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## Letko Brosseau

Performance data as of 30/06/23



# Agenda

1. About Letko Brosseau
2. Investment Philosophy
3. Investment Process
4. Portfolio Characteristics
5. Performance
6. End Notes & Important Information





Section One:  
**About Letko Brosseau**

# About Letko Brosseau

Letko Brosseau is a well-established, 35+ year track record, Canadian multi-product firm.



## Experience

- Established 1987
- \$12+ billion AUM
- 90+ employees
- 22 member investment team
- Independently owned



## Focus

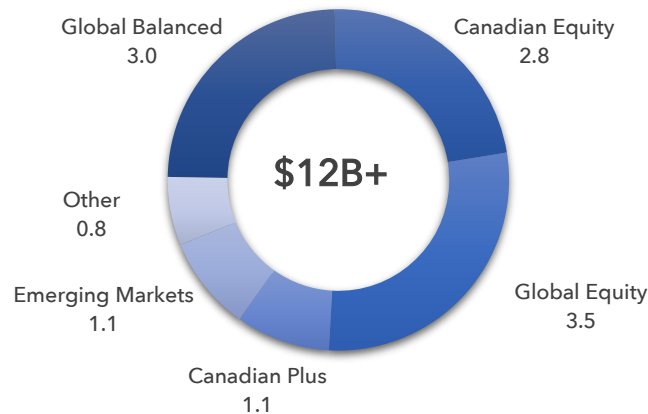
- Proprietary research is the key to generating alpha
- 9 actively managed equity strategies



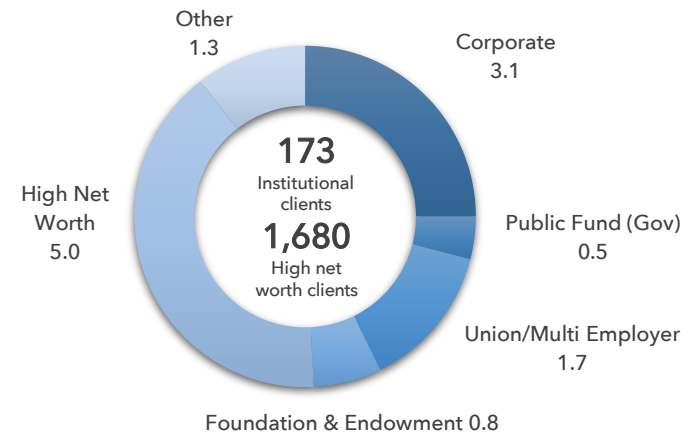
## Stability

- Portfolio Managers average 20+ years experience
- Proprietary repeatable research and investment process
- \$750+ million of firm capital invested in strategies (1)

### AUM by Strategy Type \$12+ Billion



### AUM by Client Type \$12+ Billion



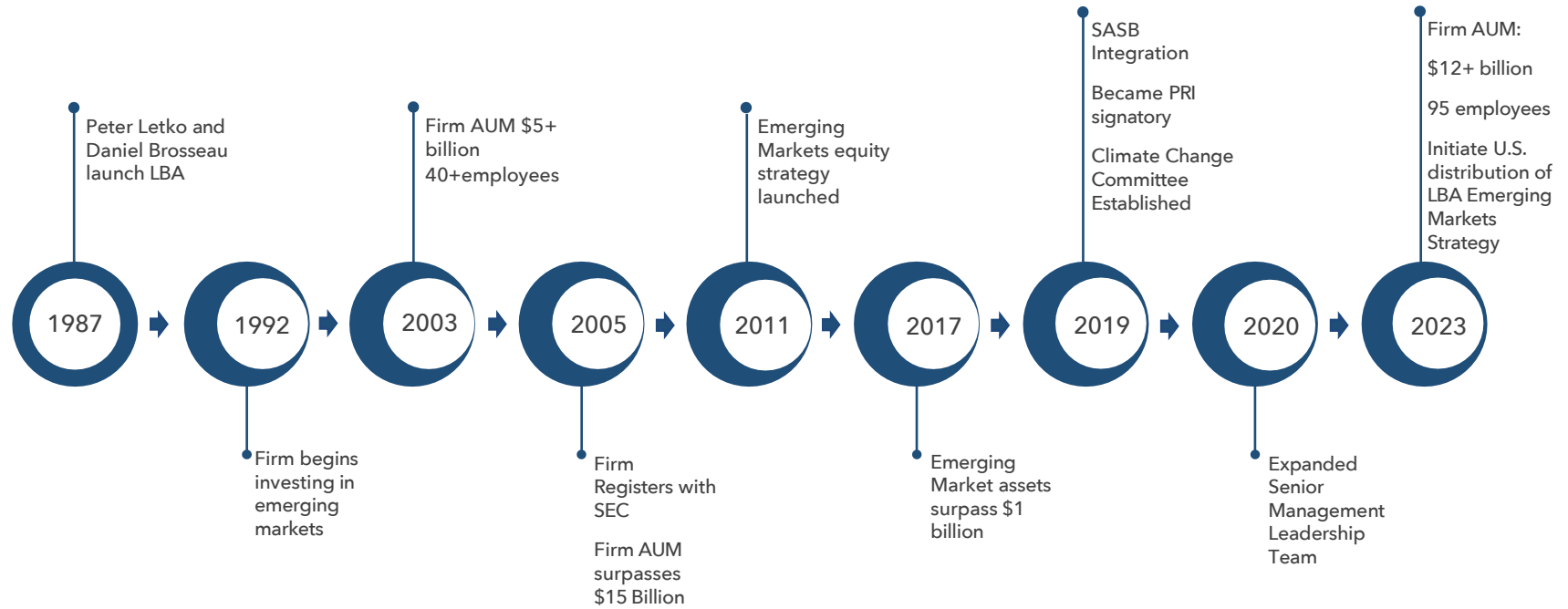
Firm assets under management as of June 30, 2023

