*For Immediate Distribution*

# Invest in Canada

Montreal, Quebec, September 8, 2021 – LetkoBrosseau, a leading Canadian investment manager, today announces its concerns about the significant reduction of investment in Canadian publicly traded equities by the country's pension fund industry.

The Pension Investment Association of Canada, the country's leading pension fund association, reported for the year ended December 2020 that Canadian publicly held securities represented approximately 5 per cent of its members' total assets. This is down from 28 per cent in December 2000.

"It should be a major policy concern for Canadians and our leaders that the country's pension industry has moved large amounts of its funds to other countries.," said Daniel Brosseau, President of LetkoBrosseau. "When investment managers send Canadians' hard-earned savings outside of Canada, they aren't just moving money out of the country, but also some of its important associated economic benefits. That means less innovation, fewer jobs, and reduced economic activity and security for Canadians."

Our objective is to highlight the rapid withdrawal of Canadian institutional investment from Canada in order to spark an important conversation about both the economic and moral justification for repatriating hard-working Canadians' monies.

Some of the key considerations for greater investment in the country by pension funds include:

1) Pension funds benefits are payable to plan members in Canadian dollars and there is real currency risk being so heavily invested outside of the country.

2) Over the long run, domestic stocks have performed better than foreign ones. Since 1988, the S&P/TSX generated an 8.7 per cent annualized return, while over the same period, foreign stocks generated a 7.8 per cent annualized return (according to the MSCI Index). [1]

3) Pension plan sponsors are increasingly shifting their investments to private equity which often employ leverage adding to returns but also risk. These investments are illiquid and not subject to the same daily mark-to-market requirements and transparency as public equities.

"While we understand the need for international diversification, a principle we have followed for many years, balance is required. No doubt, there are sectors such as pharmaceuticals and technology, where investors need to look abroad to gain appropriate exposure," said Peter Letko, Senior Vice President at LetkoBrosseau. "That said, the strength of the Canadian economy and self-sustaining benefits of investing in our own industries should be an equally important priority. Further, it is time plan sponsors speak up. While they have pressed fund managers on important ESG issues, it's also time they emphasize that their money goes to support their members' interests in this country."

Investing in Canada isn't just the right thing to do; it makes good financial sense. Since inception of the firm in 1988, our Canadian portfolios have generated $17.5 billion in net gains[2] by investing in Canadian equities, equivalent to a 14.6 per

[1] The period is January 1, 1988 to July 31, 2021. The indexes are the S&P/TSX Composite Total Return Capped Index and the MSCI World Total Return Net Index.

[2] Represents the net gains on Canadian equities for all mandates under management from January 1, 1988 to July 31, 2021.

cent compounded annualized return. This is almost double the 7.8 per cent annualized return delivered by international markets over the same period—hardly an investment record that argues for underweighting Canada.

We at LetkoBrosseau are bullish on Canada. With favourable demographics; a tolerant, well-educated and diverse population; an expanding economy with moderate debt levels; abundant natural resources; modern infrastructure; world renowned educational institutions; and political stability, Canada is rich with opportunity.

In our 30-plus years, we have never given up on Canada—investment managers, pension plan sponsors, and leaders shouldn't either.

**END NOTES**

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 investment recommendations. Certain information contained in this letter may constitute forward-looking statements. Forward-looking statements may include estimates, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Although Letko Brosseau believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. These statements are subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking statements. Letko Brosseau's forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained in this press release are made as of the date hereof and Letko Brosseau does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

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