

# LetkoBrosseau

## CANADIAN EQUITY STRATEGY

As at December 31, 2022

### Strategy

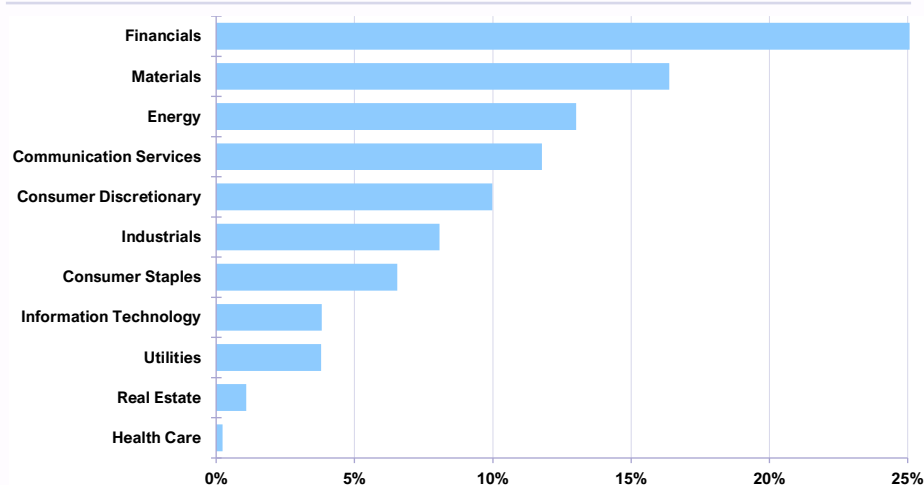
The strategy is designed for investors with a long-term investment horizon seeking a diversified Canadian equity portfolio. LBA has been investing in Canada since 1988. We offer a compelling value proposition based on our knowledge-based investing approach, collaborative team structure, price discipline,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

### Firm Profile

Founded in 1987, Letko, Brosseau & Associates Inc. (LBA) is one of Canada's largest independent investment managers with approximately \$16 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.

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

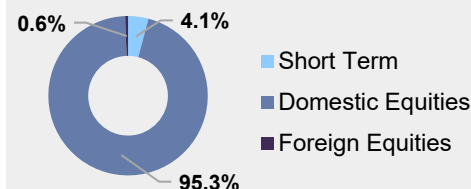
### Sector Weightings<sup>(1)</sup>



### Compounded Annualized Returns<sup>(2)</sup> (in Canadian dollars)

	1 year	3 years	5 years	10 years	Since Inception
<b>LBA Canadian Equity Composite</b>	<b>0.99%</b>	<b>10.58%</b>	<b>6.28%</b>	<b>10.15%</b>	<b>12.76%</b>

### Asset Allocation<sup>(1)</sup>



### Characteristics<sup>(1)</sup>

<b>Average Dividend Yield</b>	4.0%
<b>Forward P/E Ratio</b>	9.6
<b>Average Market Cap</b>	CA\$34.4 bil
<b>Active Share</b>	63%
<b># of Holdings*</b>	62
<b>Turnover Ratio*</b>	10.5%

### Country Weightings<sup>(1)</sup> (%)

Country	Weight (%)
<b>Canada</b>	<b>98.9</b>
<b>United States</b>	<b>0.8</b>
<b>Other</b>	<b>0.3</b>

(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<sup>(3)</sup>

#### Cenovus Energy

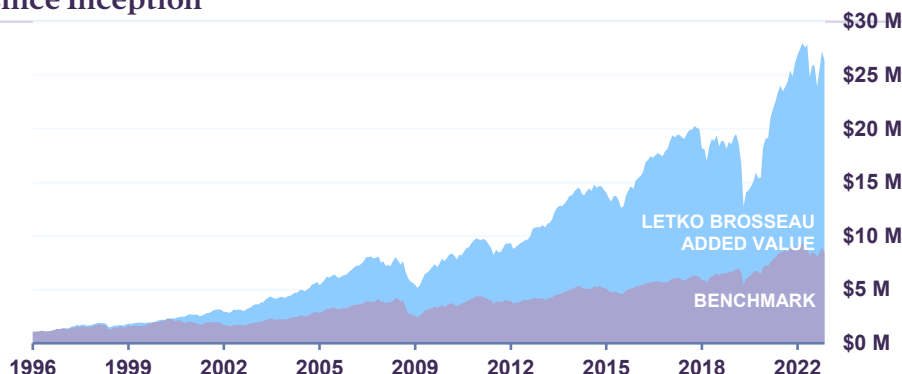
During the quarter, the Fund opportunistically realized gains by reducing its position in Cenovus Energy Inc. Cenovus is an integrated oil and natural gas company located in Calgary, Alberta, created by the split of Encana Corporation into two distinct companies in 2009. In 2017, Cenovus purchased ConocoPhillips' 50% share of their oil sands project and most of their assets in Alberta and British Columbia. Most recently, in early 2021, Cenovus acquired Husky Energy. In 2022, Cenovus will produce 780,000 boe/d (barrels of oil equivalent per day) and will refine 560,000 bbl/d (barrels per day). Its upstream assets are mostly long-life, low-decline thermal oil sands facilities, such as the Foster Creek, Christina Lake and Lloydminster projects, along with a large position in the natural gas-rich Western Canadian Deep Basin. As WTI crude oil prices increased well above \$80 per barrel in late-2021 and especially in 2022, Cenovus' stock price rose to close to our calculated net asset value. Thus, the valuation gap that guided our decision to hold this stock through 2020 and most of 2021 had largely closed and the overall weight of the energy sector in our portfolios had greatly increased because of share price appreciation. Therefore, we exercised prudent risk management and have been reducing our position over time at prices well above our average cost.

#### Element Fleet Management

During the quarter, the Fund decreased its position in Element Fleet Management Corp. Element provides vehicle fleet leasing and fleet management solutions to international companies and combines robust funding sources with exceptional technology to reduce customers' total cost of ownership. Element is the world's largest publicly traded auto fleet management company with leading market positions in North America, Australia and New Zealand. We believe Element represents a strategic investment opportunity given its position as a global leader in a growing and well-positioned sector. The company's core business benefits from a loyal customer base (98% renewal rate), network effects driven by extensive vehicle service partnerships and high barriers to entry. These factors drive an attractive free cash flow generating profile. Shares have rallied significantly in recent months driven by continued record backlog and recovery in OEM vehicle production. As such, the stock now trades at 16.0x expected 2023 earnings, at the high end of its historical valuation range. We used the recent strength to take some profit.

Top 10 Holdings <sup>(4)</sup>	(%)
	Weight(%)
Manulife Fin	3.73
Td Bank	3.59
Bank Of Nova Scotia	3.41
Teck Resource	3.28
George Weston	3.23
Rogers Communication	3.11
Bank Of Montreal	3.09
Royal Bank of Canada	3.07
Canadian Tire	3.00
Linamar Corp.	2.97

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



Fee Schedule	Amount	Fee
First	\$300,000	1.00%
Next	\$700,000	0.75%
Next	\$2,000,000	0.50%
Remaining Account balance		0.30%

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, 2022. This value added is 17.9 million as of December 31, 2022. 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, 2022 were \$3.8 billion or 23.5% of 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 Brosseau 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 Brosseau Canadian Equity Composite.

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