



RBC Emerging Markets Value Equity

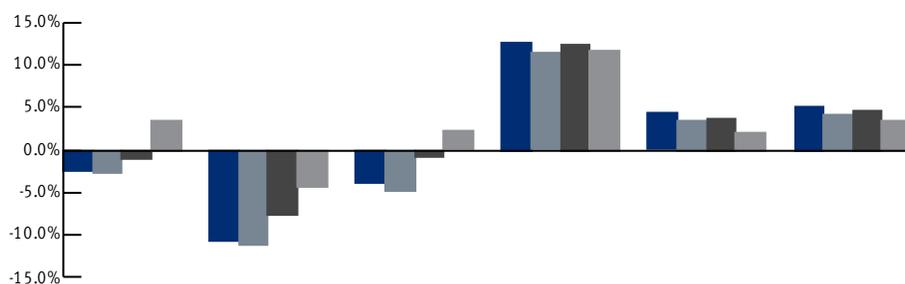
Quarterly Commentary

Emerging market (EM) equities fell by -1.1% in the third quarter. This masks substantial volatility over the period. Wide dispersion in country performance was the key driver of EM equity returns. Thailand, Mexico and Taiwan were the top performers, while Turkey, China and South Africa were among the worst.

Thailand held up well as export data was strong and positive revisions were made to 2018 GDP forecasts. Mexico elected Andrés Manuel López Obrador as president. Despite initial fears, markets were comforted by his moderate stance. A new US-Mexico-Canada Agreement to replace NAFTA was announced. Turkey's poor performance was driven by concerns over President Erdogan's monetary policy influence and refusal to raise interest rates. China has been weak on the back of escalating trade tensions with the US. Weakness in the Chinese information technology sector was due to increased regulation by Chinese authorities and elevated valuations following last year's gains. Energy was the winning sector driven by strong oil prices. Consumer discretionary was the worst performing, followed by health care.

Underperformance was due to stock selection and country positioning, while sector positioning added to relative returns. An overweight to the energy sector added to relative returns - offset by poor stock selection in financials. At the country level, stock selection was strong in China - offset by poor stock selection in Taiwan and Korea.

Investment Performance



	QTR (%)	YTD (%)	1YR (%)	3YR (%)	5YR (%)	SI (%)
Composite (Gross)	-2.47	-10.59	-3.98	12.54	4.29	5.10
Composite (Net)	-2.70	-11.23	-4.88	11.48	3.30	4.10
Benchmark	-1.09	-7.68	-0.81	12.36	3.61	4.55
Secondary Benchmark	3.44	-4.28	2.27	11.55	2.04	3.30

Past performance is not indicative of future results.

Source: RBC Global Asset Management, Rimes

Inception of the performance record is 7.1.13.

Returns are presented in gross and net of fees and include the reinvestment of all income. All returns for periods greater than one year are shown on an annualized basis. Performance and composite information presented is supplemental to the "GIPS® Compliant Presentation" which contains additional information regarding calculation of performance data. The secondary benchmark is used for comparison purposes to the value segment of the EM universe.

Portfolio Characteristics¹

	Strategy	Benchmark
P/B Ratio (Trailing 12 mos)	1.4	1.6
Dividend Yield	3.9%	3.1%
Earnings Yield	9.6%	7.8%
FCF Yield (ex Financials)	4.1%	3.7%
P/E Ratio (Forward 12 mos)	8.7	11.1
Weighted Average Market Cap	\$83.2bn	\$88.6bn
12-Month Turnover	64.2%	-
Active Share	75.2%	-
Market Cap Distribution		
<\$1.5 billion (Small)	11.7%	0.4%
\$1.5-\$3 billion (Medium/Small)	9.4%	4.1%
\$3-\$10 billion (Medium)	26.0%	22.2%
\$10-\$20 billion (Medium/Large)	6.9%	17.5%
> \$20 billion (Large)	46.0%	55.8%

