

LetkoBrosseau

CANADIAN EQUITY STRATEGY

As at December 31, 2021

Strategy

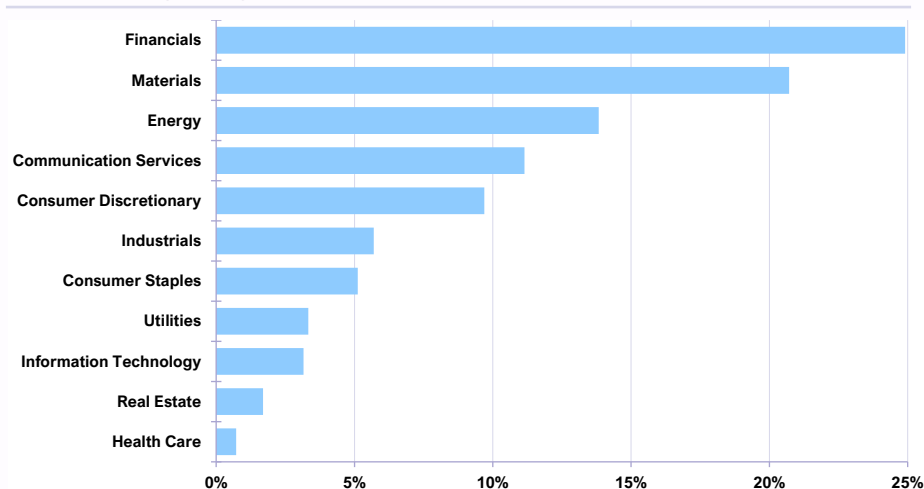
The strategy is designed for investors with a long-term investment horizon seeking a diversified Canadian equity portfolio. LBA has been investing in Canada since 1988. We offer a compelling value proposition based on our knowledge-based investing approach, collaborative team structure, price discipline, and low fees.

Firm Profile

Founded in 1987, Letko, Brosseau & Associates Inc. (LBA) is one of Canada's largest independent investment managers with approximately \$18 billion managed. We offer a select number of broad investment strategies including Global Balanced, Fixed Income, Global Equity, Canadian Equity Income, Fossil Fuel Free Equity, Emerging Markets Equity, Canadian Equity, EAFE Equity and Infrastructure Equity where we feel we can add value through our disciplined knowledge-based investment approach.

Inception Date	October 1, 1995
Category	Equity
Investment Options	Segregated Account (\$5 million) Pooled Fund Account (\$1 million)

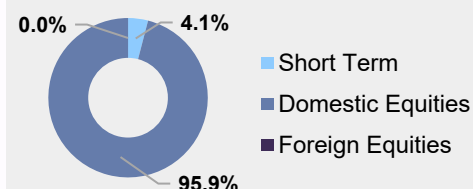
Sector Weightings⁽¹⁾



Compounded Annualized Returns⁽²⁾ (in Canadian dollars)

	3 months	1 year	3 years	5 years	10 years	Since Inception
LBA Canadian Equity Composite	7.0%	36.9%	15.4%	8.9%	11.8%	13.2%

Asset Allocation⁽¹⁾



Characteristics⁽¹⁾

Average Dividend Yield	3.0%
Forward P/E Ratio	10.6
Average Market Cap	CA\$37.1 bil
Active Share	65%
# of Holdings*	68
Turnover Ratio*	10.7%

Country Weightings⁽¹⁾ (%)

Country	Weight (%)
Canada	99.08
United States	0.68
Other	0.25

(1) Information shown is based on the Letko Brosseau Canadian Equity Composite.

*For the # of Holdings and Turnover Ratio the information shown is of a representative account, in this case the Letko Brosseau Canadian Equity Fund.

(2) Data is preliminary. See other notes on the next page for complementary information about this composite.



Portfolio Strategy Commentary⁽³⁾

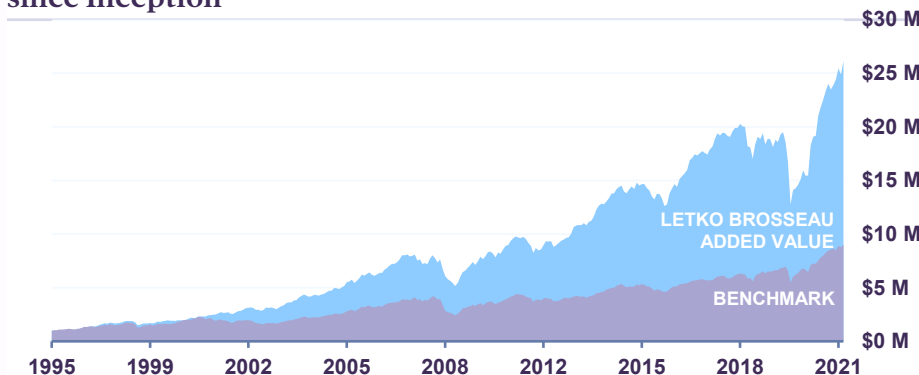
During the quarter, the Fund increased its position in **Open Text Corp.** Open Text is a leading Canadian software company with products that help enterprises manage, archive, search, analyze and exchange unstructured data, like word documents, PDFs, PowerPoint and email.

