

# LetkoBrosseau

Global Emerging Market Equities

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Candoris Quarterly Webinar

Presented by:

**Alex Letko, MBA, CFA<sup>®</sup>**

Regional Manager - Central Canada, Portfolio Manager

# Firm Profile

An independent investment manager with 38 years experience and strong alignment with clients

## Firm

- Established 1987
- Independently owned, employee-owned
- \$750 million of firm capital invested in strategies <sup>(1)</sup>, including **directly in UCITS Fund**
- Offices in Montreal, Toronto and Calgary

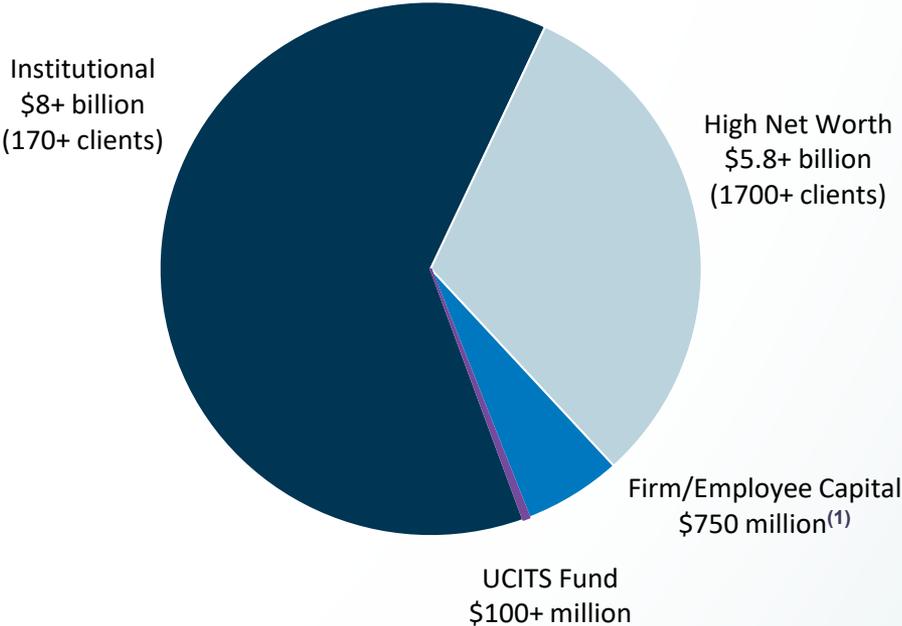
## Team

- 100+ employees
- 20-member research investment team
- Portfolio Managers average 20+ years experience

## Approach

- Proprietary fundamental research guides all investment decisions
- Focus on price discipline, long-term value creation, and preservation of clients' capital
- In-house management across equity, balanced, and fixed income strategies

**\$15.0 Billion Firm AUM**  
As of December 31, 2025

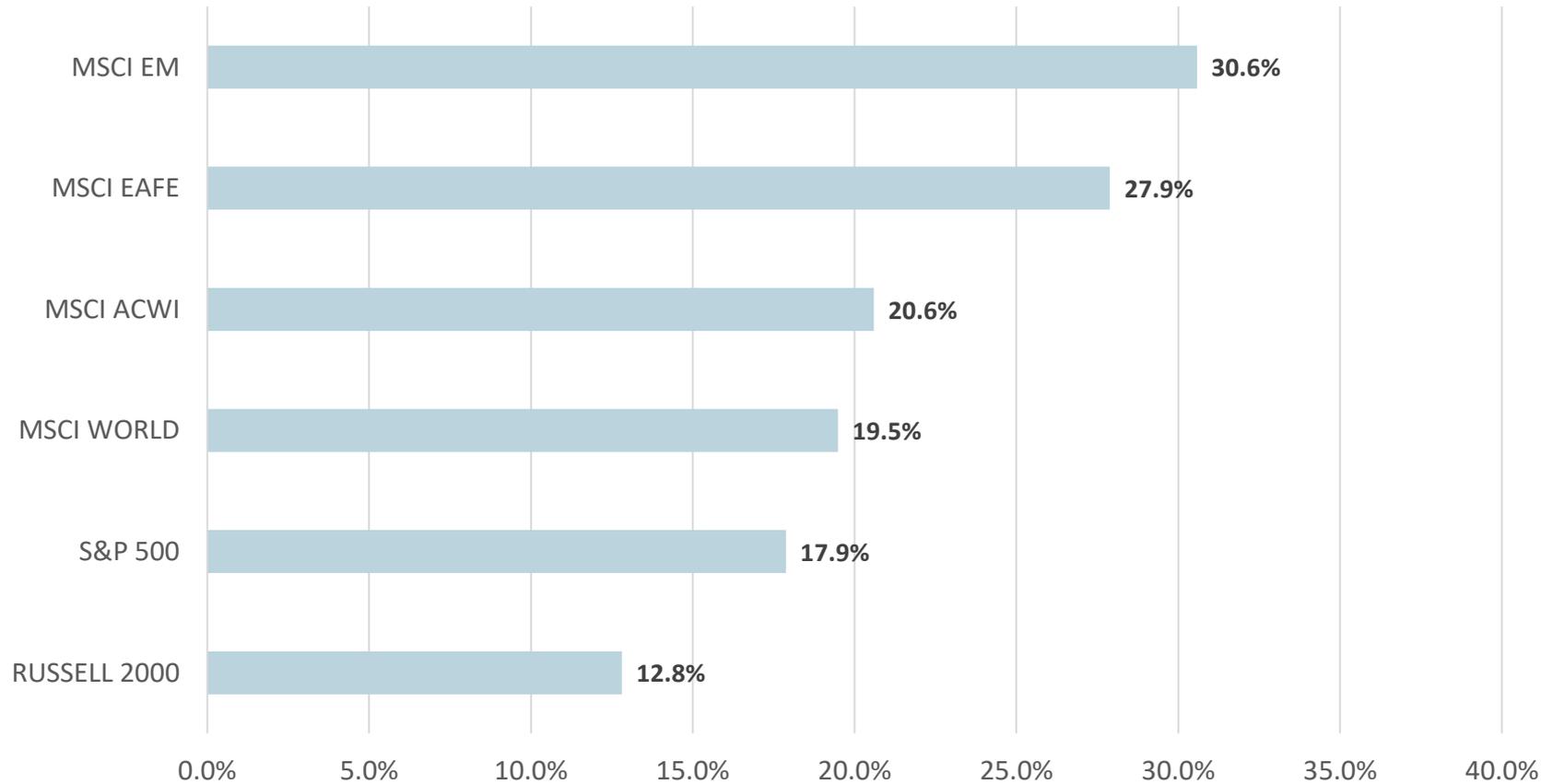


# 2025 Performance & Current Positioning

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# And the Winner Goes to...Emerging Markets??

