

25<sup>th</sup> October 2024

## **Emerging Markets Equities: Fundamental & Quant roundtable**

Jan de Koning  
Jan de Bruijn

Head of Quant Client Portfolio Management Team  
Client Portfolio Manager Emerging Markets Equities

## Emerging Markets Outlook

Positive on emerging markets – short & long term

“An unpredictable America looks more and more like an emerging market”

Source: Financial Times, 1<sup>st</sup> October, 2024

# Second growth wave is coming

## Rethinking the outlook for emerging markets

### A story of two halves

- > Commodity boom and China growth led the 1st wave.
- > Since 2011 EM have generally underperformed – a conflux of atypical events explains this.
- > The next wave will be very different and is expected to be led by 3 trends:
  - i. Technological advancement
  - ii. The rise of India
  - iii. Economic and political ascendancy

### The first wave



Source: MSCI as at end May 2011

# EM has advantages in the long term

Reshaping the world's economic and geopolitical foundations



## Technological Advancements:

- > EM are rapidly advancing in technology and innovation such as AI.
- > Korea / Taiwan are key global supply chain players
- > EM can tech 'leapfrog' - ability to scale faster than DM and higher adoption rates



## China Plus One – diversification and risk mitigation:

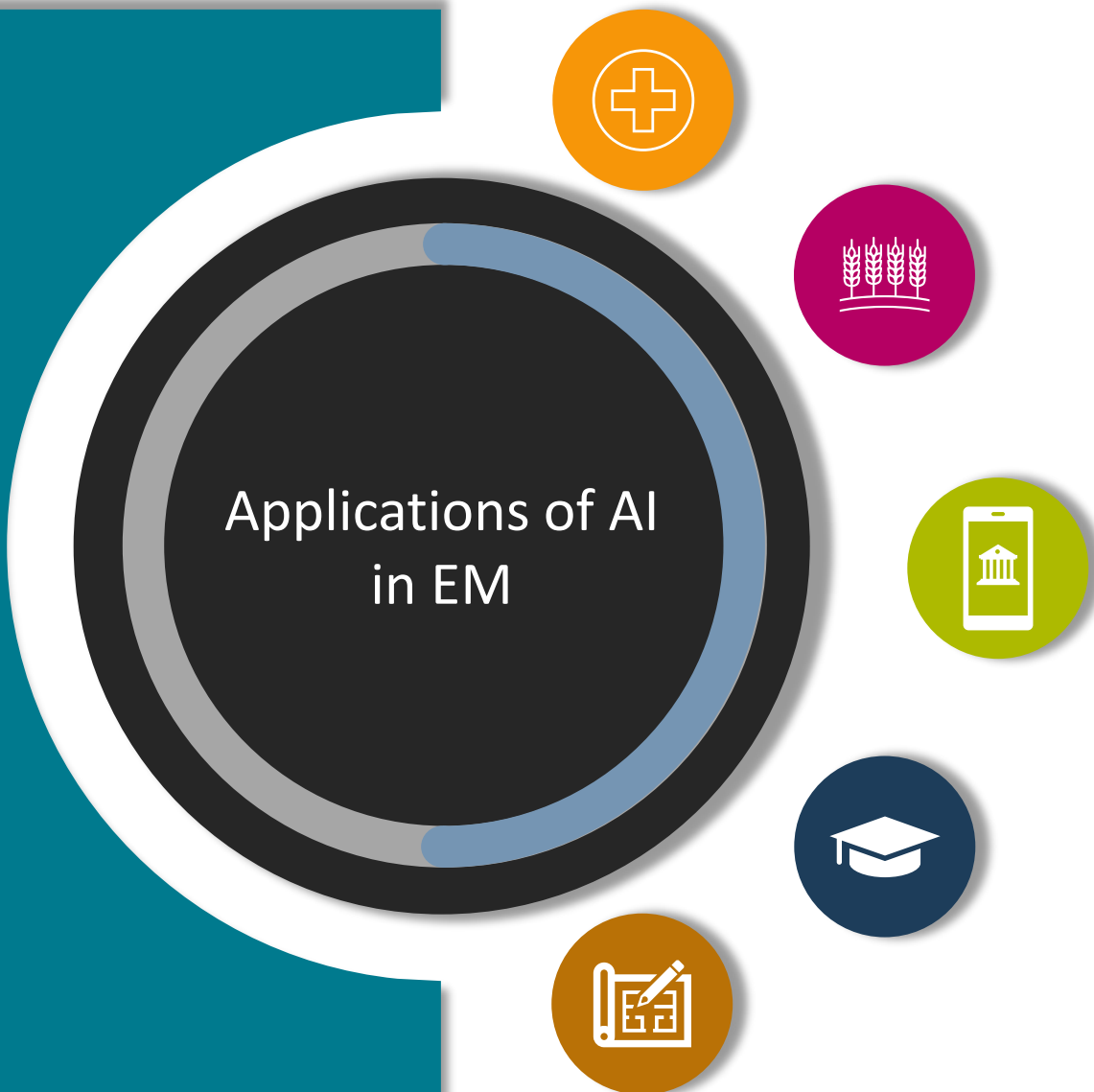
- > Offshoring
- > Near- & On- shoring
- > Friendshoring



## Economic Ascendancy to continue:

- > Countries such as India, Indonesia & Brazil are overtaking the West re economic size
- > EMs possess abundant natural resources and represent large consumer markets
- > This gives them greater bargaining power and influence in global trade negotiations

# AI Revolution: Transforming Emerging Markets into Global Powerhouses



## Applications of AI in EM

### Healthcare

- Diagnostics & Treatment
- Predictive Analytics
- Telemedicine

### Agriculture

- Precision Farming
- Supply Chain Optimization
- Drought Prediction

### Finance & Fintech

- Credit Scoring
- Fraud Detection
- Mobile Banking

### Education

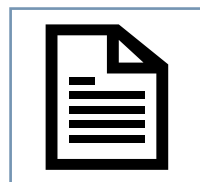
- Personalized Learning
- Teacher Support
- Language Learning

### Infrastructure

- Smart Cities
- Resource Management
- Disaster Response

# Brazil – the fintech story

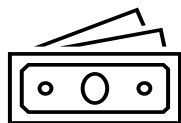
Brazilian Central Bank played a crucial role in fostering growth of fintech



**Regulatory Sandboxes**



**Open Banking Initiative**



**Instant Payment System (PIX)**



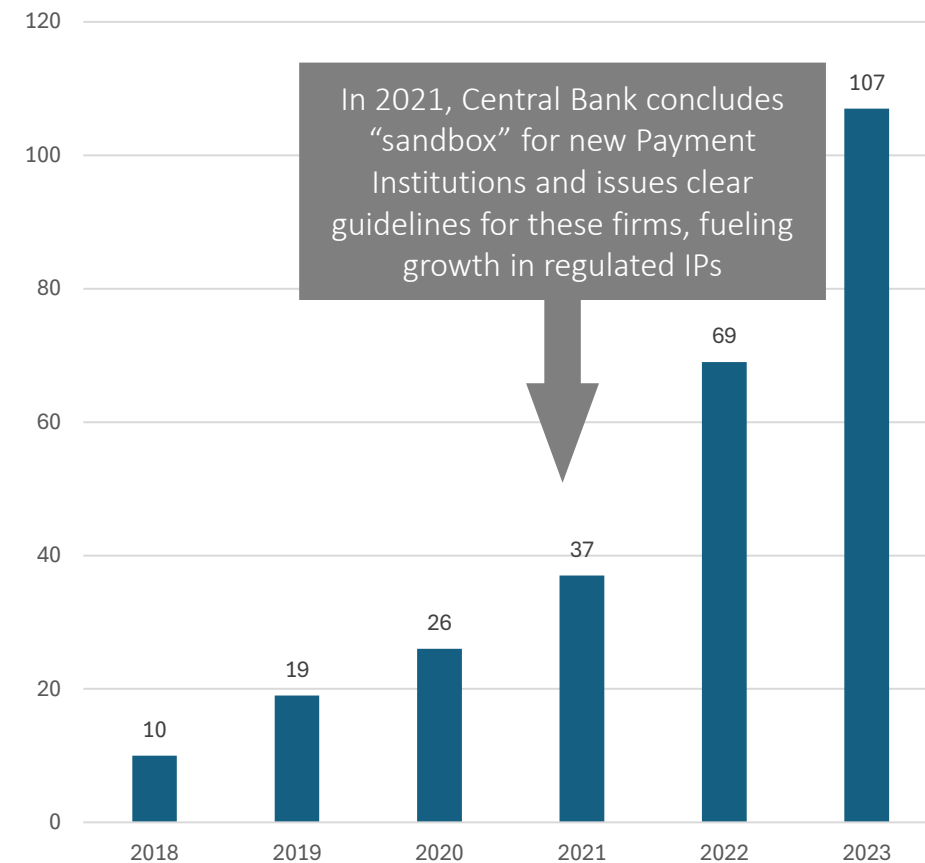
**Modernizing Financial Regulations**



**Promoting Competition & Financial Inclusion**

With a lighter regulatory burden for offering accounts and payments, new players emerged

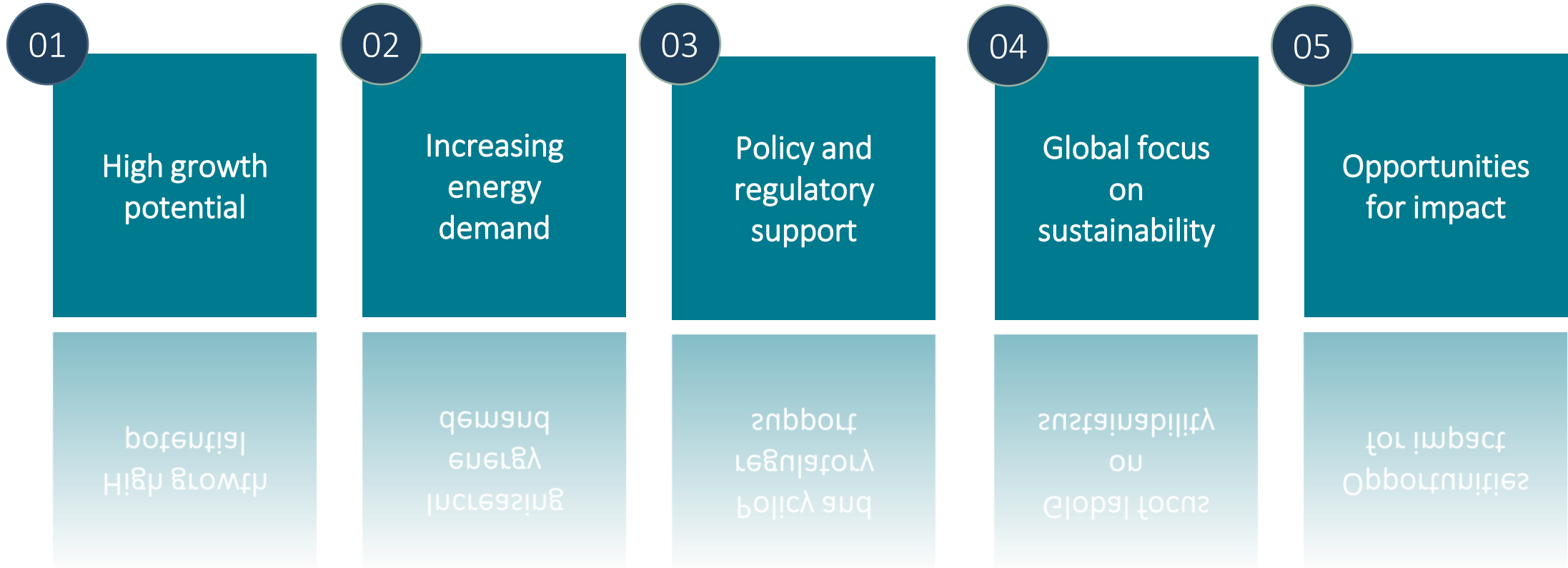
Regulated Payment Institutions (IPs)



Source: Central Bank of Brazil (2024)

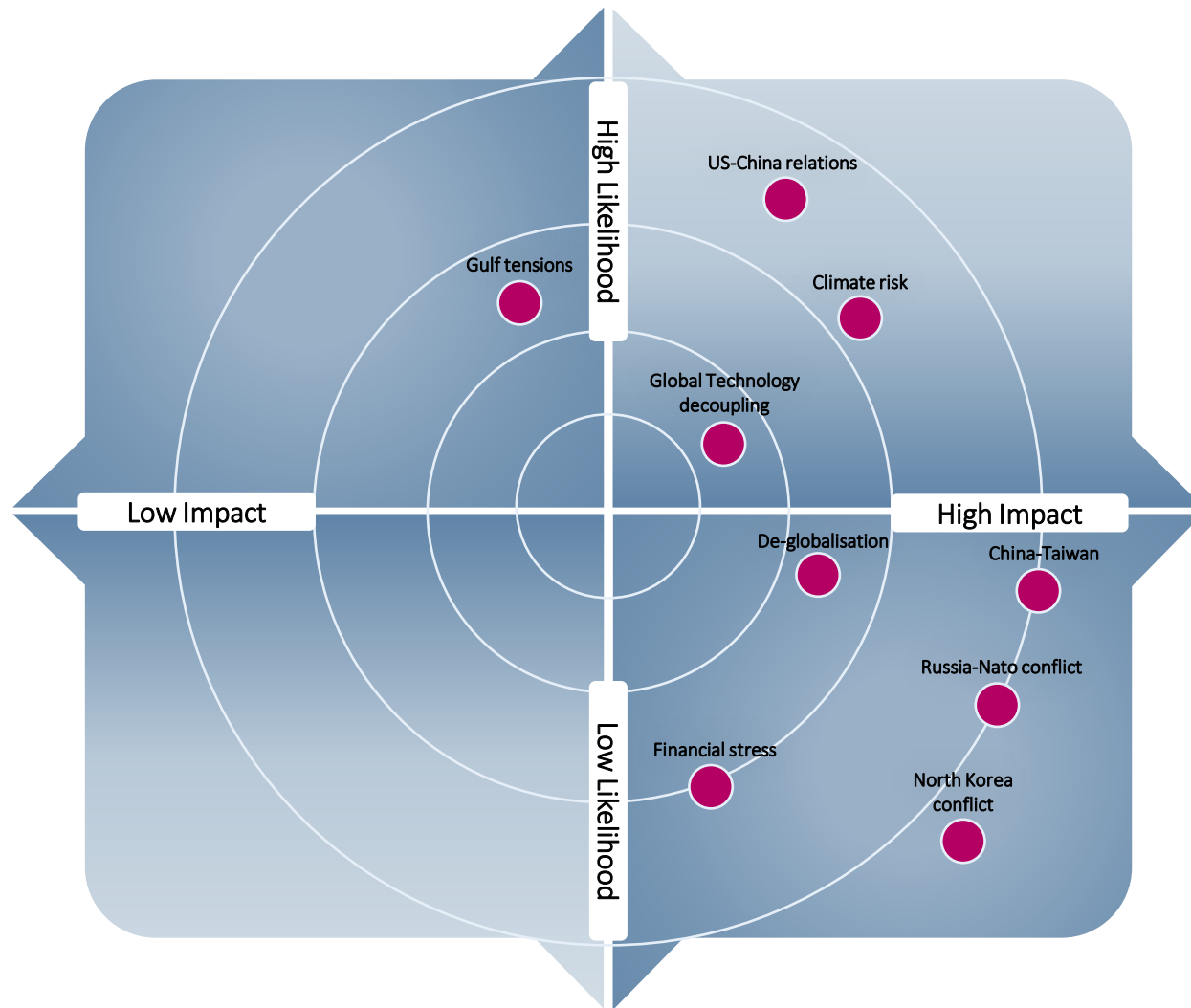
# Emerging markets are most at risk to climate change

