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Why We Upgraded This Emerging-Market Stock Fund

Skilled investors keep this strategy's quant process running smoothly.

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Key Morningstar Metrics for Causeway Emerging Markets

- Morningstar Medalist Rating: Silver
- Process Pillar: Above Average
- People Pillar: High
- Parent Pillar: High

Causeway Emerging Markets CEMIX (including a US mutual fund, separately managed account, and collective investment trust) has an impressive crew that has earned an upgrade to a High People rating and maintains its Above Average Process rating.

People matter to a quantitative strategy as much as they do at a fundamental one. To keep a computer-driven approach humming, its investors must constantly upgrade factor research, which takes time, talent, and expertise. In this strategy's three-tiered team, the four portfolio managers include two quants who built the strategy in 2007, Arjun Jayaraman and MacDuff Kuhnert, plus seasoned pros Joe Gubler and Ryan Myers. They focus largely on supervising research and assessing whether new factors belong in the model. Senior research analysts Andrew Liu, Tong Lu, Huray Basar, and Marshall Dong design and pitch new factors and hone them until success or failure is clear. Three research analysts work on others' ideas and do other heavy lifting. Overall, Causeway's team is well structured, highly experienced, and boasts proven results here and on other strategies such as Causeway International Small Cap CIISX.

This strategy's systematic process, like many competitors', rests upon many contributing quantitative factors that add up to assess a stock on its growth, valuation, and momentum factors. And, like systematic rivals, the team works continually to upgrade and refine its factor set. Two key differences give this approach an edge. First, the weightings of the factors here differ from stock to stock to reflect the specific traits that each stock has: Valuation matters more for cheap stocks, while growth factors matter more for companies that are scaling up. Second, the quant team works with Causeway's fundamental team to develop a macro perspective that drives 25% of the model's weighting via sector, country, and currency tilts. The end output is a roughly 120-200 stock portfolio with fairly moderate tilts versus the index's stock, sector, and country exposures.

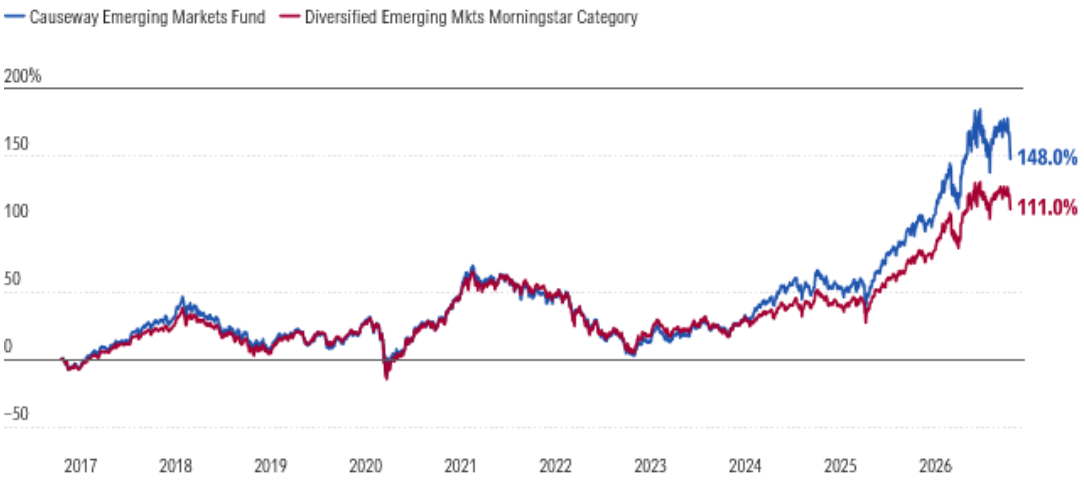
Causeway Emerging Markets: Performance Highlights

This strategy's returns since inception are very strong. Its institutional share class' 6.9% annualized return from its March 2007 inception through September 2026 thumped the typical diversified emerging-markets Morningstar Category peer's 4.9% gain and significantly exceeded the MSCI Emerging Markets Index's 5.7% gain.

It's worth noting that the strategy has had long cycles of outperformance and underperformance. It was strong in almost every calendar year from 2009 through 2014. It then ranked below average in most years from 2015 through 2022. And it's been roughly top quintile or better every year since, including an 18th percentile standing in 2026 through September. In its stretch of eight subpar years, it's worth noting that the MSCI Emerging Markets Growth Index topped the MSCI Emerging Markets Value Index in seven of those years, and this strategy usually has a definite value tilt, so the lag was largely a style headwind.

According to Causeway's attribution analysis, there's been a definite tilt in the strong outperformance in the first eight months of 2026. Of the 10 most meaningful contributors versus the benchmark, six came from the broad technology area. Moreover, by far the most potent stock pick was SK Hynix, which featured a high active weighting in this strategy and gained more than 170% over the period. It's worth noting that the second-most significant contributor on an absolute basis, Taiwan Semiconductor Manufacturing, was detrimental on a relative basis because the strategy had been underweight in it for much of the year.

Causeway Emerging Markets Fund



Source: Morningstar. Data as of Oct. 16, 2026.
Index returns are for illustrative purposes only and do not represent actual fund performance. Index returns do not reflect any any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot directly invest directly in an index. Past performance does not guarantee future results.

Important Disclosures

To determine if a Fund is appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. This and other information can be found in the Fund's full or summary prospectus, which may be obtained by calling 1-866-947-7000. Read it carefully before investing.

As of 9/30/2026, returns for the Causeway Emerging Markets Fund Institutional Shares (CEMIX) were: 37.46%, 29.50%, 12.78%, 10.50% and 6.85% for the 1 Year, 3 Year, 5-year, 10 Year and Since Inception, respectively. Gross expenses before investment adviser fee waivers are 1.14% for Institutional Class shares and 1.39% for Investor Class shares. The waivers are contractual and in effect until 1/31/27.

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