(Calendar Year Performance, USD, 2025)



# Composite Performance

As of December 31, 2025

Compounded Annualized Return As at December 31, 2025	1 yr	3 yrs	5 yrs	10 yrs	Since Inception*
<b>Candoris UCITS Fund</b>	<b>41.1%</b>	--	--	--	<b>23.4%</b>
<b>LBA Emerging Markets Composite Gross Return</b>	<b>45.0%</b>	<b>18.6%</b>	<b>13.1%</b>	<b>12.9%</b>	<b>7.4%</b>
MSCI Emerging Markets Total Return Net Index	33.6%	16.3%	4.5%	8.3%	3.9%

Inception date for the UCITS Fund is August 31, 2024 and inception date as measured for the composite and MSCI EM index is July 1, 2011. This Composite includes all discretionary emerging markets equity mandates with asset mix targets for fixed income securities of less than 10%. The Composite assets as of December 31, 2025 were \$1.8 billion USD or 12.2% of assets under management. The benchmark is 100% MSCI Emerging Markets Total Return Net Index. The benchmark since inception to December 31, 2023 was 5% Deutsche Bank Fed Funds Effective Rate Total Return Index and 95% MSCI Emerging Markets Total Return Net Index. Performance results reflect the reinvestment of dividends, income and other earnings and are presented net of all foreign withholding taxes. Reclaimable withholding tax refunds are recognized when received. The benchmark is fully invested and its returns include the reinvestment of dividends, income and other earnings. Performance results are presented before management and custodial fees but after trading commissions. Custody/administration costs may vary depending on client's custody arrangement and account. Past performance does not guarantee future returns.

# Performance Attribution Commentary

January 1, 2025, to December 31, 2025

## Sector Attribution

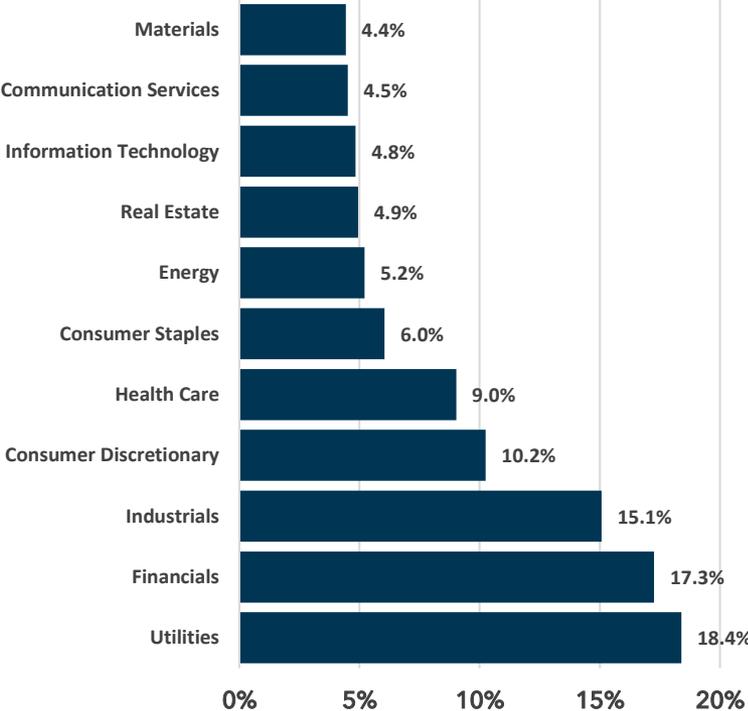
- Largest contributors:
  - Real Estate up +79% vs benchmark up +5%
    - Allos in Brazil and Fibra Danhos in Mexico, up +86% and +68%, respectively
  - Utilities +46% vs benchmark +13%
    - In Brazil: Sanepar, Copel, Sabesp each up more than +10%
    - In Philippines: Manila Water up +54.8%
    - In China: Beijing Enterprises up +24.8%
- Largest detractors:
  - Information Technology, underweight by 24% vs the index, which was up +54%
    - Security selection offset the negative allocation effect: our portfolio holdings outperformed the index, up +121% vs the index up +54%
    - Samsung (+129.2%) and Kingboard Laminates (+92.7%)

## Country Attribution

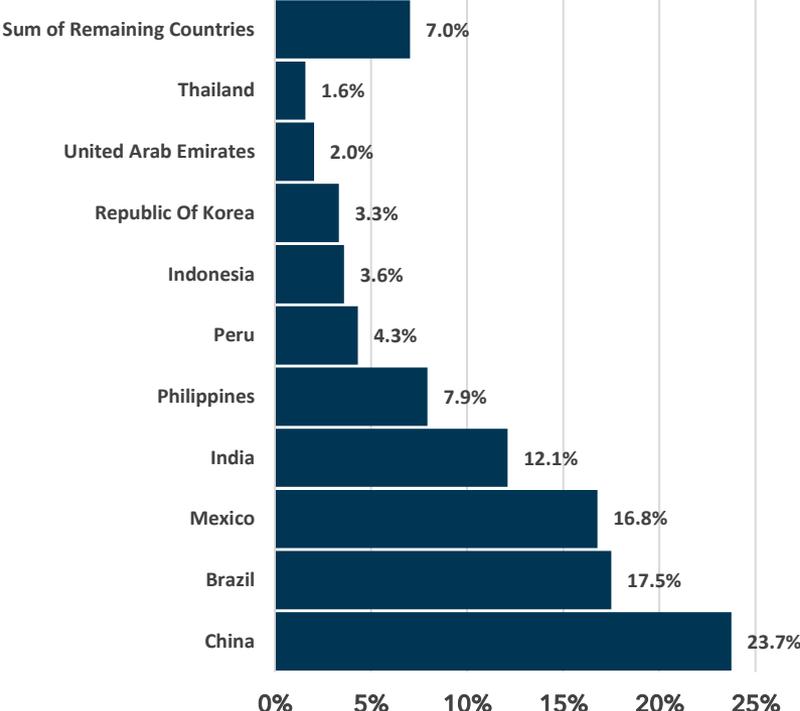
- Largest contributors:
  - Brazil, Mexico (overweight and positive selection effect)
  - India, China (underweight and positive selection effect)
- Largest detractors:
  - South Korea (underweight yet positive selection effect)
  - Indonesia (overweight and negative selection effect)
  - South Africa (underweight)