Top Ten Holdings¹

Company Name	Country	Strategy (%)
Samsung Electronics	Korea	5.1
Alibaba Group Holding	China\HK	4.1
China Construction Bank	China\HK	3.9
Industrial & Commercial Bank of China	China\HK	3.7
Taiwan Semiconductor	Taiwan	3.4
Naspers	South Africa	3.0
Ping An Insurance Group	China\HK	2.8
CNOOC	China\HK	2.3
Reliance Industries	India	2.1
Vale S.A.	Brazil	1.7

Strategy Overview

- \$802 Million Assets Under Management
- Inception: July 2013
- Benchmarks: MSCI EM Net Index (Primary), Secondary: MSCI EM Value Net Index
- Vehicles: Segregated Account, SICAV (ISIN: LU1217269478), US '40 Act, Canadian Mutual Fund

Investment Philosophy & Style

- Value stocks with good fundamentals should outperform over time
- 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 checklist manages potential risks

Portfolio Construction

- Diversified portfolio: 70-90 issues
- Position size determined by proprietary model which provides target upside
- 60-80% contribution from stock selection

Investment Team

Philippe Langham, Head of RBC Emerging Markets Equity, Senior Portfolio Manager
Industry Experience: 26 years

Laurence Bensafi, CFA, Deputy Head of RBC Emerging Markets Equity
Industry Experience: 18 years

Guido Giammattei, Head of Research, Portfolio Manager
Industry Experience: 20 years

Veronique Erb, Portfolio Manager
Industry Experience: 18 years

Zeena Dahdaleh, CFA, Portfolio Manager
Industry Experience: 11 years

Richard Farrell, CFA, Portfolio Manager
Industry Experience: 11 years

Christoffer Enemaerke, CFA, Portfolio Manager
Industry Experience: 8 years

Ashna Yarashi, Associate Portfolio Manager
Industry Experience: 6 years
Industry experience is updated annually.

About RBC Global Asset Management

- Over \$330 billion Assets Under Management
- Offices in North America, Europe and Asia
- Over 300 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 (Bloomberg, 9.30.18). Ranked 5th largest bank in North America and 10th globally based on market capitalization (Bloomberg, 9.30.18).

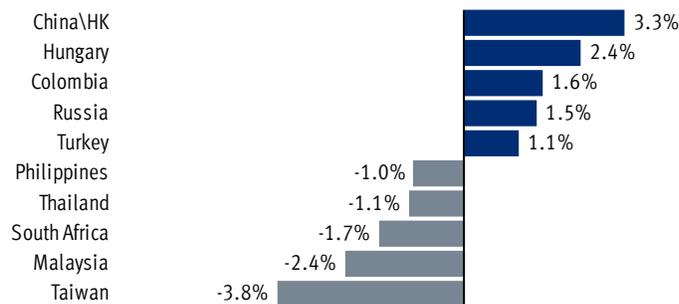
Top Ten Benchmark Countries¹

Country	Strategy (%)
China\HK	34.3
Korea	13.9
India	9.0
Taiwan	8.5
Brazil	6.9
Russia	5.2
South Africa	4.3
Hungary	2.7
Indonesia	2.6
Mexico	2.5

Sector Allocation¹

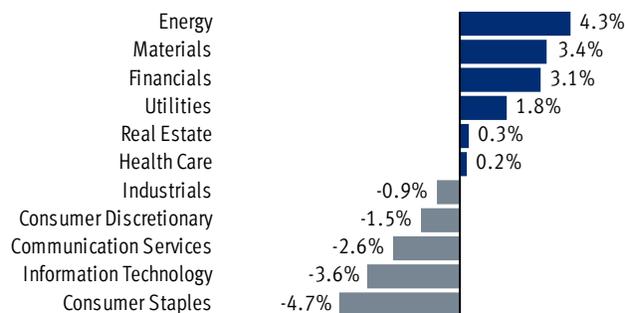
	Strategy (%)
Financials	26.3
Information Technology	23.3
Energy	12.5
Materials	11.2
Consumer Discretionary	7.5
Industrials	4.5
Utilities	4.2
Health Care	3.3
Real Estate	3.1
Communication Services	1.9
Consumer Staples	1.9
Cash	0.3

Relative Weights for Benchmark Countries¹



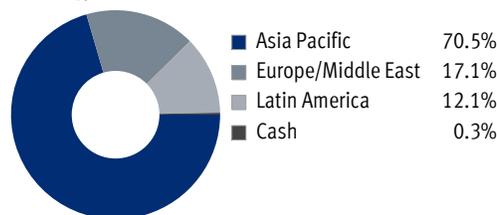
Top and bottom 5 relative weights for benchmark countries. Hong Kong is included as part of the overall China allocation although Hong Kong is not an official MSCI EM index constituent.

