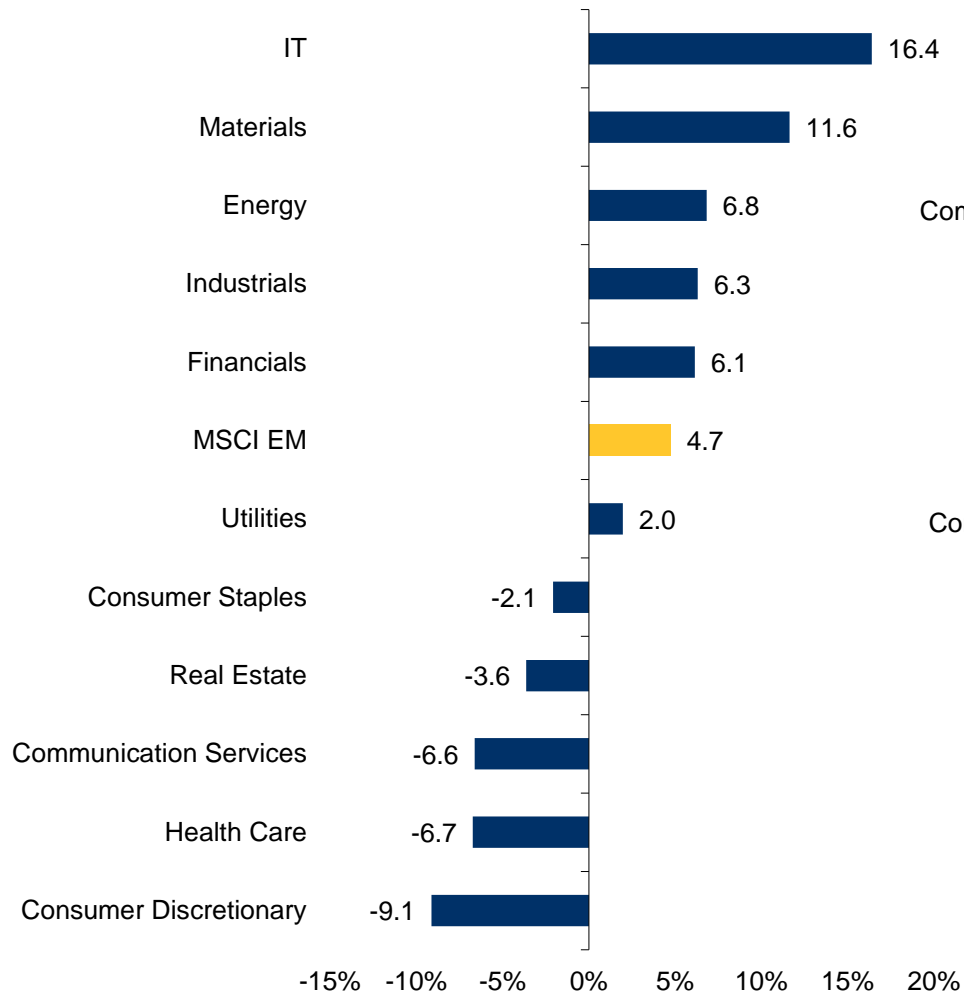


EM equities performance by sector

Bifurcated performance

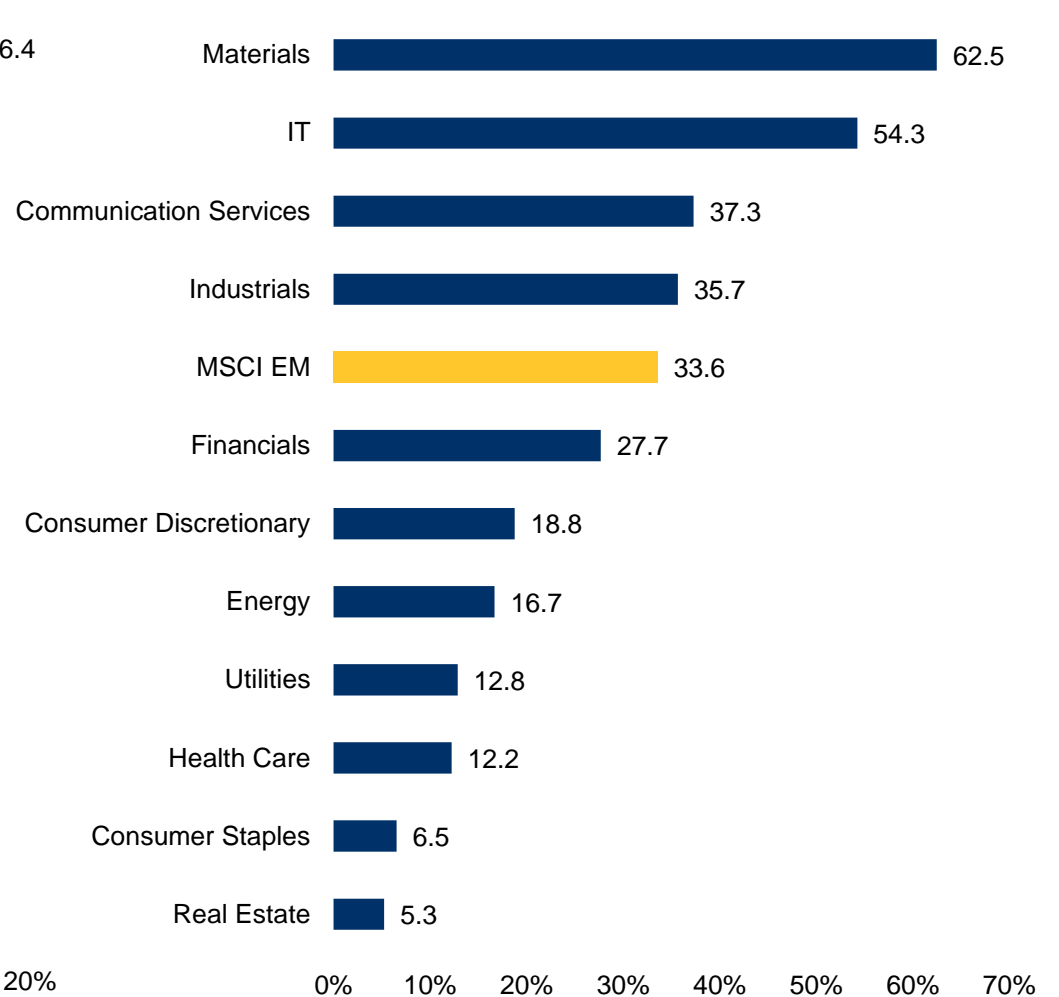
MSCI Emerging Markets Index Sector Performance (%)

3 Months



MSCI Emerging Markets Index Sector Performance (%)