# Differentiated Positioning

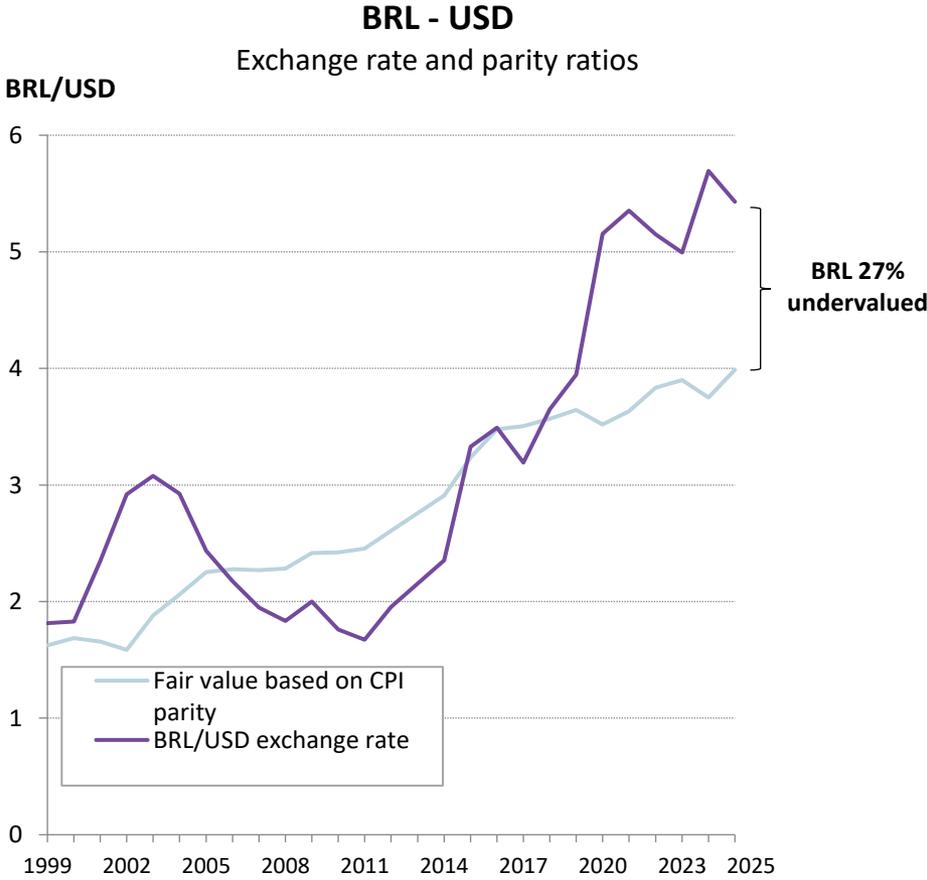
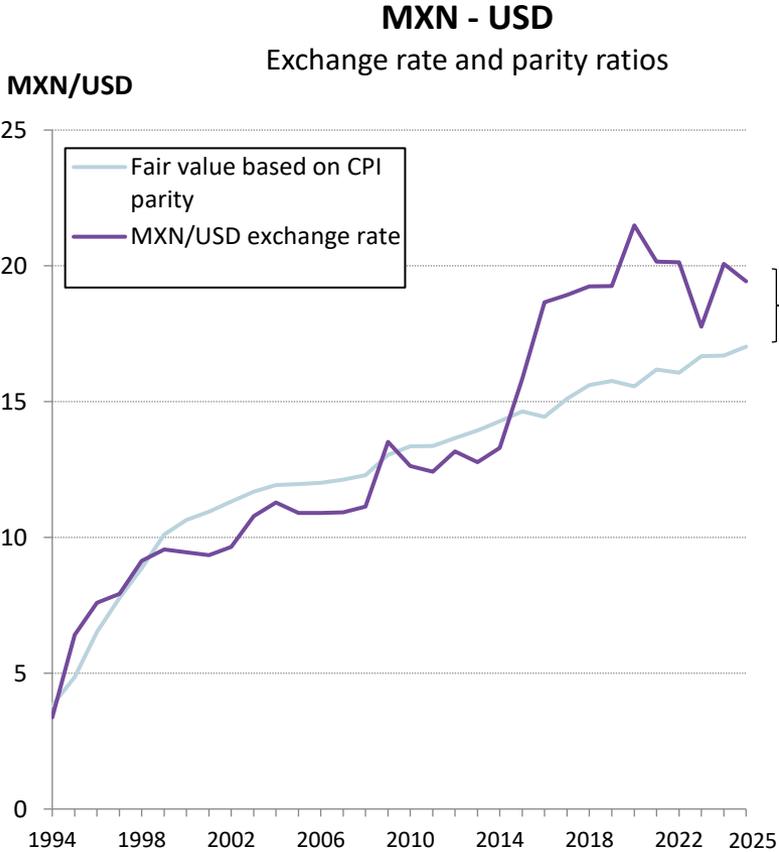
Current Sector Weights



Current Country Weights



# Country Overweights Backed by Macro Tailwinds

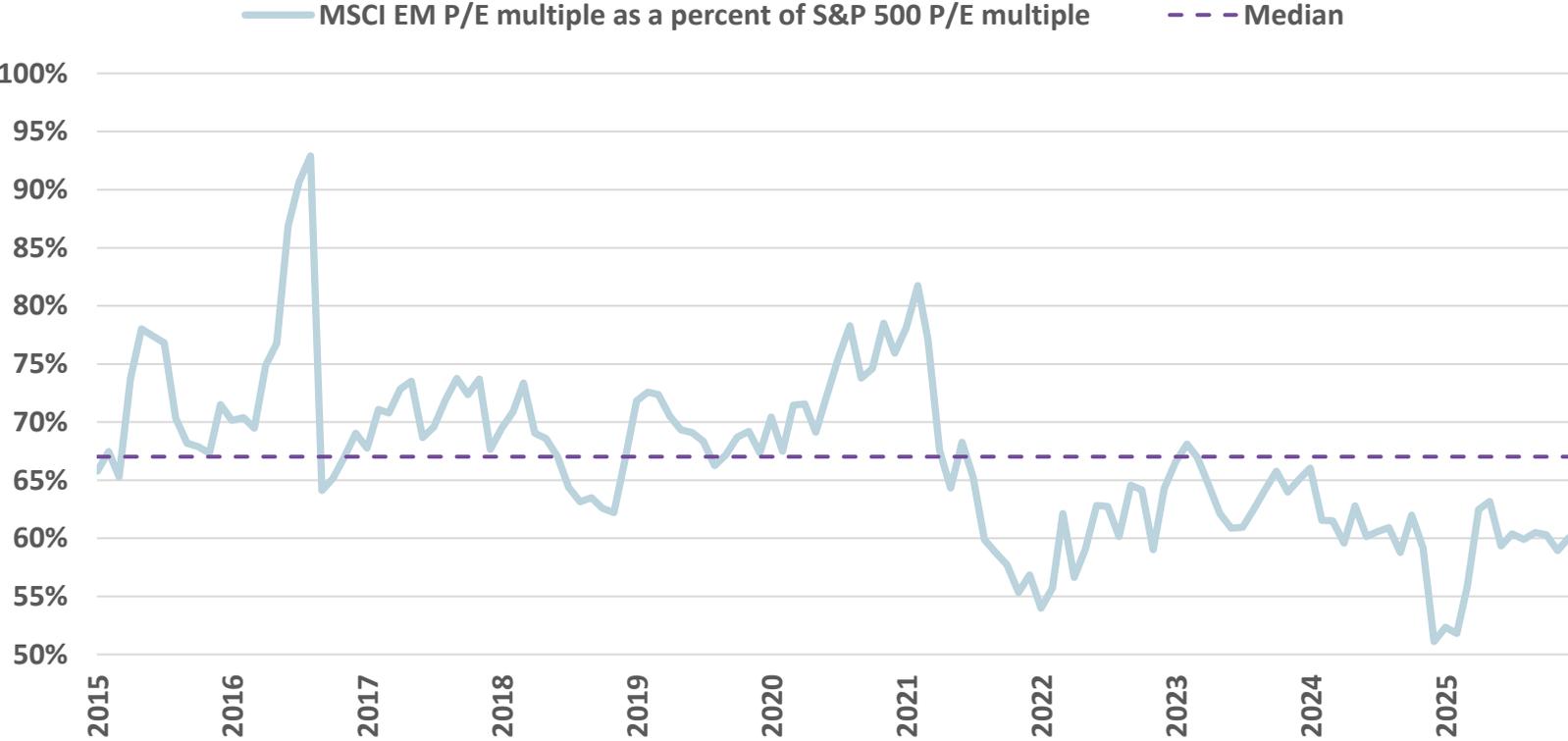


# Why Emerging Markets Now?

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# Relative discount is significant

