

Q1 2026  
All data is provided in USD

# LetkoBrousseau

Global Emerging Market Equities

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Candoris Quarterly Webinar

Presented by:

**Alex Letko, MBA, CFA®**

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

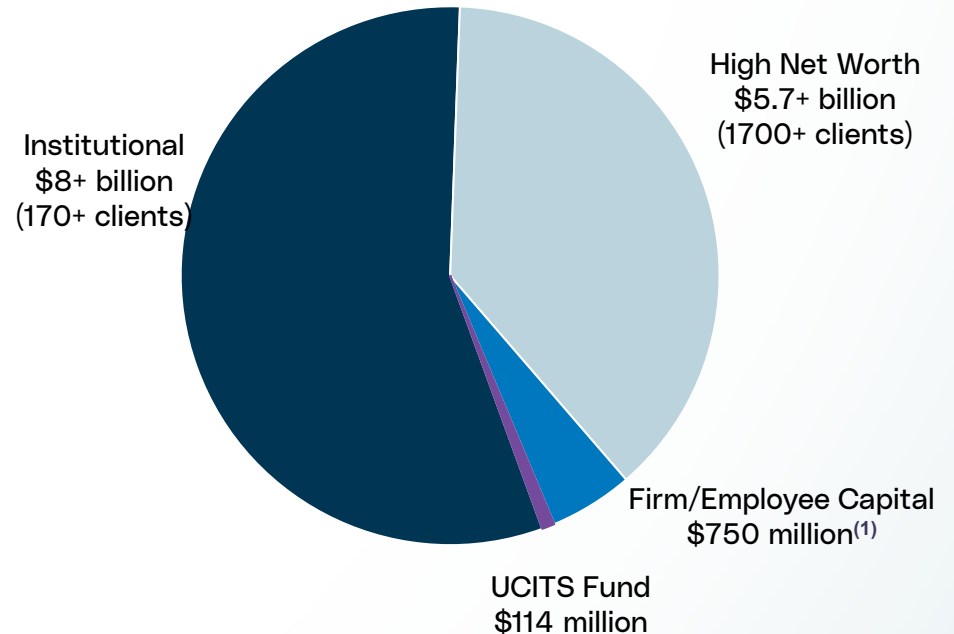
- 100+ employees
- 20-member research investment team
- Portfolio Managers average 20+ years experience

## 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

## \$15.2 Billion Firm AUM

As of March 31, 2026



Firm assets under management as of March 31, 2026 in US dollars.

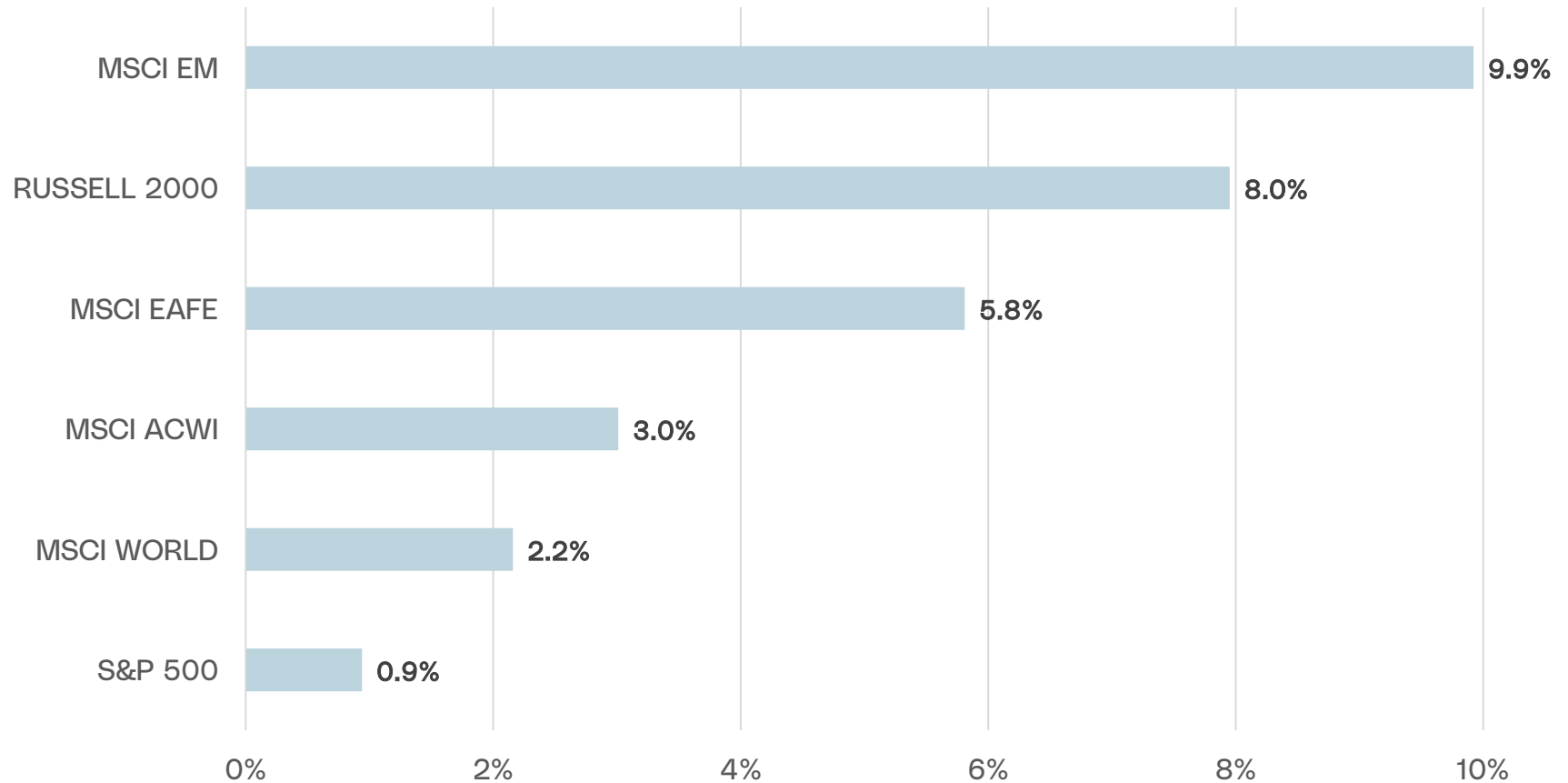
(1) Includes all company & employee capital invested in LetkoBrosseau strategies

