

ROBECO EMERGING MARKETS EQUITIES STRATEGY

# Targeting alpha in emerging markets

Emerging markets (EM) can provide richer investment opportunities than developed peers over the next decade driven by technological innovation and a new era in global trade

Why emerging markets in 2025?

Key trends in emerging markets

Key emerging markets in 2025

Why Robeco in emerging markets?

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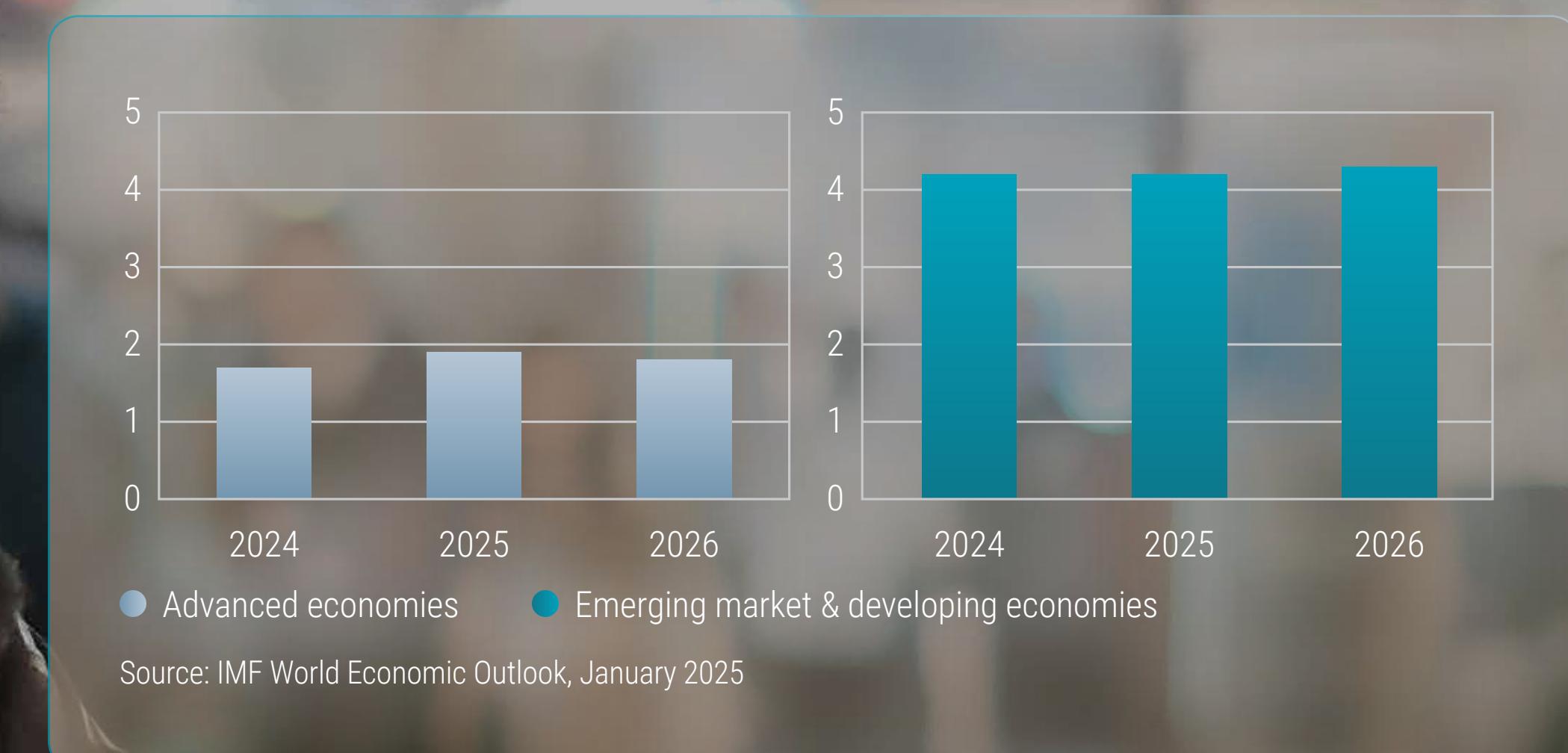
April 2025