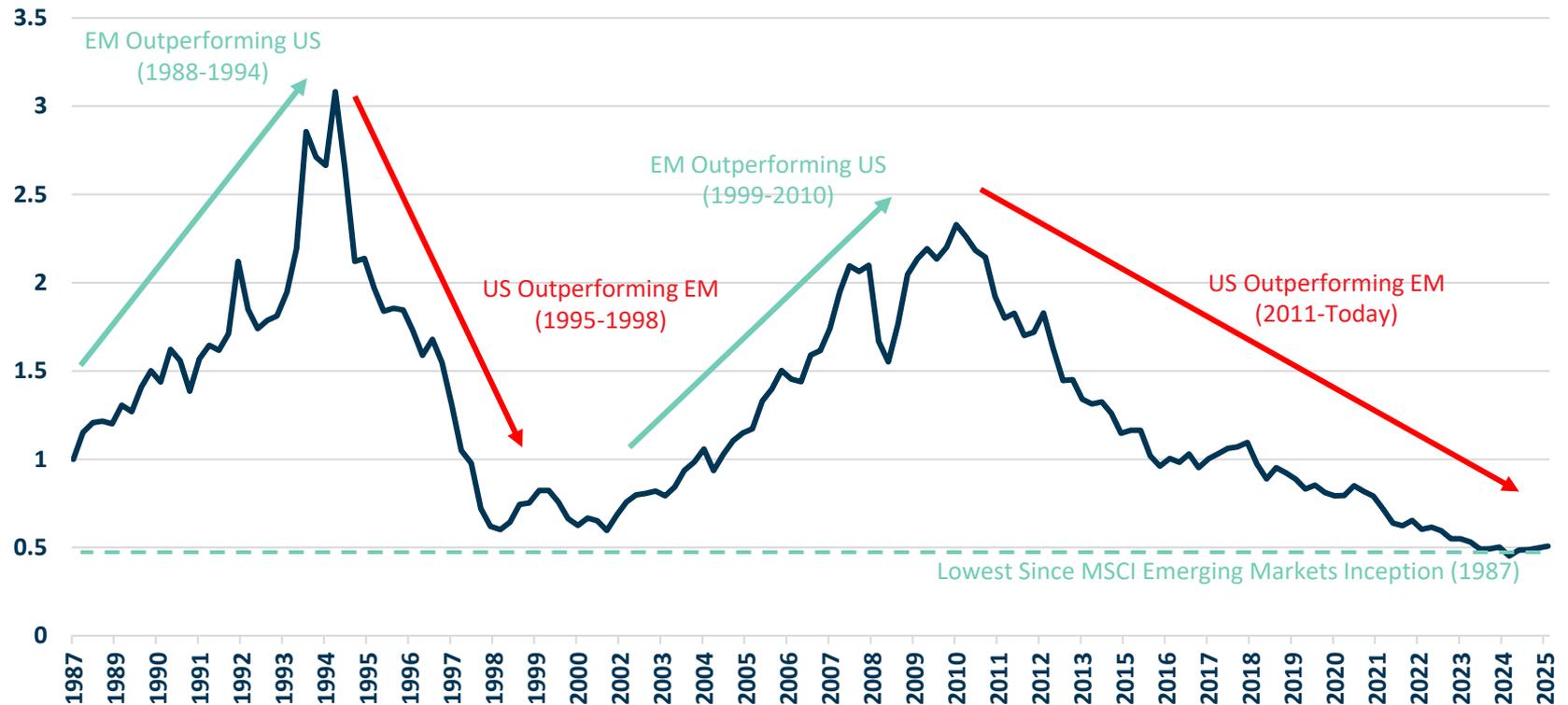
MSCI EM P/E multiple compared to the S&P 500 P/E multiple



**The MSCI EM index is trading at a relative discount to the S&P 500, and below the median discount over the period from 2015 to present**

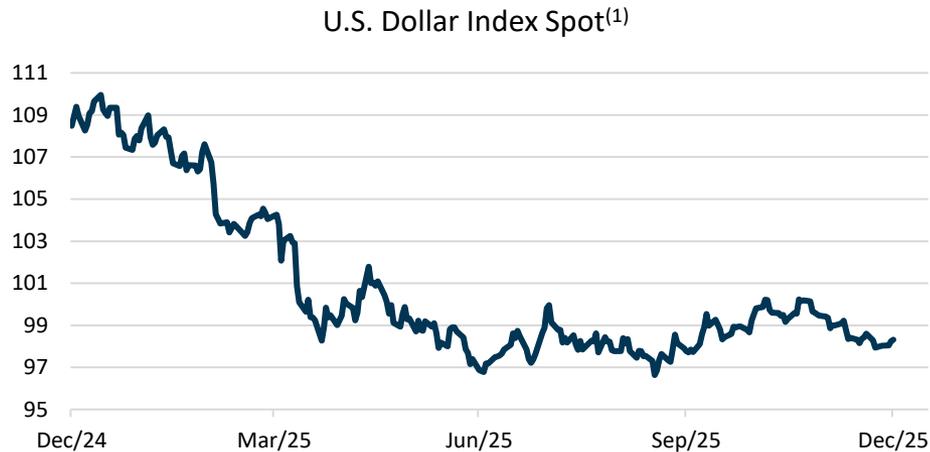
# Still a long way to go?

## MSCI Emerging Markets to S&P 500 Ratio Total Return



# Why Emerging Markets Now?

U.S. Equities Face Rising Risks



## Trump's policies have hurt safe-haven status of U.S. dollar, Macklem says

MARK RENDELL > ECONOMICS REPORTER  
PUBLISHED SEPTEMBER 23, 2025

THE GLOBE AND MAIL\*

Updated Nov. 18, 2025 9:20am ET

## Fears of AI Bubble Grow, Bank of America Survey Shows



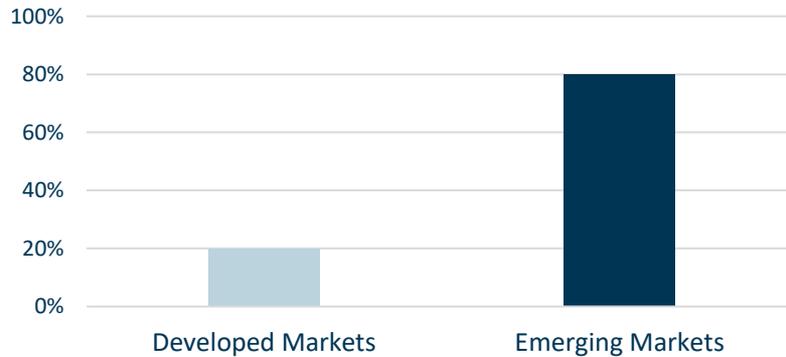
By [Alexander Osipovich](#), Reporter

## *Federal Prosecutors Open Investigation Into Fed Chair Powell* The New York Times

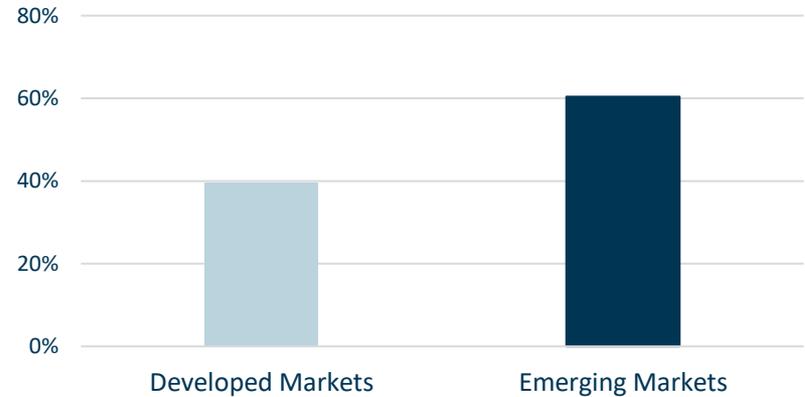
(1) Based on the Dollar Index Spot (Bloomberg), from January 1, 2025, to December 31, 2025.  
Sources: The New York Times article retrieved on January 12, 2025 (The New York Times). The Wall Street Journal article retrieved on January 12, 2025 (The Wall Street Journal). Globe and Mail article retrieved on September 25, 2025 (The Globe and Mail).

