



# LetkoBrosseau

**Letko Brosseau International Equity Fund**  
**Letko Brosseau Fonds d'actions internationales**

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## **ANNUAL FINANCIAL STATEMENTS**

DECEMBER 31, 2025 AND 2024  
(Expressed in Canadian Dollars)



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## Independent Auditor's Report

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**Raymond Chabot  
Grant Thornton LLP**  
Suite 2000  
600 De La Gauchetière Street West  
Montréal, Quebec  
H3B 4L8

T 514-878-2691

To the Unitholders of  
Letko Brosseau International Equity Fund  
(formerly Letko Brosseau EAFE Equity Fund) /  
Letko Brosseau Fonds d'actions internationales  
(anciennement Letko Brosseau Fonds d'actions EAEO)

### Opinion

We have audited the financial statements of Letko Brosseau International Equity Fund (formerly Letko Brosseau EAFE Equity Fund) / Letko Brosseau Fonds d'actions internationales (anciennement Letko Brosseau Fonds d'actions EAEO) (hereafter "the Fund"), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of changes in net assets attributable to holders of redeemable units, the statements of comprehensive income and the statements of cash flows for the years then ended, and notes to financial statements, including material accounting policy information, and the schedule of investment portfolio as at December 31, 2025.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (hereafter "IFRS Accounting Standards").

### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Raymond Chabot Grant Thornton LLP<sup>1</sup>*

Montréal  
March 27, 2026

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<sup>1</sup> CPA auditor, public accountancy permit no. A126944

LETKO BROUSSEAU INTERNATIONAL EQUITY FUND  
(FORMERLY LETKO BROUSSEAU EAFE EQUITY FUND)  
LETKO BROUSSEAU FONDS D' ACTIONS INTERNATIONALES  
(ANCIENNEMENT LETKO BROUSSEAU FONDS D' ACTIONS EAE0)  
STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2025 AND 2024  
(Expressed in Canadian Dollars)



	2025	2024
	\$	\$
<b>Current assets</b>		
Cash	974,053	47,005
Investments	29,133,354	13,695,098
Interest, dividends and other receivables	55,240	33,508
	<u>30,162,647</u>	<u>13,775,611</u>
<b>Current liabilities</b>		
Accrued expenses	10,871	13,716
<b>Net assets attributable to holders of redeemable units</b>	<u>30,151,776</u>	<u>13,761,895</u>

**Supplementary information**

<b>Number of redeemable units in circulation (note 5)</b>	2,399,554	1,298,087
<b>Net assets per unit attributable to holders of redeemable units (note 6)</b>	\$ 12.5656	\$ 10.6017

Approved by the Board of Directors of Letko, Brosseau & Associates Inc., Fund Manager

Daniel Brosseau, Director

The accompanying notes are an integral part of the financial statements.

LETKO BROUSSEAU INTERNATIONAL EQUITY FUND  
(FORMERLY LETKO BROUSSEAU EAFE EQUITY FUND)  
LETKO BROUSSEAU FONDS D' ACTIONS INTERNATIONALES  
(ANCIENNEMENT LETKO BROUSSEAU FONDS D' ACTIONS EAE0)  
STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in Canadian Dollars)



	2025	2024
	\$	\$
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	13,761,895	12,480,673
<b>Change in net assets attributable to holders of redeemable units</b>	5,695,712	1,281,222
<b>Redeemable unit transactions</b>		
Proceeds from issuance	10,694,169	-
Reinvestment of distributions	1,734,096	1,084,240
	12,428,265	1,084,240
<b>Distributions to holders of redeemable units (note 6)</b>		
Net investment income	(990,511)	(443,199)
Net realized gain on sale of investments	(743,585)	(641,041)
	(1,734,096)	(1,084,240)
<b>Net assets attributable to holders of redeemable units, end of year</b>	30,151,776	13,761,895

The accompanying notes are an integral part of the financial statements.