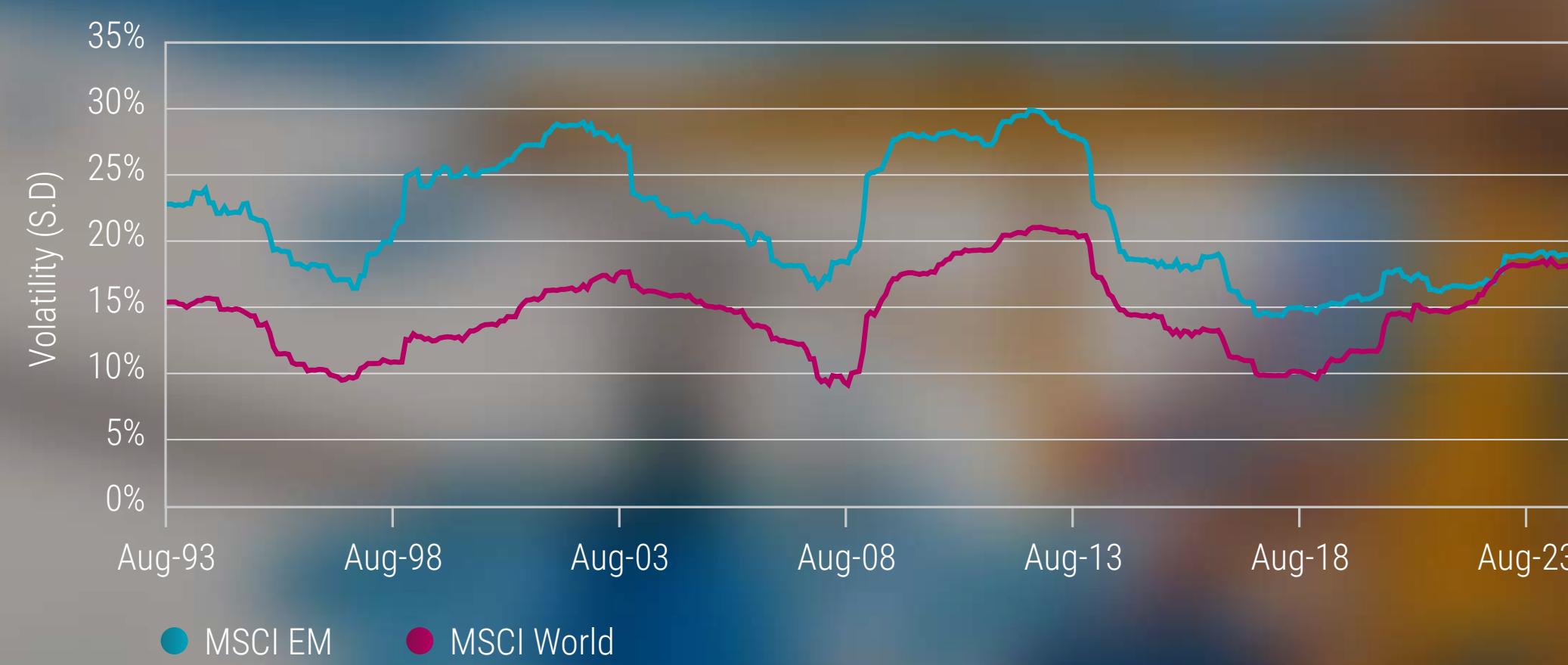
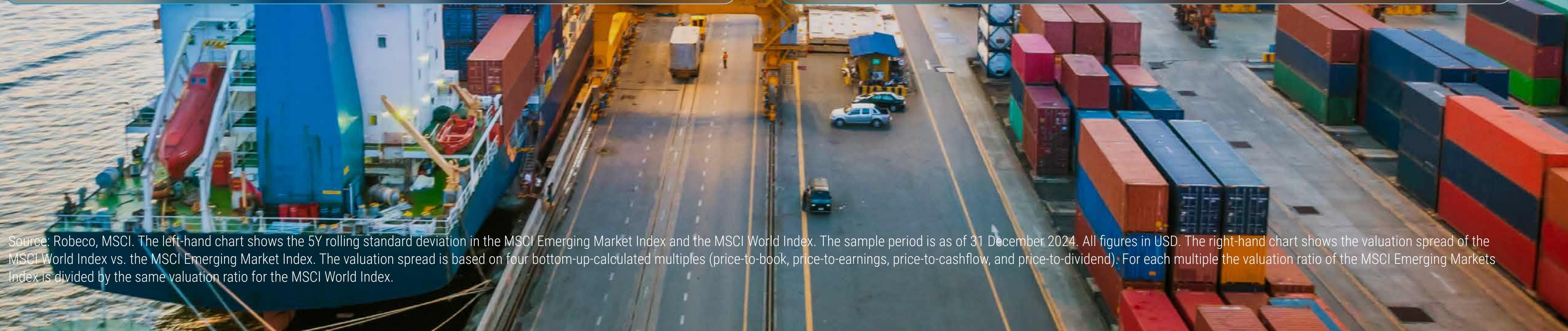
# 1. Why emerging markets in 2025?

