



Quarterly Commentary

Emerging market equities had a challenging quarter in the face of an unexpected and rapid oil price decline. Russia turned in the worst performance, whilst Chinese equities were boosted by a surprise interest rate cut. Energy and Materials continued to be the laggards, while Financials and IT were the only two sectors to post positive returns.

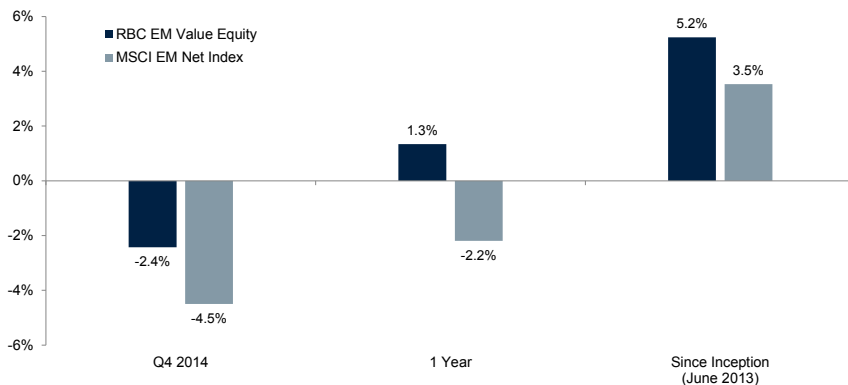
The strategy outperformed the benchmark by 2.1%. Stock selection in Financials and Industrials were the strongest contributors to relative returns, particularly names held in the Chinese Financials sub-sector. Stock selection in Consumer Staples and Telcos also benefitted returns. The underweight position in Energy was also a positive.

The main negative was stock selection in Materials although the substantial underweight to this sector was a positive.

Despite the overall mixed environment for emerging markets, we identify a number of investment opportunities from within sectors. As the divergence across countries, industries and companies looks set to last, our focus on free cash flow generation, balance sheet strength and minority friendly management remain key. Valuations in emerging markets are attractive and we believe our diversified portfolio with a value, momentum and dividend bias, will continue to deliver strong returns.

Investment Performance

Trailing performance as of 31 December 2014



Portfolio Characteristics

	RBC EM Value	MSCI EM Net Index
P/B Ratio (Trailing 12 mos)	1.2	1.4
Dividend Yield	3.4%	2.8%
Earnings Yield	11.0%	8.4%
FCF Yield	4.4%	3.3%
Price/Sales Ratio	0.8	0.9
Price/Earnings Ratio	8.7	11.0
Market Cap Distribution		
> \$20 billion	49.9%	47.5%
\$10 - \$20 billion	9.6%	19.3%
\$3 - \$10 billion	18.5%	27.3%
\$1.5 - \$3 billion	5.8%	5.4%
< \$1.5 billion	16.2%	0.6%

Top Ten Holdings

Company Name	Country	Weight
Samsung Electronic	Korea	4.1%
Bank of China	China/HK	3.3%
TSMC	Taiwan	3.2%
China Construction Bank	China/HK	3.1%
China Mobile	China/HK	2.6%
Naspers	South Africa	2.1%
Itaú Unibanco	Brazil	2.1%
Hyundai Motor Co	Korea	1.8%
China Petroleum & Chemical Corp	China/HK	1.7%
Infosys	India	1.6%

EMERGING MARKETS VALUE EQUITY

31 December 2014

Strategy Overview

- \$252 million Assets Under Management
- Inception: June 2013
- Benchmark: MSCI EM Net Index
- Vehicles: Segregated Account
- Portfolio Managers:
Laurence Bensafi and Matthieu Negre

Investment Philosophy & Style

- Value stocks with good fundamentals will re-rate
- Dividend paying companies possess desirable quality characteristics
- Emphasis on value with factor adjustment
- Free cash flow generation, balance sheet strength, and minority shareholder friendly management are key

Investment Process

- Proprietary screens find undervalued stocks
- In-depth company-level research drives final security selection
- Corporate Governance check-list manages potential risks

Portfolio Construction

- Diversified portfolio of 70-100 companies
- Position size determined by our proprietary model provides target upside
- 60-80% contribution from stock selection

About RBC Global Asset Management

- Over \$300 billion Assets Under Management
- Offices in North America, Europe and Asia
- Over 300 investment professionals globally
- Part of Royal Bank of Canada, one of the highest rated, largest and safest banks in the world*

For more information, please contact:

Paul Williams, Head of EMEA Business Development
 Email: paul.t.williams@rbc.com
 Tel: +44 (0) 20 7429 8269