# Oil Prices, Inflation, and Currencies

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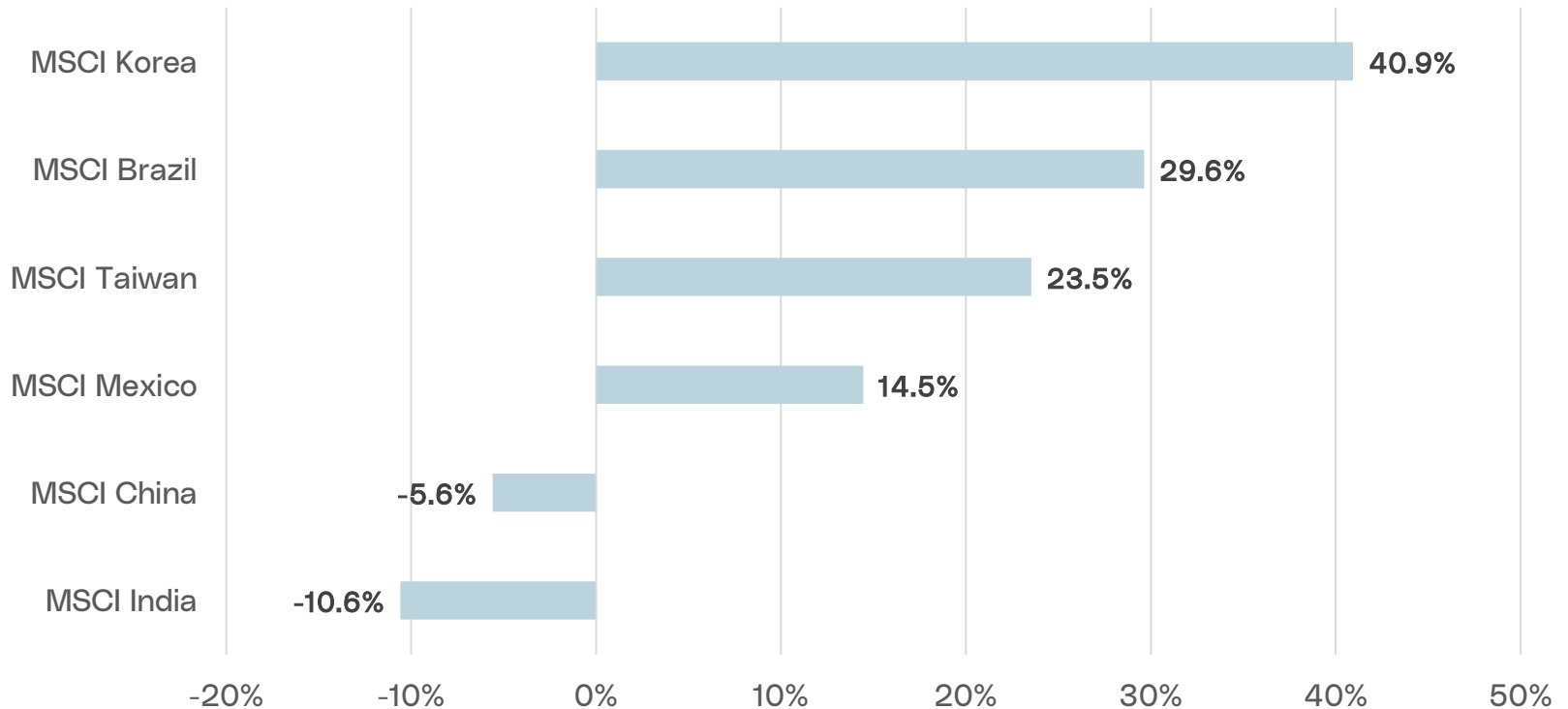
# Emerging Market Equities Holding Up Well

(YTD Performance, USD, 2026)