# EM Fundamentals Provide Compelling Backdrop

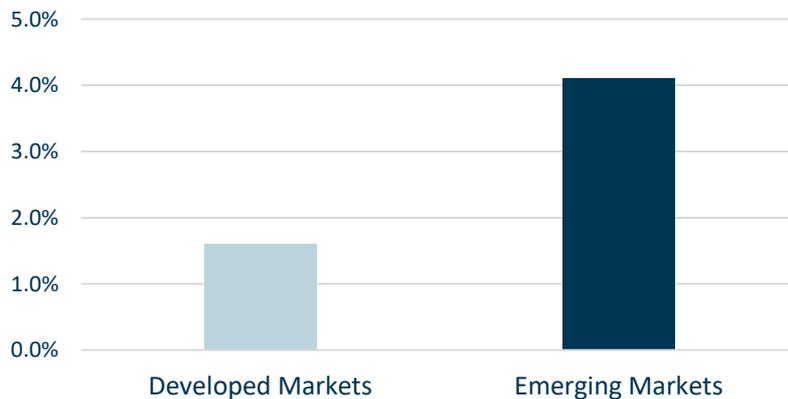
Share of new "Consumer Class" entrants 2026-2030 <sup>(1)</sup>



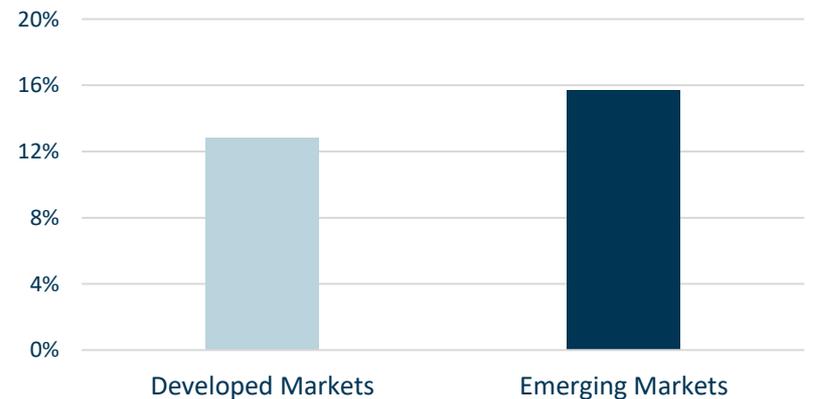
Share of Global GDP <sup>(2)</sup>



Forecasted GDP Growth 2027-2030 <sup>(2)</sup>



EPS CAGR Estimate 2026-2028 <sup>(3)</sup>



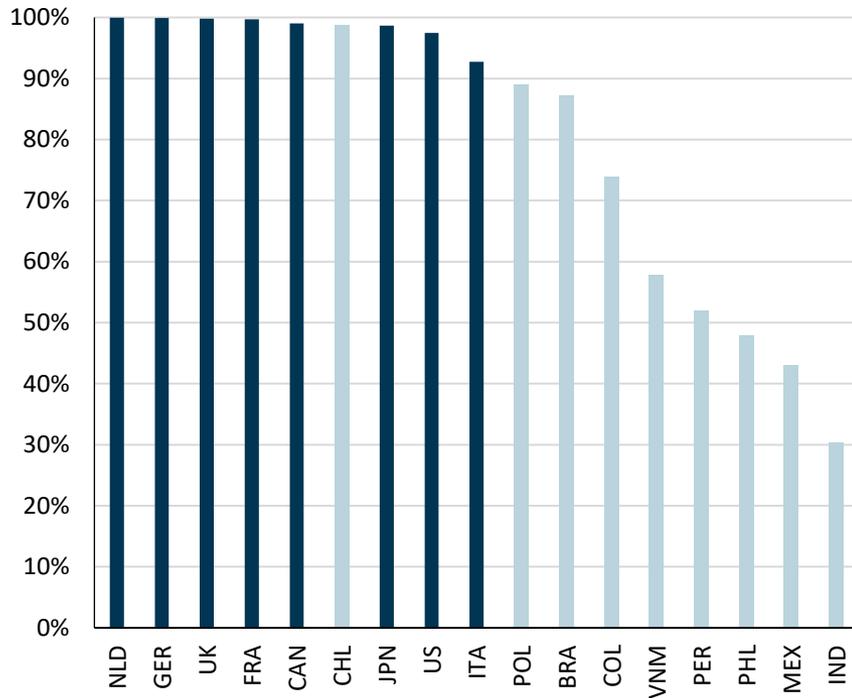
<sup>(1)</sup> World Data Lab, World Consumer Outlook 2025. Consumer class defined as spending >\$13 USD/day

<sup>(2)</sup> IMF World Economic Outlook, October 2025. GDP share based on PPP in USD.

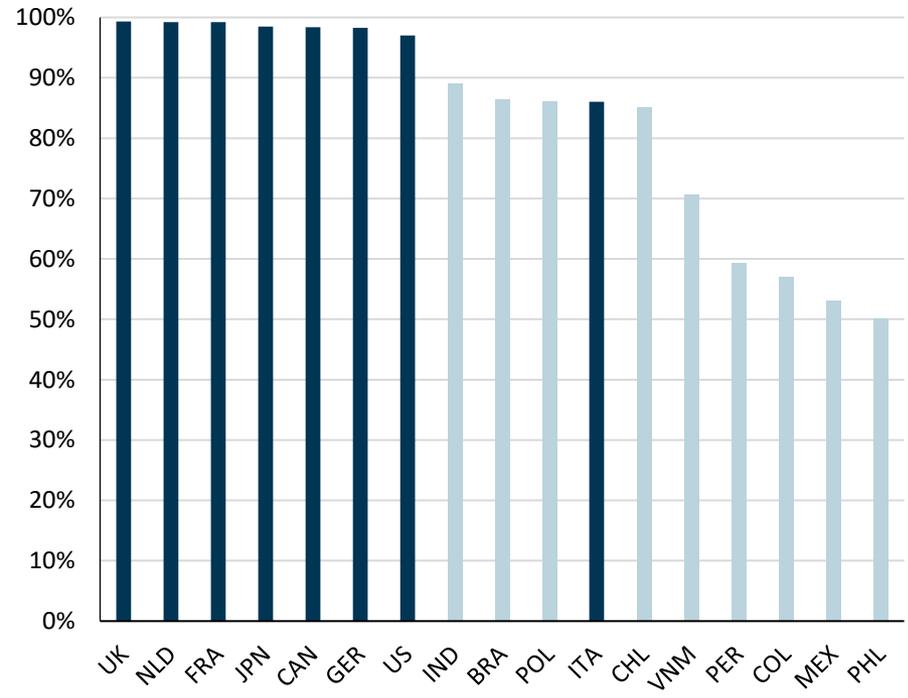
<sup>(3)</sup> Bloomberg, as of January 31, 2025. MSCI World index used for Developed Markets, and MSCI Emerging Markets index used for Emerging Markets.