(1) Firm capital includes all company & employee capital invested in Letko Brosseau strategies.



# About Letko Brosseau

## Key Milestones



# About Letko Brosseau

Experienced Investment Team

## Emerging Markets Equity Team



**Rohit Khuller, MBA, CFA®**

VP, Investment Management,  
Lead Portfolio Manager  
28 Years of Experience



**Mila Krassiouk, MBA, CFA®**

CO-Associate Portfolio Manager  
26 Years of Experience



**Yongai Xu, CFA®**

CO-Associate Portfolio  
Manager  
14 Years of Experience

## Investment Professionals

**Peter Letko, CFA®**

Founder (51 yrs. exp.)

**Daniel Brosseau**

Founder (45)

**Stéphane Lebrun, CFA®**

VP, Investment Management  
Telecom & Media, Forest  
Products (30)

**Rohit Kuller, CFA®**

VP, Investment Management  
Emerging Markets (28)

**Mila Krassiouk, CFA®**

Senior, Materials (26)

**Charmaine Lim Uy, CFA®**

Senior, Retail, Industrials (19)

**Terry Howard, CFA®**

Senior, Retail, Consumer Staples  
(45)

**Ivan Kraljevic, CFA®**

Healthcare (11)

**Victor Swishchuk, CFA®**

Energy, Utilities (17)

**Yongai Xu, CFA®**

Clean Tech, Forest Products (14)

**Julie Bouianovskaia, CFA®**

Real Estate, Consumer Staples (15)

**Allan Cyril, CFA®**

Information Technology (9)

**Sankalp Sachdeva, CFA®**

Financials (12)

**Alex Letko, CFA®**

Energy (10)

**Olivier Brosseau, CFA®**

Healthcare (9)

**Owen Ko, CFA®**

Financials, Telecom & Media (19)

**Paul Younes, CFA®**

Transportation, Industrials,  
Aerospace & Defense (9)

**Edward Dashwood**

Mining, Engineering (7)

**Usman Olubajo, CFA®**

Financials (10)

**Mark Chaboryk**

Information Technology (2)

**Joel Kaczor, CFA®**

Senior, Economics, Fixed Income  
(15)

**Wesley Scanterbury, CFA®**

Economics, Fixed Income (6)

Information pertaining to the CFA® designation located in presentation end notes.







Section Two:  
**Investment Philosophy**

# Investment Principles



## Fundamental approach

Bottom-up research analysis complimented with top-down assessment



## International perspective

Research team organized along global sector lines is optimal



## ESG integration

Sustainability factors contribute to long-term performance



## Price sensitivity

Has only meaning when compared to the underlying economic value of a company's activities