Anne-Sophie Girault, EMEA Business Development
 Email: anne-sophie.girault@rbc.com
 Tel: +44 (0) 20 7429 8188

Oliver Cooper, EMEA Business Development
 Email: oliver.cooper@rbc.com
 Tel: +44 (0) 20 7429 8126

Kelly Walsh, Head of Consultant Relations
 Email: kelly.walsh@rbc.com
 Tel: +44 (0) 20 7429 8263

Disclosures

This document is being provided by RBC Global Asset Management (UK) Limited, part of RBC Global Asset Management. This document may not be reproduced in whole or part, and may not be delivered to any person without the consent of RBC Global Asset Management. This document is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any investment strategy and should not be construed as tax or legal advice. Not all products, services or investments described herein are available in all jurisdictions and some are available on a limited basis only, due to local regulatory and legal requirements.

Past performance is not indicative of future results. The information contained in this report has been compiled by RBC Global Asset Management and/or its affiliates from sources believed to be reliable, but no representation or warranty, express or implied is made to its accuracy, completeness or correctness. With all investments there is a risk of loss of all or a portion of the amount invested.

This document contains the current opinions of RBC Global Asset Management and is not intended to be, and should not be interpreted as, a recommendation of any particular security, strategy or investment product. Unless otherwise indicated, all information and opinions herein are as of the date of this document. All information and opinions herein are subject to change without notice.

RBC Global Asset Management is the name used for certain investment advisory subsidiaries of the Royal Bank of Canada. RBC Global Asset Management is the asset management division of Royal Bank of Canada and includes RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management Inc., RBC Global Asset Management (UK) Limited, RBC Alternative Asset Management Inc. and BlueBay Asset Management LLP, which are separate, but affiliated, corporate entities.

RBC Global Asset Management (UK) Limited is authorised and regulated by the Financial Conduct Authority.

©/™ Trademark(s) of Royal Bank of Canada.

*Ratings: S&P: AA-, Moody's: Aa3 (Bloomberg, 30.09.2014)

Ranked 5th largest bank in North America and 12th globally based on market capitalization (Bloomberg, 30.09.2014)

Ranked 2nd safest bank in North America and 16th globally (Global Finance, September 2014)

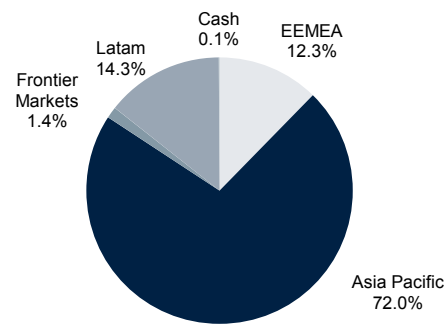
All information as at 31.12.2014 and in US dollars

GUK/15/009/MAY15/A

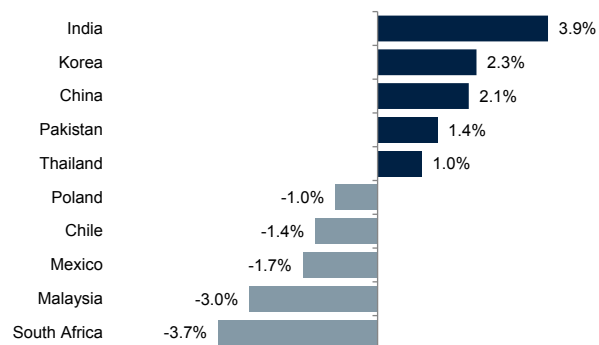


RBC Global Asset Management

Regional Allocation

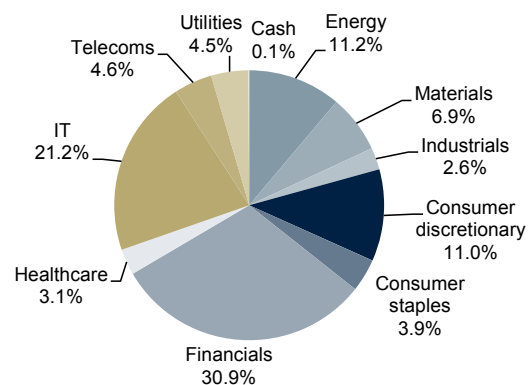


Relative Active Country Weights



Relative active country weights also include: Peru, Egypt, Turkey, Brazil, Russia and Philippines all at less than 1%. Taiwan, UAE, Greece, Colombia, Czech Republic, Hungary, Indonesia and Qatar all at less than -1%. Benchmark: MSCI EM Net Index. Source MSCI and RBC Global Asset Management

Sector Allocation



Relative Active Sector Weights

