

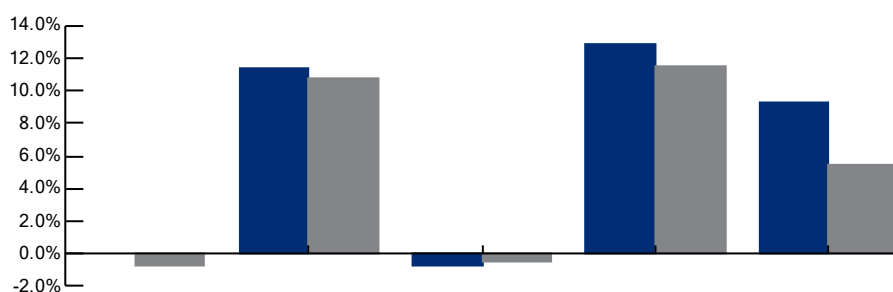


# RBC Asia ex-Japan Equity

## Quarterly Commentary

The RBC Asia ex-Japan strategy returned 0.01% over the second quarter, outperforming its benchmark, the MSCI Asia ex-Japan Index, which returned -0.66%. Stock selection was the main driver of performance. Our holding in Thai convenience store operator CP All was one of the biggest contributor to returns. CP All continues to benefit from the Thai government's ongoing stimulus measures, which has led to rising household incomes and consumption. Bajaj Finance, a financial services company that offers personal loans also performed strongly. Bajaj continues to benefit from increased financial services penetration in India and strong demand for consumer loans. Bajaj has also widened its product offerings to include credit cards, attracting a new set of customers. The biggest detractor in our holdings was Yes Bank, an Indian bank. Asset quality in the corporate loan book has deteriorated significantly. Yes Bank has also indicated it likely will require an equity issuance in the near term, putting further downside pressure on its share price.

## Investment Performance



Annualised (%)	QTR	YTD	1YR	3YR	SI
Strategy (Gross)	0.01	11.40	-0.71	12.82	9.25
Benchmark	-0.66	10.70	-0.48	11.50	5.48

Calendar Year (%)	2018	2017	2016	2015	2014	Cumulative SI
Strategy (Gross)	-13.17	45.91	4.74	-3.74	-	52.22
Benchmark	-14.37	41.72	5.44	-9.17	-	28.82

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

Source: RBC Global Asset Management, Rimes. Returns include the reinvestment of all income. Net calendar returns can be viewed in the GIPS appendix. Inception of the performance record is 01.10.2014.

Performance is presented as supplemental to the "GIPS® Compliant Presentation" which contains additional information regarding calculation of performance data.

## Portfolio Characteristics<sup>1</sup>

	Strategy	Benchmark
EBITDA Margin (ex Fin)	16.0%	16.2%
FCF Yield (ex Fin)	2.8%	4.1%
Return on Equity	11.0%	9.6%
Weighted Average Market Cap	\$106bn	\$103bn
Portfolio Turnover	87.3%	-
Active Share	70.1%	-
<b>Market Cap Distribution</b>		
<\$1.5 billion (Small)	6.3%	0.4%
\$1.5-\$3 billion (Medium/Small)	5.1%	3.5%
\$3-\$10 billion (Medium)	10.6%	19.2%
\$10-\$20 billion (Medium/Large)	12.2%	17.3%
> \$20 billion (Large)	65.7%	59.6%

## Top Ten Holdings<sup>1</sup>

Company Name	Country	Strategy (%)
Tencent	China	7.8
TSMC	Taiwan	6.0
AIA	Hong Kong	4.9
Ping An Insurance	China	3.8
HDFC Bank	India	3.5
Samsung Electronics	South Korea	3.3
Alibaba Holding	China	2.6
CP ALL	Thailand	2.5
DBS	Singapore	2.4
CK Infrastructure	Hong Kong	2.4

## Strategy Overview

- \$13 million Assets Under Management
- Inception: October 2014
- Benchmark: MSCI AC Asia Ex-Japan Net Index
- Vehicles: SICAV

## Investment Philosophy & Style

- Businesses with high and/or improving return on capital
- We look to buy stocks that we perceive to be at a significant discount to long term fair value
- A disciplined and unconstrained view of the benchmark

## Investment Process

- Systematic filtering to eliminate high risk investment ideas and narrow research universe
- Repeatable, disciplined idea generation using proprietary quantitative modelling
- In-depth, on-the-ground research
- Substantive ESG analysis

## Portfolio Construction

- High conviction portfolio with sizeable active positions
- No single stock 'underweights'; sizeable off-benchmark positions
- Disciplined risk management monitoring factor exposures

## Investment Team\*

**Mayur Nallamala**, Head of RBC Asian Equity, Portfolio Manager

Industry Experience: 21 years

\*Industry experience is updated annually.