## Longer investment horizon

Economic forces often become more predictable when viewed over longer periods



## Public-markets universe

Liquidity, transparency, low costs and strong governance reduce risk

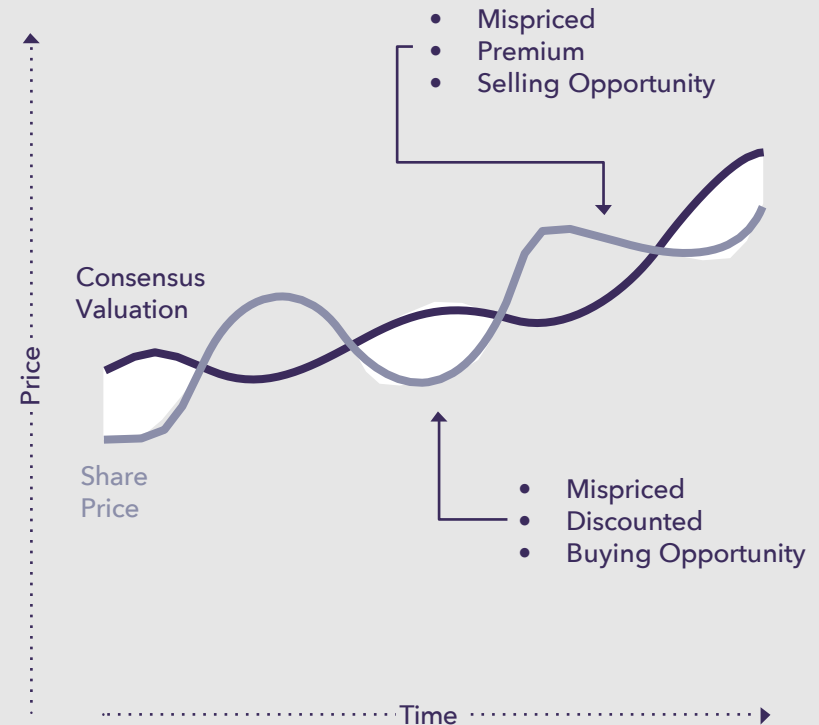




# Investment Philosophy

- We believe in the superior long-term return prospects for emerging markets.
- Bottom up security selection and decision making process complemented by top-down country and macro economic analysis.
- Risk management is critical; diversification improves a portfolio's risk/reward profile:
  - Country / Industry / stock diversification
  - Market capitalization agnostic
  - Value discipline with GARPcharacteristics
- Fundamental analysis helps us identify which companies in each country have the strongest growth prospects with reasonable valuations.
- We incorporate ESG screening into our investment process.

## Intrinsic value analysis drives alpha generation

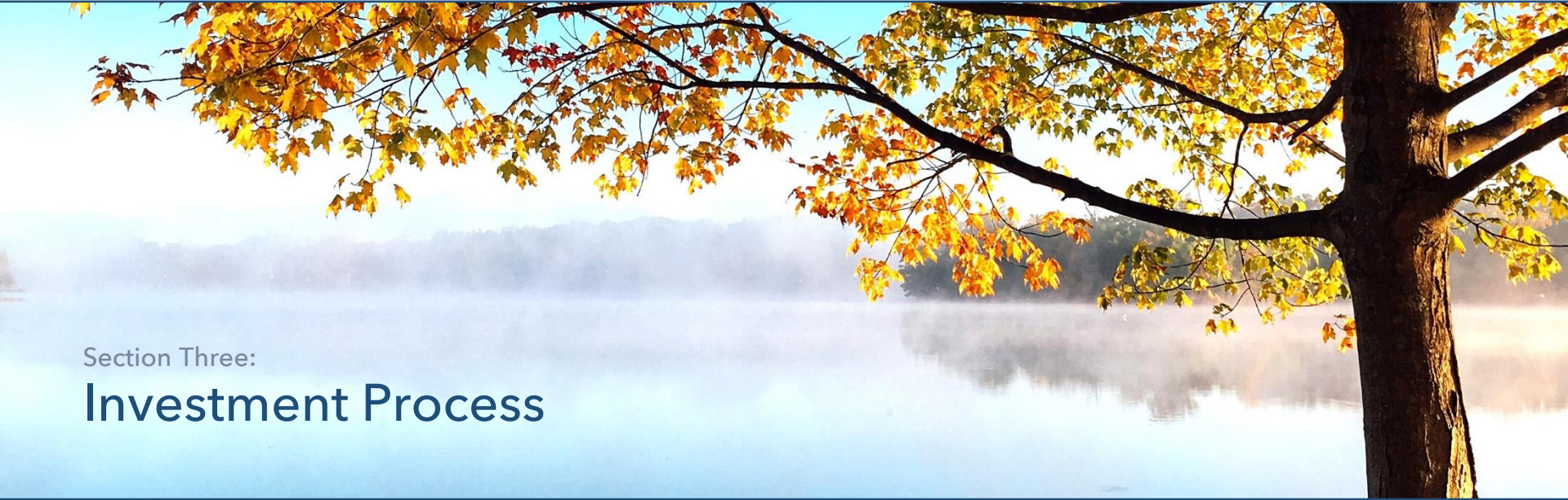


At Letko Brosseau we believe that **Environmental, Social, Governance (ESG)** integration allows our clients to benefit from sustainable returns over the long term while effecting a positive societal impact.

- Integrated ESG issues in decision-making process
- Investment team has designated Lead ESG
- Internal Climate Change Committee
- More than 80% of the Investment team holds FSA Credential\*
- Licenses and application of the SASB Materiality Map<sup>®</sup> Disclosure Topics and Accounting Metrics in its work
- Support the Task Force on Climate-Related Financial Disclosures
- Signatory of the United Nations-supported Principles for Responsible Investment (PRI)
- Member of the Canadian Coalition for Good Governance



\*Information pertaining to the FSA designation located in presentation end notes.



Section Three:

# Investment Process



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# Investment Process

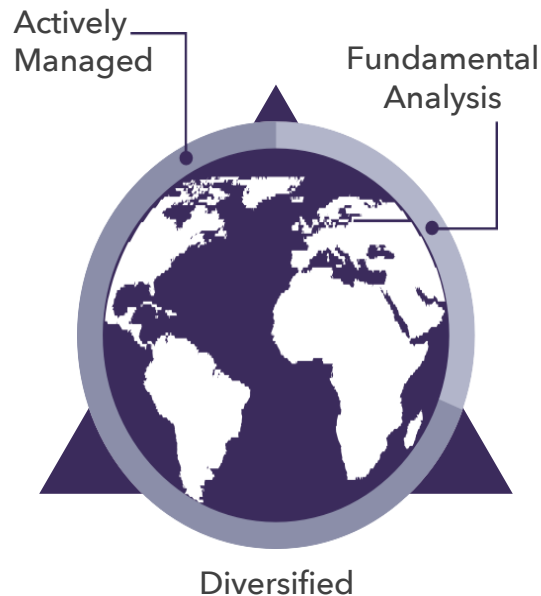
A Systematic & Repeatable Investment Process