But they also offer the best investment opportunities



## Geopolitics a much larger risk than historically

Geopolitical risk has risen significantly as the “new axis powers” (China, Russia, North Korea & Iran) forge closer ties



### The US election - the “known unknown”

Kamala Harris

48%

Donald Trump

46%

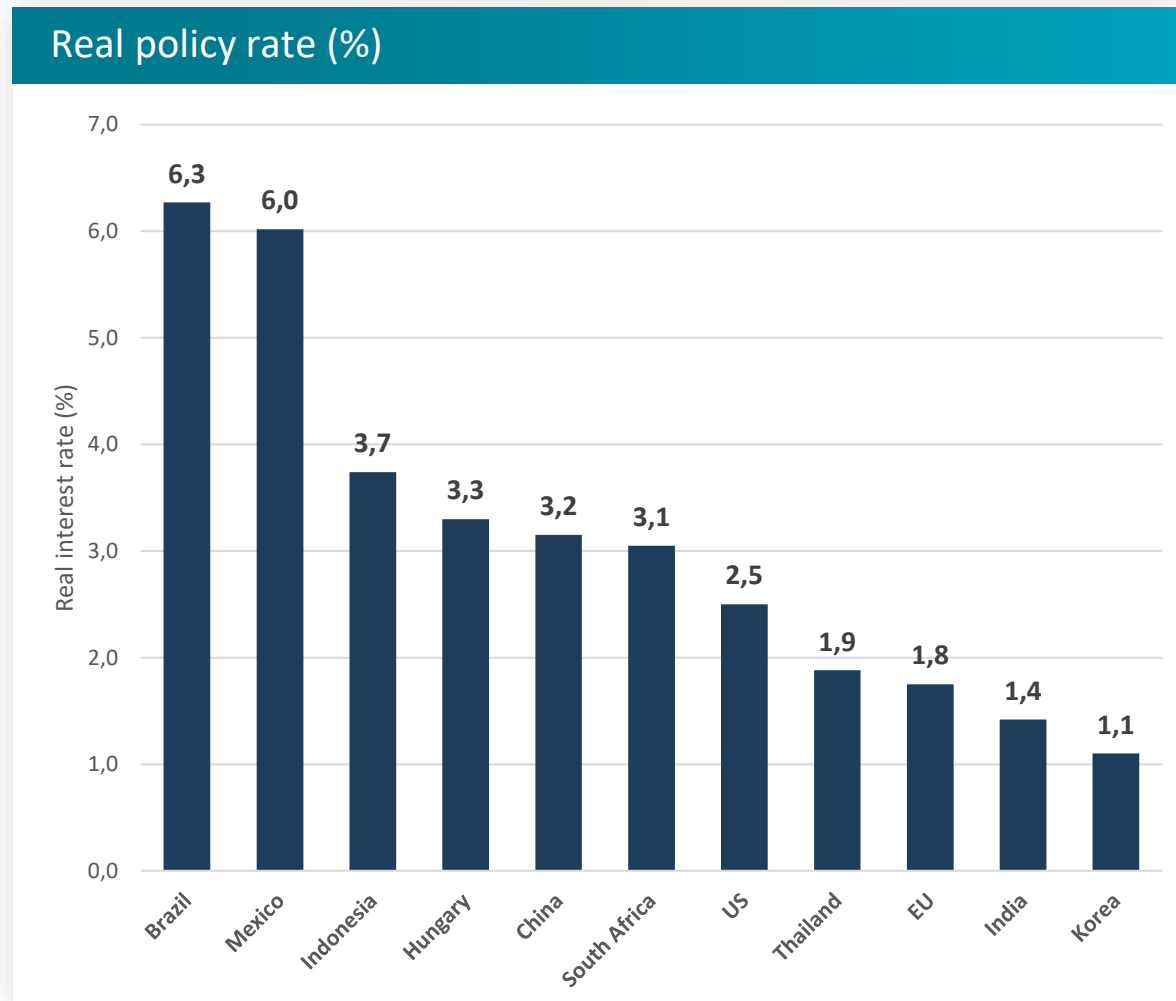
Source: [538/ABC News](#) • Updated: 26 Sep 2024

BBC



## More rate cuts expected across EM now that US has cut

### Significant room to cut in many EM countries



Source: Trading Economics

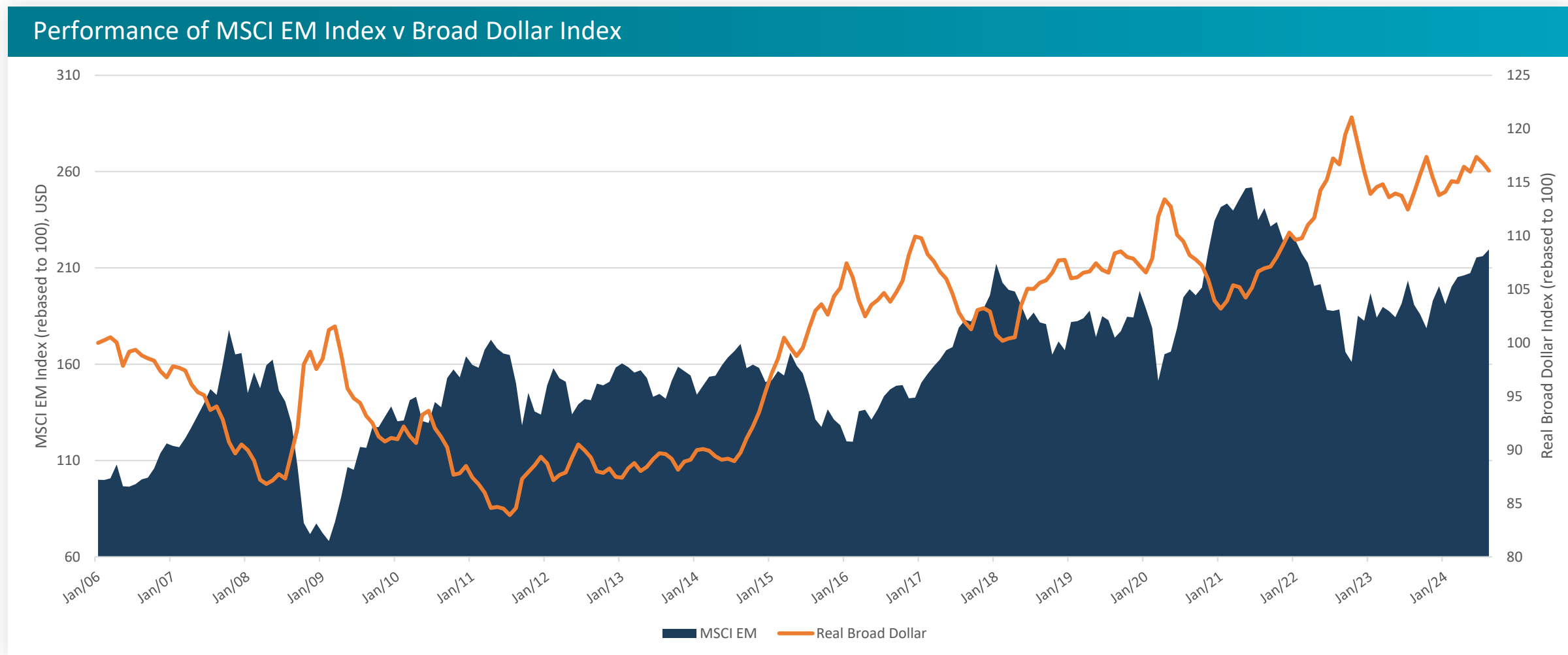
Real policy rates calculated using latest CPI and interest rate data (August/September 2024)

Estimates reflect subjective judgements and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate.



# A historical Inverse relationship between USD and EM performance

A weakening dollar will be a positive for EM markets

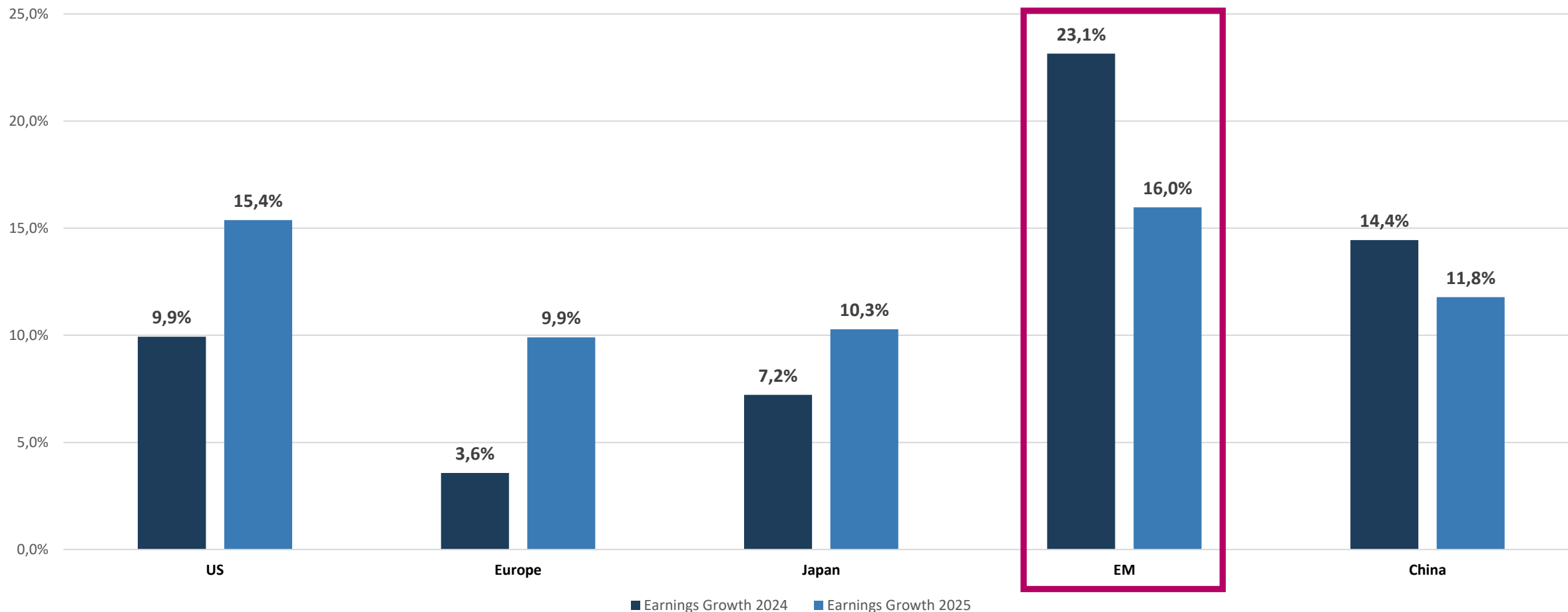


Source: Robeco, Factset as of 31 August 2024.

# Earnings for EM in 2024 stronger than expected

Highest growth in 2024 and 2025 coming from EM

## Earnings growth (%)



Source: MSCI, IBES, 31 August 2024.