## About RBC Global Asset Management

- Over \$345 billion Assets Under Management
- Offices in North America, Europe and Asia
- Over 340 investment professionals globally
- Part of Royal Bank of Canada (RBC), one of the highest rated and largest banks in the world\*

\*Ratings: S&P: AA-, Moody's: Aa2. Ranked 5th largest bank in North America and 10th globally based on market capitalisation (Bloomberg).

Past performance is not indicative of future results.

Source: RBC Global Asset Management, Russell, FactSet

<sup>1</sup>Supplemental information complements the RBC Asia ex-Japan Equity Composite presentation as provided in the "GIPS® Compliant Presentation". The information presented is derived from the representative account of the strategy. The representative account is the account in the composite that most closely reflects the current portfolio management style for the strategy.

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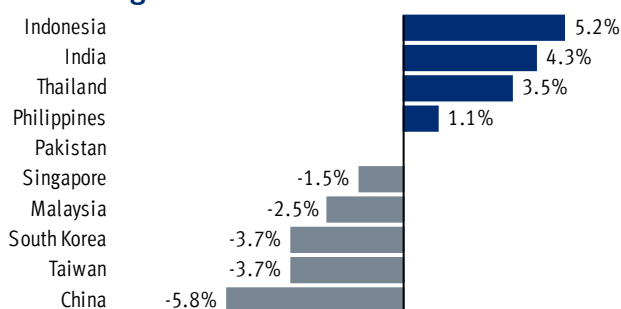
## Top Ten Benchmark Countries<sup>1</sup>

Country	Strategy (%)
China	31.1
India	14.8
Hong Kong	11.0
South Korea	10.7
Taiwan	8.9
Indonesia	7.7
Thailand	7.0
Singapore	2.4
Philippines	2.4
Malaysia	0.0

## Sector Allocation<sup>1</sup>

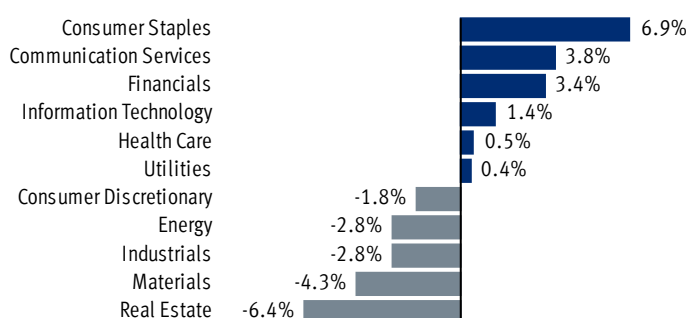
	Strategy (%)
Financials	27.6
Information Technology	17.6
Communication Services	16.1
Consumer Staples	12.0
Consumer Discretionary	11.5
Industrials	4.4
Utilities	3.8
Health Care	3.3
Energy	1.6
Materials	0.4
Cash	1.6

## Relative Weights for Benchmark Countries<sup>1</sup>



Top and bottom 5 relative country weights.

## Relative Sector Weights<sup>1</sup>



## Risk Characteristics

3 Years

	Alpha (%)	Beta	Standard Deviation (%)	R-Squared (%)	Upside Capture (%)	Downside Capture (%)	Sharpe Ratio
Strategy (Gross)	1.9	0.9	14.2	89.4	104.9	98.4	0.8
Benchmark	-	-	14.3	-	-	-	0.7

\* CFROI<sup>®</sup> is an approximation of the economic return, or an estimate of the average real internal rate of return, earned by a firm on the portfolio of projects that constitute its operating assets. HOLT<sup>®</sup> and CFROI<sup>®</sup> are trademarks of Credit Suisse Group AG or its affiliates.