In the new multi-polar world we believe emerging economies offer superior long-term investment opportunities compared to developed peers, with better economic fundamentals and fast-growing companies with attractive future earnings potential.

Beyond advantageous demographics, the most dynamic emerging countries are leveraging technology to reshape their economies and enjoy valuable optionality in international trade. These economies will shape a new world of opportunity for long-term investors in the next decade, and beyond.

## EMERGING MARKETS' GROWTH IS STRUCTURALLY HIGHER



**VOLATILITY HAS CONVERGED WITH DEVELOPED MARKET LEVELS****VALUATIONS ARE AT LOWEST LEVELS FOR TWO DECADES VERSUS DEVELOPED MARKETS**

Source: Robeco, MSCI. The left-hand chart shows the 5Y rolling standard deviation in the MSCI Emerging Market Index and the MSCI World Index. The sample period is as of 31 December 2024. All figures in USD. The right-hand 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.

## 2. Key trends in emerging markets



### 1. THE NEW ERA IN GLOBAL TRADE



The unipolar global trading system that has been in place since the end of the Cold War is breaking down. China, India and Brazil are recalibrating relationships

with the developed world and exerting more influence in trade negotiations, while smaller, unaligned emerging markets are using their agility to open new markets.

### 2. THE TECHNOLOGY ADVANTAGE



Emerging markets are leading the application of new technology, benefiting from digital advancements like mobile internet and ecommerce. These countries have the advantage of fewer legacy systems, tech-savvy young populations, and supportive governments. Emerging markets are also leveraging artificial

intelligence (AI) to solve pressing development challenges in sectors like financial services, healthcare, agriculture, and education. For instance, AI is being used to improve credit scoring, enhance agricultural productivity, and provide better healthcare diagnostics.

### 3. THE SUSTAINABLE LIVING FUTURE



By 2030, two-thirds of the global population will live in cities, mainly in megacities. This urbanization presents both challenges and opportunities, demanding robust infrastructure investments in transport, energy, water, and sanitation. Smart cities and sustainable transportation are vital for economic competitiveness. Countries like China, Brazil, India, and Indonesia are

actively investing in sophisticated transport systems, renewable energy, and setting ambitious targets to reduce carbon emissions. Emerging markets don't need to adapt legacy infrastructure like developed peers, potentially enabling a more direct and less economically disruptive transition to a sustainable future.

### 3. Key emerging markets in 2025

**BRAZIL**



Brazil's natural resources combined with a vibrant entrepreneurial economy and mature capital markets have made it a magnet for inward investment in recent decades. More recently its start-up culture has produced some strong regional companies, especially in fintech, reflecting its still enormous economic potential.

**CHINA**



In sectors like technology and electrification China is leveraging a classic follower strategy. It can capitalize on advantages like rapid adoption of new technologies, a vast domestic market, and an unrivaled manufacturing base. This means there are some attractive and often undervalued companies to invest in.

**GREECE**



A country with significant soft power and a highly educated population, Greece has made a powerful and sustained recovery in the past decade with economic growth driven by investment and resilient household consumption. Greece's booming tourism sector contributes significantly to its GDP, while nascent deregulation of its domestic economy will attract further inward investment.

**INDIA**



Expected to grow GDP at 6.5%\* in 2025, India's export sector and thriving domestic economy, powered by a young and tech-focused workforce, means the country with the world's biggest population is rapidly catching up to China as the most high-profile emerging market.

**KOREA**



Korea is highly competitive in some of the world's hottest sectors, including semiconductors and battery technology. Combined with its renowned manufacturing expertise and domestic reforms to release hidden value from its corporate sector, it remains a land of opportunity for investors.

# 4. Why Robeco in emerging markets?

## Experience

Robeco's Emerging Markets Equities strategy has had the same management team since 1994. Embedded in Robeco's Global Fundamental Equities group of more than 70 investment professionals, the team cooperates closely with our China and Asia-Pacific specialists based in Hong Kong and Shanghai as well as sustainable investment specialists in Singapore and the Netherlands.