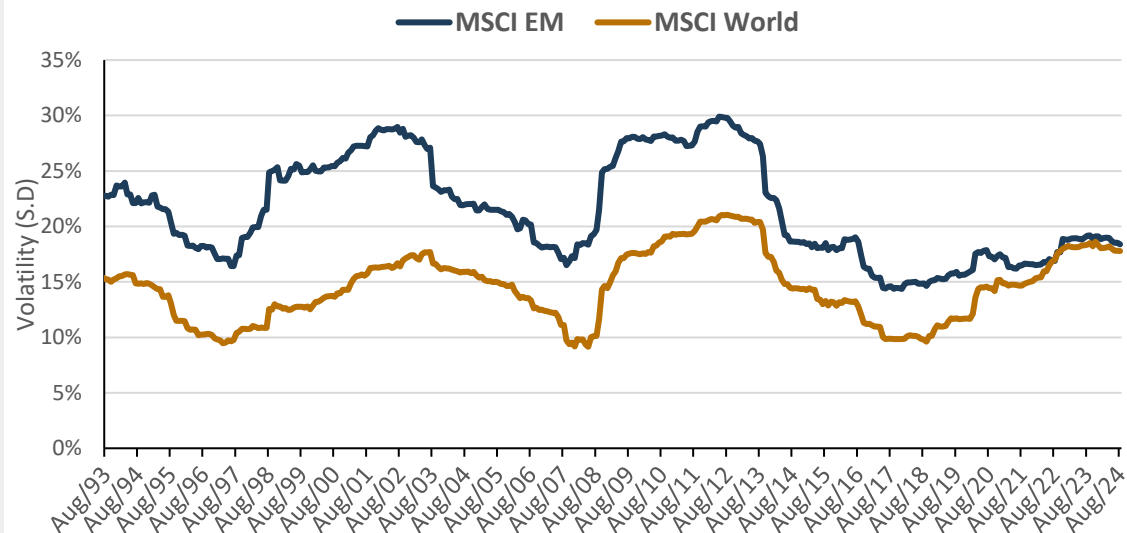
# The risk of EM needs to be re-assessed

EM now has a similar risk profile to DM but with a superior outlook – yet it trades at a large discount

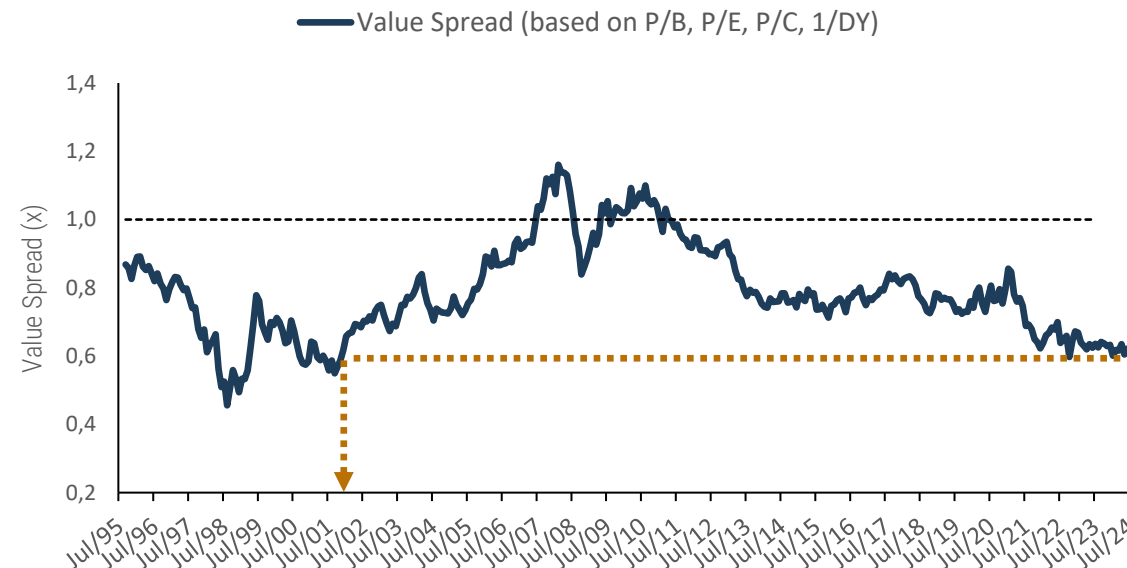
Volatility of EM is now very similar to DM

Relative valuations are back at 2002 levels

EM and DM volatility



EM/DM value spread



Source: Robeco, MSCI. The left-hand chart shows the 5Y rolling standard deviation in MSCI Emerging Market Index and the MSCI World Index. The sample period is as of 30 August 2024. All figures in USD, net total return. The center chart shows the valuation spread of the MSCI World Index vs. the MSCI Emerging Market Index. The valuation spread is based on four bottom-up-calculated multiples (price-to-book, price-to-earnings, price-to-cashflow, and price-to-dividend). For each multiple the valuation ratio of the MSCI Emerging Markets Index is divided by the same valuation ratio for the MSCI World Index.

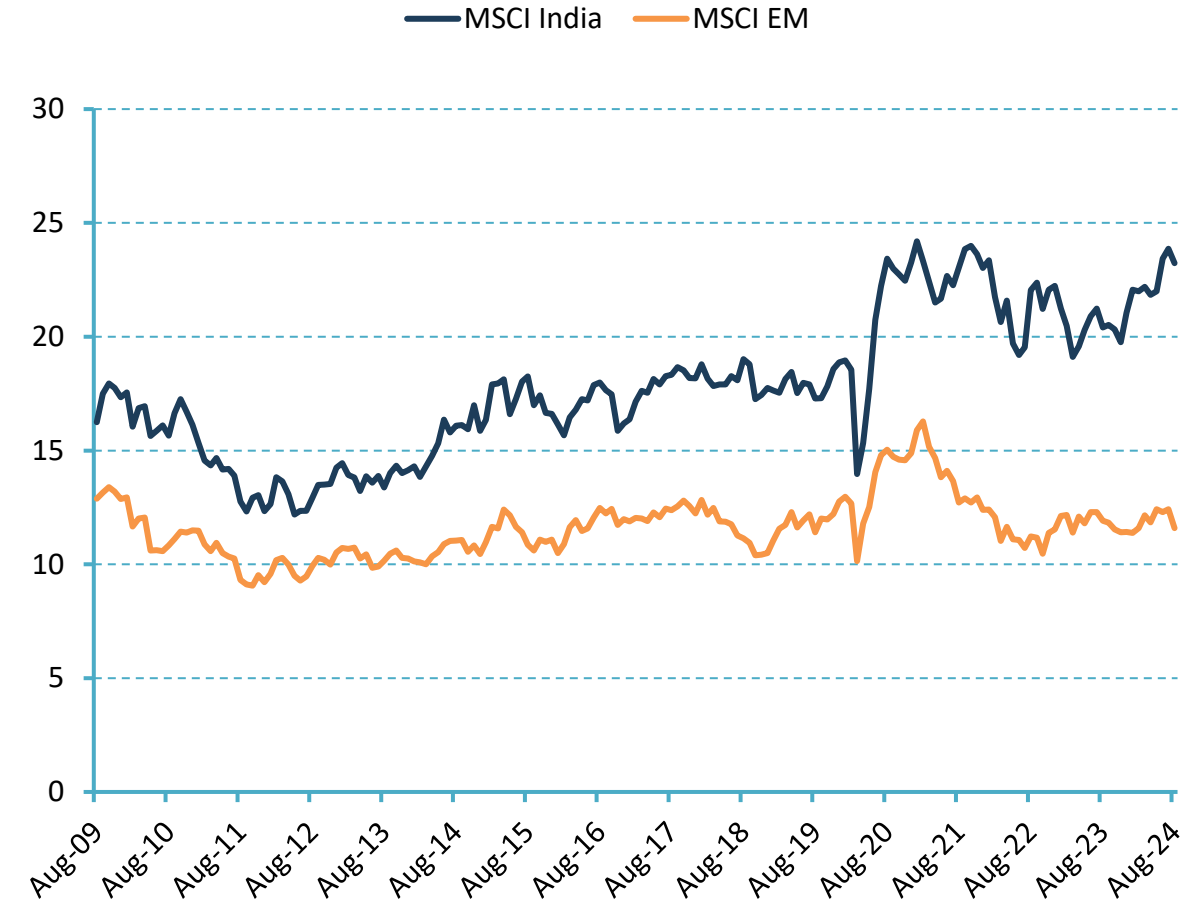
## A new contender – India's decade going forward

A GDP growth rate of 6% - 8% is expected over the next decade

### Factors driving India going forward

- > Resilient GDP
- > Favourable demographics
- > Improving ease of doing business
- > Infrastructure development
- > Technological advancements

### But valuations remain demanding



Source: Robeco, Factset, MSCI as at end August 2024

# China has several vulnerabilities\*

Valuation reflects this but there are still attractive themes

## Risks

### Large local government debt

- > Financial instability
- > Fiscal sustainability
- > Crowding out productive investments

### Demographic Challenges

- > Aging population
- > Gender imbalances – one-child policy
- > High youth unemployment

### Faltering property market

- > Overdevelopment – oversupply in many cities
- > Debt burden
- > Demographic changes – aging population

\*The stimulus packages announced in late September help for shorter term growth and market sentiment, but do not solve the long-term structural issues mentioned above

## Opportunities



Consumer related

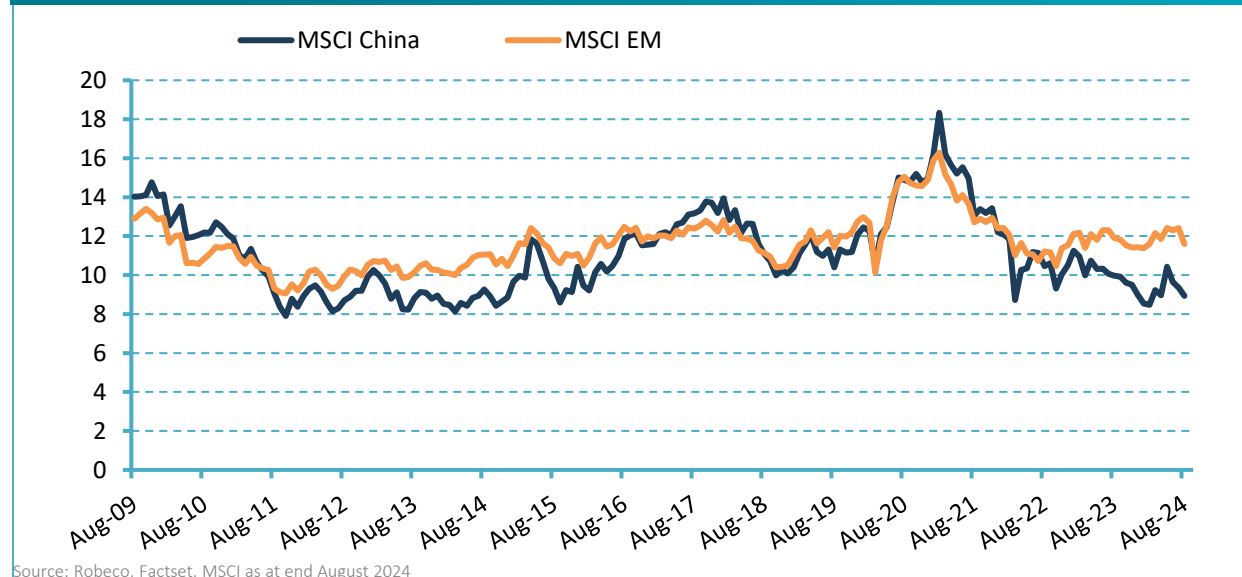


Information & Innovation



Structural Reform

## MSCI 12 Month Forward PE (China v MSCI EM)





# Robeco Emerging Markets - Three decades of helping clients to get an edge in EM

Quant and Fundamental strategies reinforcing each other with over EUR 34bn in assets under management



**Emerging markets**  
Harnessing opportunities  
across the emerging world  
since 1930



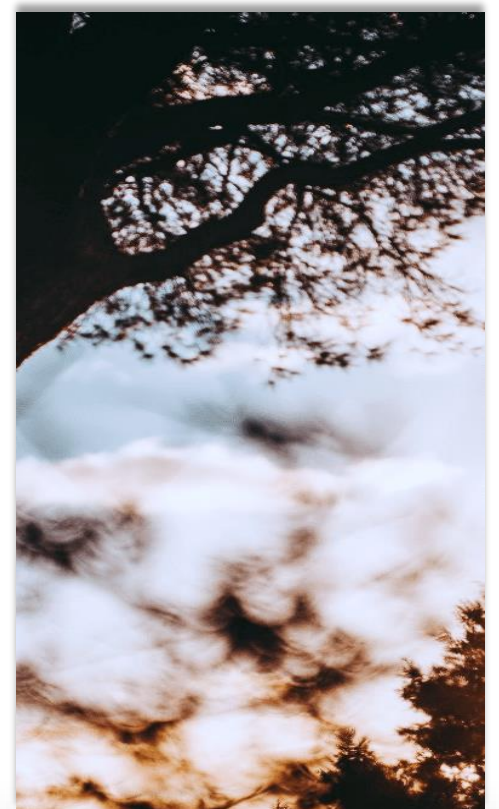
**AuM: Over EUR 34bn**  
Growing assets in Robeco EM  
Quant and Fundamental  
Equity strategies



**Collaborative efforts**  
Close interaction between  
Quant and Fundamental Equity  
teams



**Strong performance**  
**100%** of the EM strategies have  
delivered positive  
excess returns since inception



**Sustainability integration**  
Bottom-up ESG integration  
across all Equity strategies

# Robeco Emerging Markets equities at a glance

Delivering a wide range of proven and customizable solutions in emerging markets

## Why Robeco Fundamental Equity EM

### 1. Longevity

- A rich source of country and stock data – information edge
- The same lead PM – no style drift & ownership of track record
- Using sustainability since 2001 and integrated since 2011

### 2. Performance

- Strong & consistent outperformance since inception
- Investment approach has outperformed both Growth & Value

### 3. Competitive edge

- 4 distinct USPs – in combination explains good performance
  - i. Country Analysis
  - ii. ESG Integration
  - iii. Use of Quant based tool in stock selection
  - iv. Value tilt approach – ‘Value with a future’

### Fundamental Equities Emerging Markets

Diversified

Emerging Markets Equities  
EM ex-China Equities

High  
Conviction

Emerging Stars Equities

Impact

EM Climate Transition

Sustainable

Sustainable Emerging Stars Equities

Regional

Africa Equities

Country

India; China & China A-share Equities

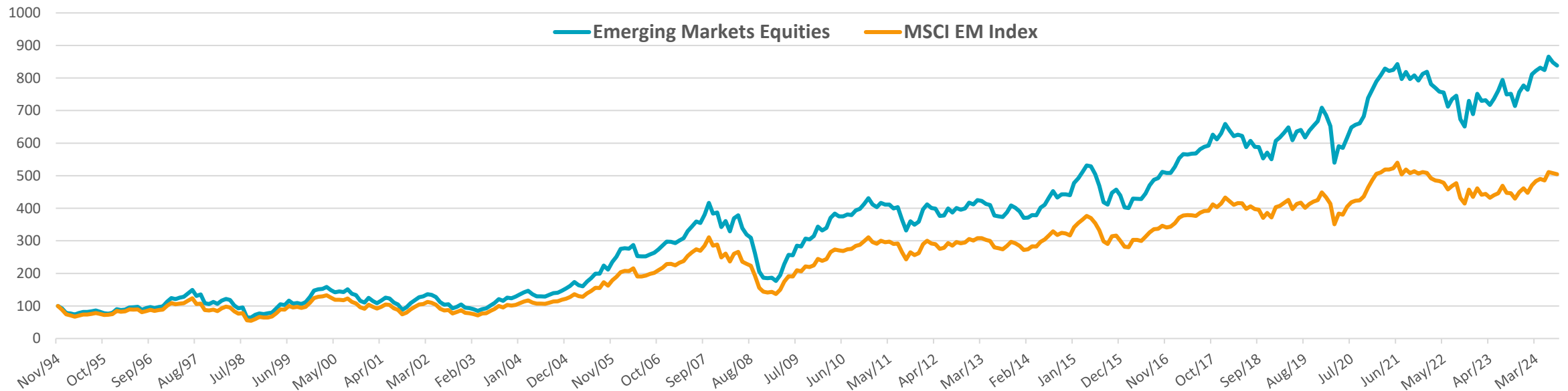


# Robeco Emerging Markets Equities - Q1 ranked over 3,5 & 10 years

Annualised excess return of 1.8% since inception - 30 years

Annualized performance						31 August 2024
	YTD	1 Year	3 Years	5 Years	10 Years	Dec-94
Robeco Emerging Markets Equities	7.92%	11.85%	0.80%	6.31%	6.36%	7.41%
MSCI Emerging Markets Index	9.32%	12.83%	-0.95%	4.68%	4.36%	5.59%
Relative performance	-1.40%	-0.99%	1.76%	1.63%	2.00%	1.82%
Beta			1.12	1.08	1.07	1.05
Tracking error			3.84%	3.68%	3.21%	3.78%

## Cumulative return since inception versus MSCI EM Index – 334% cumulative excess return



Source: Robeco, MSCI, 31 August 2024.