# Years of Economic Development Still to Come

**Population using safely managed drinking water services (%)**  
 ■ DM ■ EM



**Share of adults with a bank account (%)**  
 ■ DM ■ EM



# Emerging Markets Screen Attractive

	S&P 500	MSCI ACWI	MSCI EM
Price/Earnings	22.0	18.9	13.2
Price/Cash Flow	16.2	13.0	9.2
Price/Book	4.7	3.2	1.9
Dividend Yield	1.2%	1.8%	2.6%
EPS CAGR Estimate (2025-2027)	14.6%	13.5%	18.8%

# Why LetkoBrosseau for EM Equities

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# 1) Emerging Markets Tend to Reward Active Managers

	5-YR Alpha	10-YR Alpha
Global Equity Managers <sup>*(1)</sup>	(1.5)%	(0.5)%
EM Equity Managers <sup>** (2)</sup>	1.3%	1.1%
LetkoBrosseau Emerging Markets Equity Strategy <sup>** (3)</sup>	9.6%	4.9%

*\*Benchmark: 100% MSCI ACWI (Gross Dividends).*

*\*\*Benchmark: 100% MSCI EM (Gross Dividends).*

## Structural inefficiencies in EM reward active managers.

Sources: (1) Evestment All Global Equity Universe metrics are based on disclosed average excess returns data by 1679/1165 investment products, in \$USD and as of December 31, 2025.

(2) Evestment Global Emerging Markets All Cap Equity Universe metrics are based on disclosed average excess returns data by 268/198 investment products, in \$USD and as of December 31, 2025. (3) This Composite includes all discretionary emerging markets equity mandates with asset mix targets for fixed income securities of less than 10%. The Composite assets as of December 31, 2025 were \$1.8 billion or 12.2% of assets under management. Performance results are presented before management and custodial fees but after trading commissions. Custody/administration costs may vary depending on client's custody arrangement and account. Past performance does not guarantee future returns.

# 1) Emerging Markets Tend to Reward Active Managers

Passive exposure suffers from concentration risk

TSMC Market Cap

\$1.75T

TSMC was 11.9% of the  
MSCI EM Index as of  
December 31, 2025

## 2) Fundamental Research Key to Unlocking EM Alpha

### Deep, Experienced Investment Team



**Rohit Khuller, MBA, CFA\***

Vice President, Investment Management,  
Lead Portfolio Manager  
Years: Exp – 30 / LBA – 27



**Mila Krassiouk, MBA, CFA\***

Co-Associate Senior Portfolio Manager,  
Materials  
Years: Exp – 30 / LBA – 22



**Yongai Xu, CFA\***

Co-Associate Portfolio Manager,  
Clean Tech, Forest Products  
Years: Exp – 16 / LBA – 12

