

## SEPTEMBER PORTFOLIO COMMENTARY – EMERGING MARKETS EQUITY

as of September 30, 2024  
in US dollar terms

The Letko Brousseau Emerging Markets Equity Fund (the “Fund”) saw returns of 7.0% within the Emerging Market Equity asset class during the month of September 2024, outpacing the MSCI Emerging Markets Total Return Net Index (the “MSCI EM-ND”) which returned 6.7%. On a year-to-date basis as of September 30, 2024, the Fund has returned 7.7% within the Emerging Market Equity asset class, lagging the MSCI EM-ND which returned 16.9%.

The Letko Brousseau Emerging Markets Equity UCITS Fund (the “UCITS Fund”) saw returns of 4.7% during the month of September 2024. We note that the performance discrepancy between the UCITS Fund and the Fund can be attributed to the UCITS Fund launching mid-month, and an allocation towards iShares MSCI India UCITS ETF instead of Indian securities directly. The UCITS Fund is pending access to the Indian market, and will be divesting this ETF exposure upon access. The UCITS Fund’s performance is expected to eventually converge over time as both funds turnover positions, and as access to the Indian market is opened.

### PURCHASES AND SALES

There was one new position initiated in the Fund during the month of September 2024, Bolsa Mexicana, the main stock exchange in Mexico. Mexico's equity market stands out in Latin America, with a market capitalization-to-GDP ratio of just 37%, one of the lowest equity market penetrations among emerging markets. However, the rise of fintech institutions and digital banking is driving retail investor interest, evidenced by a 31-fold increase in individual investment accounts from 2019 to mid-2024. Anticipated regulatory reforms are expected to mature the stock market by streamlining the listing process for new companies. These reforms will also allow founders to adopt shares with varying voting power, allowing them to retain control while attracting diverse investors, and will also support the development of the hedge fund industry, further invigorating capital markets. Supported by a robust pension fund with increased contributions, these developments are set to drive substantial growth in Mexico’s capital markets in the coming years. Bolsa Mexicana, which holds an 80% share of equity trading and a 100% share of securities depository and central counterparty services, is well-positioned to benefit from these favourable dynamics. We believe the company has a strong balance sheet as it has no debt. The stock is trading at a 2025E P/E multiple of ~11x and offers an attractive dividend yield of 7%.

The largest reduction was seen in our position in Gujarat State Petronet, from a 3.7% weight to a 1.0% weight.

### RELATIVE PERFORMANCE

Year-to-date underperformance can be explained in large by the following factors: not being invested in Taiwan Semiconductor Manufacturing Company (“TSMC”), currency and market sentiment from Mexico and Brazil, and an underweight position in China.

On TSMC, we primarily have chosen not to take a position in the company due to extraordinary geopolitical risk associated with Taiwan. Secondly, semiconductor industry capacity is forecasted to increase substantially, which could imply future oversupply once facilities are built.

On currency, both the Mexican Central Bank (Banxico) and the Brazilian Central Bank (BCB) have cut rates, and in the absence of rate cuts from the US Federal Reserve, this has resulted in pressure on the Mexican Peso and Brazilian Real. The interest rate differential between these two currencies and the US dollar was compressed and this had an eroding effect on carry. Mexican market sentiment is associated with the election of President Claudia Sheinbaum and uncertainty around likelihood and potential impacts on constitutional reforms. Brazilian market sentiment is associated with the emergence of fiscal risk surrounding a new fiscal anchor and a weakened fiscal target. This period of



underperformance in Mexico and Brazil has followed a strong period of outperformance. The current growth outlook 2024 and 2025 is constructive, supported by our long-term investment horizon and constructive view on these economies in the medium to long term. Further to this point, we saw positive attribution generated from Mexico during the month of September.

Further during the month of September, we saw outperformance vis-à-vis the benchmark driven by stock selection in the Health Care sector and underweight allocation towards the Information Technology sector. This was offset by underperformance from stock selection and allocation in the Utilities sector, in addition to allocation towards Brazil. Strong performance was seen in China after announcement of a new economic stimulus package. Although underperformance was seen on selection and allocation effect, absolute returns from China were in the double digits.