## "An Ideal LBA Holding"

- Strong Balance Sheet
- Defensive Growth Characteristics
- Management aligned with shareholders
- ESG Compliance & Practices
- Sustainable competitive advantages
- Available at attractive prices

## Portfolio Construction

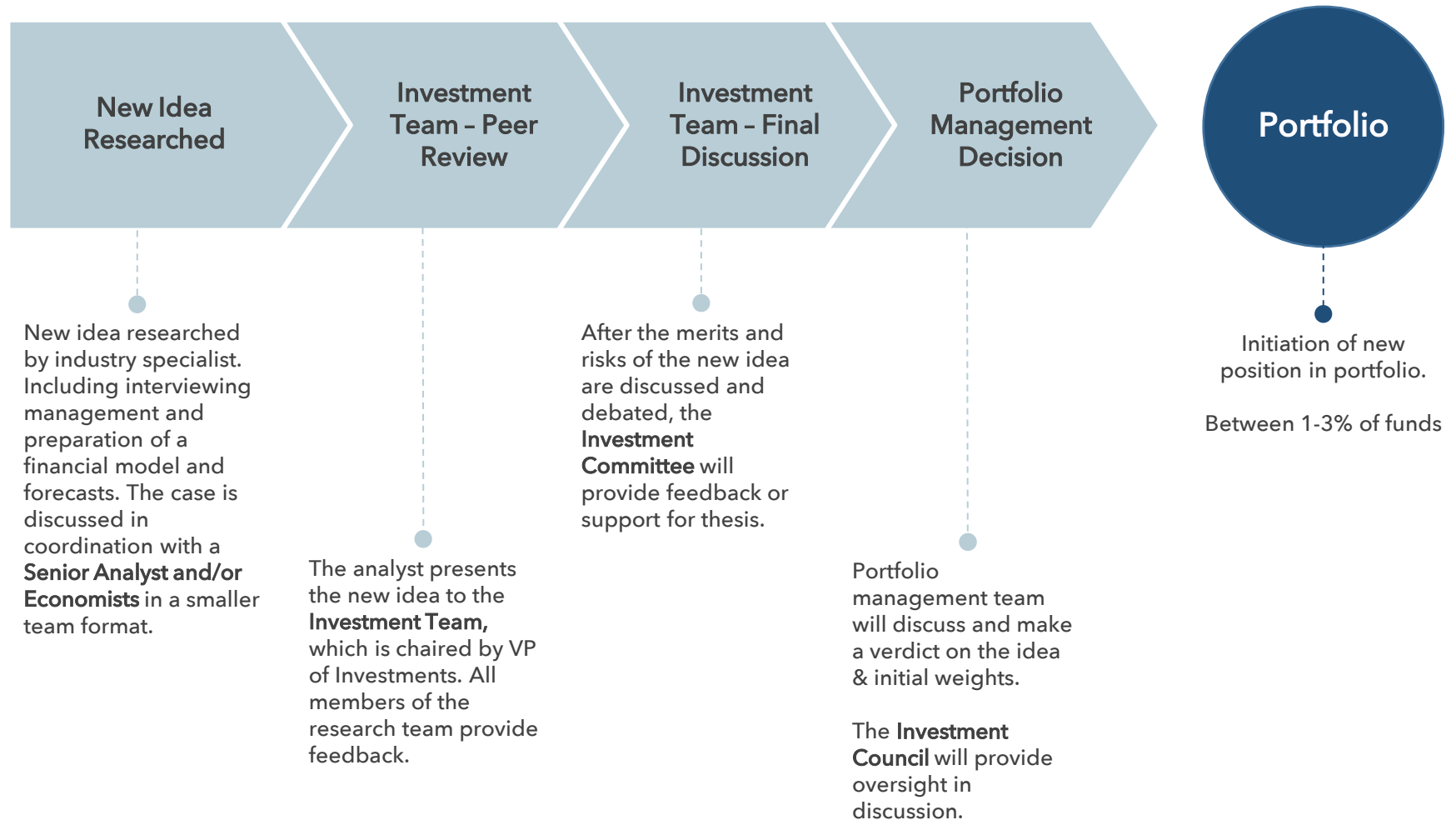


## Risk Controls

- ❖ Initial position sizing of 1-3%; maximum position size 7%
- ❖ Closely monitor liquidity
- ❖ Maximum 30% absolute allocation to any country, sector or industry
- ❖ No leverage; strong cash flows
- ❖ 10-15% price decline triggers thesis reassessment
- ❖ Investment Council Oversight



# Investment Process - New Idea Generation



## Portfolio Construction

- All cap corporations
- 50 to 70 holdings
- Strong financial structure & historic performance
- Ability for the share price to double over 5 years
- MSCI Emerging Markets Total Return Net Index

## Risk Management

- Downside protection
- Initial position starting at 1-3%
- Typical single holding limit of 7%
- Sector and Country limit of 30%

Portfolio Characteristics are presented for illustrative purposes only and are based on the Letko Brosseau Emerging Markets Composite as of June 30, 2023.