# Historical attribution

## Performing in different market conditions

Calendar year	Portfolio Return	Excess Return	Country Allocation	Stock Selection
1995 Mexican Peso Crisis	-13.69%	1.20%	0.76%	-0.40%
1996	24.88%	6.66%	4.03%	2.87%
1997 Asia Crisis	13.43%	13.47%	8.66%	2.69%
1998 Asia Crisis / LTCM	-32.99%	-5.32%	0.63%	-5.82%
1999	95.79%	2.13%	16.92%	-14.04%
2000	-25.05%	1.63%	1.99%	-0.44%
2001 Argentine / Dot.com	6.94%	0.12%	0.43%	-0.78%
2002	-19.73%	-0.97%	0.06%	-1.09%
2003	36.14%	5.91%	0.54%	2.65%
2004	19.05%	0.58%	-2.31%	2.62%
2005	63.71%	8.59%	1.86%	8.85%
2006	18.41%	-2.09%	0.38%	-2.98%
2007 Global Financial Crisis	30.00%	3.83%	1.25%	-0.14%
2008 Global Financial Crisis	-52.15%	-1.23%	-1.11%	-0.19%
2009	85.57%	12.62%	4.23%	8.37%
2010	25.48%	-1.65%	-0.48%	-0.81%
2011 European debt crisis	-16.80%	-1.10%	-0.60%	-0.25%
2012	16.31%	-0.10%	0.07%	-0.17%
2013 'Taper tantrum'	-6.48%	0.33%	0.19%	0.14%
2014	12.78%	1.40%	0.75%	0.65%
2015 Greece defaults	-0.13%	5.10%	2.63%	2.46%
2016	15.80%	1.29%	-1.19%	2.48%
2017	23.83%	3.24%	1.92%	1.32%
2018	-12.58%	-2.31%	-1.79%	-0.52%
2019	28.75%	8.14%	2.18%	5.96%
2020 COVID	7.88%	-0.66%	1.54%	-2.20%
2021 COVID	6.27%	1.41%	-0.54%	1.95%
2022 COVID / Ukraine	-15.20%	-0.35%	0.36%	-0.70%
2023 Middle East crisis	12.72%	6.61%	3.02%	3.59%
2024 YTD (August)	7.92%	-1.40%	-1.55%	0.14%
Since Jan 1995 (ann.)	7.74%	1.69%	1.13%	0.36%
Since Jan 2001 (ann.) - introduction of QR model	8.95%	1.46%	0.31%	0.99%

The currency in which the past performance is displayed may differ from the currency of your country of residence. Due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency.

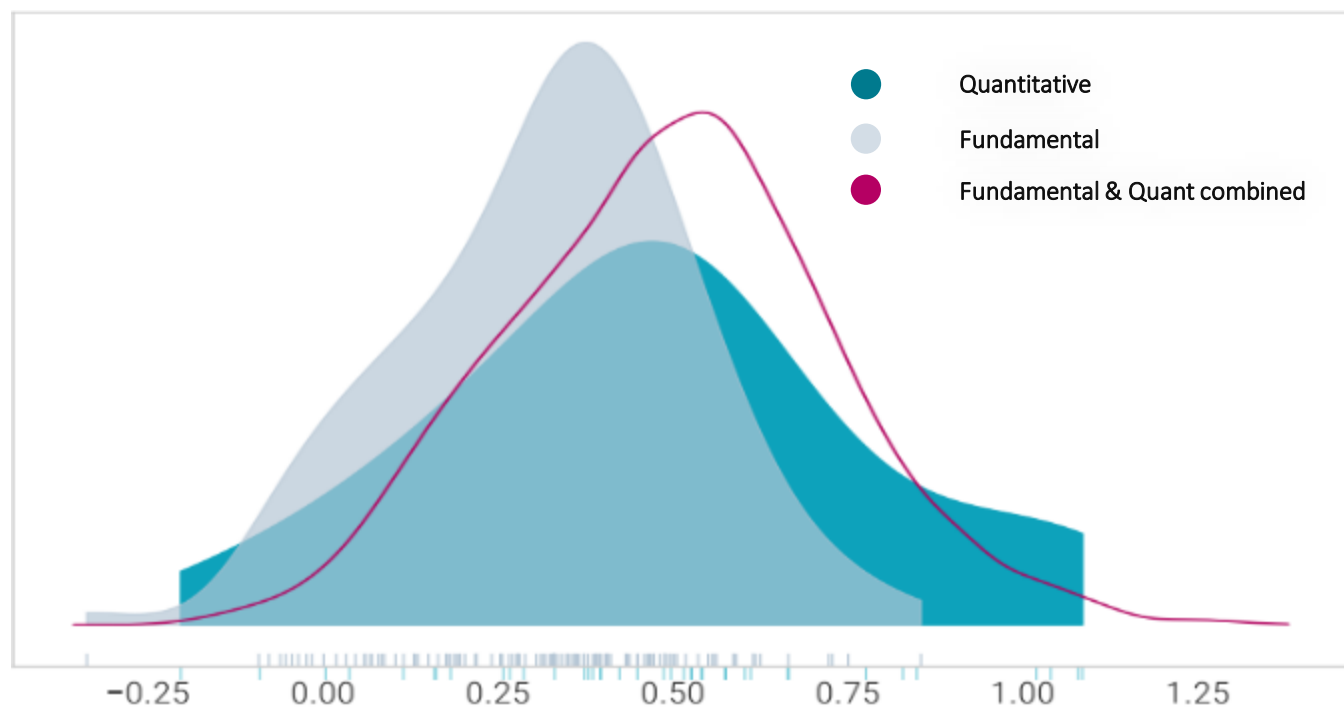
Periods shorter than one year are not annualised. The value of your investments may fluctuate. Past performance is no guarantee of future results. Returns gross of fees, based on gross asset value. In reality, costs (such as management fees and other costs) are charged. These have a negative effect on the returns shown.

Source: Robeco, MSCI. Portfolio: Robeco Emerging Markets Equities D-EUR Share Class. Index: MSCI Emerging Markets Index. All figures in EUR. Index change per 01-01-2008 from S&P IFC Composite to MSCI Emerging Markets Index. These performance numbers are single portfolio performance numbers that can be part of a GIPS composite in which case this information is supplemental to the composite report.

# Embracing fundamental and quant investing in emerging markets

Combining both styles into one investment proposition improves the overall portfolio outcome

A balanced 50/50 split boosts average IR of the 2 subgroups by 25%



Fundamental & Quant  
are natural complements

Source: Lohre, H., Roersma, V., Hanauer, M. (2024, January). *Embracing fundamental and quant investing in emerging markets*. White paper. LHG: The sample used for the densities includes two Robeco fundamental strategies being EM Core and EM Stars, and three quantitative strategies being EM Enhanced Indexing (EMEI), EM Active Quant (EMAQ) and EM Conservative Equities (EMCE). For a detailed description of the Robeco strategies, we refer to the Appendix of the paper. The value of your investments may fluctuate. Past performance is no guarantee of future results. Returns gross of fees, based on gross asset value. In reality costs (such as management fees and other costs) are charged. These have a negative effect on the returns shown.

# Why Robeco Quant EM Equities

## Defining features - USPs

### Pioneers

Robeco is an **early proponent** of quant investing in EM – first stock selection model in **2001** and first live strategy in **2006**

### Fundamental Insights

**Close collaboration** with Fundamental EM team, while all ideas start with an **economic rationale** supported by empirical evidence

### Innovation

Proven track record reflected in our intellectual property such as **enhanced factor definitions** and **novel signals**

### Sustainability

Integration of **multiple dimensions** of sustainability (ESG, SDG, environmental footprints) in all EM strategies

### Customization

Capability to tailor solutions so that they cater to **client-specific** financial and sustainability considerations

### Client-Centric Solutions

Suite of strategies that **address various client objectives** – alternatives to passive & fundamental and defensive solutions

“Every investment strategy should be research-driven”

- Wim Rauwenhoff, Robeco's first director (from 1933 to 1960)

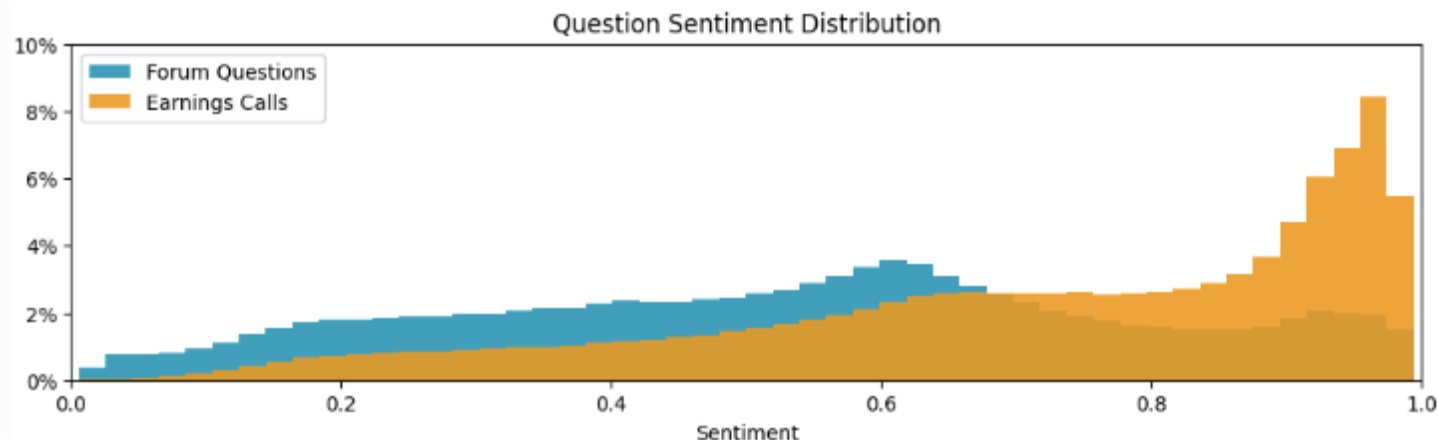
# Chinese Exchange Forum Questions

## NLP Sentiment

- > A legal framework requires Chinese companies to facilitate communication between investors and the company.
- > This brings the opportunity to tap into the questions and answers with our NLP capabilities.
- > Proven method on a new data source.
- > Timely information → Contains additive alpha on top of the sentiment during earnings calls.
- > Questions contain more variation in sentiment → Both can be used for inference.
- > In earnings calls: “Update management”.

The company displays a concerning level of arrogance, often exhibiting delays in addressing shareholders' inquiries with a rather indifferent attitude. For instance, while most listed companies readily provide precise figures regarding their shareholder count at the end of the previous month, our company consistently deflects by referring to quarterly, semi-annual, and annual reports....