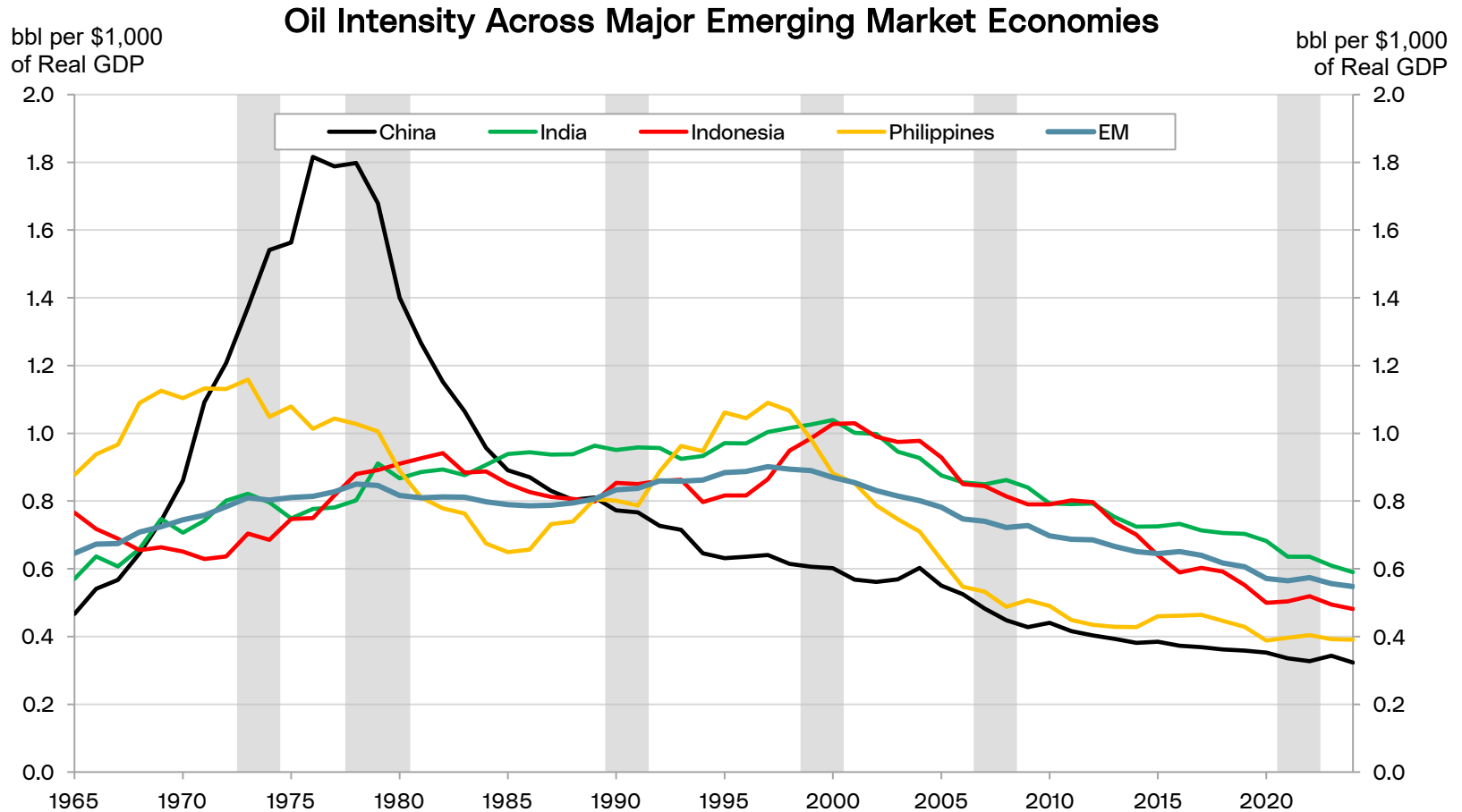


# Performance Mixed Across Geographies

(YTD Performance, USD, March 31, 2026)

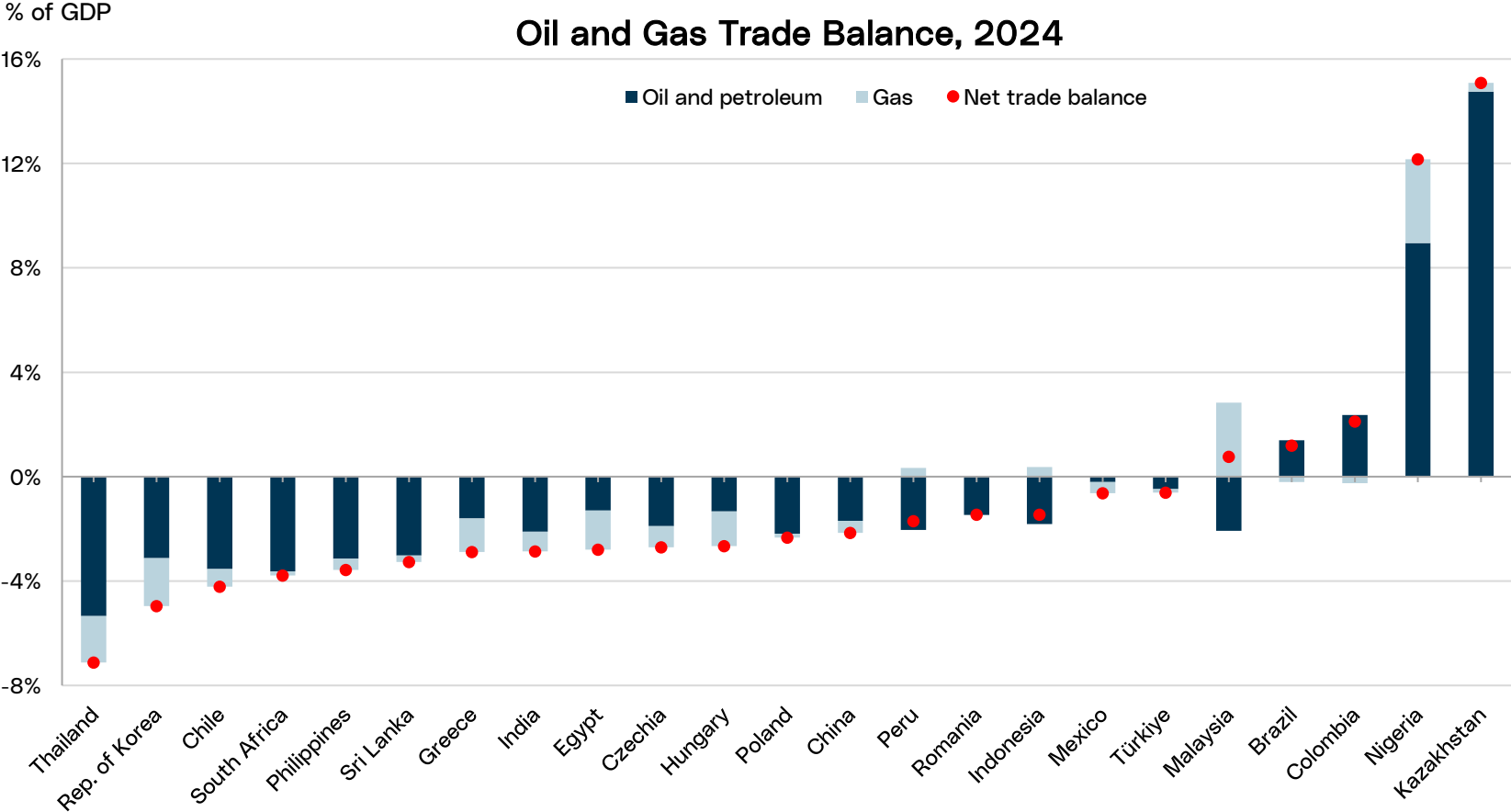


# Oil Intensity has Fallen Across EM



Source: Energy Institute and World Bank (2024). Annualized data from 1965 to 2024.  
Note: Shaded regions indicate major historical oil price shocks