12 Months

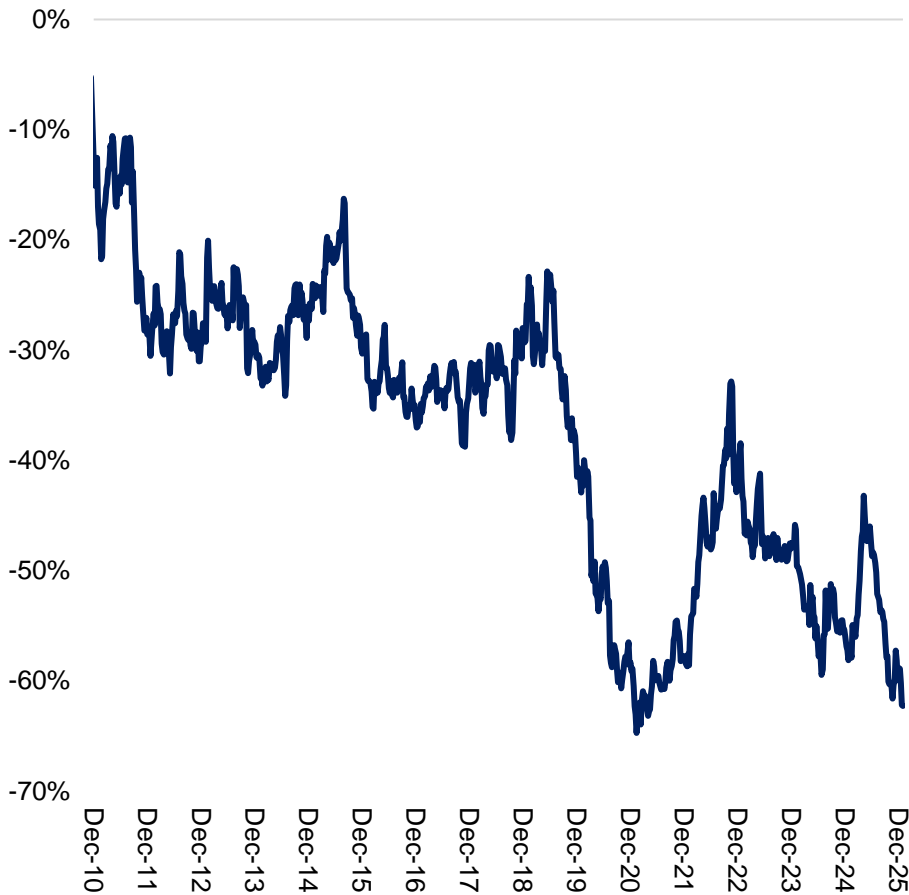


Past performance is not indicative of future results and is calculated in USD. Returns may increase or decrease due to currency fluctuations.
Source: Bloomberg. Returns in USD, as at December 31, 2025.

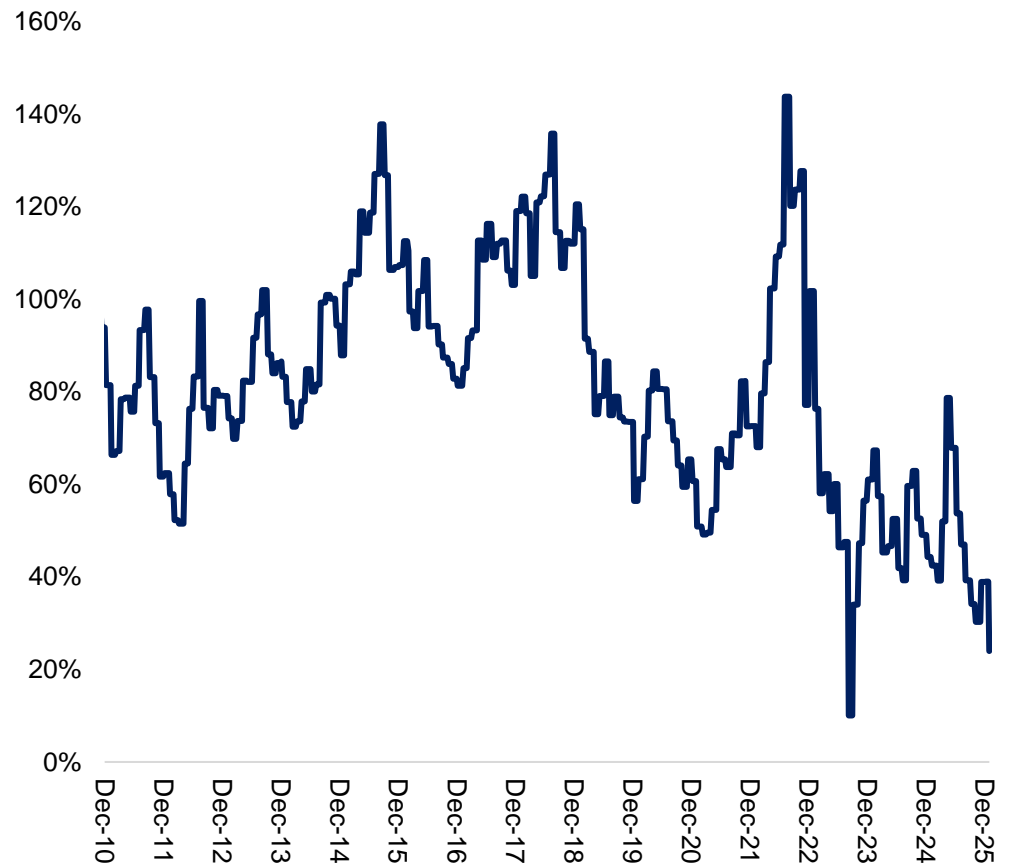
Sector valuations

Financials and Consumer Staples look attractive

EM Financials/ IT valuation discount (12 month forward Price-to-Book ratio) – Financials trading at historically wide discount



EM Consumer Staples/ IT valuation premium (12 month forward Price-to-Earnings) – Consumer premium has eroded



Source: RBC GAM, MSCI Bloomberg, January 31, 2026.