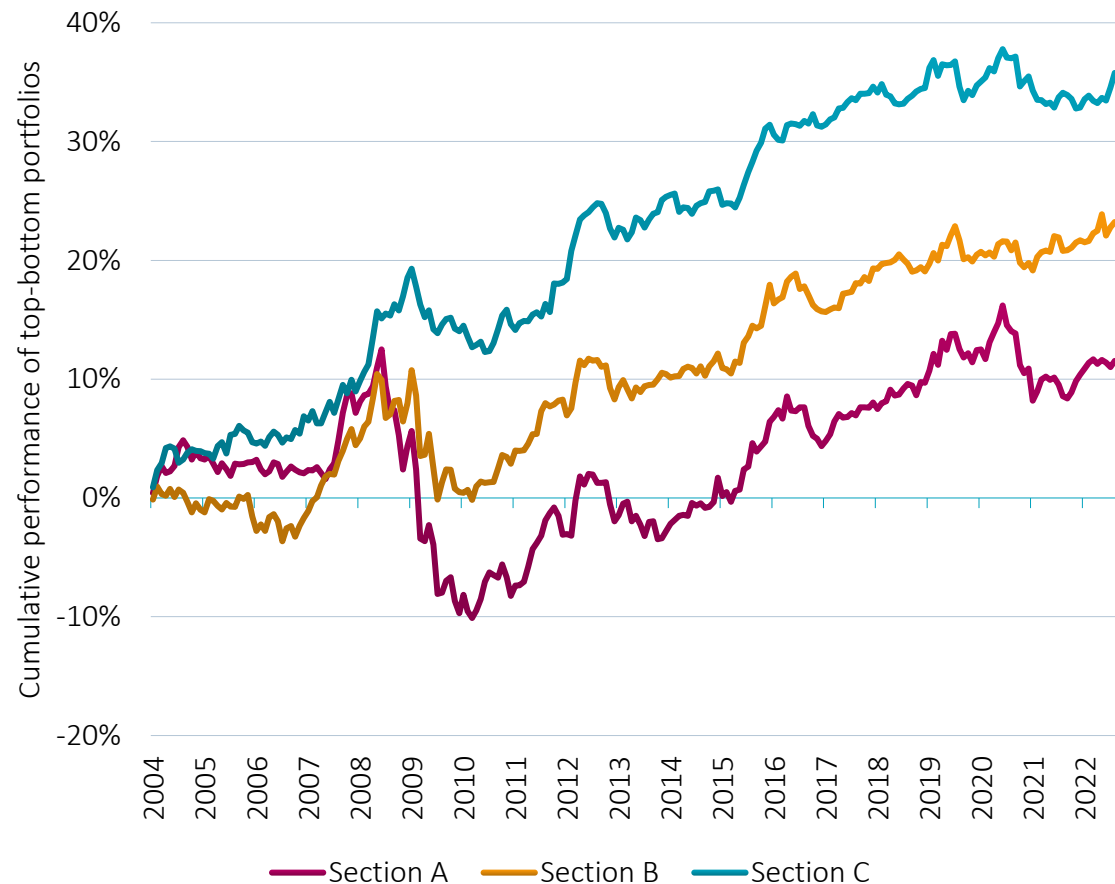
Fuxing Tan consistently demonstrates responsibility and strong executive skills. Recently, he has shown commitment by increasing his stake in the company by 5%. His approach is characterized by a lack of grandiose claims, which is commendable.



# Listening in between the lines

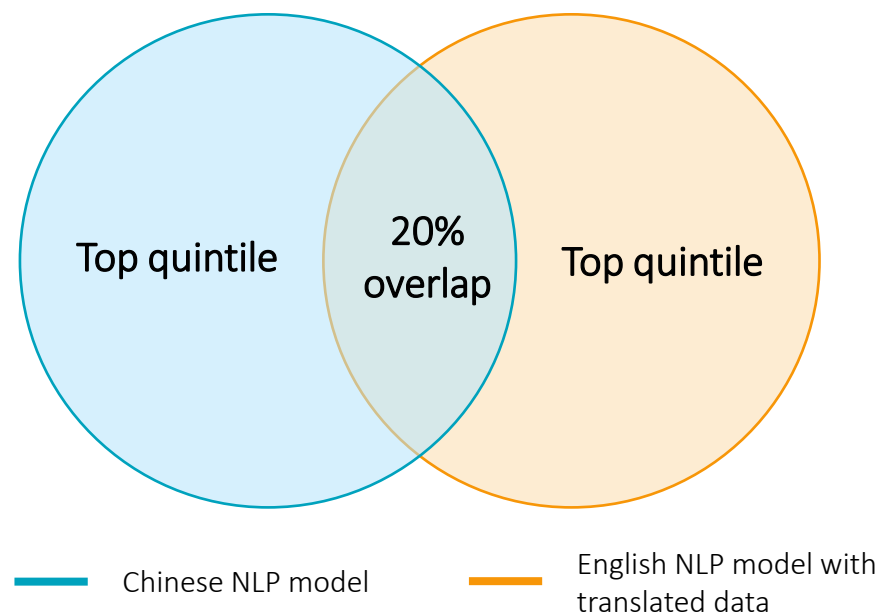
## Using NLP to amplify sentiment from earnings calls

### Decoding clues from objective voices and impromptu responses



### Mitigating a loss in translation

- > NLP model outcomes vary based on model language and data language
- > Analysis of Chinese data with 2 different models produce different rankings
- > Combining both approaches enhances signal robustness



This is not a buy, sell or hold recommendation for any particular security. The information shown is only available for one-on-one presentations and for illustrative purposes only. No representation is made that these examples are past or current recommendations, that they should be bought or sold, nor whether they were successful or not.



## The Emerging Markets candy store: Ranking ca. 3,000 stocks

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80																				



# Research foundation

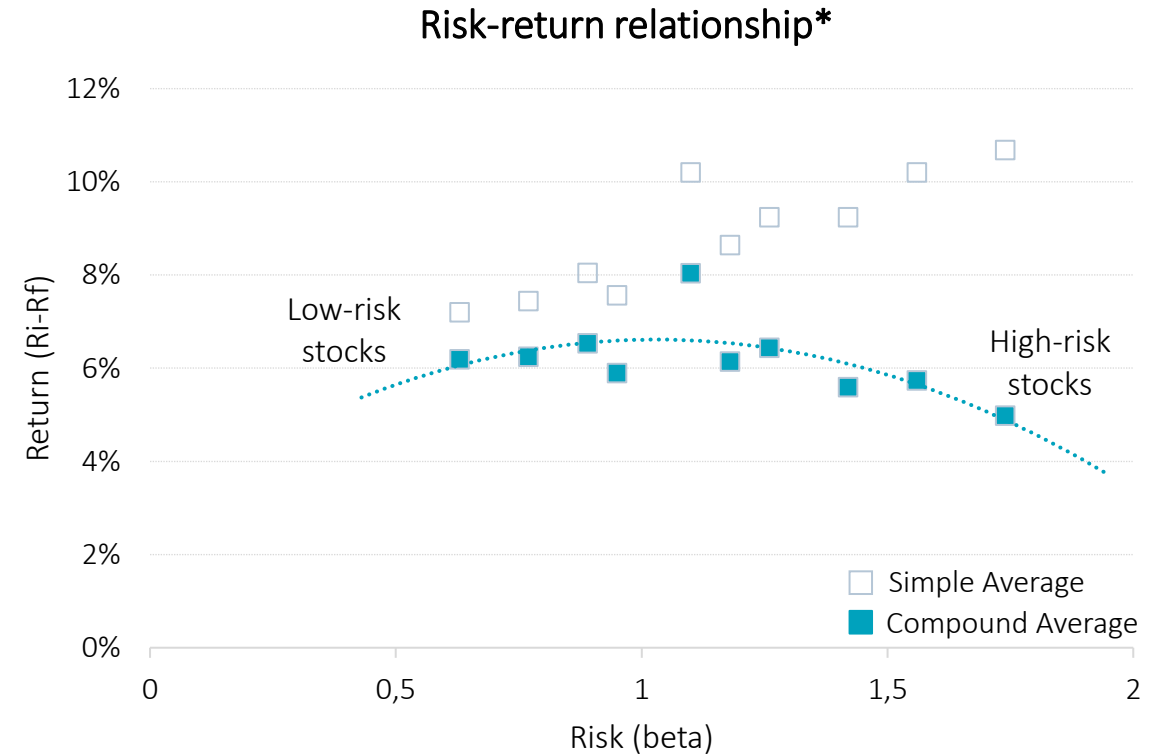
## The big finance puzzle: Why is risk not rewarded ?

### Conservative strategies based on a solid research foundation

PhD thesis by Pim van Vliet confirms that risk is not rewarded within equity markets over the long-term\*



Research by Robeco documents the volatility effect for Global developed and Emerging markets\*\*



\* Black, Jensen, and Scholes (1972), "The Capital Asset Pricing Model: Some Empirical Tests", Studies in the Theory of Capital Markets. Fama, and MacBeth (1973), "Risk, Return, and Equilibrium: Empirical Tests", Journal of Political Economy. Haugen, and Heins (1975), "Risk and the Rate of Return on Financial Assets: Some Old Wine in New Bottles", Journal of Financial and Quantitative Analysis. Van Vliet, Pim (2004), "Downside Risk and Empirical Asset Pricing", PhD thesis Erasmus School of Economics. US Sample 1931-2002.

\*\* Blitz, David and Pim van Vliet (2007), The Volatility Effect: Lower Risk Without Lower Return, Journal of Portfolio Management. Winner of Citation of Excellence Award from Emerald Publishing (2008). Blitz, David, Juan Pang, and Pim van Vliet (2013), "The Volatility Effect in Emerging Markets", Emerging Markets Review. Robeco 2022 article "150+ years of Conservative Investing: Winning by losing less", gives further deep historical evidence.

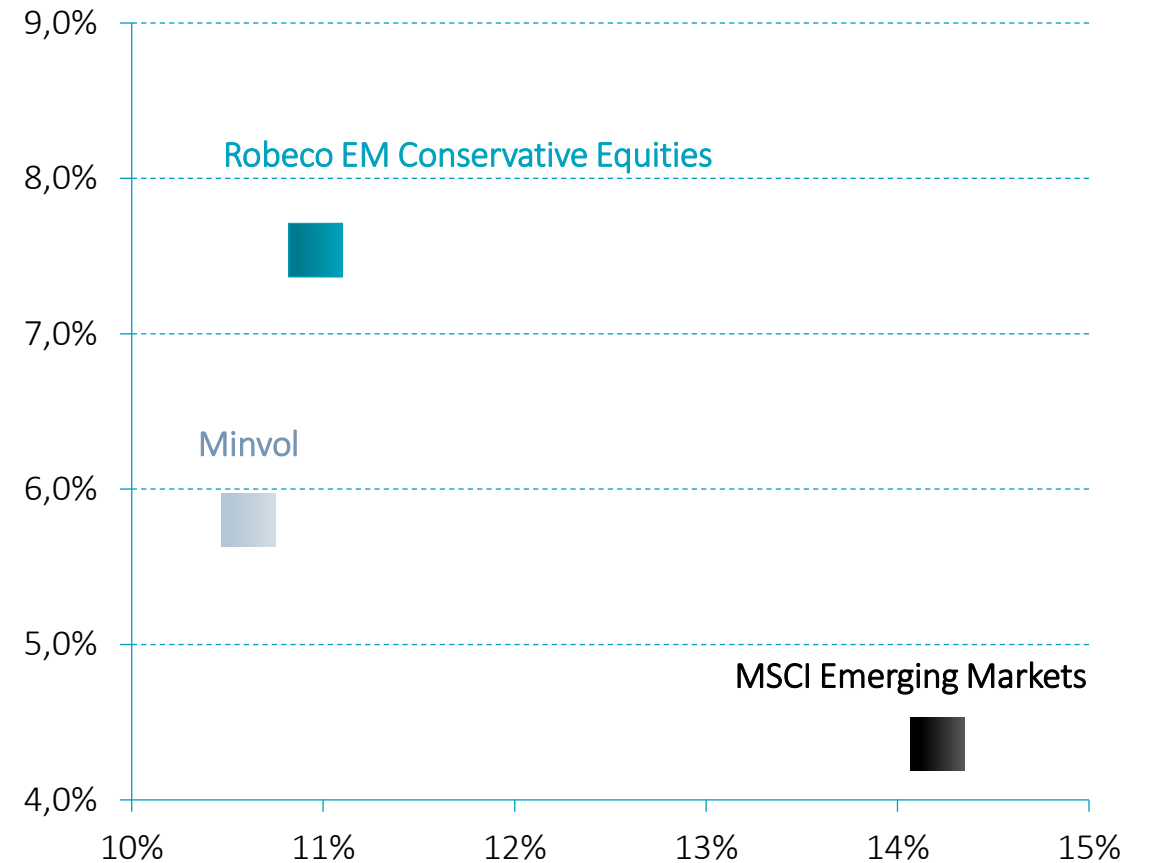
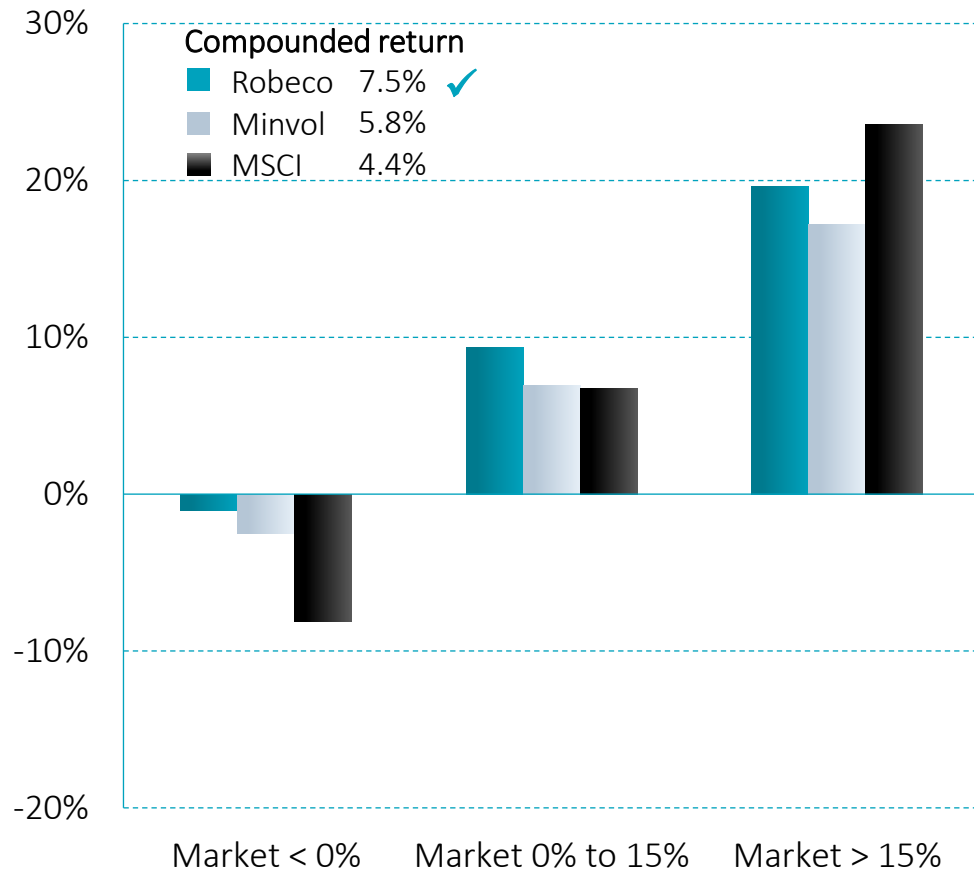


# Which strategy do you prefer?

## Winning by losing less since 2006

Losing less in down markets with good up capture...

