

Press release

Robeco launches Emerging Markets ex-China Equities fund

Rotterdam, 26 March 2024 – Robeco is launching its Emerging Markets ex-China Equities fund. This SFDR Article 8 fund allows investors to calibrate its China exposure separately. Given China's significant market size, its current dominance in emerging markets (EM) portfolios, and specific factors such as geopolitics and regulatory policy that could affect performance, Robeco has chosen this setup, offering investors a more balanced exposure to the EM opportunity. The EM ex-China strategy builds on Robeco's 30-year track record in fundamental EM investing.

The new actively managed strategy enables investors to carve out China from their EM allocation and gain more exposure to smaller EM economies under-represented in the main index, such as Korea, Taiwan and Brazil. It invests in over 1,100 companies, in high-growth sectors like fintech and semiconductors. The fund consists of a diversified portfolio of 60 to 80 stocks, selected with a value tilt, targeting attractive valuations with potential earnings upside. It offers a unique blend of fundamental and quantitative research for stock selection, with the objective of achieving a better return than the index.

The dominance of China in portfolios has increased over the years. In 2000, Chinese stocks comprised only about 5% of the index¹, which at the time was dominated by the likes of South Korea, South Africa, Brazil, Mexico and Taiwan. But much has changed since then. China's economy has grown by a factor of 15, becoming the world's second largest economy. By comparison, South Korea's economy roughly tripled over the same period, while South Africa's and Taiwan's barely doubled.

As investor interest in China's remarkable growth story has surged, so too have Chinese equities' share of the MSCI EM Index. At the peak of the market in 2020, Chinese stocks accounted for nearly 40% of the index. Today, even after their recent downturn, they comprise roughly 25% of it by weight – one and a half times the proportion of Taiwanese stocks in the MSCI EM (17%), and nearly twice that of South Korean equities (13%).

Wim-Hein Pals, Head of Emerging Markets Equities at Robeco: "We are launching this fund to offer clients and prospects a more balanced exposure to the EM opportunity given China's dominance in the EM index. Given that emerging economies are growing faster than developed countries and have stronger balance sheets for governments, companies and households, we believe rebalancing may be overdue as investors globally are underexposed to EM ex-China."

¹ Chinese equities within the MSCI EM Index. Source: Morgan Stanley Capital International (MSCI) as of February 28, 2022.

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About Robeco

Robeco is a pure-play international asset manager founded in 1929 with headquarters in Rotterdam, the Netherlands, and 16 offices worldwide. A global leader in sustainable investing since 1995, its integration of sustainable as well as fundamental and quantitative research enables the company to offer institutional and private investors an extensive selection of active investment strategies, for a broad range of asset classes. On 30 September 2023, Robeco had EUR 176 billion in assets under management, of which EUR 173 billion is committed to ESG integration. Robeco is a subsidiary of ORIX Corporation Europe N.V. More information is available at www.robeco.com.