Team & Process

Investment philosophy and process

Rigorous stock selection cemented by top-down thematic research

Research

- Investing in long-term themes and future leaders
- Identifying areas of structural growth and avoiding those in decline
- Independent thematic research

Stock Selection

- Seeking a mismatch between fundamentals and valuations
- Focus on companies with durable business practices
- Emphasis on management quality

Active Ownership

- Targeting positive change through ongoing engagement and proxy voting
- Focus areas to supplement company-specific engagement
- Monitoring engagement outcomes



Portfolio themes

Long-term thematic research drives top-down views

Investment themes	Ways to play
Domestic Consumption	<ul style="list-style-type: none">▪ Value conscious▪ Local brands▪ Experiences
Financialisation	<ul style="list-style-type: none">▪ Deposit franchises▪ Behavioural insurance▪ Capital markets
Technology Transformation	<ul style="list-style-type: none">▪ Software and services▪ AI enablers▪ Smart manufacturing
Health & Wellness	<ul style="list-style-type: none">▪ Healthy living▪ Drugstores▪ Medical services
Future Infrastructure	<ul style="list-style-type: none">▪ Electrification▪ Smart grid▪ Transition materials

Investment process

Investment checklist

Ticker: Company A Ticker
 Name: Company A
 Date:
 FYE:
 Acc. Std.:
 Filled by:

Score	ESG Score¹
82	75

Valuation	85	Management and ESG	80	Franchise	80
1 How attractive are traditional valuation multiples (PE, PBV, EV / EBITDA) relative to the peer group?		6 How strong is the management team? Does management have a good track record in terms of execution?		12 What is the company's competitive advantages, how sustainable are these advantages and is there scope for improvement? How should we think about the competitive landscape?	
2 How much upside is there on HOLT? What are the key assumptions used? How do we think about sustainability of returns?		7 Do the company's products or services have a positive impact on society? Are the company's products or services helping to fight climate change?		13 How much visibility do we have in terms of the growth outlook for the company? Is the company exposed to any structural themes that we have identified?	
3 Why is the stock cheap? What are the key drivers behind a re-rating potential? Is there a discrepancy between the quality of the company and the perception?		8 Are there any environmental risks? How is the company positioned for climate change? Are there any issues flagged by sustainalytics or MSCI?		14 Does the company generate any FCF? Are there any working capital issues?	
4 What is the company's formal dividend policy? How sustainable is the current dividend? Is there scope for an increase?		9 How does the company think about social risks? Are there any issues flagged by sustainalytics or MSCI?		15 What is the management approach to the balance sheet? Is there scope for the leverage ratios to improve?	
5 What is the main risk for the stock? (industry, company, political or regulatory)		10 Are there any corporate governance concerns? How does the company score with respect to red flags checklist?			
		11 Are there any accounting concerns from the GMT accounting quality screen?			
Valuation (40% weighting)		Management and ESG (30% weighting)		Franchise (30% weighting)	

Conviction / holding period

Source: For illustrative purposes only.

¹The ESG score is proprietary, and the scores range from 0-100 (100 being the highest).



Portfolio construction

Robust and high conviction process

Decision making process

- Ongoing team discussions
- Weekly meetings
- Lead Portfolio Manager makes ultimate decision

Portfolio construction

- Diversified portfolio of 60-80 stocks
- Dividend focus (target portfolio dividend yield > benchmark)
- Position size determined by conviction
- Sell discipline

Risk management and portfolio engineering

- Alignment of investment philosophy and investment experience
- Detailed active risk decomposition and management
- Alpha capture and attribution analysis
- Active monitoring of tracking error and beta

RBC Emerging Markets Dividend Fund

A distinctive approach

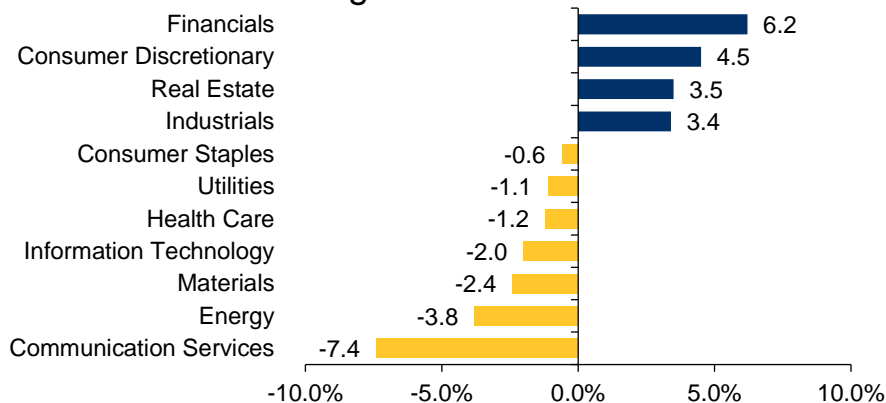
- Emphasis on undervalued companies with catalyst for rerating
- Distinctive blend of top-down thematic research and fundamental company analysis
- Centralised team dedicated to proprietary and differentiated research
- Focus on quality and durable business practices
- Corporate governance built into process
- Diversified portfolio with a value and dividends bias