...leads to higher equity returns with less volatility

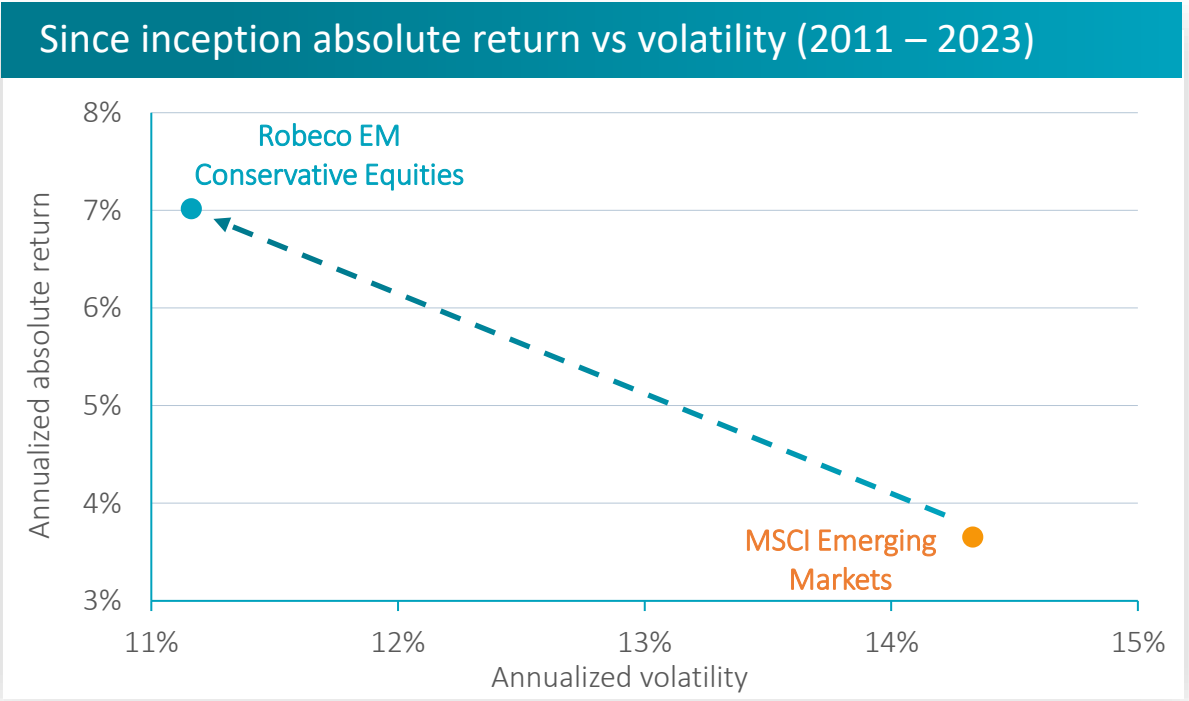
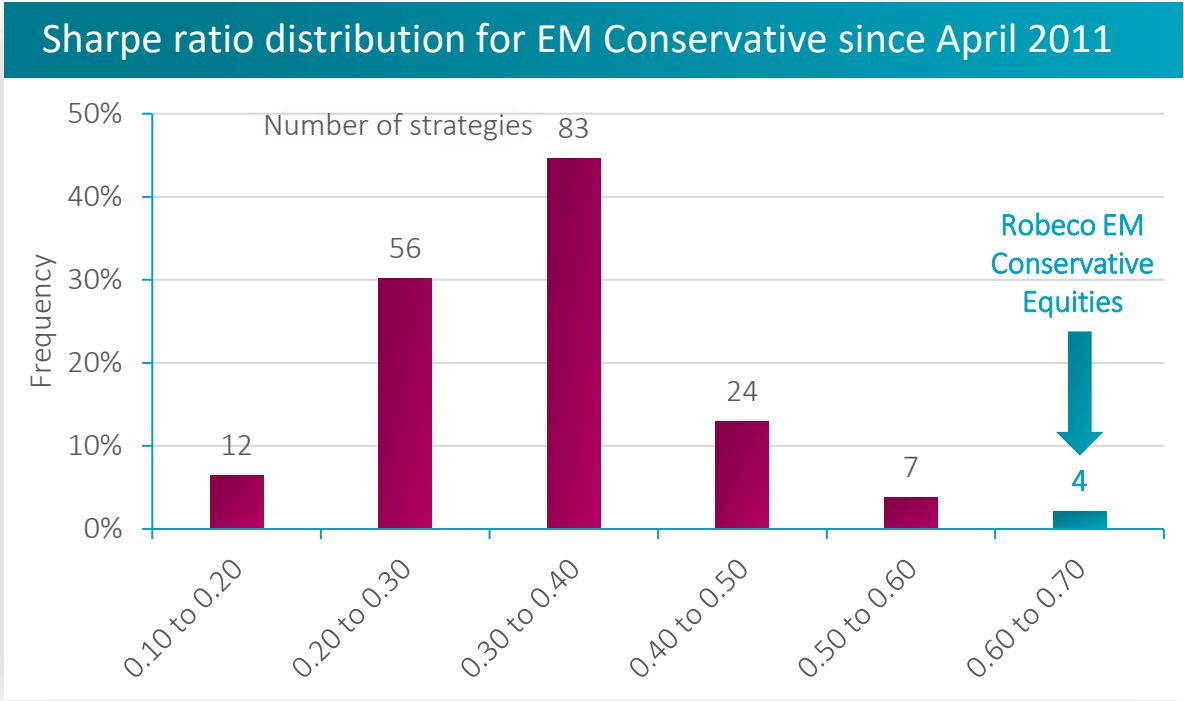


Source: Robeco Performance Measurement and MSCI as of 30 September 2024. Left-hand graph: The average 12m rolling return series. Right-hand graph: Annualized returns. All figures in EUR based on the net asset value of the representative account of the Robeco Composite Conservative Emerging Markets Equities strategy since inception (March 2011), gross of fees. In reality, costs (such as management fees, transaction- and other costs) are charged. These have a negative effect on the returns shown. The value of your investments may fluctuate. Results obtained in the past are no guarantee for the future.

# Strong absolute risk-adjusted outcomes for Emerging Conservative Equities

## Approach reflects principle of ‘winning by losing less’ for more than a decade

- > Emerging Conservative Equities delivered high stable equity returns with lower (downside) absolute risk
- > With a Sharpe ratio of 0.6 since inception (2011) the strategy in the top 2% of >180 active emerging markets strategies
- > Its defensive posture has resulted in a risk reduction of 22% relative to the MSCI Emerging Markets Index



Source: Robeco, eVestment, [Kenneth French data library](#). Blitz, D. (2024). *The unique alpha of Robeco Quant Equity strategies*. Robeco article. Left graph: The figure shows the frequency distribution of annualized Sharpe ratios for the Robeco Composite Conservative Emerging Markets Equities strategy (inception in April 2011) and its peers. The peer cohorts consists of all the non-single-country and non-single sector (REITs) equity strategies with tracking error levels  $\geq 0.5\%$ , use the MSCI Emerging Markets Index or a comparable broad EM index as benchmark and track records starting no later than April 2011 in their base currency, excluding EM small-cap strategies for comparability. This totals 186 strategies. Data as per 31 December 2023. Graph right: Since inception annualized absolute returns and volatility of the Robeco Composite Conservative Emerging Markets Equities and its benchmark, MSCI Emerging Markets Index (net dividends reinvested). The risk reduction goal for EM Conservative is 20%.

# Conservative Equities model

Identifying the most attractive low-volatility stocks

Low-risk: statistical and forward-looking factors

## Volatility

Short-term and  
long-term stock  
price variation

## Beta

Short-term and  
long-term correlation  
with markets

## Distress risk

Probability of  
default and credit  
spreads

Return factors: upside potential

## Income - value & quality

Dividend yield, profits,  
net share buybacks, sustainability

## Sentiment - momentum & revisions

Momentum, residual momentum,  
analyst revisions, news sentiment

Combination of multiple risk dimensions leads to  
most robust prediction of downside risk

Highest expected return per unit of risk  
with proprietary return factors

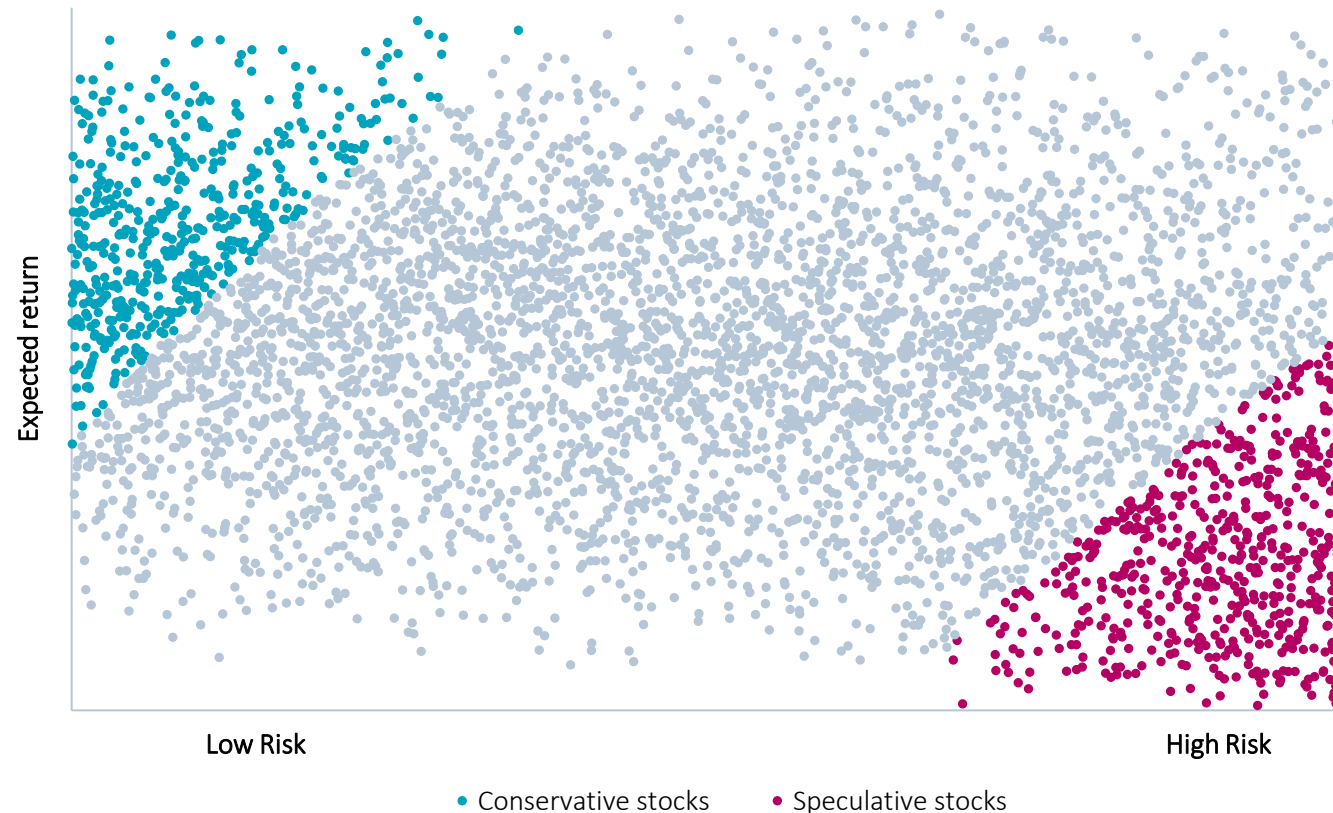
Conservative Equities model with integrated return factors is designed to identify the most attractive low-risk stocks

# Conservative Equities model

## Identifying the most attractive low-volatility stocks

	Telecom Stock	Universe
<b>Risk (Statistical &amp; Distress)</b>		
Beta 1-year	0.46	1.00
Beta 3-year	0.59	1.00
Beta 5-year	0.58	1.00
Volatility 1-year	23%	41%
Volatility 3-year	25%	45%
Volatility 5-year	21%	38%
Distance to Default	5.4	3.9
Credit spread	71	154
<b>Income (Value &amp; Quality)</b>		
Dividend yield	3.6%	2.4%
Payout yield	4.0%	3.3%
P/E	13.0	19.1
EV/EBITDA	6.8	8.7
Gross profit/assets	21.4%	27.7%
<b>Sentiment (Momentum &amp; Revisions)</b>		
Price momentum	21%	-9%
Residual momentum	25%	2%
News sentiment	19%	21%
Revisions	38%	-1%
Residual revisions	37%	6%

5,000+ companies daily ranked on risk and return



	Airline Stock	Universe
<b>Risk (Statistical &amp; Distress)</b>		
Beta 1-year	1.09	1.00
Beta 3-year	1.83	1.00
Beta 5-year	1.57	1.00
Volatility 1-year	50%	41%
Volatility 3-year	69%	45%
Volatility 5-year	54%	38%
Distance to Default	2.1	3.9
Credit spread	495	154
<b>Income (Value &amp; Quality)</b>		
Dividend yield	0.0%	2.4%
Payout yield	2.1%	3.3%
P/E	-2.8	19.1
EV/EBITDA	-6.3	8.7
Gross profit/assets	0.4%	27.7%
<b>Sentiment (Momentum &amp; Revisions)</b>		
Price momentum	-35%	-9%
Residual momentum	-10%	2%
News sentiment	-17%	21%
Revisions	-19%	-1%
Residual revisions	8%	6%

Source Robeco: Telecom and airline stock examples are based on data as of 30 September 2022. Sample of large Emerging Markets stocks. This is not a buy, sell or hold recommendation for any particular security. The information shown is only available for one-on-one presentations and for illustrative purposes only. No representation is made that these examples are past or current recommendations, that they should be bought or sold, nor whether they were successful or not.