LETKO BROUSSEAU INTERNATIONAL EQUITY FUND  
(FORMERLY LETKO BROUSSEAU EAFE EQUITY FUND)  
LETKO BROUSSEAU FONDS D' ACTIONS INTERNATIONALES  
(ANCIENNEMENT LETKO BROUSSEAU FONDS D' ACTIONS EAE0)  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024  
(Expressed in Canadian Dollars)



	2025	2024
	\$	\$
<b>Investment income</b>		
Net interest income for distribution purposes	55,504	20,182
Dividend income	1,001,771	505,896
Net securities lending income (note 9)	5,762	2,772
Foreign exchange gain (loss) on cash	(36,975)	12,835
Net realized gain (loss) on sale of investments	798,909	651,444
Net changes in unrealized appreciation (depreciation) of investments	4,090,270	182,912
	<u>5,915,241</u>	<u>1,376,041</u>
<b>Expenses</b>		
Trustee fees (note 10)	10,020	9,639
Professional fees	14,237	13,565
Filing fees	2,738	-
Withholding taxes	143,081	59,789
Portfolio transaction costs	49,453	11,826
	<u>219,529</u>	<u>94,819</u>
<b>Change in net assets attributable to holders of redeemable units</b>	<u>5,695,712</u>	<u>1,281,222</u>
<b>Change in net assets per unit attributable to holders of redeemable units (note 3)</b>	<u>2.6072</u>	<u>1.0523</u>

The accompanying notes are an integral part of the financial statements.



	2025	2024
	\$	\$
<b>Cash flows from (used in) operating activities</b>		
Change in net assets attributable to holders of redeemable units	5,695,712	1,281,222
Adjustments or variations for:		
Foreign exchange (gain) loss on cash	36,975	(12,835)
Net realized (gain) loss on sale of investments	(798,909)	(651,444)
Net changes in unrealized (appreciation) depreciation of investments	(4,090,270)	(182,912)
Interest, dividends and other receivables	(21,732)	(1,287)
Accrued expenses	(2,845)	(1,202)
Proceeds from sale or maturity of investments	15,123,465	4,350,751
Investments purchased	(25,672,542)	(4,770,255)
	(9,730,146)	12,038
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issuance of redeemable units	10,694,169	-
<b>Change in cash</b>	964,023	12,038
Cash, beginning of year	47,005	22,132
Effect of exchange rate changes on foreign cash	(36,975)	12,835
<b>Cash, end of year</b>	974,053	47,005

**Supplementary information**

**Cash flows relating to operating activities:**

Interest received	\$ 54,025	\$ 20,968
Dividends received, net of withholding taxes	\$ 838,403	\$ 444,569
Interest paid	\$ 135	\$ 258



	Quantity	Cost \$	Fair Value \$
<b>Equities</b>			
<b>Energy</b>			
Peyto Exploration & Development Corporation	13,500	214,410	306,583
TotalEnergies	7,550	630,622	675,668
		845,032	982,251
<b>Materials</b>			
Amrize	1,750	54,400	131,923
Arkema	9,835	1,156,666	825,692
Heidelberg Cement	1,650	211,804	592,350
Holcim	1,750	59,699	235,445
Interfor Corporation	17,000	201,105	145,520
Kuraray	16,700	271,597	231,770
Regis Resources	65,894	157,958	454,757
Smurfit WestRock	11,700	660,429	619,320
Wacker Chemie	7,550	828,180	842,913
		3,601,838	4,079,690
<b>Industrial Products</b>			
Arcadis	7,200	427,938	411,945
Bunzl	19,900	794,325	761,687
Compagnie de Saint-Gobain	2,700	137,240	377,983
Copa Holdings	800	135,885	132,261
Deutsche Post	12,500	686,857	940,363
FLSmidth & Co.	3,500	173,136	335,703
Fraport AG Frankfurt Airport Services Worldwide	2,975	193,200	335,015
Mitsui & Co.	13,550	311,396	550,175
Siemens	2,200	421,228	846,998
		3,281,205	4,692,130
<b>Consumer Discretionary</b>			
Alibaba Group Holding	15,000	251,552	377,226
B&M European Value Retail SA	165,000	877,952	513,515
Kingfisher	143,000	591,014	824,442
Panasonic Holdings Corporation	8,500	102,746	150,413
TravelSky Technology	49,000	97,383	88,710
Valeo	48,600	1,115,747	910,316
		3,036,394	2,864,622
<b>Consumer Staples</b>			
Associated British Foods	22,300	749,026	874,518
Barry Callebaut	400	638,550	903,853
Carrefour	49,500	1,031,276	1,133,965
First Pacific	190,000	115,434	199,426
		2,534,286	3,111,762

The accompanying notes are an integral part of the financial statements.