# Exposure to Energy Inflation Varies



# Governments Working to Protect Consumers/Businesses from Higher Energy Inflation

Select emergency consumer support measures by governments in response to the U.S./Israel-Iran war

	<b>Price caps: Introduce a maximum fuel price</b>	<b>Fuel subsidies: Increase direct support</b>	<b>Taxation: Lower energy tax</b>	<b>Other</b>
<b>Barbados</b>	Lock in heavy fuel oil price for 3 months	Subsidise electricity	Cap VAT on natural gas and diesel	
<b>Brazil</b>		Subsidise fuel for producers/importers	Lower tax on diesel	
<b>Cambodia</b>				Increase gov. oversight to prevent fuel pump price
<b>Chile</b>				Existing fuel price stabilising mechanism
<b>Indonesia</b>		Increase state budget allocated to fuel subsidies		
<b>South Korea</b>	Cap domestic fuel prices			
<b>Mexico</b>	Cap domestic gasoline prices			
<b>Philippines</b>		Subsidise fuel for public utility vehicle drivers	Lower fuel excise taxes	
<b>Thailand</b>	Temporary cap on diesel prices, freeze on cooking			
<b>Turkey</b>			Lower tax on oil	
<b>Vietnam</b>			Cut fuel import tariffs	Fuel stabilisation fund to offset fuel price

# EM Entered Iran Crisis with Tamer Inflation than Ukraine War

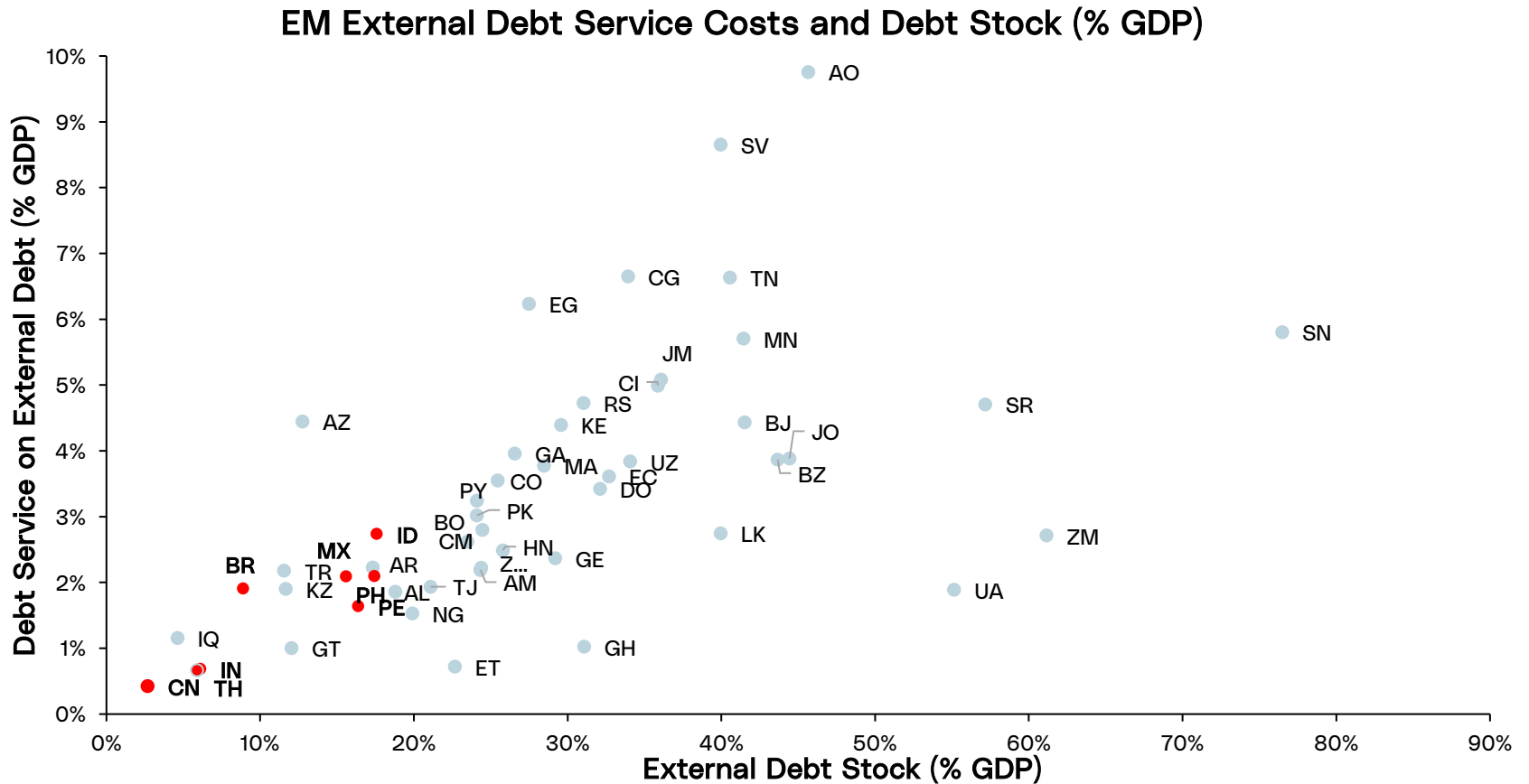
Headline Inflation Comparison		
Country	Feb. 2022	Feb. 2026
China	0.9%	1.3%
India	6.1%	3.2%
Brazil	10.5%	3.8%
Mexico	7.3%	4.0%
Indonesia	2.2%	4.8%**
Philippines	3.0%	2.4%