## YEAR-TO-DATE

From 01-JAN-2024 to 30-SEP-2024

	Total Return (%)			Ending Weight (%)			Selection Effect (%)	Allocation Effect (%)*	Total Attribution (%)
	Port	Bmk	Diff	Port	Bmk	Diff			
<b>Consumer Staples</b>	34.5	3.2	31.3	5.8	5.2	0.6	1.6	0.1	1.7
<b>Utilities</b>	20.1	20.2	-0.1	23.1	2.9	20.2	0.0	0.4	0.4
<b>Energy</b>	9.6	10.0	-0.4	4.0	4.8	-0.7	-0.1	0.1	0.0
<b>Materials</b>	-12.4	-1.2	-11.3	5.6	6.6	-1.0	-0.8	0.3	-0.6
<b>Consumer Discretionary</b>	17.9	30.8	-12.8	8.3	14.0	-5.6	-0.8	-0.3	-1.2
<b>Communication Services</b>	-1.2	26.1	-27.3	2.2	9.4	-7.2	-0.6	-0.5	-1.2
<b>Information Technology</b>	-6.6	19.1	-25.7	4.2	22.2	-18.1	-1.3	-0.1	-1.3
<b>Financials</b>	6.9	16.9	-10.0	13.1	22.8	-9.7	-1.4	0.0	-1.3
<b>Industrials</b>	7.6	12.8	-5.2	20.9	6.8	14.2	-1.2	-0.6	-1.8
<b>Real Estate</b>	-16.0	11.0	-27.0	4.5	1.6	3.0	-1.5	-0.3	-1.8
<b>Health Care</b>	-10.3	12.2	-22.5	8.0	3.6	4.4	-1.9	-0.2	-2.1
	<b>7.7</b>	<b>16.9</b>	<b>-9.2</b>	<b>100.0</b>	<b>100.0</b>		<b>-7.9</b>	<b>-1.2</b>	<b>-9.2</b>

\* Includes interaction: a mathematical consequence of the allocation and selection effects rather than an actively made investment decision.



From 01-JAN-2024 to 30-SEP-2024

	Total Return (%)			Ending Weight (%)			Selection Effect (%)	Allocation Effect (%)*	Total Attribution (%)
	Port	Bmk	Diff	Port	Bmk	Diff			
Republic Of Korea - Kr	-21.1	-5.2	-15.9	2.2	10.4	-8.2	-0.4	2.5	2.0
Philippines - Ph	43.3	15.3	28.0	9.6	0.6	9.0	2.1	-0.2	1.8
Peru - Pe	27.1	27.5	-0.4	4.7	0.3	4.4	0.0	0.4	0.4
India - In	25.0	25.4	-0.5	19.4	19.5	-0.2	-0.2	0.3	0.2
Qatar - Qa	0.0	6.2	-6.2	0.0	0.8	-0.8	0.0	0.1	0.1
Chile - Cl	0.0	-0.7	0.7	0.0	0.4	-0.4	0.0	0.1	0.1
Thailand - Th	-0.2	12.7	-12.8	0.3	1.5	-1.2	0.0	0.1	0.1
Czech Republic - Cz	0.0	3.0	-3.0	0.0	0.1	-0.1	0.0	0.0	0.1
Greece - Gr	0.0	16.0	-16.0	0.0	0.5	-0.5	0.0	0.0	0.1
Turkey - Tr	0.0	21.6	-21.6	0.0	0.6	-0.6	0.0	0.0	0.1
Poland - Pl	11.8	5.5	6.3	1.4	0.9	0.5	0.1	0.0	0.1
Colombia - Co	0.0	8.0	-8.0	0.0	0.1	-0.1	0.0	0.0	0.1
Hungary - Hu	0.0	16.6	-16.6	0.0	0.2	-0.2	0.0	0.0	0.1
Egypt - Eg	-2.1	-24.4	22.2	0.4	0.1	0.3	0.2	-0.3	0.0
South Africa - Za	0.0	21.4	-21.4	0.0	3.1	-3.1	0.0	-0.1	0.0
Malaysia - My	0.0	29.6	-29.6	0.0	1.5	-1.5	0.0	-0.1	-0.1
United Arab Emirates - Ae	4.5	9.8	-5.3	2.0	1.2	0.9	-0.1	-0.1	-0.1
Emerging Market Equities - Others	9.6	0.0	9.6	4.3	0.0	4.3	0.0	-0.3	-0.3
Indonesia - Id	-22.1	3.2	-25.3	3.8	1.6	2.1	-0.9	-0.2	-1.1
Taiwan - Tw	0.0	30.0	-30.0	0.0	17.6	-17.6	0.0	-1.7	-1.7
China - Cn	15.2	29.3	-14.2	21.1	27.8	-6.7	-2.7	-0.3	-3.0
Brazil - Br	-6.6	-12.9	6.3	19.1	4.8	14.2	1.5	-4.8	-3.3
Mexico - Mx	-18.5	-18.5	0.1	11.8	1.9	9.9	0.0	-4.7	-4.7
	<b>7.7</b>	<b>16.9</b>	<b>-9.2</b>				<b>-0.1</b>	<b>-9.1</b>	<b>-9.2</b>

\* Includes interaction: a mathematical consequence of the allocation and selection effects rather than an actively made investment decision.