## Leadership that owns the track record

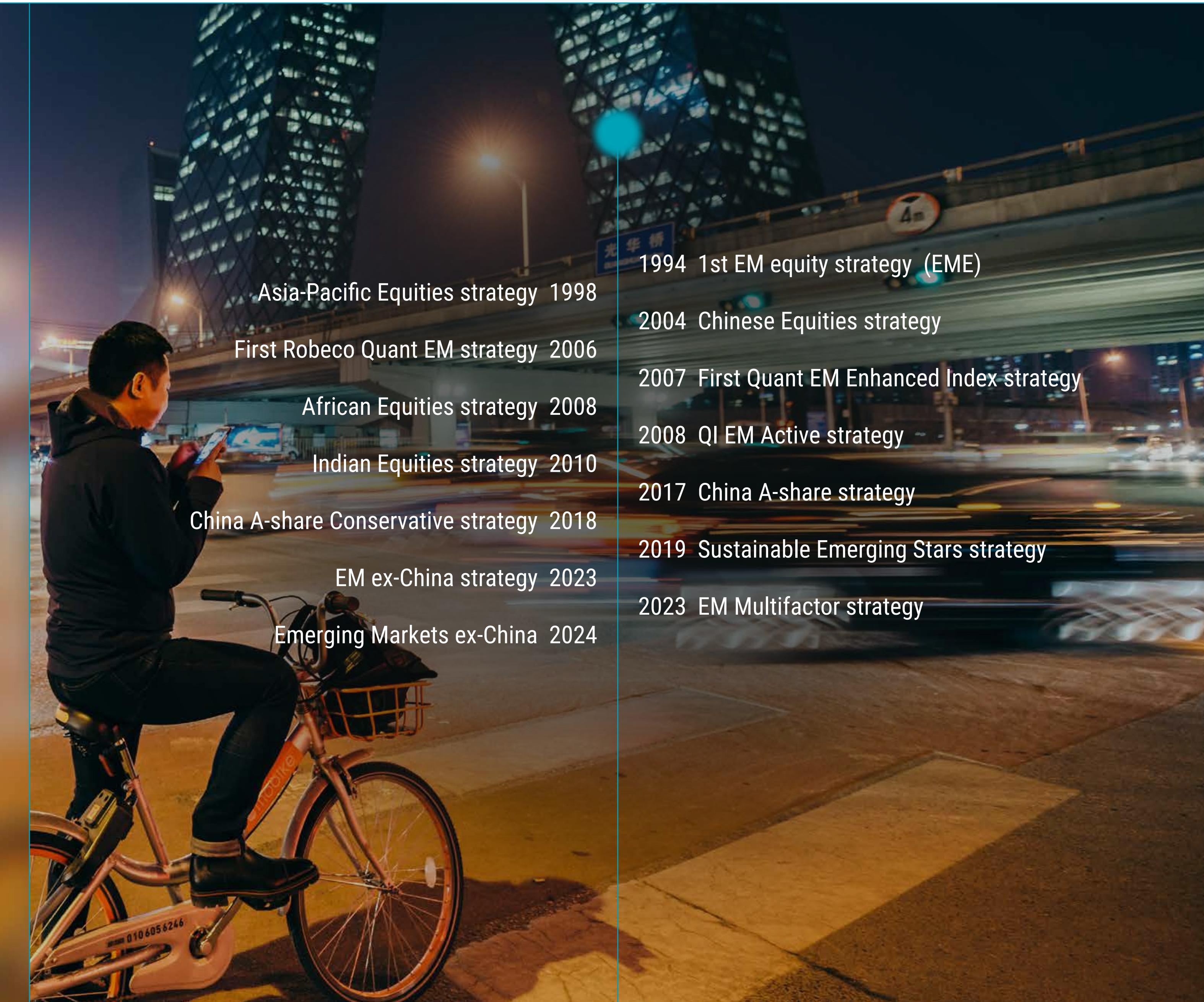
Wim-Hein Pals, has been the lead portfolio manager since 1994 so Robeco's EM strategies don't experience style drift. Wim-Hein started his career in the investment industry at Robeco in 1990. He holds a Master's in Industrial Engineering and Management Sciences from Eindhoven University of Technology and a Master's in Business Economics from Tilburg University.

## A rich source of country and stock data – information edge

Robeco's data set of country and company intelligence stretches back to 1994.

## Sustainable investment expertise

We have integrated ESG factors into our investment process since 2011 by analyzing the impact of material factors to a company's competitive position and value drivers.