# USD Has Strengthened Somewhat

## Nominal Broad U.S. Dollar Index (Jan. 2025 = 100)



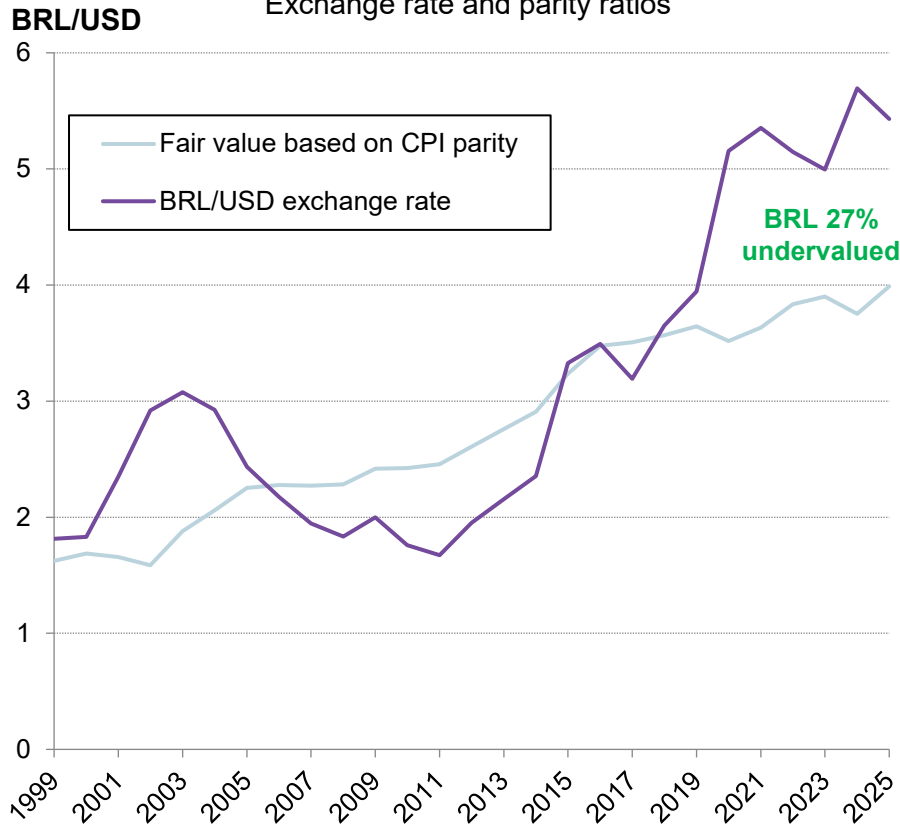
# Amid Currency Declines, Avoiding High External Debt Service Costs Is Key



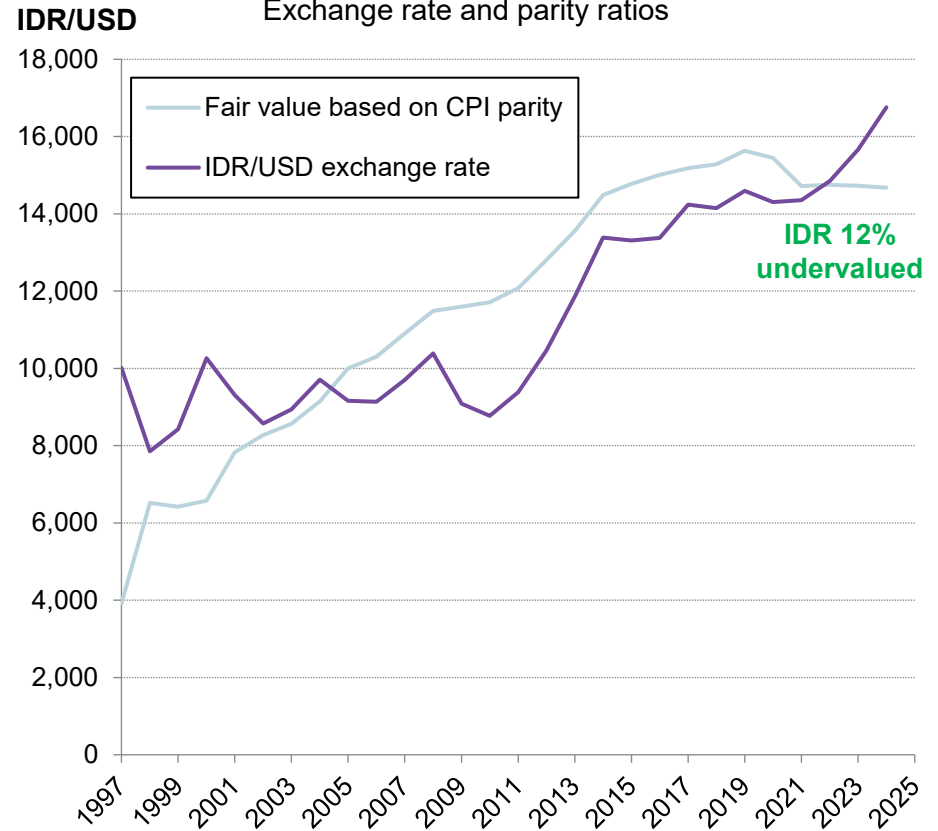
Note: Values reflect public and publicly guaranteed external debt

