LetkoBrosseau

ATTRIBUTION REPORT – EMERGING MARKETS EQUITY

as of March 31, 2025

China's real GDP expanded 5.0% year-on-year in 2024. Economic releases generally improved toward year-end, following a series of stimulus measures launched in September. More timely data suggests momentum has successfully carried into 2025. While domestic conditions are improving, external pressures are building. The U.S. imposed a cumulative 54% tariff on all Chinese goods, and other punitive measures are possible. However, we believe further trade disruptions will trigger additional monetary and fiscal easing. Though prospects vary under different tariff and policy-response scenarios, the government recently announced a GDP growth target of "about 5%", a level similar to the IMF forecast of 4.6% in real annual terms in 2025.

India grew faster than any other major economy in 2024 as real GDP advanced 6.5% year-on-year. Early indicators of activity for 2025 remain robust, suggesting this trend will persist. Indeed, the HSBC India Composite PMI stood at 58.6 in March, deep in expansionary territory and well above its long-term average of 54.1. The IMF's forecast is for India's real GDP to advance by 6.5% in 2025, underpinned by pro-growth fiscal policy and solid consumer demand.

Mexico slowed for a third consecutive year in 2024 as real GDP growth moderated to 1.2% in annual terms, undershooting the IMF's forecast of 1.8%. Looking ahead, activity is likely to trend lower. Fiscal policy is positioned to be less supportive this year given efforts to rein in the budget deficit. On the monetary policy front, the Central Bank of Mexico has cut the benchmark interest rate by a cumulative 225 bps since March 2024. With more rate cuts expected, looser financial conditions should help offset fiscal headwinds. According to the IMF, Mexico is on track for real GDP growth of 1.4% this year. However, weaker than expected growth in Q4 and tariff-related disruptions suggest this figure is likely to see a downward revision.

In Brazil, economic growth and labour market dynamics are robust but expected to cool in the months ahead as high interest rates weigh more heavily on economic activity. The IMF anticipates real GDP growth will moderate to 2.2% in 2025. The prospect of additional monetary tightening – the benchmark Selic interest rate is already a restrictive 14.25% – introduces the risk of a bigger-than-expected deceleration from last year's 3.7% real GDP growth.

The outlook for emerging markets is characterized by divergent growth paths and risks at the country level. In aggregate terms, however, emerging market activity is forecast to remain stable, reflecting consistent growth in India and recoveries in several frontier economies that struggled in 2024. The IMF forecasts emerging market real GDP growth of 4.2% in 2025.

FIRST QUARTER

From 01-JAN-2025 to 31-MAR-2025	Total Return (%)			Ending Weight (%)			Selection Effect (%)	Allocation Effect (%)*	Total Attribution (%)
	Port	Bmk	Diff	Port	Bmk	Diff			
Information Technology	13.2	-8.8	22.0	4.1	21.7	-17.6	0.8	2.7	3.5
Utilities	17.5	1.2	16.4	20.1	2.6	17.5	3.3	-0.4	2.9
Industrials	8.3	0.2	8.1	20.4	6.3	14.1	1.8	-0.4	1.3
Real Estate	15.5	0.9	14.6	4.6	1.7	2.9	0.6	-0.1	0.6
Consumer Discretionary	21.9	13.1	8.8	11.2	14.6	-3.4	0.8	-0.4	0.4
Health Care	6.1	1.0	5.2	9.2	3.3	5.9	0.5	-0.1	0.4
Consumer Staples	3.2	1.9	1.3	5.9	4.7	1.2	0.1	0.0	0.0
Energy	3.0	2.5	0.5	3.1	4.5	-1.4	0.0	0.0	0.0
Financials	5.2	5.7	-0.5	15.1	24.3	-9.2	-0.1	-0.2	-0.3
Materials	-3.0	9.3	-12.3	3.8	5.9	-2.1	-0.5	-0.1	-0.6
Communication Services	8.2	12.7	-4.5	2.5	10.3	-7.8	-0.1	-0.7	-0.8
	10.4	**2.9**	**7.4**	**100.0**	**100.0**		**7.2**	**0.2**	**7.4**

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

The Letko Brosseau Emerging Markets Equity Fund (the "Fund") returned 10.4% in the first quarter, while the MSCI Emerging Markets Total Return Net Index returned 2.9%, resulting in a difference of 7.4%. The Fund's performance was driven by the allocation effect in the Information Technology sector and stock selection in the Utilities sector and saw negative attribution from under allocation to the Communication Services sector.

Information Technology

Year-to-date, the Fund continues to see the Information Technology sector as a strong contributor to relative performance, driven by both the allocation and selection effects. TSMC represents an 8.6% weight in the index and has struggled year-to-date. To that effect, Taiwan has been a positive contributor to performance on allocation, given that the Fund has no positions in Taiwan, and nearly half of the index's exposure to Taiwan is through TSMC. In contrast, portfolio company Kingboard Laminates, based in China, has returned 24.1%. Kingboard is the world's largest manufacturer of laminates used in printed circuit boards (PCB) and is fully vertically integrated, which makes it one of the world's lowest cost producers. In March, the company reported fiscal year 2024 EPS growth of 38%, in addition to announcing a special dividend payment. The company has been pivoting end markets from PC towards automobiles and telecommunication equipment, which are both high growth areas.