# Stock ranking

## Simplified ranking example based on a selection of variables

Selection of variables	Model	Low-risk						Valuation		Momentum	
	Rank 0-100%	Volatility	...	Beta	...	Distance-to-default	...	Dividend yield	...	Price momentum	...
<b>Top-ranked stocks</b>											
Huaku Development	0.5%	22%	...	0.46	...	10.43	...	8.85	...	10%	
Trakya Cam Sanayii A.S.	0.9%	27%		1.07		7.43		2.93		61%	
Gigabyte Technology	1.2%	24%	...	0.69	...	7.50	...	7.12	...	22%	
Formosa Petrochemical	1.8%	20%	...	0.86	...	11.06	...	3.20	...	5%	
Oracle Financial Services Software	2.5%	18%	...	0.23	...	9.40	...	8.85	...	2%	
FIBRA Macquarie Mexico	3.1%	18%	...	0.26	...	8.85	...	3.56	...	11%	
Formosa Plastics	3.3%	17%	...	0.87	...	12.76	...	3.32	...	5%	
Dubai Islamic Bank	3.7%	18%	...	0.46	...	7.1	...	4.1	...	-0.1%	
Asustek Computer	4.2%	21%	...	0.63	...	8.68	...	5.92	...	-2%	
Koh Young Technology	4.8%	28%	...	0.46	...	6.66	...	0.70	...	74%	
Dialog Group Bhd.	5.2%	17%	...	0.43	...	8.46	...	1.29	...	41%	
Reunert	5.8%	20%	...	0.62	...	7.36	...	6.22	...	-3%	
<b>Bottom-ranked stocks</b>											
LG Innotek	76.5%	35%	...	0.78	...	3.41	...	0.28	...	22%	
Delta Electronics.	80.3%	25%	...	1.13	...	8.33	...	3.53	...	-12%	
Sun Pharmaceutical Industries	87.2%	32%	...	0.58	...	4.85	...	0.26	...	-22%	
Daewoo Engineering & Construction	96.7%	39%	...	0.96	...	3.72	...	0.00	...	-22%	
Doosan Heavy Industries & Construction	98.0%	42%	...	1.41	...	3.52	...	3.22	...	-35%	
HTC Corporation	99.5%	53%	...	1.79	...	5.01	...	0.24	...	-13%	
National Bank of Greece S.A.	99.8%	103%	...	3.19	...	2.13	...	0.00	...	5%	

Source: Robeco. Sample of Emerging Markets stocks. This is not a buy, sell or hold recommendation for any particular security. The information shown is only available for one-on-one presentations and for illustrative purposes only. No representation is made that these examples are past or current recommendations, that they should be bought or sold, nor whether they were successful or not.

# Stock example: SK Hynix from an anecdotal perspective

*The Korean chipmaker has been on the rise as it is seen as an AI-winner*



## SK Hynix Plans \$14.6 Billion Chip Expansion to Meet AI Demand



## Nvidia supplier SK Hynix says HBM chips almost sold out for 2025

By Joyce Lee and Heekyong Yang

May 2, 2024 8:05 AM GMT+2 · Updated a month ago



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Technology  
AI

### SK Hynix Tops \$100 Billion in Market Value on AI-Powered Rally

- Key Nvidia supplier's shares have doubled in the past year
- South Korea's second-largest stock has outpaced No. 1 Samsung

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Technology

### SK Hynix Invests \$1 Billion in Key AI Memory Chip Technology

- Korean chipmaker sees packaging as key to meeting AI demand
- 3D semiconductor expert Lee paved the way for HBM leadership

## AI Memory Boom Propels SK Hynix's Fastest Sales Growth Since 2010

- High-end memory, NAND rebound help chipmaker log record growth
- Firm is boosting AI chip supply, seeks clients beyond Nvidia

Please note that this example is only an illustrative representation for explanatory purposes.



# Stock example: SK Hynix from a quantitative perspective

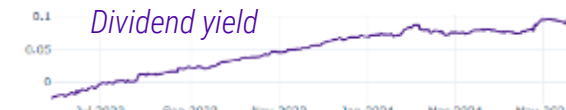
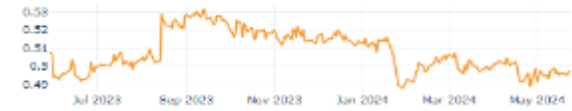
*What does our model say about SK Hynix?*



*Highlighted: one of our conservative model signals captured the positive trend in sentiment as the company is seen as a future winner in the AI-frenzy while having low distress risk and volatility.*



*More examples of model signals on SK Hynix through time:*



Please note that this example is only an illustrative representation for explanatory purposes.

# Additional keys of success for Robeco Quant

## Collaboration leading to tangible results

- > Robeco is an early proponent of quant investing in EM – first stock selection model in 2001 and first live strategy in 2006
- > Emerging Markets Quant investing has its roots with the Fundamental team, and while all ideas start with an economic rationale, they are supported by empirical evidence and practical investment experience
- > **Close cooperation continues to this day**, where valuable insights may lead to **higher alpha**



## Every basis point counts

- > Company events with potential portfolio impact may be detected at earlier stages by our Fundamental EM team, facilitating a timely intervention over the portfolio management human overview process, where the model is blind, **reducing risk and costs**

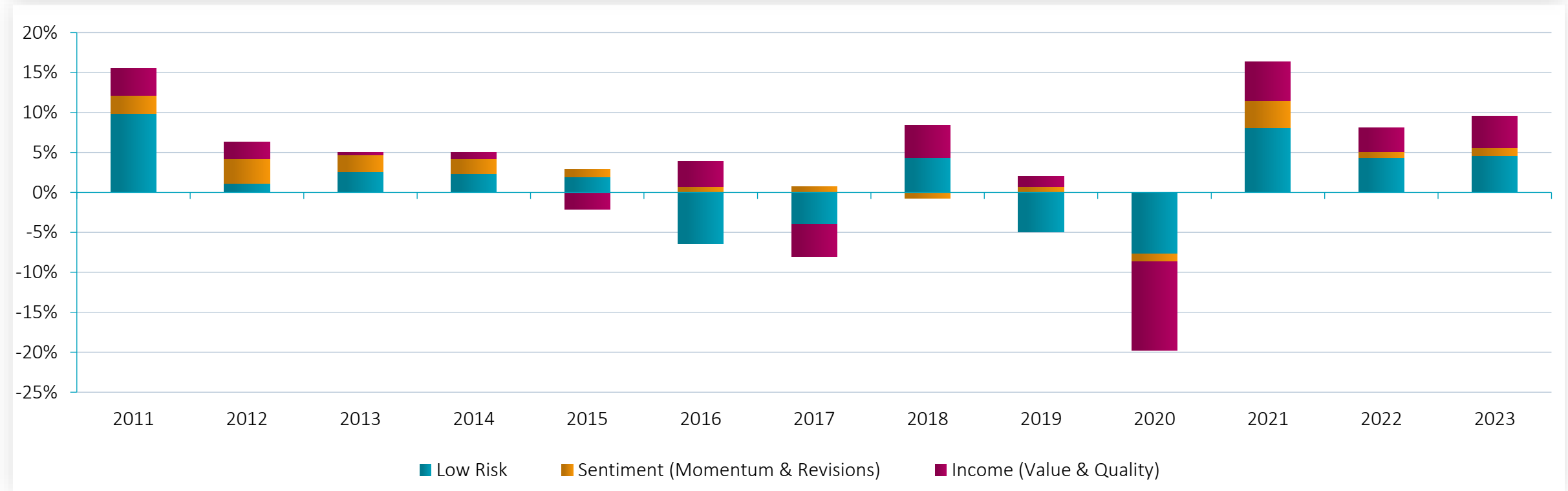




# Robeco Quant Conservative Emerging Markets Equities

Strong 10+ years of track record. Prudent and systematic process with low turnover, enhancing long term returns

	2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Emerging Conservative Equities**</b>	5.6%	22.7%	-1.8%	16.4%	-4.4%	12.0%	13.1%	-2.4%	17.6%	-11.3%	21.2%	-6.5%	15.3%
MSCI Emerging Markets Index	-9.9%	16.4%	-6.8%	11.4%	-5.2%	14.5%	20.6%	-10.3%	20.6%	8.5%	4.9%	-14.9%	6.1%

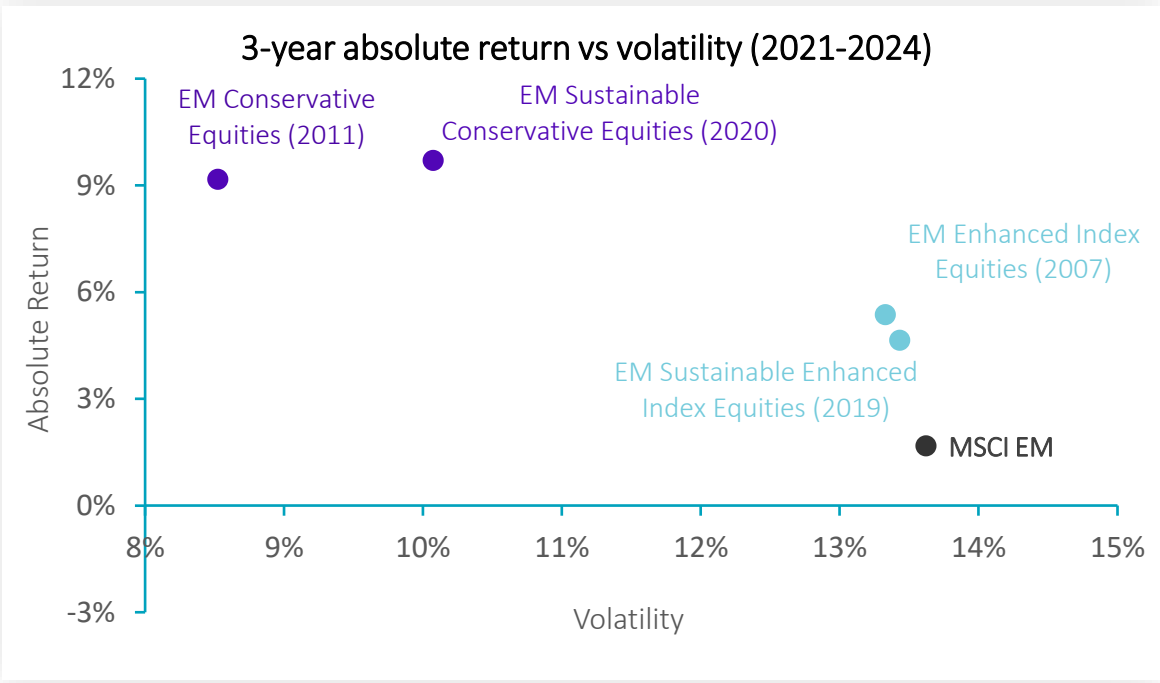
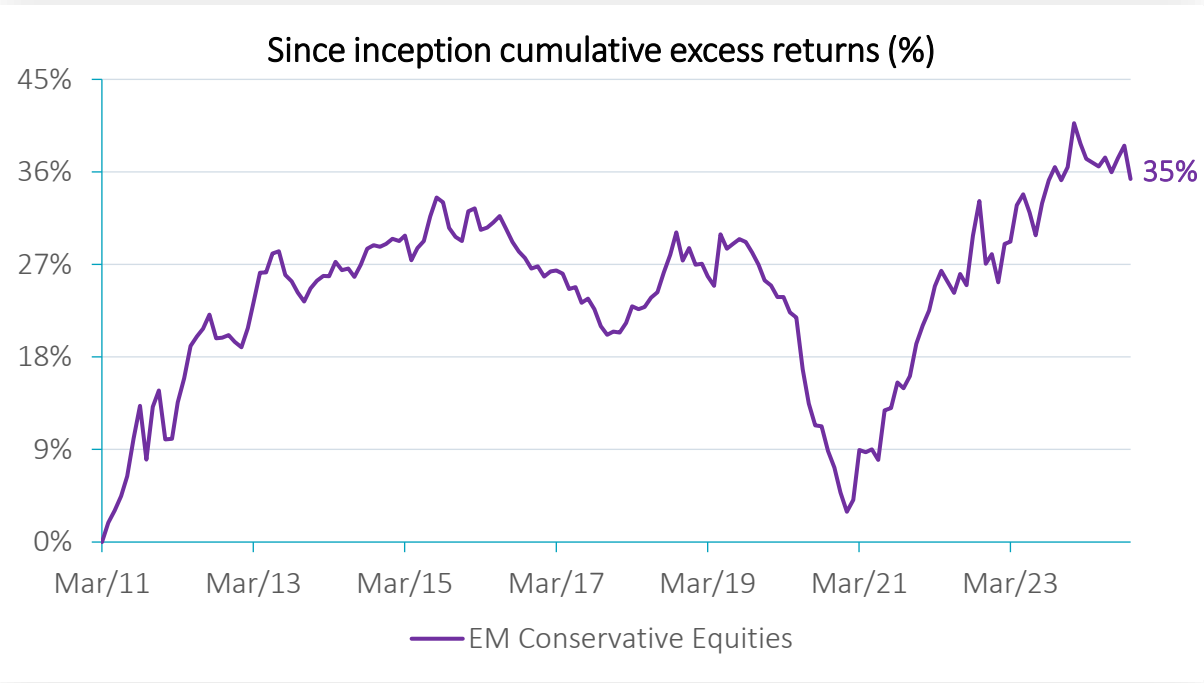


Source: Robeco, MSCI. The figure shows excess portfolio returns versus the market index. Excess return is the sum of the allocation effect and the stock selection contribution, excluding cash & other. The excess return is fully attributed to three underlying Robeco factors low-risk, value, and momentum as explained in the white paper 'Factor Performance Attribution', April 2016. \*Monthly data since inception March-11, gross of fees, based on gross asset value of the \*\*Robeco QI Emerging Conservative Equities Fund. The value of your investments may fluctuate. All figures are in EUR. Results obtained in the past are no guarantee for the future.