## Robeco Emerging Markets Equities strategy

The Robeco Emerging Markets Equities strategy typically has 80 to 90 stock holdings and targets companies with the best earnings potential in the most promising Emerging Markets. Since the strategy was launched in January 2003 it has outperformed the MSCI Emerging Markets index by an annualized 1.44%<sup>1</sup>, providing attractive cumulative returns for our clients.

Annualized performance	2024	10 Year	Since January 2003 <sup>2</sup>
Robeco EM Equities strategy	14.07%	6.03%	10.48% <sup>2</sup>
MSCI EM Index	14.68%	4.28%	9.04%
Relative performance	-0.61%	1.75%	1.44%



1. Past performance is no guarantee of future results. The value of your investments may fluctuate.

2. The strategy was launched in 1994, but comparison data for the strategy are only available since January 2003.

Source: Robeco, MSCI. Portfolio: Robeco Emerging Markets Equities strategy. Index: MSCI Emerging Markets Index. Index change per 01-01-2008 from S&P IFC Composite to MSCI Emerging Markets Index. All figures in EUR. Data end of February 2025. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Performance since inception is as of the first full month. Periods shorter than one year are not annualized. Returns gross of fees, based on gross asset value. Values and returns indicated here are before cost; the performance data does not take account of the commissions and costs incurred on the issue and redemption of units. These have a negative effect on the returns shown.

## Robeco Emerging Stars Equities strategy

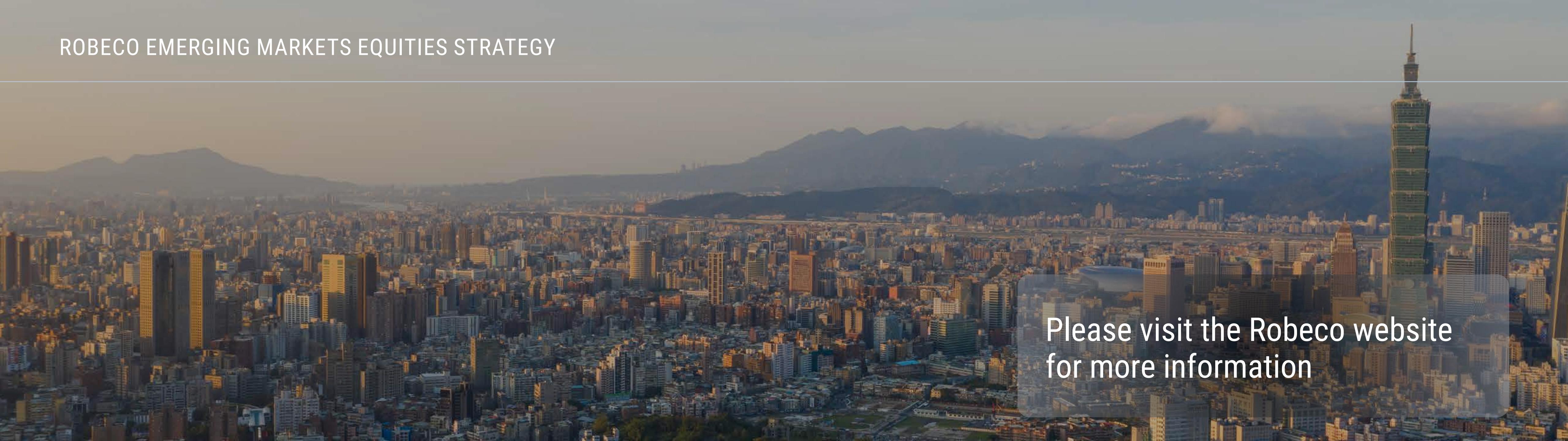
Emerging Stars Equities invests in a focused group of circa 50 companies based on top-down country analysis and bottom-up stock selection. Since the strategy was launched in January 2007 it has outperformed the MSCI Emerging Markets index by an annualized 2.8%<sup>3</sup>, providing attractive cumulative returns for our clients.