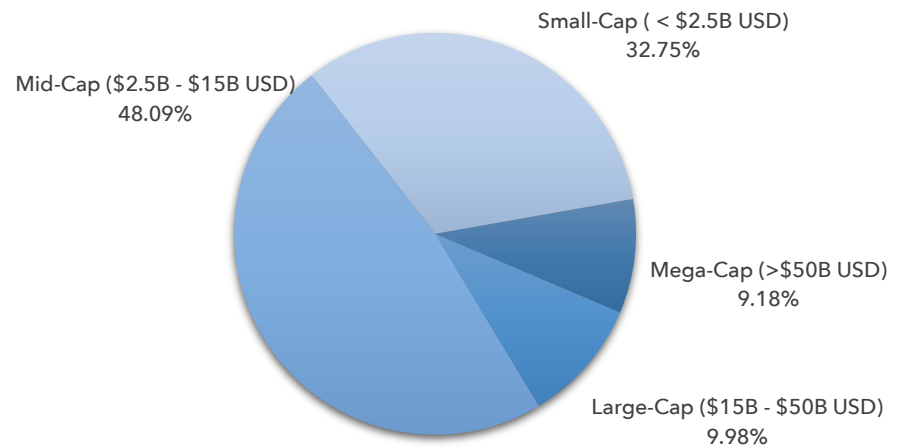
Section Four:  
**Portfolio Characteristics**

# Portfolio Characteristics



## Key Metrics Strategy Market Capitalization Weights

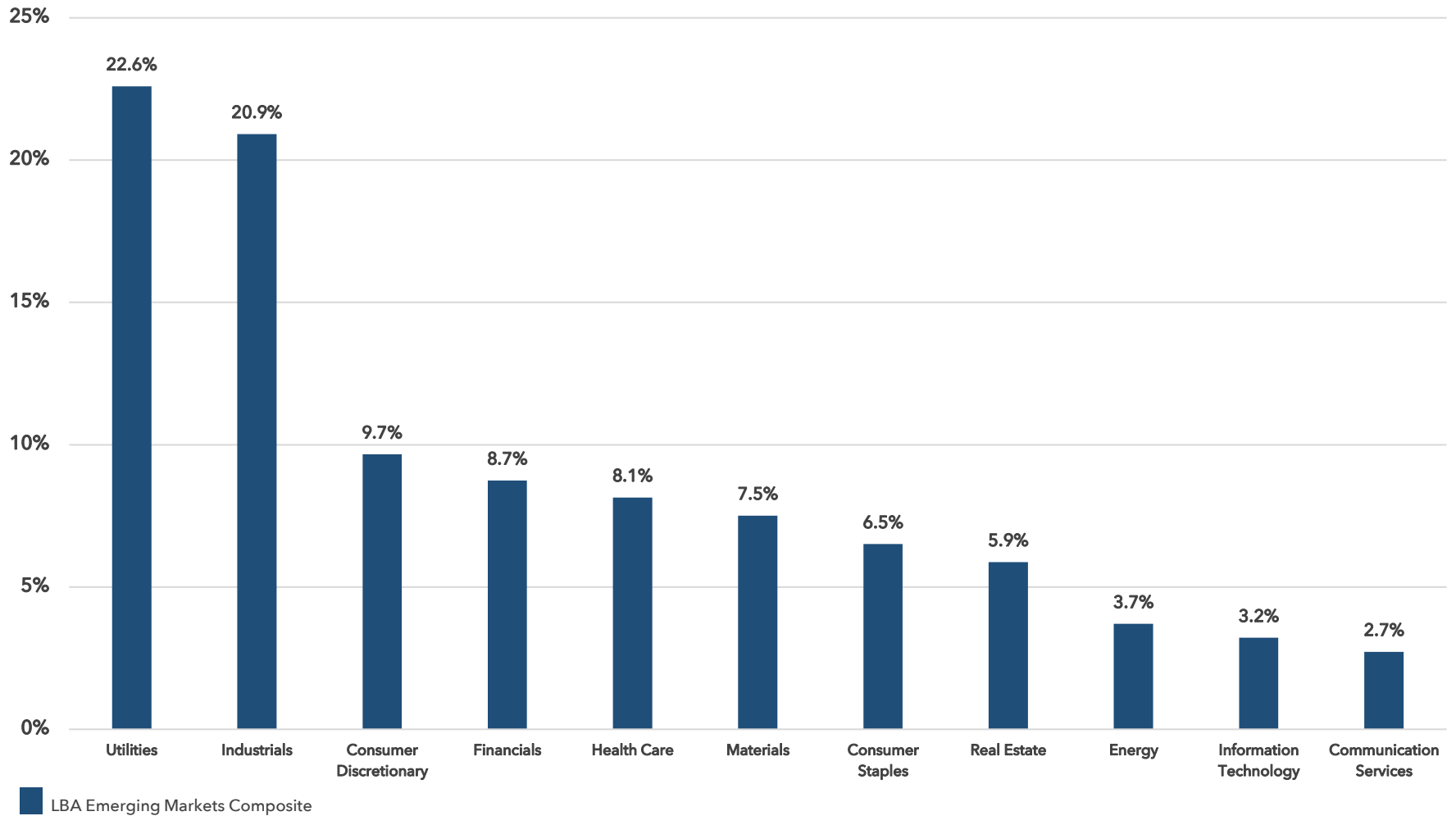
10-year Downside Capture	83.62
Average Dividend Yield	3.8
Forward P/E Ratio	10.1
Active Share (%)	94.75
Annual Turnover (%)	18.23
Average Market Cap (in billions)	\$26.2B



Portfolio Characteristics are presented for illustrative purposes only and are based on the Letko Brosseau Emerging Markets Composite as of June 30, 2023.