Utilities

Utilities, one of the largest sectors in the portfolio, has also been an area of strength year-to-date, entirely from the selection effect. This sector is driven primarily by secular growth in domestic consumption for basic needs, such as water sanitation. Copel, a 3.5% weight in the portfolio, returned 23.3% during the quarter. The integrated power utility company is a leading green power company in the portfolio, with 86% of its capacity in hydro and 14% in wind. It has a resilient, domestic business model, with recurring revenue adjusted for inflation and steady growth in demand for power in line with GDP. Another strong player in the portfolio is SABESP, the largest water utility in Brazil. The company completed privatization in 2024 and is working to cut costs and improve operational efficiency to drive earnings growth. The Fund has a 3.0% weight in SABESP, and it returned 24.8% during the quarter. Further to these two positions, the turnaround in the Brazilian Real and market views of potential regime changes have been a tailwind to the stocks' returns.

Communication Services

The Communication Services sector detracted from relative performance, primarily from the allocation effect. The benchmark saw strong returns of 12.7% in the sector, and a much heavier weight of 10.3% compared to the Fund's 2.5% weighting. Tencent, one of the largest index constituents, saw strong returns of 19.4% during the quarter. The Fund has two positions in the sector, Baidu and IMAX China. Baidu is the leading internet company in China and is the leading AI cloud provider in China. The company provides exposure to the Chinese technology ecosystem, and to the growing Chinese cloud service business which includes AI services.

LAST TWELVE MONTHS

From 01-APR-2024 to 31-MAR-2025	Total Return (%)			Ending Weight (%)			Selection Effect (%)	Allocation Effect (%)*	Total Attribution (%)
	Port	Bmk	Diff	Port	Bmk	Diff			
Utilities	21.6	0.9	20.7	20.1	2.6	17.5	4.2	-1.4	2.7
Information Technology	-10.4	-0.1	-10.3	4.1	21.7	-17.6	-0.6	2.2	1.6
Consumer Staples	23.3	-5.3	28.6	5.9	4.7	1.2	1.6	-0.1	1.6
Industrials	6.1	-0.6	6.7	20.4	6.3	14.1	1.3	-1.3	0.0
Energy	-17.0	-9.8	-7.2	3.1	4.5	-1.4	-0.4	0.2	-0.2
Consumer Discretionary	27.5	27.0	0.5	11.2	14.6	-3.4	0.2	-0.5	-0.3
Health Care	-1.3	4.8	-6.1	9.2	3.3	5.9	-0.4	-0.3	-0.6
Materials	-28.2	-7.8	-20.4	3.8	5.9	-2.1	-1.4	0.3	-1.2
Real Estate	-14.9	11.3	-26.2	4.6	1.7	2.9	-1.4	0.1	-1.3
Communication Services	-6.7	29.6	-36.3	2.5	10.3	-7.8	-0.9	-1.3	-2.2
Financials	2.7	14.8	-12.1	15.1	24.3	-9.2	-1.7	-0.5	-2.2
	6.1	**8.1**	**-2.0**	**100.0**	**100.0**		**0.7**	**-2.7**	**-2.0**

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

Over the last twelve months, our emerging markets fund posted a 6.1% return, trailing the MSCI Emerging Markets Total Return Net Index, which delivered an 8.1% return. Our performance over the past twelve months was boosted by strong results in the Utilities sector, but the Financials and Real Estate sectors in our portfolio have underperformed compared to the benchmark.

Utilities

Utilities, one of the largest sectors in the portfolio, has also been an area of strength over the last twelve months, entirely from the selection effect. This sector is driven primarily by secular growth in domestic consumption for basic needs, such as water sanitation. Manila Water had a return of 43.5% and a beginning weight of 4.0%. The company is the largest water utility in the Philippines and has a strong operational track record. Its regulated business model provides high visibility into earnings growth, and further the stock pays a 4.9% dividend yield. Recently, the company reported EBITDA growth of 25% for fiscal year 2024. Another Utilities holding, China Water Affairs, saw a 51.8% return over the last twelve months. China Water Affairs is one of the largest private water utility companies in China serving over 8 million customers and is focusing on delivering drinkable tap water in residential buildings as a growth driver in the coming years.

Financials

The Financials sector was a negative source of attribution from the selection effect, and to a lesser extent the allocation effect. Grupo Financiero Banorte, a Mexican bank and one of the Top 15 holdings, was a drag on performance, returning -29.3% over the last twelve months. Banorte is a leading Mexican bank lead by an experienced and well-respected management team. The Mexican banking sector is underpenetrated, and as such expected to grow at a faster rate than the Mexican economy. In the near term, economic growth expectations for Mexico have decreased as a result of US tariff threat uncertainty and revisions to the USMCA, among other factors. This adjustment in near-term expectations has impacted Banorte's share price. However, Banorte has a diverse business and balance sheet strength which will provide resilience to economic uncertainty. Despite the challenging tariff backdrop, the company has seen EPS growth, announced share buybacks, and has committed to a minimum dividend payout ratio of 50%.

Real Estate

The Real Estate sector was a negative contributor to returns entirely from the selection effect. The Fund has two Real Estate holdings, Allos at a 2.4% weight and Fibra Danhos at a 2.3% weight, which have returned -23.7% and -6.3% respectively. Both companies were impacted by currency depreciation, but Allos in particular was impacted by interest rate increases in Brazil during Q4 2024. Allos' stock price tends to be sensitive to interest rates, however our view on the fundamentals of the company have not changed. It is the largest shopping mall owner-operator in Brazil, with a wide geographic footprint across 16 states in Brazil. With strong liquidity and free cash flow generation, Allos is positioned to benefit from synergies resulting from the merger between Aliansce Sonae and BR Malls which created Allos. Fibra Danhos holds a premier portfolio of retail, office and industrial properties in Mexico City. The company has two developments underway – a second phase of an industrial park and a joint venture to develop a Ritz-Carlton hotel in Cancun. Fibra Danhos is not directly impacted by tariffs, but may be sensitive to economic conditions arising from US tariffs and to interest rate increases.