



Emerging Markets Portfolio Update

The MSCI Emerging Markets Total Return Net Index returned -0.1% year-to-date. Over 4-year and 10-year periods, we surpassed the benchmark by 7.2% and 4.1%, respectively. This past month, our performance was mainly driven by the financial sector. In addition, the top performers in the portfolio during the month were China Water Affairs Group (34.5%), Cleopatra Hospital (26.7%) and Nine Dragons Paper Holdings (25.6%).

Compounded Annualized Returns (in U.S. dollars) ⁽¹⁾

	1 month	3 months	1 year	3 years	4 years	5 years	10 years	Year-to-Date	Since Inception
LBA Emerging Markets Composite (before fees)	2.0%	7.5%	18.1%	9.5%	11.2%	8.4%	8.2%	-0.4%	5.6%
LBA Emerging Markets Composite (after fees)	1.9%	7.3%	16.9%	8.4%	10.1%	7.3%	7.1%	-0.5%	4.6%
Benchmark	4.8%	3.6%	8.6%	-5.8%	2.9%	2.0%	3.0%	-0.1%	1.6%

Safeguarding Capital Through Sound Investments

Our investment strategy relies on the implementation of our core principles to identify mispriced securities that exhibit sound risk-return profiles. We prioritize quality in our investments, favoring attractively priced companies with lower leverage and higher free cash flow generation. We avoid businesses whose stock price is dependent on overly optimistic earnings growth projections unlikely to be met over the long term. The task of our twenty-two analysts and portfolio managers is to scour the vast universe of emerging economies for prospects that align with our fundamental values.

When pursuing these investment opportunities, we value a company’s resiliency to potential turbulence. Thorough research is crucial to reach a level of confidence in that regard. Indeed, the robustness of a business is assessed using a set of qualitative and quantitative factors, notably a firm’s ability to quickly adapt to shocks, serve and sustain reasonable debt levels and maintain smooth operations amid challenges, be they internal (ex: supply chain disruptions) or external (ex: global pandemic). For instance, investment opportunities in the industrials and utilities sectors frequently reveal these characteristics. The emerging markets portfolio allocates more to these sectors than the benchmark due to the value found in companies that show stable earnings and address unmet needs in developing countries.

Our search for value in emerging markets also goes beyond large index constituents, as we analyze opportunities across all market capitalizations and hold off benchmark securities. We favor well-established firms with time-tested business models. We also prefer securities that pay dividends, which provide additional protection during more turbulent markets. Our long-term track record highlights our ability to identify real-world value, healthy growth and resiliency.

¹ Data is preliminary. The Composite inception date is July 1, 2011 and includes all discretionary emerging markets equity mandates with asset mix targets for fixed income securities of less than 10%. The Composite assets as of February 29, 2024, were US\$1.2 billion or 9.76% of total assets under management. The benchmark since inception is 5% Deutsche Bank Fed Funds Effective Rate Total Return Index and 95% MSCI Emerging Markets Total Return Net Index. 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 of 0.0830%. This equates to a model management fee of 1.0%, which is the highest tier of the standard management fee schedule.



Upside & Downside Market Capture (in U.S. dollars)

LBA Emerging Markets Composite	1 year	3 years	5 years	10 years	Since Inception
Upside Market Capture	111.74	112.00	99.91	103.78	103.65
Downside Market Capture	77.52	55.88	77.30	84.86	87.77
Capture Ratio	1.44	2.00	1.29	1.22	1.18

Since 1987, clients trusted Letko, Brosseau & Associates Inc. with the responsibility of capital preservation. We firmly believe that our adept understanding of emerging market risks will consistently yield benefits for our investors. Moreover, our strategic approach extends to the well-rounded diversification of our emerging markets portfolio, encompassing individual securities, diverse sectors as well as a broad range of countries. We manage risk proactively by placing importance on both low valuations and appealing dividend yields. The emerging markets portfolio trades at 8.1 times forward earnings and offers a dividend yield of 4.1%, while the MSCI Emerging Markets Total Return Net Index trades at 14.2 times forward earnings and offers a dividend yield of 3.2%. We believe that our quality portfolio will continue to benefit our clients in the medium and long term.

All dollar references in the text are U.S. dollars unless otherwise indicated.

The information and opinions expressed herein are provided for informational purposes only, are subject to change and are not intended to provide, and should not be relied upon for, accounting, legal or tax advice or investment recommendations. Any companies mentioned herein are for illustrative purposes only and are not considered to be a recommendation to buy or sell. It should not be assumed that an investment in these companies was or would be profitable. Unless otherwise indicated, information included herein is presented as of the dates indicated. While the information presented herein is believed to be accurate at the time it is prepared, Letko, Brosseau & Associates Inc. cannot give any assurance that it is accurate, complete and current at all times.

Where the information contained in this presentation has been obtained or derived from third-party sources, the information is from sources believed to be reliable, but the firm has not independently verified such information. No representation or warranty is provided in relation to the accuracy, correctness, completeness or reliability of such information. Any opinions or estimates contained herein constitute our judgment as of this date and are subject to change without notice.

Past performance is not a guarantee of future returns. All investments pose the risk of loss and there is no guarantee that any of the benefits expressed herein will be achieved or realized.

This presentation may contain certain forward-looking statements which reflect our current expectations or forecasts of future events concerning the economy, market changes and trends. Forward-looking statements are inherently subject to, among other things, risks, uncertainties and assumptions regarding currencies, economic growth, current and expected conditions, and other factors that are believed to be appropriate in the circumstances which could cause actual events, results, performance or prospects to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.