# Some Major EM Currencies Are Inexpensive

**BRL – USD**  
Exchange rate and parity ratios



**IDR – USD**  
Exchange rate and parity ratios



# Emerging Markets Screen Attractive

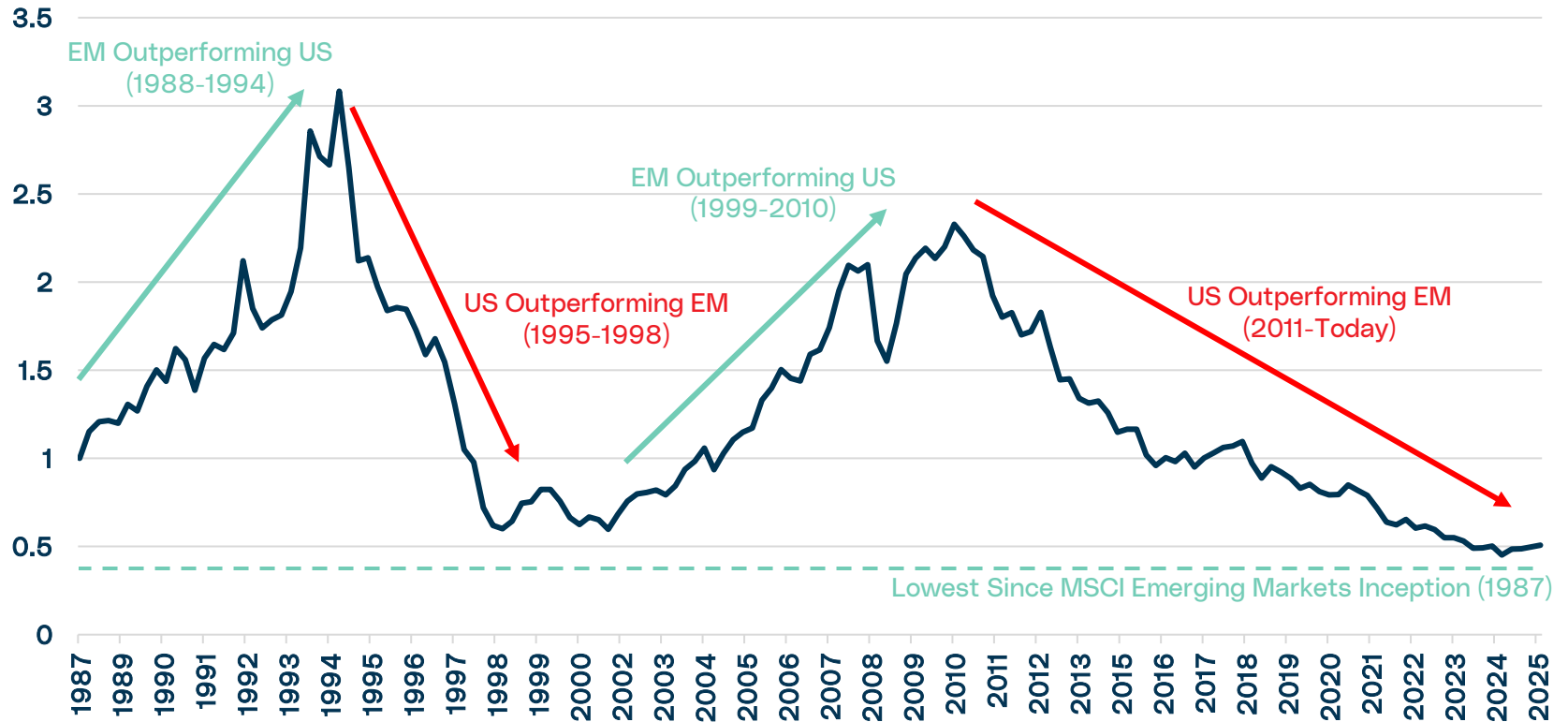
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	S&P 500	MSCI ACWI	MSCI EM
Price/Earnings	17.5	17.5	10.0
Price/Cash Flow	12.9	12.6	5.6
Price/Book	3.9	3.1	1.7
Dividend Yield	1.4%	1.9%	3.4%

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# Still a long way to go?

MSCI Emerging Markets to S&P 500 Ratio  
Total Return



Sources: Bloomberg, quarterly total return data for the S&P 500 and MSCI EM index from March 31, 1989 to December 31, 2025, as of January 6, 2026.

# LetkoBrosseau EM Equity Update

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# Composite Performance

As of March 31, 2026

Compounded Annualized Return As at March 31, 2026	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since Inception*
<b>LBA Emerging Markets Composite Gross Return</b>	<b>3.0%</b>	<b>35.4%</b>	<b>18.3%</b>	<b>13.0%</b>	<b>12.5%</b>	<b>7.4%</b>
MSCI Emerging Markets Total Return Net Index	-0.2%	29.6%	14.8%	3.7%	7.8%	3.8%

\*Inception date as measured for the composite and MSCI EM index is July 1, 2011.

Source: MSCI, LetkoBrousseau. 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 March 31, 2026 were \$2.0 billion USD or 13.1% 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.

# Sector Attribution

As of March 31, 2026

From 01-JAN-2026 to 31-MAR-2026

	Total Return (%)			Average Weight (%)			Selection Effect (%)	Allocation Effect (%)*	Total Attribution (%)
	Port	Bmk	Diff	Port	Bmk	Diff			
Utilities	11.1	4.4	6.7	20.0	2.4	17.6	1.3	0.7	2.0
Communication Services	-14.5	-15.3	0.8	4.2	7.9	-3.7	0.1	0.8	0.9
Consumer Discretionary	-4.8	-11.6	6.9	11.4	10.2	1.2	0.9	0.0	0.9
Real Estate	10.0	-10.5	20.5	4.9	1.2	3.7	1.1	-0.4	0.7
Consumer Staples	2.3	-4.2	6.4	6.4	3.5	2.9	0.3	0.0	0.4
Financials	-3.9	-3.6	-0.4	17.7	21.5	-3.8	0.0	0.2	0.2
Materials	4.7	1.2	3.5	3.4	7.1	-3.8	0.1	0.0	0.1
Energy	6.9	10.8	-3.9	5.3	4.3	1.1	-0.2	0.1	-0.1
Industrials	-1.4	1.0	-2.4	10.4	7.1	3.3	-0.2	0.1	-0.2
Short Term	-8.7	0.0	-8.7	1.1	0.0	1.1	0.0	-0.3	-0.3
Health Care	-5.3	-4.1	-1.2	9.8	3.0	6.8	-0.1	-0.3	-0.4
Information Technology	40.1	11.3	28.8	5.4	31.8	-26.4	0.7	-2.4	-1.7
	<b>2.4</b>	<b>-0.2</b>	<b>2.6</b>	<b>100.0</b>	<b>100.0</b>		<b>4.0</b>	<b>-1.4</b>	<b>2.6</b>