The company benefits from having a large amount of stable, recurring revenue, with more than 82% of its revenue coming from recurring sources, like cloud subscriptions (43%) and customer support payments (40%). While historically, Open Text has only seen organic growth of around 3%, we believe that the company has the potential to increase penetration in the SMB market, where it is building out a new set of products. This has the potential to improve organic revenue growth and cause a significant rerating as Open Text trades at a substantial discount to software peers. Open Text currently trades at 13x earnings and pays a 1.5% dividend yield. We forecast 7.5% earnings growth going forward and, under this scenario, a rerating to 16x would generate a 16% CAGR return over five years.

During the quarter, we increased our position in **Quebecor Inc.** Quebecor is the largest broadband operator in Quebec and continues to increase its wireless market share versus its competitors. Operating momentum remains robust with mid-single digit growth across broadband and wireless. Near-to-medium term wireless growth will be driven by a convergence of total wireless market share (22%) towards its quarterly subscriber share (37% of QC adds in 3Q21, an all-time high). In addition, the company's wireless and broadband segments will benefit from structural growth tied to immigration and household formation trends. We forecast the company to grow its earnings by 6.1% per year from \$2.36 in 2020 to \$3.18 in 2025 and view its current 6.9x forward EV/EBITDA multiple and 4.3% dividend yield as attractive. Utilizing a 7.5x EV/EBITDA multiple on 2025 estimates implies a \$39 target price, for a total annual return of around 12%, including dividends.

During the quarter, the Fund crystallized gains by reducing its position in **Ovintiv** by 50%. Ovintiv is a leading North American unconventional oil and gas producer that is present in top-tier resource plays and utilizes the most cutting-edge technology to develop them. The unconventional nature of Ovintiv's asset base means that their wells usually have a quick payout (less than two years) and high decline rates. Ovintiv is a leader in innovative drilling and completions technology with some of the lowest operating and capital costs. As WTI crude oil reached over \$80 per barrel in October 2021, Ovintiv's stock price rose to levels above our calculated net asset value. In other words, the valuation gap that guided our decision to hold this stock through 2020 and most of 2021 had largely closed. Also, the overall weight of the energy sector in our portfolio had increased greatly because of share price appreciation. Therefore, we exercised prudent risk management and reduced our position at prices above \$47/share, above our assessed intrinsic value. Ovintiv currently trades at 3.8x 2021 earnings.

Value of \$1 million invested in the Canadian Equity Composite since Inception



The value graph above represents the excess return of our Canadian Equity Composite over the benchmark gross of fees from October 1, 1995 to December 31, 2021. This value added is \$17.1 million as of December 31, 2021. This Composite includes all discretionary Canadian equity mandates with asset mix targets for fixed income securities of less than 10%. The Composite assets as of December 31, 2021 were \$4.92 billion or 26.80% of total assets under management. The benchmark since inception is 2% FTSE Canada 91 Day T-Bill Total Return Index and 98% S&P/TSX Composite Total Return Capped Index. Performance results reflect the reinvestment of dividends, income and other earnings. 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.

(3) The transactions mentioned in the Portfolio Strategy Commentary section are of a representative account, in this case the Letko Brousseau Canadian Equity Fund and do not represent all the securities bought or sold in the fund during the quarter. A list of all purchases and sales made during the past year can be provided on request. It should not be assumed that an investment in these securities was or will be profitable.

(4) Information shown is based on the Letko Brousseau Canadian Equity Composite.

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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.

Top 10 Holdings ⁽⁴⁾	(%)
	Weight(%)
Bank Of Nova Scotia	3.71
Toronto-Dominion Bank	3.50
Bank Of Montreal	3.35
Manulife Financial Corp	3.27
Nutrien Inc	3.16
Teck Resources Ltd	3.02
George Weston Ltd	2.99
Royal Bank Of Canada	2.96
Suncor Energy Inc	2.80
Power Corp Of Canada	2.76

Fee Schedule	Amount	Fee
First	\$300,000	1.00%
Next	\$700,000	0.75%
Next	\$2,000,000	0.50%
Remaining Account balance		0.25%