### Supported by the wider research team

**22** years average experience

**16** years average tenure at LBA

**12** languages spoken

**6** members born in emerging markets

**19** CFA® charterholders\*

**17** FSA credential holders\*

**14** MBAs

**Julie Bouianovskaia, CFA**

Real Estate, Consumer Staples  
Years: Exp 17 / LBA 8

**Edward Dashwood, CFA**

Mining, Engineering  
Years: Exp 9 / LBA 9

**Stéphane Lebrun, CFA**

Telecom & Media, Forest Products  
Years: Exp 32 / LBA 25

**Usman Olubajo, CFA**

Emerging Markets, Aerospace & Defense  
Years: Exp 12 / LBA 5

**Paul Younes, CFA**

Transportation, Industrials, Aerospace, Defense  
Years: Exp 11 / LBA 11

**Daniel Brosseau**

Founder  
Years: Exp 47 / LBA 38

**Terry Howard, CFA**

Retail, Consumer Staples  
Years: Exp 48 / LBA 17

**Peter Letko, CFA**

Founder  
Years: Exp 53 / LBA 38

**Sankalp Sachdeva, CFA**

Financials  
Years: Exp 14 / LBA 10

**Olivier Brosseau, CFA**

Healthcare  
Years: Exp 11 / LBA 7

**Joel Kaczor, CFA**

Economics  
Years: Exp 17 / LBA 15

**Alex Letko, CFA**

Energy  
Years: Exp 12 / LBA 7

**Wesley Scanterbury, CFA**

Economics  
Years: Exp 8 / LBA 8

**Allan Cyril, CFA**

Information Technology  
Years: Exp 11 / LBA 11

**Ivan Kraljevic, CFA**

Healthcare  
Years: Exp 13 / LBA 13

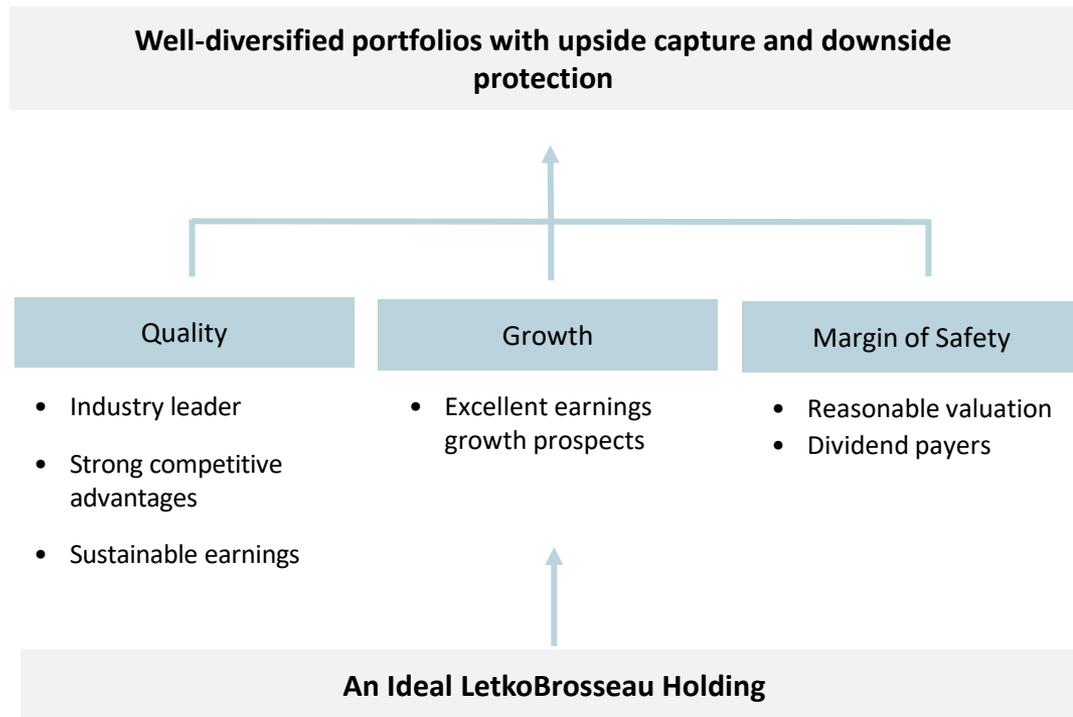
**Charmaine Lim Uy, CFA**

Retail, Industrials  
Years: Exp 21 / LBA 21

**Victor Swishchuk, CFA**

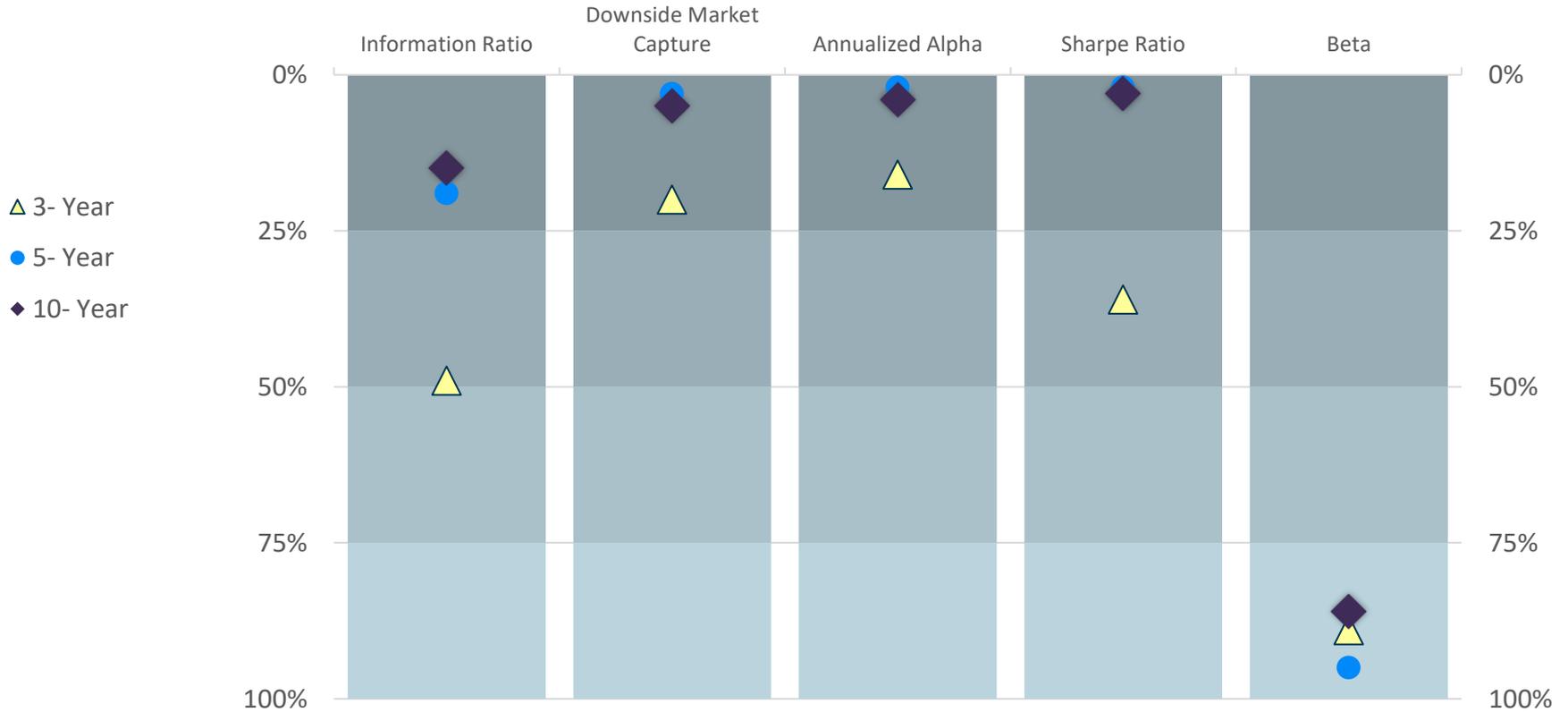
Energy, Utilities  
Years: Exp 19 / LBA 12

### 3) Investment Philosophy Well-suited to Emerging Markets



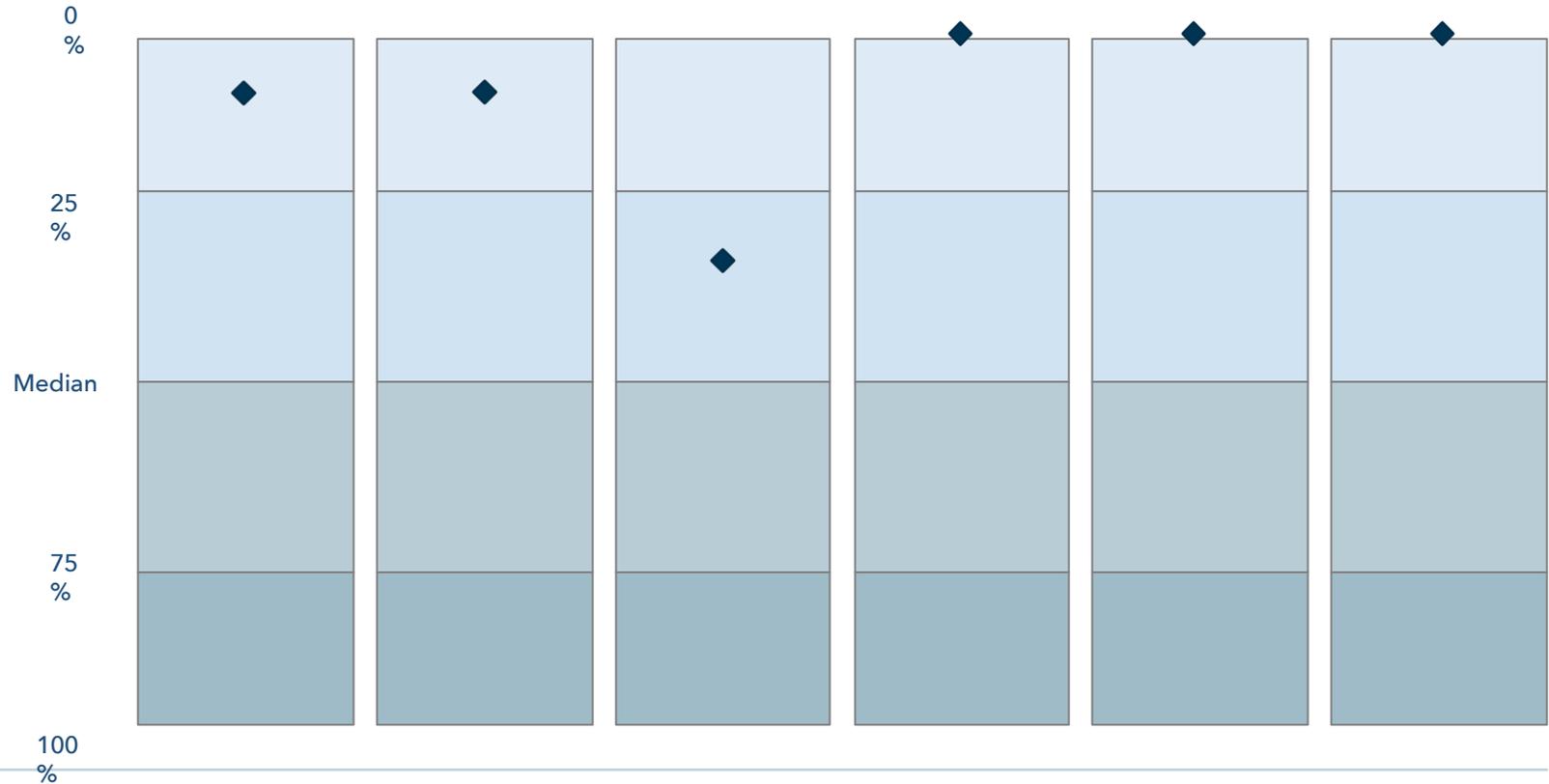
# 4) Minimizing Volatility and Downside Risk is Key

## Peer Group Comparison



# 5) Long Track Record of Success

## Favorable Peer Group Rankings



	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
LBA Gross Return**	45.0	45.0	18.6	13.1	12.9	7.3
MSCI EM Index *	33.6	33.6	16.4	4.2	8.4	3.8

\*\* LetkoBrosseau Emerging Markets Composite  
 \* MSCI Emerging Markets Total Return Net Index