# Portfolio Characteristics

## Industry Weights



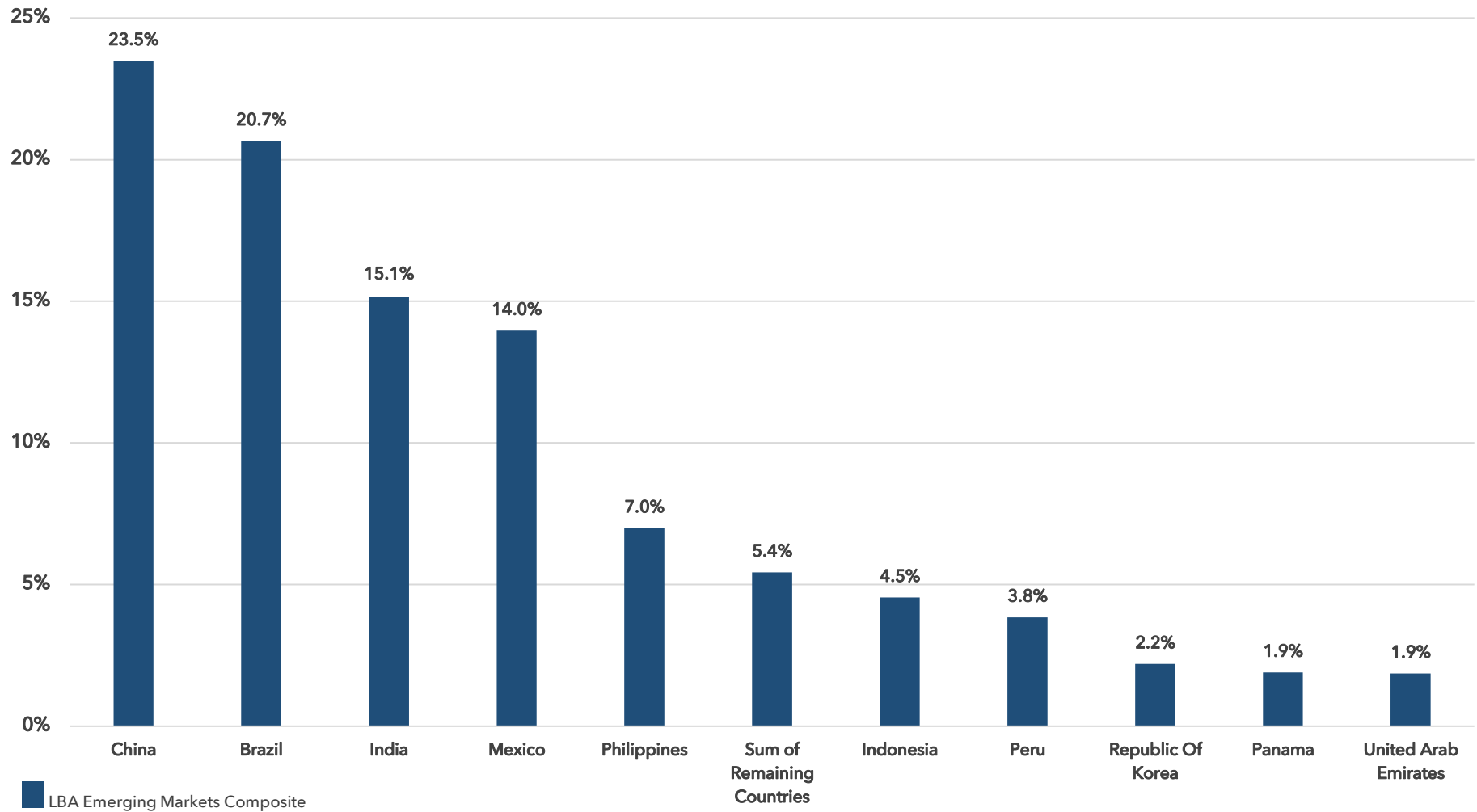
Source: Bloomberg, Letko Brosseau. Data as of June 30, 2023. For illustrative purposes only. Information shown is based on the Letko Brosseau Emerging Markets Composite.





# Portfolio Characteristics

## Country Weights



Source: Bloomberg, Letko Brosseau. Data as of June 30, 2023. For illustrative purposes only. Information shown is based on the Letko Brosseau Emerging Markets Composite.