# GIPS® Compliant Presentation, as at June 30, 2019

## RBC GAM Asian Equity - Excluding Japan

Inception Date: October 1, 2014

Benchmark: MSCI AC Asia ex-Japan Total Return Net Index (USD)

Currency: USD

### Annual Returns

Year End	Composite Gross Return (%)	Composite Net Return (%)	Benchmark Return (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	Number of Portfolios	Internal Dispersion (%)	Composite Assets (millions)	Firm Assets (millions)
2014/10 - 2014/12	6.97	6.72	0.12	n/a	n/a	1	-	6.0	302,064.4
2015	-3.74	-4.65	-9.17	n/a	n/a	1	-	7.8	276,979.3
2016	4.74	3.75	5.44	n/a	n/a	1	-	10.2	289,538.6
2017	45.91	44.53	41.72	14.07	14.83	1	-	13.0	331,885.2
2018	-13.17	-13.99	-14.37	14.70	14.60	1	-	12.5	305,983.2
YTD 2019	11.40	10.87	10.70	14.25	14.26	1	-	12.5	345,911.9

**Description of the Firm:** For the purposes of Global Investment Performance Standards (GIPS®), RBC Global Asset Management is the asset management division of Royal Bank of Canada (RBC), operating under the following brands: RBC Global Asset Management (RBC GAM) in Canada, the U.S. (institutional), the U.K. and Hong Kong; Phillips, Hager & North Investment Management (institutional); and BlueBay Asset Management (institutional). With offices around the world, RBC GAM offers a full range of global investment solutions in cash management and fixed income, equity, balanced, alternative and specialty investment strategies through mutual funds, hedge funds, pooled funds and separately managed accounts. The RBC GAM group of companies has more than C\$417 billion (US\$305 billion) in assets under management as at December 31, 2018. RBC purchased Phillips, Hager & North Investment Management, including the assets of BonaVista Asset Management, on May 1, 2008, and BlueBay Asset Management on December 17, 2010. A complete list and description of the firm's composites and performance results is available upon request.

**Compliance Statement:** RBC GAM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. RBC GAM has been independently verified for the periods January 1, 2002 through December 31, 2018. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Asian Equity - Excluding Japan composite has been examined for the periods October 1, 2014 - December 31, 2018. The verification and performance examination reports are available upon request.

**Composite Description:** The Asian Equity - Excluding Japan composite provides long-term total returns principally through capital appreciation. The Fund invests primarily in equity securities of companies domiciled within Asian markets excluding Japan.

**Benchmark:** The benchmark is the MSCI AC Asia ex Japan net index. The Index is designed to measure the equity market performance of the Asia region excluding Japan. Index returns are provided for comparison purposes to represent the investment environment existing during the time periods shown. An index is fully invested, includes the reinvestment of dividends and capital gains, but does not include any transaction costs, management fees, or other costs. Holdings of each separately managed account in a composite will differ from the index. An investor may not invest directly in an index.

**Gross of Fees:** Gross of fees performance returns are presented before management fees and administrative fees, but after all trading expenses. Returns are presented net of withholding taxes on dividends, interest income and capital gains where applicable.

**Net of Fees:** Net of fee performance is calculated using the maximum stated annual fee of 0.95% calculated and applied monthly.

**Performance Calculations:** Results are based on all fully discretionary accounts meeting the composite definition, including those accounts no longer with the firm. Returns are shown in U.S. Dollars, and include the reinvestment of all income. Additional information regarding policies for valuing portfolios, calculating performance, and preparing presentations is available upon request. Past performance is not indicative of future results.

**Composite Dispersion:** The composite dispersion of annual returns is indicated by the performance of individual accounts representing the equal weighted standard deviation of returns. Dispersion of returns is calculated for portfolios included in the composite for the full year.

**3-Year Standard Deviation:** Periods with less than 3 years of data will show "n/a".

**Derivatives, Leverage and Short Positions:** The portfolios may use derivatives for hedging purposes, and may also use derivatives such as options, futures, forwards and swaps for non-hedging purposes as a substitute for direct investment, as long as the portfolio's use of derivatives is consistent with its investment objectives. Currency hedging is used primarily as a risk management tool to limit the volatility of portfolio returns and may be used tactically to enhance returns. Currency hedge ratios can range between 0-100%, depending on asset class and mandate. No leverage has been used in any of the portfolios contained in the composite.

**Fee Schedule:** The management fee schedule is as follows: For U.S. clients: 0.95% for the first US\$50mm, 0.85% on the next US \$50mm, and 0.80% for all assets over US\$100m. Advisory fees are described on this page and on Form ADV Part 2A. RBC GAM reserves the right to negotiate all advisory fees.

**Minimum Account Size:** Currently there is no minimum account size in order to be included in this composite.

**Creation Date:** This composite was created on October 1, 2014.

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