## SEPTEMBER 2024

From 01-SEP-2024 to 30-SEP-2024

	Total Return (%)			Ending Weight (%)			Selection Effect (%)	Allocation Effect (%)*	Total Attribution (%)
	Port	Bmk	Diff	Port	Bmk	Diff			
Information Technology	2.2	-0.7	2.9	4.2	22.2	-18.1	0.1	1.6	1.7
Health Care	14.4	7.2	7.2	8.0	3.6	4.4	0.6	0.0	0.6
Financials	3.4	4.2	-0.8	13.1	22.8	-9.7	-0.1	0.2	0.1
Energy	-1.2	-1.8	0.5	4.0	4.8	-0.7	0.0	0.1	0.1
Consumer Staples	7.5	7.9	-0.4	5.8	5.2	0.6	0.0	0.0	0.0
Industrials	6.4	6.0	0.3	20.9	6.8	14.2	0.1	-0.1	0.0
Materials	7.4	8.5	-1.1	5.6	6.6	-1.0	-0.1	0.0	-0.1
Communication Services	24.8	12.7	12.1	2.2	9.4	-7.2	0.2	-0.4	-0.1
Real Estate	2.9	13.5	-10.6	4.5	1.6	3.0	-0.5	0.2	-0.3
Consumer Discretionary	24.6	23.4	1.2	8.3	14.0	-5.6	0.1	-0.6	-0.5
Utilities	1.9	5.2	-3.3	23.1	2.9	20.2	-0.8	-0.3	-1.1
	<b>7.0</b>	<b>6.7</b>	<b>0.3</b>	<b>100.0</b>	<b>100.0</b>		<b>-0.4</b>	<b>0.7</b>	<b>0.3</b>

\* Includes interaction: a mathematical consequence of the allocation and selection effects rather than an actively made investment decision.

From 01-SEP-2024 to 30-SEP-2024

	Total Return (%)			Ending Weight (%)			Selection Effect (%)	Allocation Effect (%)*	Total Attribution (%)
	Port	Bmk	Diff	Port	Bmk	Diff			
Taiwan - Tw	0.0	1.5	-1.5	0.0	17.6	-17.6	0.0	1.0	1.0
Republic Of Korea - Kr	-16.0	-3.0	-13.0	2.2	10.4	-8.2	-0.3	1.0	0.7
Indonesia - Id	8.8	1.1	7.7	3.8	1.6	2.1	0.3	-0.1	0.2
Mexico - Mx	7.2	1.2	5.9	11.8	1.9	9.9	0.8	-0.6	0.2
Turkey - Tr	0.0	-1.4	1.4	0.0	0.6	-0.6	0.0	0.1	0.1
Malaysia - My	0.0	4.4	-4.4	0.0	1.5	-1.5	0.0	0.0	0.0
Greece - Gr	0.0	2.4	-2.4	0.0	0.5	-0.5	0.0	0.0	0.0
Chile - Cl	0.0	2.4	-2.4	0.0	0.4	-0.4	0.0	0.0	0.0
Hungary - Hu	0.0	1.2	-1.2	0.0	0.2	-0.2	0.0	0.0	0.0
Qatar - Qa	0.0	5.2	-5.2	0.0	0.8	-0.8	0.0	0.0	0.0
Colombia - Co	0.0	-3.7	3.7	0.0	0.1	-0.1	0.0	0.0	0.0
Egypt - Eg	8.1	0.2	7.9	0.4	0.1	0.3	0.0	0.0	0.0
South Africa - Za	0.0	6.6	-6.6	0.0	3.1	-3.1	0.0	0.0	0.0
Czech Republic - Cz	0.0	2.5	-2.5	0.0	0.1	-0.1	0.0	0.0	0.0
Poland - Pl	0.7	-2.1	2.7	1.4	0.9	0.5	0.0	0.0	0.0
United Arab Emirates - Ae	1.5	2.1	-0.6	2.0	1.2	0.9	0.0	0.0	0.0
Emerging Market Equities - Others	4.7	0.0	4.7	4.3	0.0	4.3	0.0	-0.1	-0.1
Thailand - Th	-2.5	11.5	-14.0	0.3	1.5	-1.2	0.0	-0.1	-0.1
Peru - Pe	3.8	8.0	-4.2	4.7	0.3	4.4	-0.2	0.1	-0.1
India - In	1.0	2.1	-1.1	19.4	19.5	-0.2	-0.2	0.0	-0.2
Philippines - Ph	3.0	5.6	-2.6	9.6	0.6	9.0	-0.2	-0.1	-0.3
Brazil - Br	2.0	-0.9	2.9	19.1	4.8	14.2	0.6	-1.2	-0.6
China - Cn	23.1	23.9	-0.8	21.1	27.8	-6.7	-0.1	-0.5	-0.6
	<b>7.0</b>	<b>6.7</b>	<b>0.3</b>				<b>0.7</b>	<b>-0.4</b>	<b>0.3</b>

\* Includes interaction: a mathematical consequence of the allocation and selection effects rather than an actively made investment decision.



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