# Portfolio Holdings - Top 15



	Country	Sector	Weight(%)	P/E	Div Yield (%)
Copel - Cia Paranaense De Energia A	Brazil	Utility	4.0	11.7	4.7
Grupo Aeroportuario Del Centro Nort	Mexico	Industrial	3.8	16.0	4.4
Manila Water Company Com	Philippines	Utility	3.5	7.6	3.1
Sinopharm Group Co H Share	China	Healthcare	3.3	7.5	4.1
Cia Saneamento Basico Adr	Brazil	Utility	3.2	12.1	1.9
Reliance Industries Ltd Spons Gdr 1	India	Energy	3.1	25.0	0.3
Aliansce Sonae Shopping Centres Sa	Brazil	Real Estate	3.0	9.7	1.8
Cia De Saneamento Do Parana Unit	Brazil	Utility	2.9	6.8	8.3
Concentradora Fibra Danhos Reit	Mexico	Real Estate	2.8	9.8	10.9
Ccr Sa Com	Brazil	Industrial	2.8	20.0	2.0
Power Grid Corp Of India Com	India	Utility	2.6	12.2	5.1
Cemex Sab De Cn Spons Adr	Mexico	Materials	2.5	11.0	0.0
Fleury Sa Com	Brazil	Healthcare	2.5	16.6	3.1
Ferreycorp Saa Com	Peru	Industrial	2.5	4.7	7.7
Grupo Financiero Banorte Com	Mexico	Financial	2.5	7.7	6.5
<b>Weighted Average of Portfolio</b>			<b>45.1</b>	<b>10.1</b>	<b>3.8</b>
<b>MSCI Emerging Markets Total Return Net Index</b>				<b>13.2</b>	<b>3.0</b>

Source: Bloomberg, as of June 30, 2023 For illustrative purposes only. Information shown is the top 15 largest holdings of the Letko Brosseau Emerging Markets Composite and do not represent all the securities purchased, sold or recommended in the portfolio. It should not be assumed that an investment in these securities was or will be profitable. A list of all purchases and sales made during the past year can be provided on request.





Section Five:  
**Performance**

# Letko Brosseau Emerging Markets Strategy

Historical performance

## Compounded Annualized Returns as at June 30, 2023 <sup>(1)</sup>

	1 yr	3 yrs	5 yrs	10 yrs	Since Inception*
Letko Brosseau Emerging Markets Composite - Gross Returns	21.3	16.3	8.6	8.0	5.3
MSCI Emerging Markets ND	2.0	2.3	1.0	2.9	1.3

The Composite assets as of June 30, 2023 were \$1.1 billion or 9.2% of 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. Past performance does not guarantee future returns.

\*The Composite inception date is July 1, 2011.

(1) Data is preliminary. Information provided is supplemental only and complements the full performance disclosures on pages 24-25.

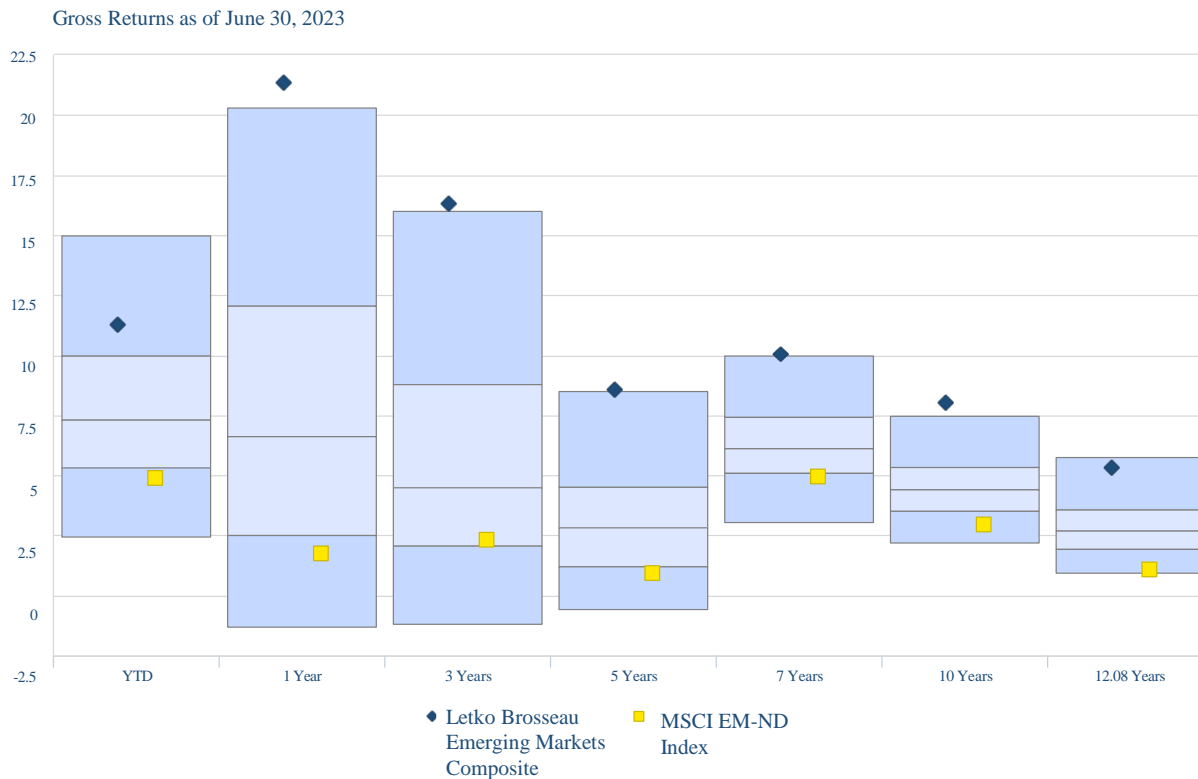
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# Performance versus Peers