 LetkoBrosseau Emerging Markets Gross Returns, Percentile Rank

## 6) Portfolio Presents Favorable Characteristics

As of December 31, 2025

	LBA Emerging Markets Equity	MSCI EM Index
<b>Valuation</b>		
P/E (Forward)	10.7	13.2
Price/Book	1.2	1.9
Price/Cash Flow	7.2	9.2
<b>Income</b>		
Dividend Yield	4.1%	2.6%
<b>Capitalization (\$B)</b>		
Weighted Average Market Cap	\$50.5B	N/A
<b>Turnover</b>		
Turnover (1 year avg. through 12/31/2025)	8.9%	N/A
<b>Portfolio Holdings</b>		
Number of Holdings	54	1,197

# Top/Bottom Contributors

Emerging Markets Composite Since Inception

July 1, 2011 – December 31, 2025

Portfolio Net Gains: \$1,134,653

9.4x gain/loss ratio

	Gains (\$000)	% of Total Gains
Companhia Paranaense De Energia - COPEL	70,271	5.5%
Companhia De Saneamento Basico Do Estado De Sao Paulo - SABESP	60,557	4.8%
Grupo Aeroportuario Del Centro Norte	59,032	4.6%
Samsung Electronics Co Ltd	49,925	3.9%
Reliance Industries	48,317	3.8%
Ferreycorp SAA	47,652	3.8%
GMR Airports Limited	45,575	3.6%
Cemex	43,995	3.5%
Power Grid Corp.	37,917	3.0%
Manila Water Company	37,112	2.9%
Air Arabia	35,750	2.8%

	Losses (\$000)	% of Total Losses
Lucara Diamond Corp	-16,010	11.8%
Semen Indonesia Persero	-14,947	11.0%
Cox & Kings Ltd.	-11,729	8.7%
Global Mediacom	-11,220	8.3%
China Mobile Hong Kong Ltd.	-10,719	7.9%
Kwality Limited	-10,183	7.5%
Emaar Properties	-9,223	6.8%
Nemak	-9,199	6.8%
Kernel Holding SA	-9,140	6.7%
Global Ports Investments	-3,497	2.6%
Motiva Infraestrutura De Mobil SA	-3,190	2.4%

# Appendix

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# End Notes

38 years of audited composite returns presented and calculated in accordance with international industry standards are available.

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# Performance Disclosure

## LetkoBrosseau Investment Performance Results Emerging Markets Composite

Period Ending	Composite Return Gross (%)	Composite Return Net (%)	Benchmark Return (%)	Composite Dispersion <sup>A</sup> (%)	Composite 3yr Annualized Standard Deviation (%)	Benchmark 3yr Annualized Standard Deviation (%)	Number of Portfolios	Composite Assets (USD Millions)	Percentage of Firm Assets (%)	Total Firm Assets (USD Millions)
2025	45.0	43.6	33.6	0.7	13.2	13.2	56	1,824	12	15,049
2024	-4.0	-5.0	7.5	0.6	15.8	17.0	47	1,183	10	12,177
2023	19.8	18.6	9.7	0.1	16.0	16.5	41	1,203	9	12,423
2022	-1.5	-2.5	-19.0	0.2	22.1	19.5	39	1,036	9	12,021
2021	12.6	11.5	-2.4	0.4	21.2	17.7	40	1,035	7	14,551
2020	4.4	3.4	17.5	0.1	21.9	18.9	41	980	6	15,140
2019	20.0	18.8	17.6	0.1	13.4	13.7	46	1,380	7	20,994
2018	-12.0	-12.9	-13.8	0.0	14.9	14.1	38	1,092	6	19,579
2017	34.0	32.6	35.2	0.0	15.8	14.8	21	1,210	5	24,248
2016	23.4	22.1	10.7	0.0	17.0	15.5	26	92	0	22,098
2015	-11.2	-12.1	-14.2	0.1	15.0	13.5	18	58	0	19,951
2014	-1.9	-2.9	-2.0	0.0	16.2	14.5	15	39	0	24,375
2013	3.9	2.8	-2.4	0.0	N/A	N/A	15	22	0	25,388
2012	19.1	17.9	17.4	N/A	N/A	N/A	8	14	0	22,417

Letko, Brosseau & Associates Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Letko, Brosseau & Associates Inc. has been independently verified for the periods from January 1, 1988 to December 31, 2024.

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 Composite has been examined for the period from July 1, 2011 to December 31, 2024. The verification and performance examination reports are available upon request. GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

# Performance Disclosure

## Notes:

**1. Letko, Brosseau & Associates Inc.** ("LBA") is an independent investment management firm established in 1987. LBA manages a variety of balanced, fixed income and equity assets for primarily Canadian institutional clients and high net worth individuals. LBA is not affiliated with any parent organization.

Prior to January 1, 2011, total firm assets represent the aggregate market value of all discretionary and non-discretionary assets managed by LBA. This includes both fee-paying and non-fee-paying portfolios. Starting January 1, 2011, LBA uses the aggregate of the fair value to determine total firm assets.

**2. The Composite** was created in July 2011 and is defined to include all discretionary emerging markets equity mandates with asset mix targets for fixed income securities of less than 10%.

Starting January 1, 2020, Composite assets either exclude the units of LBA's proprietary pooled funds held in segregated managed accounts or exclude LBA's proprietary pooled funds. The Composite assets as of December 31, 2025, were \$1,824,283,250 or 12.15% of total assets under management.

Starting January 1, 2017, proprietary LBA pooled funds managed in accordance with the above strategy are also included in the Composite.

**3. The benchmark** is 100% MSCI Emerging Markets Total Return Net Index.

The benchmark since inception to December 31, 2023 was 5% Deutsche Bank Fed Funds Effective Rate Total Return Index and 95% MSCI Emerging Markets Total Return Net Index. In 2024, the benchmark was modified to reflect the increase in the percentage of emerging market equities in LBA's emerging market strategy.

**4. Valuations and returns** are computed in Canadian Dollars and are then converted monthly and stated in US Dollars and are based on trade date accounting throughout the period. Annual composite returns are calculated using the aggregate return method, which combines all composite assets and cash flows to calculate the performance as if the composite were one portfolio.

**5. When there are five or more portfolios** in the Composite for a full calendar year, the dispersion of annual return is measured as follows:

- Composite Dispersion A which is the geometric standard deviation of the asset-weighted returns of portfolios included in the Composite for the 1-year or 2-year period as appropriate.

**6. Performance results** are presented net-of-fees and gross-of-fees. Performance results reflect the reinvestment of dividends, income and other earnings and are presented net of all foreign withholding taxes. Reclaimable withholding tax refunds are recognized when received. The benchmark is fully invested and its returns include the reinvestment of dividends, income and other earnings and are presented net of withholding taxes. Gross-of-fees returns are reduced by any trading expenses incurred during the period. Net-of-fees returns are calculated by reducing monthly gross-of-fees returns by a model management fee of 0.0830%. This equates to a model annual management fee of 1.0%, which is the highest tier of the standard management fee schedule.

**7. The actual management fee schedule is as follows:**

For the first	\$300,000	1.00%
Thereafter		0.75%

**8. Ex-Post Standard Deviation:** The three-year annualized ex-post standard deviation is not presented as of December 31, 2011, 2012 and 2013 because the Composite did not yet have 36 monthly returns as of these dates.

**9. A complete list and description of firm composites** & limited distribution pooled funds, composite performance results and additional information regarding policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request at: Letko, Brosseau & Associates Inc. 1800 McGill College Avenue, Suite 2510, Montreal, Quebec, H3A 3J6 (514) 499-1200 (800) 307- 8557 or at \_\_\_\_\_

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