# Long-standing experience in Quantitative Emerging Markets investing

## Realizing investment goals since 2007

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Emerging Markets Enhanced Indexing	✓		✓	✓	✓	✓	✓	✓		✓	✓	✓			✓	✓	✓
Emerging Market Active Quant	NA		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓
Emerging Conservative	NA	NA	NA	NA	✓	✓	✓	✓	✓			✓			✓	✓	✓



Source: Robeco Performance Measurement and MSCI. Investment targets are defined as outperformance for Quant EM Enhanced and Conservative strategies. Goal for EM Conservative is 10% risk reduction. Strategy inception dates stated between parenthesis. Left-hand graph: Cumulative excess returns since inception, as of September 2024. Right-hand graph: 3-year annualized returns and volatility as of September 2024. All figures gross of fees in EUR. In reality, costs (such as management fees, transaction- and other costs) are charged. These have a negative effect on the returns shown. The value of your investments may fluctuate. Results obtained in the past are no guarantee for the future.

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# Important information

## Robeco Institutional Asset Management B.V.

### **Additional information for investors with residence or seat in Brazil**

The Fund may not be offered or sold to the public in Brazil. Accordingly, the Fund has not been nor will be registered with the Brazilian Securities Commission (CVM), nor has it been submitted to the foregoing agency for approval. Documents relating to the Fund, as well as the information contained therein, may not be supplied to the public in Brazil, as the offering of the Fund is not a public offering of securities in Brazil, nor may they be used in connection with any offer for subscription or sale of securities to the public in Brazil.

### **Additional information for investors with residence or seat in Brunei**

The Prospectus relates to a private collective investment scheme which is not subject to any form of domestic regulations by the Autoriti Monetari Brunei Darussalam ("Authority"). The Prospectus is intended for distribution only to specific classes of investors as specified in section 20 of the Securities Market Order, 2013, and must not, therefore, be delivered to, or relied on by, a retail client. The Authority is not responsible for reviewing or verifying any prospectus or other documents in connection with this collective investment scheme. The Authority has not approved the Prospectus or any other associated documents nor taken any steps to verify the information set out in the Prospectus and has no responsibility for it. The units to which the Prospectus relates may be illiquid or subject to restrictions on their resale. Prospective purchasers of the units offered should conduct their own due diligence on the units.

### **Additional information for investors with residence or seat in Canada**

No securities commission or similar authority in Canada has reviewed or in any way passed upon this document or the merits of the securities described herein, and any representation to the contrary is an offence. Robeco Institutional Asset Management B.V. relies on the international dealer and international adviser exemption in Quebec and has appointed McCarthy Tétrault LLP as its agent for service in Quebec.

### **Additional information for investors with residence or seat in the Republic of Chile**

Neither Robeco nor the Funds have been registered with the Comisión para el Mercado Financiero pursuant to Law no. 18.045, the Ley de Mercado de Valores and regulations thereunder. This document does not constitute an offer of or an invitation to subscribe for or purchase shares of the Funds in the Republic of Chile, other than to the specific person who individually requested this information on their own initiative. This may therefore be treated as a "private offering" within the meaning of Article 4 of the Ley de Mercado de Valores (an offer that is not addressed to the public at large or to a certain sector or specific group of the public).

### **Additional information for investors with residence or seat in Colombia**

This document does not constitute a public offer in the Republic of Colombia. The offer of the fund is addressed to less than one hundred specifically identified investors. The fund may not be promoted or marketed in Colombia or to Colombian residents, unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign funds in Colombia. The distribution of this Prospectus and the offering of Shares may be restricted in certain jurisdictions.

The information contained in this Prospectus is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make application for Shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves of any applicable legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

### **Additional information for investors with residence or seat in the Dubai International Financial Centre (DIFC), United Arab Emirates**

This material is distributed by Robeco Institutional Asset Management B.V. (DIFC Branch) located at Office 209, Level 2, Gate Village Building 7, Dubai International Financial Centre, Dubai, PO Box 482060, UAE. Robeco Institutional Asset Management B.V. (DIFC Branch) is regulated by the Dubai Financial Services Authority ("DFSA") and only deals with Professional Clients or Market Counterparties and does not deal with Retail Clients as defined by the DFSA.

### **Additional information for investors with residence or seat in France**

Robeco Institutional Asset Management B.V. is at liberty to provide services in France. Robeco France is a subsidiary of Robeco whose business is based on the promotion and distribution of the group's funds to professional investors in France.

### **Additional information for investors with residence or seat in Germany**

This information is solely intended for professional investors or eligible counterparties in the meaning of the German Securities Trading Act.

### **Additional information for investors with residence or seat in Hong Kong**

The contents of this document have not been reviewed by the Securities and Futures Commission ("SFC") in Hong Kong. If there is any doubt about any of the contents of this document, independent professional advice should be obtained. This document has been distributed by Robeco Hong Kong Limited ("Robeco"). Robeco is regulated by the SFC in Hong Kong.

### **Additional information for investors with residence or seat in Indonesia**

The Prospectus does not constitute an offer to sell nor a solicitation to buy securities in Indonesia.

### **Additional information for investors with residence or seat in Italy**

This document is considered for use solely by qualified investors and private professional clients (as defined in Article 26 (1) (b) and (d) of Consob Regulation No. 16190 dated 29 October 2007). If made available to Distributors and individuals authorized by Distributors to conduct promotion and marketing activity, it may only be used for the purpose for which it was conceived. The data and information contained in this document may not be used for communications with Supervisory Authorities. This document does not include any information to determine, in concrete terms, the investment inclination and, therefore, this document cannot and should not be the basis for making any investment decisions.

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## Robeco Institutional Asset Management B.V.

### Additional information for investors with residence or seat in Japan

This document is considered for use solely by qualified investors and is distributed by Robeco Japan Company Limited, registered in Japan as a Financial Instruments Business Operator, [registered No. the Director of Kanto Local Financial Bureau (Financial Instruments Business Operator), No.2780, Member of Japan Investment Advisors Association].

### Additional information for investors with residence or seat in South Korea

The Management Company is not making any representation with respect to the eligibility of any recipients of the Prospectus to acquire the Shares therein under the laws of South Korea, including but not limited to the Foreign Exchange Transaction Act and Regulations thereunder. The Shares have not been registered under the Financial Investment Services and Capital Markets Act of Korea, and none of the Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly, in South Korea or to any resident of South Korea except pursuant to applicable laws and regulations of South Korea.

### Additional information for investors with residence or seat in Liechtenstein

This document is exclusively distributed to Liechtenstein-based, duly licensed financial intermediaries (such as banks, discretionary portfolio managers, insurance companies, fund of funds) which do not intend to invest on their own account into Fund(s) displayed in the document. This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich, Switzerland. LGT Bank Ltd., Herrengasse 12, FL-9490 Vaduz, Liechtenstein acts as the representative and paying agent in Liechtenstein. The prospectus, the Key Information Documents (PRIIP) the articles of association, the annual and semi-annual reports of the Fund(s) may be obtained from the representative or via the website.

### Additional information for investors with residence or seat in Malaysia

Generally, no offer or sale of the Shares is permitted in Malaysia unless where a Recognition Exemption or the Prospectus Exemption applies: NO ACTION HAS BEEN, OR WILL BE, TAKEN TO COMPLY WITH MALAYSIAN LAWS FOR MAKING AVAILABLE, OFFERING FOR SUBSCRIPTION OR PURCHASE, OR ISSUING ANY INVITATION TO SUBSCRIBE FOR OR PURCHASE OR SALE OF THE SHARES IN MALAYSIA OR TO PERSONS IN MALAYSIA AS THE SHARES ARE NOT INTENDED BY THE ISSUER TO BE MADE AVAILABLE, OR MADE THE SUBJECT OF ANY OFFER OR INVITATION TO SUBSCRIBE OR PURCHASE, IN MALAYSIA. NEITHER THIS DOCUMENT NOR ANY DOCUMENT OR OTHER MATERIAL IN CONNECTION WITH THE SHARES SHOULD BE DISTRIBUTED, CAUSED TO BE DISTRIBUTED OR CIRCULATED IN MALAYSIA. NO PERSON SHOULD MAKE AVAILABLE OR MAKE ANY INVITATION OR OFFER OR INVITATION TO SELL OR PURCHASE THE SHARES IN MALAYSIA UNLESS SUCH PERSON TAKES THE NECESSARY ACTION TO COMPLY WITH MALAYSIAN LAWS.

### Additional information for investors with residence or seat in Mexico

The funds have not been and will not be registered with the National Registry of Securities or maintained by the Mexican National Banking and Securities Commission and, as a result, may not be offered or sold publicly in Mexico. Robeco and any underwriter or purchaser may offer and sell the funds in Mexico on a private placement basis to Institutional and Accredited Investors, pursuant to Article 8 of the Mexican Securities Market Law.

### Additional information for investors with residence or seat in Peru

The Superintendencia del Mercado de Valores (SMV) does not exercise any supervision over this Fund and therefore the management of it. The information the Fund provides to its investors and the other services it provides to them are the sole responsibility of the Administrator. This Prospectus is not for public distribution.

### Additional information for investors with residence or seat in Singapore

This document has not been registered with the Monetary Authority of Singapore ("MAS"). Accordingly, this document may not be circulated or distributed directly or indirectly to persons in Singapore other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. The contents of this document have not been reviewed by the MAS. Any decision to participate in the Fund should be made only after reviewing the sections regarding investment considerations, conflicts of interest, risk factors and the relevant Singapore selling restrictions (as described in the section entitled "Important information for Singapore Investors") contained in the prospectus. Investors should consult their professional adviser if you are in doubt about the stringent restrictions applicable to the use of this document, regulatory status of the Fund, applicable regulatory protection, associated risks and suitability of the Fund to your objectives. Investors should note that only the Sub-Funds listed in the appendix to the section entitled "Important information for Singapore Investors" of the prospectus ("Sub-Funds") are available to Singapore investors. The Sub-Funds are notified as restricted foreign schemes under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and invoke the exemptions from compliance with prospectus registration requirements pursuant to the exemptions under Section 304 and Section 305 of the SFA. The Sub-Funds are not authorized or recognized by the MAS and shares in the Sub-Funds are not allowed to be offered to the retail public in Singapore. The prospectus of the Fund is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply. The Sub-Funds may only be promoted exclusively to persons who are sufficiently experienced and sophisticated to understand the risks involved in investing in such schemes, and who satisfy certain other criteria provided under Section 304, Section 305 or any other applicable provision of the SFA and the subsidiary legislation enacted thereunder. You should consider carefully whether the investment is suitable for you. Robeco Singapore Private Limited holds a capital markets services license for fund management issued by the MAS and is subject to certain clientele restrictions under such license.

### Additional information for investors with residence or seat in Spain

Robeco Institutional Asset Management B.V., Sucursal en España with identification number W0032687F and having its registered office in Madrid at Calle Serrano 47-14º, is registered with the Spanish Commercial Registry in Madrid, in volume 19.957, page 190, section 8, sheet M-351927 and with the National Securities Market Commission (CNMV) in the Official Register of branches of European investment services companies, under number 24. The investment funds or SICAV mentioned in this document are regulated by the corresponding authorities of their country of origin and are registered in the Special Registry of the CNMV of Foreign Collective Investment Institutions marketed in Spain.

### Additional information for investors with residence or seat in South Africa

Robeco Institutional Asset Management B.V. is registered and regulated by the Financial Sector Conduct Authority in South Africa.

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## Robeco Institutional Asset Management B.V.

### Additional information for investors with residence or seat in Switzerland

The Fund(s) are domiciled in Luxembourg. This document is exclusively distributed in Switzerland to qualified investors as defined in the Swiss Collective Investment Schemes Act (CISA). This material is distributed by Robeco Switzerland Ltd, postal address: Josefstrasse 218, 8005 Zurich. ACOLIN Fund Services AG, postal address: Leutschenbachstrasse 50, 8050 Zürich, acts as the Swiss representative of the Fund(s). UBS Switzerland AG, Bahnhofstrasse 45, 8001 Zurich, postal address: Europastrasse 2, P.O. Box, CH-8152 Opfikon, acts as the Swiss paying agent. The prospectus, the Key Information Documents (PRIIP), the articles of association, the annual and semi-annual reports of the Fund(s), as well as the list of the purchases and sales which the Fund(s) has undertaken during the financial year, may be obtained, on simple request and free of charge, at the office of the Swiss representative ACOLIN Fund Services AG. The prospectuses are also available via the website.

### Additional information for investors with residence or seat in Taiwan

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document has been distributed by Robeco Hong Kong Limited ("Robeco"). Robeco is regulated by the Securities and Futures Commission in Hong Kong.

### Additional information for investors with residence or seat in Thailand

The Prospectus has not been approved by the Securities and Exchange Commission which takes no responsibility for its contents. No offer to the public to purchase the Shares will be made in Thailand and the Prospectus is intended to be read by the addressee only and must not be passed to, issued to, or shown to the public generally.

### Additional information for investors with residence or seat in the United Arab Emirates

Some Funds referred to in this marketing material have been registered with the UAE Securities and Commodities Authority ("the Authority"). Details of all Registered Funds can be found on the Authority's website. The Authority assumes no liability for the accuracy of the information set out in this material/document, nor for the failure of any persons engaged in the investment Fund in performing their duties and responsibilities.

### Additional information for investors with residence or seat in the United Kingdom

Robeco Institutional Asset Management B.V (FRN: 977582) is authorized and regulated by the Financial Conduct Authority.

### Additional information for investors with residence or seat in Uruguay

The sale of the Fund qualifies as a private placement pursuant to section 2 of Uruguayan law 18,627. The Fund must not be offered or sold to the public in Uruguay, except under circumstances which do not constitute a public offering or distribution under Uruguayan laws and regulations. The Fund is not and will not be registered with the Financial Services Superintendency of the Central Bank of Uruguay. The Fund corresponds to investment funds that are not investment funds regulated by Uruguayan law 16,774 dated 27 September 1996, as amended.