LetkoBrosseau Emerging Markets Strategy vs Benchmark and Peers



Universe: [eVestment Global Emerging Mkts Equity](#)

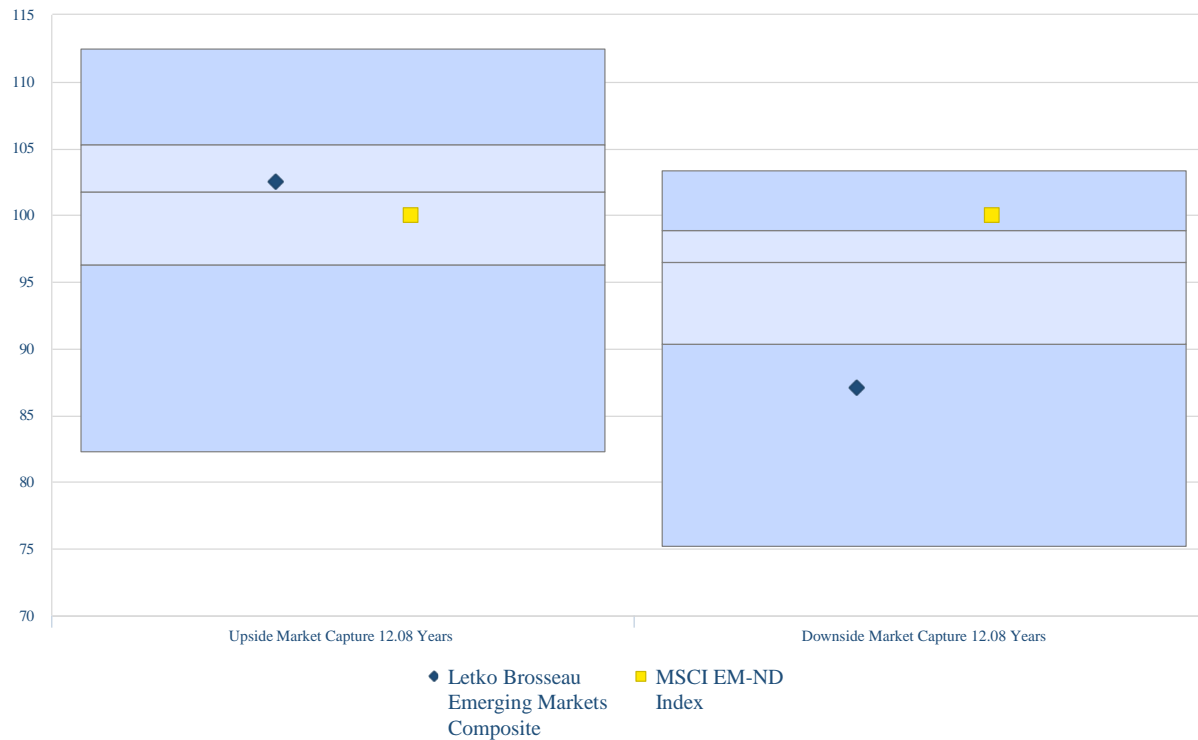
Results displayed in USD using Spot Rate (SR).

Source: eVestment Analytics. More information pertaining to universe located in the Endnotes section.

# Upside & Downside Market capture

LetkoBrosseau Emerging Markets Strategy vs Benchmark and Peers

As Of: June 30, 2023



Universe: [eVestment Global Emerging Mkts Equity](#)

Results displayed in USD using Spot Rate (SR).

MSCIEM-ND

Source: eVestment Analytics. More information pertaining to universe located in Endnotes section.



# Performance Disclosure

## Letko Brosseau Investment Performance Results Emerging Markets Composite

Period Ending	Composite Return Gross (%)	Composite Return Net (%)	Benchmark Return (%)	Composite Dispersion A (%)	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)
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, 2022.

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, 2022. 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.

Full performance disclosures continue on page 25



## 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, 2022, were \$1,035,720,549 or 8.62% 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** since inception is 5% Deutsche Bank Fed Funds Effective Rate Total Return Index and 95% MSCI Emerging Markets Total Return Net Index.

**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 [info@lba.ca](mailto:info@lba.ca).







Section Six:

# End Notes & Important Information



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# End Notes

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

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eVestment analytics ([evestment.com](http://evestment.com)), information collected directly from investment management firms by eVestment with their agreement. Individual ranking provided by eVestment on the Global Emerging Markets Equity Universe, gross returns, across 284 firms and 605 unique strategies as of June 30, 2023. More information can be provided upon request.





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