Annualized performance	2024	10 Year	Since January 2007
Emerging Stars Equities strategy	8.99%	5.73%	7.60%
MSCI Emerging Markets Index	14.68%	4.28%	4.80%
Relative performance	-5.70%	1.45%	2.80%



3. Past performance is no guarantee of future results. The value of your investments may fluctuate.

Source: Robeco, MSCI. Portfolio: Emerging Stars Equities strategy. Index: MSCI Emerging Markets Index. All figures in EUR. Data end of February 2025. If the currency in which the past performance is displayed differs from the currency of the country in which you reside, then you should be aware that due to exchange rate fluctuations the performance shown may increase or decrease if converted into your local currency. Performance since inception is as of the first full month. Periods shorter than one year are not annualized. Returns gross of fees, based on gross asset value. Values and returns indicated here are before cost; the performance data does not take account of the commissions and costs incurred on the issue and redemption of units. These have a negative effect on the returns shown.



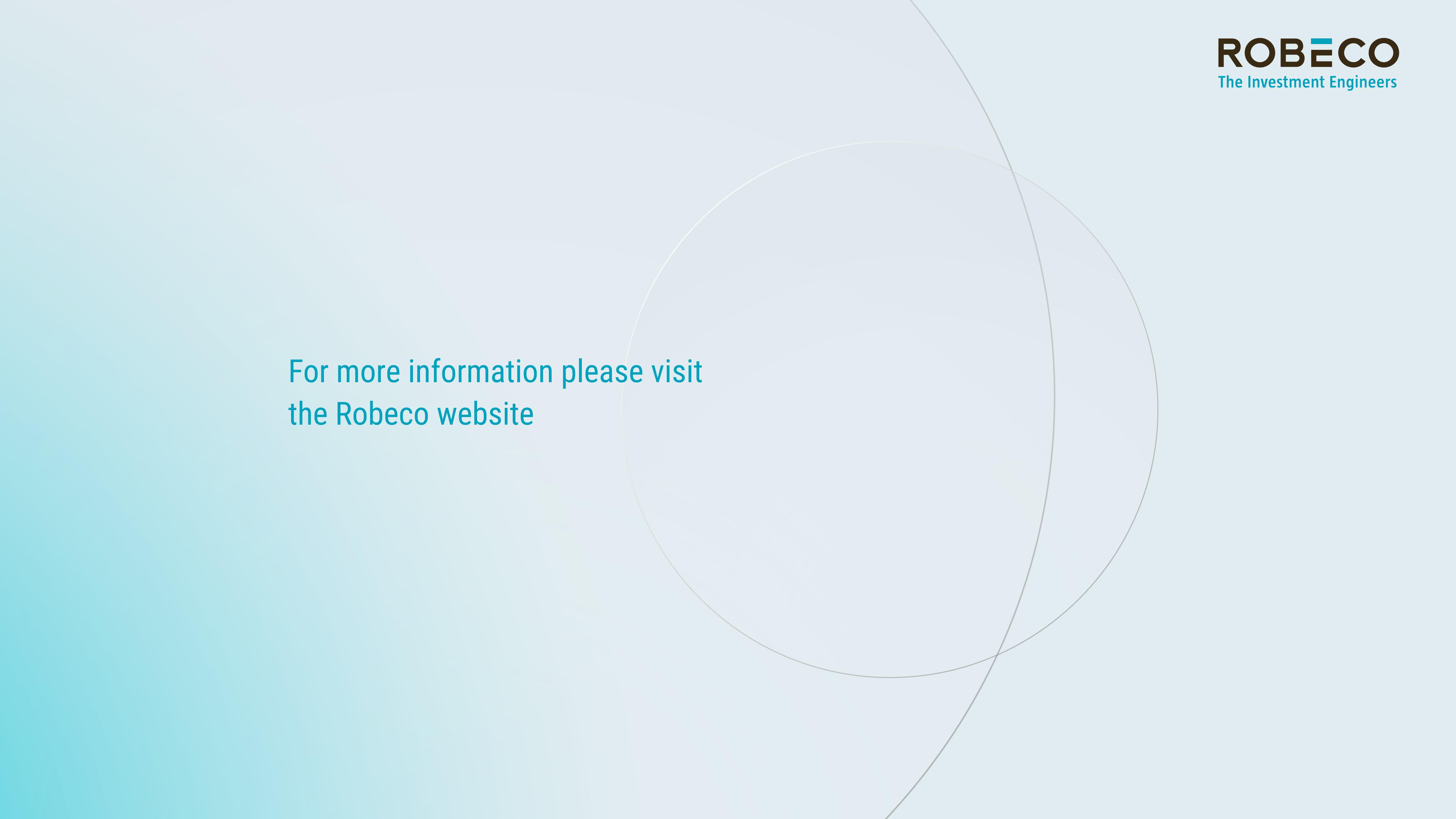
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