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

# Country Attribution

As of March 31, 2026

From 01-JAN-2026 to 31-MAR-2026

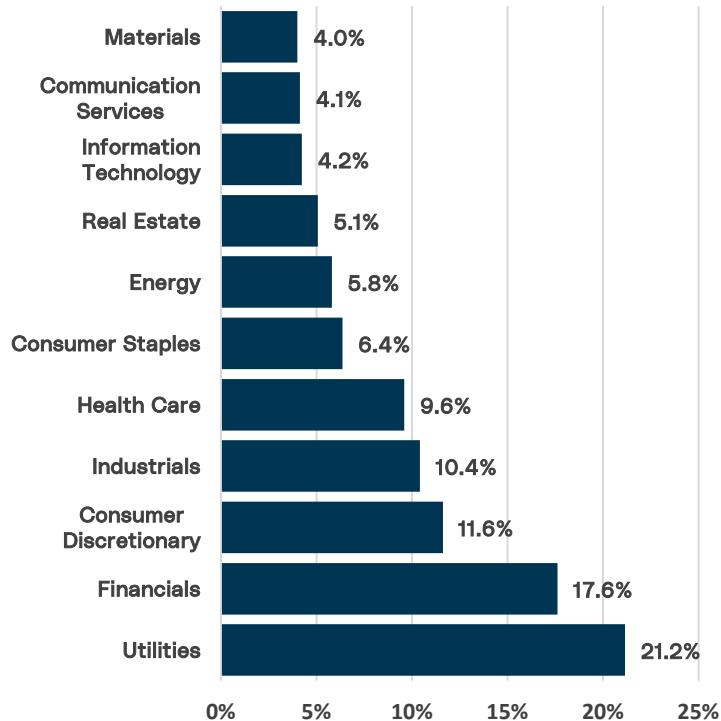
	Total Return (%)			Average Weight (%)			Selection Effect (%)	Allocation Effect (%)*	Total Attribution (%)
	Port	Bmk	Diff	Port	Bmk	Diff			
Brazil - Br	20.3	19.1	1.2	19.1	5.1	13.9	0.2	2.5	2.6
China - Cn	-5.6	-8.9	3.3	24.6	25.5	-0.8	1.0	0.3	1.3
Mexico - Mx	6.4	7.7	-1.3	16.6	2.1	14.5	-0.3	1.1	0.9
Thailand - Th	37.1	15.4	21.7	1.7	1.1	0.6	0.3	0.1	0.4
Colombia - Co	47.4	21.1	26.2	0.8	0.2	0.7	0.2	0.1	0.3
Peru - Pe	18.1	20.8	-2.6	1.6	0.4	1.2	-0.1	0.2	0.2
Philippines - Ph	0.2	-3.2	3.4	7.7	0.4	7.3	0.3	-0.2	0.1
South Africa - Za	0.0	-3.4	3.4	0.0	3.6	-3.6	0.0	0.1	0.1
United Arab Emirates - Ae	0.0	-7.1	7.1	0.0	1.3	-1.3	0.0	0.1	0.1
Indonesia - Id	-4.2	-20.7	16.5	4.1	0.9	3.2	0.7	-0.7	0.1
Hong Kong - Hk	5.6	0.0	5.6	1.5	0.0	1.5	0.0	0.1	0.0
Greece - Gr	0.0	-6.5	6.5	0.0	0.5	-0.5	0.0	0.0	0.0
Qatar - Qa	0.0	-3.3	3.3	0.0	0.6	-0.6	0.0	0.0	0.0
Chile - Cl	0.0	-2.0	2.0	0.0	0.5	-0.5	0.0	0.0	0.0
Czech Republic - Cz	0.0	-10.1	10.1	0.0	0.1	-0.1	0.0	0.0	0.0
Egypt - Eg	0.0	-3.7	3.7	0.0	0.1	-0.1	0.0	0.0	0.0
Poland - Pl	-8.3	0.1	-8.4	0.1	1.1	-1.0	0.0	0.0	0.0
Canada - Ca	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Hungary - Hu	0.0	4.7	-4.7	0.0	0.3	-0.3	0.0	0.0	0.0
Malaysia - My	0.0	2.5	-2.5	0.0	1.2	-1.2	0.0	0.0	0.0
Japan - Jp	-3.2	0.0	-3.2	1.1	0.0	1.1	0.0	0.0	-0.1
Turkey - Tr	0.0	13.7	-13.7	0.0	0.5	-0.5	0.0	-0.1	-0.1
Equities - Other Countries	-4.7	0.0	-4.7	1.4	0.0	1.4	0.0	-0.1	-0.1
Short Term	-8.7	0.0	-8.7	1.1	0.0	1.1	0.0	-0.3	-0.3
India - In	-20.7	-18.1	-2.6	14.7	12.6	2.1	-0.5	0.1	-0.4
Republic Of Korea - Kr	37.0	16.5	20.5	3.8	15.5	-11.7	0.5	-0.9	-0.4
Taiwan - Tw	0.0	9.1	-9.1	0.0	22.5	-22.5	0.0	-1.9	-1.9
	<b>2.4</b>	<b>-0.2</b>	<b>2.6</b>				<b>2.1</b>	<b>0.5</b>	<b>2.6</b>