Characteristics and performance

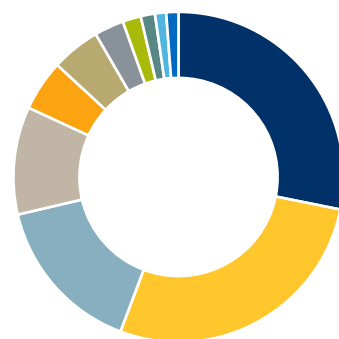
Portfolio characteristics

RBC Emerging Markets Dividend Fund

Relative sector weights

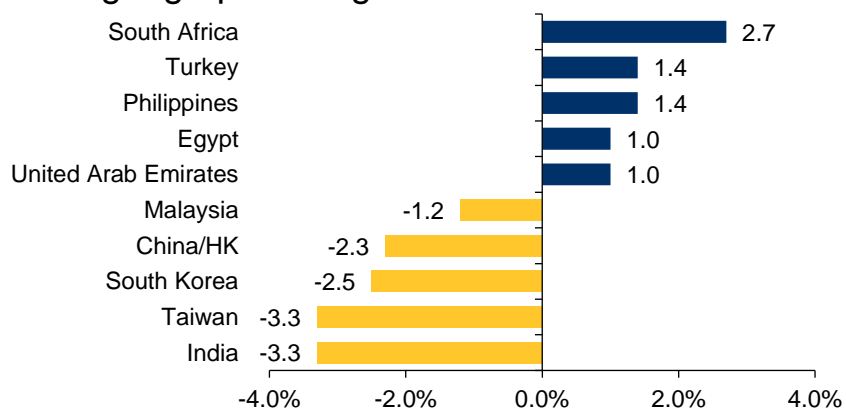


Sector allocation

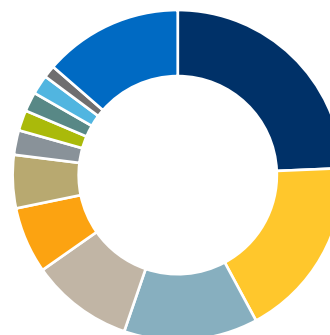


Sector	Portfolio (%)
Information Technology	28.3
Financials	27.7
Consumer Discretionary	15.7
Industrials	10.6
Materials	5.0
Real Estate	4.8
Consumer Staples	2.9
Health Care	1.8
Communication Services	1.4
Utilities	1.1
Cash	1.2

Relative geographic weights



Geographic allocation



Region	Portfolio (%)
China/HK	24.3
Taiwan	17.8
South Korea	13.1
India	10.0
South Africa	6.5
Brazil	5.2
United Arab Emirates	2.4
Vietnam	2.0
Saudi Arabia	1.9
Turkey	1.9
Cash	1.2
Other	13.6

As at 31.01.2026

Source: RBC Global Asset Management, MSCI. The MSCI EM Net Index is the benchmark for the strategy. 'Other' represents remaining geographies for Geographic allocation. Figures may not sum to 100% due to rounding. Portfolio Characteristics presented above are those of a representative account in the strategy.

Top ten holdings

RBC Emerging Markets Dividend Fund

Issuer	Country	Sector	Portfolio	Benchmark ¹	Dividend yield
TSMC	Taiwan	Information Technology	9.3	12.5	1.1
Samsung Electronics	South Korea	Information Technology	6.2	5.3	1.1
Alibaba	China/HK	Consumer Discretionary	4.3	3.3	0.6
SK hynix	South Korea	Information Technology	3.0	3.1	0.3
Axis Bank	India	Financials	2.7	0.3	0.1
China Merchants Bank	China/HK	Financials	2.5	0.3	5.0
ASE Technology	Taiwan	Information Technology	2.4	0.3	1.8
Naspers	South Africa	Consumer Discretionary	2.3	0.4	0.5
China Resources Land	China/HK	Real Estate	2.3	0.1	4.7
Shriram Finance	India	Financials	2.1	0.1	1.0
Total (%)			36.9	25.8	Wgt Avg: 1.4