Relative Sector Weights¹

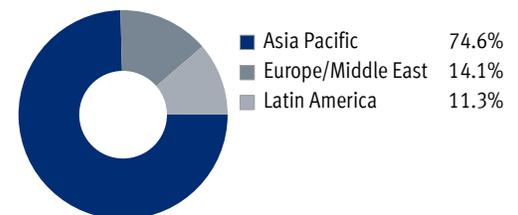


Regional Breakdown¹

Strategy



Benchmark



Past performance is not indicative of future results.

Source: RBC Global Asset Management, Rimes

¹Supplemental information complements the "GIPS® Compliant Presentation" as provided. The information presented are those of the representative account in the strategy. There is no guarantee that every account will be identical to the information presented here.

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GIPS® Compliant Presentation, as at September 30, 2018

RBC GAM Emerging Markets Equity - Value (USD)

Inception Date: July 1, 2013

Benchmark: MSCI Emerging Markets Total Return Net Index

Secondary Benchmark: MSCI Emerging Markets Value Total Return Net Index

Currency: USD

Annual Returns	Composite Gross Return (%)	Composite Net Return (%)	Benchmark Return (%)	Benchmark 2 Return (%)	Composite 3-Yr St Dev (%)	Benchmark 3-Yr St Dev (%)	Benchmark 2 3-Yr St Dev (%)	Number of Portfolios	Internal Dispersion (%)	Composite Assets (millions)	Firm Assets (millions)
2013/07 - 2013/12	6.68	6.17	7.70	7.70	n/a	n/a	n/a	1	-	93.4	296,003.0
2014	1.35	0.39	-2.19	-4.08	n/a	n/a	n/a	1	-	252.2	302,064.4
2015	-17.23	-18.01	-14.92	-18.57	n/a	n/a	n/a	2	-	334.2	276,979.3
2016	17.05	15.95	11.19	14.90	15.80	16.07	17.55	2	0.20	411.5	289,538.6
2017	38.61	37.30	37.28	28.07	15.11	15.35	16.59	2	0.16	740.0	331,885.2
YTD 2018	-10.59	-11.23	-7.68	-4.28	14.30	14.09	15.15	3	0.06	802.3	332,659.9

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\$331 billion) in assets under management as at December 31, 2017. 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, 2017. 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 Emerging Markets Equity - Value (USD) composite has been examined for the periods July 1, 2013 - December 31, 2017. The verification and performance examination reports are available upon request.

Composite Description: The Emerging Markets Equity - Value (USD) Composite includes all portfolios that invest in emerging market equities that provide regular dividend income through securities with above average dividend yield by RBC GAM directly. Prior to June 2014 the composite was presented as the Emerging Market Equity Dividend composite.

Benchmark: The benchmark is the MSCI Emerging Market net index. The Index is designed to measure the equity market performance of emerging markets. 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 is presented gross of all 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. Performance shown for the Emerging Markets Equity Dividend Composite is based on information generated by RBC Global Asset Management's internal performance systems, which may differ from the performance shown in official books and records of certain investment funds which form a part of the composite. Official books and records for certain investment funds which form a part of the composite include the impact of a fair value for market timing that is applied to certain securities as of the close of trading for the fund. For the purposes of calculating the Emerging Markets Equity Dividend Composite, we prepare a separate performance stream for such funds that eliminates the impact of this fair value adjustment. This second performance stream is used to calculate performance of the composite in an effort to better align the methodology for calculating composite performance with the methodology applied to calculate the benchmark. 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\$50m, 0.85% on the next US \$50m, 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 July 1, 2013 and has an inception date of July 1, 2013.

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