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

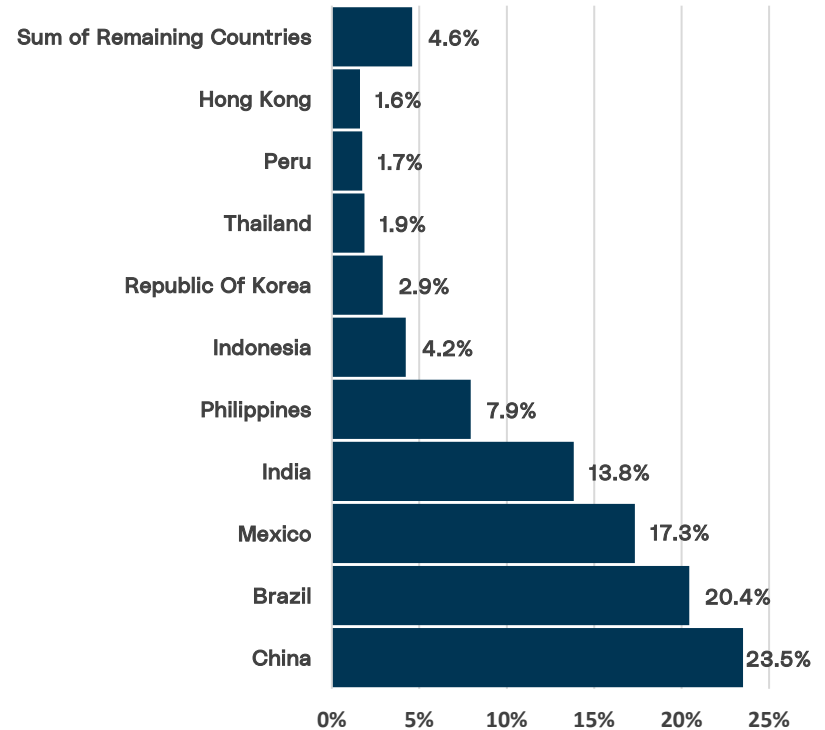
# Sector and Country Positioning

As of March 31, 2026

## Current Sector Weights

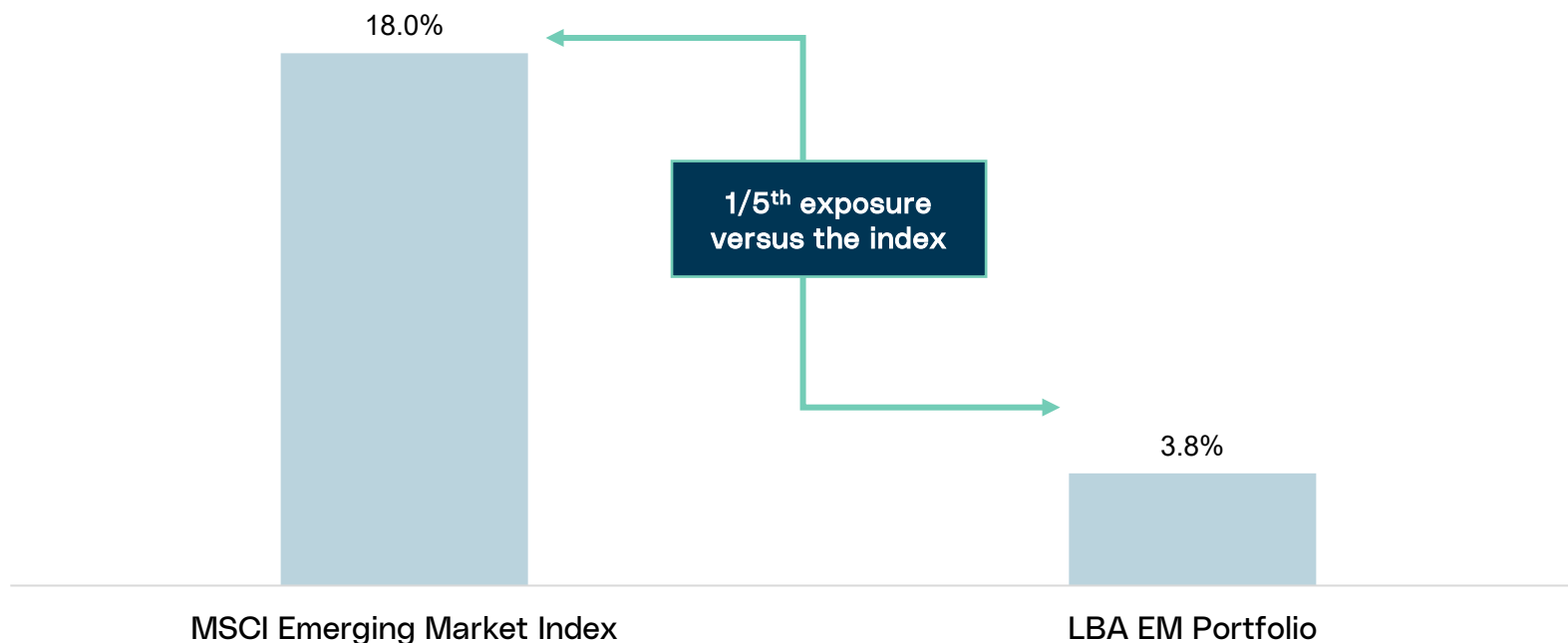


## Current Country Weights



# Portfolio Less Exposed to Trade/Geopolitics

## Portfolio Weighted US Revenue Exposure



# Outlook/Key Takeaways

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# EM Pre-Crisis Outlook → Solid Growth

## Real GDP Growth (% Y/Y)

	2025E	2026F
<b>World</b>	<b>3.3%</b>	<b>3.1%*</b>
<b>Advanced Economies</b>	<b>1.7%</b>	<b>1.8%</b>
United States	2.1%	1.0-2.0%*
Canada	1.6%	1.0-2.0%*
Eurozone	1.4%	≈1.0%*
Japan	1.1%	0.7%
<b>Emerging Economies</b>	<b>4.4%</b>	<b>4.2%</b>
China	5.0%	4.5%
India	7.3%	6.4%
Brazil	2.5%	1.6%
Mexico	0.6%	1.5%
Indonesia	4.9%	4.9%
Philippines	5.4%	5.7%

# Outlook/Key Takeaways

- Iran war/energy shock presents a complex challenge that varies by region: inflation up / currencies down
- On balance, conditions were constructive pre-oil shock on domestic drivers
- Economies are not static → governments enacting stabilizing measures
- Broad risks include tighter global financial conditions and currency depreciation
- Our portfolio is well positioned:
  - Our larger country weights in Latam, China relatively well insulated from direct oil shock
  - Our larger weights are relatively better insulated from currency pressures
  - Portfolio leans towards domestic industries with defensive characteristics
  - Portfolio remains focused on **low valuations / high quality / high growth / strong dividends**

# 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%
LetkoBrousseau 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.

# 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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# GIPS Composite Report

## LetkoBrosseau 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)
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** inception date and creation date was 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 [info@lba.ca](mailto:info@lba.ca).

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