As at 31.01.2026

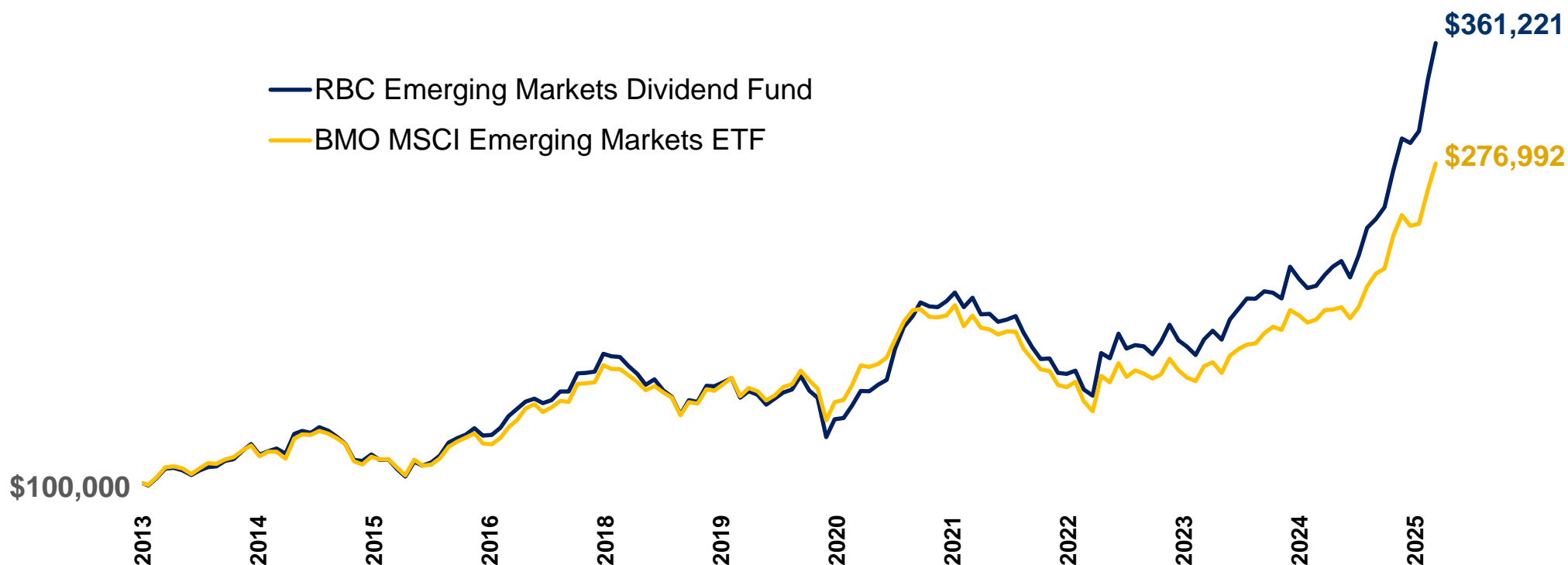
Source: RBC GAM. Weights reflect actual positions, cash positions not shown. ¹The MSCI Emerging Markets Net Index is the benchmark for the strategy. Portfolio characteristics are subject to change. Not a recommendation to buy or sell any specific security.

RBC Emerging Markets Dividend Fund

Performance versus passive index ETF – Net of fees

Return (%)	1 Yr	3 Yr	5 Y	10 Yr
RBC Emerging Markets Dividend Fund	56.9	25.6	11.5	12.9
BMO MSCI Emerging Markets ETF	41.8	20.6	7.2	10.4
<i>Difference</i>	+15.1	+5.0	+4.3	+2.5

Growth of \$100,000 – Since inception



Source: RBC GAM, Morningstar. Fund performance is series F, net of management fees in Canadian dollars as of February 28, 2026. Cumulative chart on bottom is from August 12, 2013 (inception date of the RBC Emerging Markets Dividend Fund) to February 28, 2026. Annualized returns over this time period: RBC Emerging Markets Equity Fund (series F) 10.5%, BMO MSCI Emerging Markets ETF 8.6%.



Disclosures

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