	Quantity	Cost \$	Fair Value \$
<b>Equities (continued)</b>			
<b>Health Care</b>			
Genmab	1,375	418,383	600,736
GlaxoSmithKline	31,120	799,102	1,046,839
Roche Holding	1,800	644,096	1,022,129
Sanofi	7,225	944,503	962,139
Shandong Weigao Group Medical Polymer	160,000	159,752	141,451
		2,965,836	3,773,294
<b>Financial Services</b>			
AIA Group	44,500	441,518	626,165
Allianz	945	302,525	594,077
BNP Paribas	8,625	740,661	1,121,776
Grupo Financiero Banorte S.A.B. de C.V.	10,000	109,310	127,274
ING Groep	7,300	142,198	282,166
Intesa Sanpaolo	54,000	204,840	514,729
Sun Life Financial	3,000	235,167	257,040
Truist Financial Corporation	3,750	236,795	252,954
		2,413,014	3,776,181
<b>Real Estate</b>			
Concentradora Fibra Danhos S.A. de C.V.	40,000	59,580	85,571
<b>Technology</b>			
Adobe	790	481,516	379,000
ams-OSRAM	12,150	482,033	165,022
NXP Semiconductors	1,775	407,754	528,123
Open Text Corporation	6,100	237,389	272,670
Salesforce	900	301,697	326,812
Samsung Electronics Corporation	175	271,186	495,594
SAP	870	122,525	291,811
		2,304,100	2,459,032
<b>Communication Services</b>			
Alphabet	950	245,886	408,633
Baidu	5,700	100,723	132,003
ITV	91,500	212,634	138,925
Orange	21,612	411,238	494,052
Telefonica	26,820	261,211	150,816
Vodafone Group	95,500	271,374	174,104
		1,503,066	1,498,533
<b>Utilities</b>			
Veolia Environnement	23,500	851,063	1,124,362
<b>Total Equities</b>		23,395,414	28,447,428

The accompanying notes are an integral part of the financial statements.



	Par Value	Cost \$	Fair Value \$
<b>Money Market Securities</b>			
Province of British Columbia, notes			
2026-02-04	300,000	417,163	407,613
2026-02-27	15,000	20,869	20,312
Province of Ontario, notes			
2026-02-06	20,000	27,511	27,245
2026-03-05	155,000	210,923	210,876
Quebec Treasury Bills			
2026-01-09	20,000	19,880	19,880
<b>Total Money Market Securities</b>		<b>696,346</b>	<b>685,926</b>
<b>Portfolio Transaction Costs Included in the Securities' Cost</b>		<b>(79,246)</b>	
<b>Total Investments</b>		<b>24,012,514</b>	<b>29,133,354</b>

The accompanying notes are an integral part of the financial statements.



## **1. Establishment of the fund**

The Letko Brosseau International Equity Fund / Letko Brosseau Fonds d'actions internationales (the "Fund", formerly Letko Brosseau EAFE Equity Fund / Letko Brosseau Fonds d'actions EAE0) is a private unit investment trust created under a trust agreement established on November 30, 2004, along with its related amendments, under the laws of the province of Ontario. The registered office is located at 155 Wellington Street West, Toronto, Ontario, Canada, M5V 3L3.

The trust agreement designates RBC Investor Services Trust as the trustee, custodian and accountant of the Fund (the "Trustee") and Letko, Brosseau & Associates Inc. as the manager of the Fund (the "Manager").

## **2. Basis of presentation**

These financial statements, for which the functional and presentation currency is the Canadian dollar, have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), as published by the International Accounting Standards Board ("IASB") and comply with the requirements of the Canadian Securities Administrators ("CSA").

The financial statements were authorized for issue by the Manager's Board of Directors on March 27, 2026.

These financial statements have been prepared on a historical cost basis with the exception of investments which are measured at fair value.

## **3. Material accounting policy information**

### **Financial instruments**

#### **Classification**

The Fund classifies its financial assets based on both the Fund's business model for managing those financial assets and the associated contractual cash flow characteristics. Based on the Fund's objective of achieving long-term capital appreciation and the management and evaluation of the portfolio's performance on a fair value basis, the Fund applies the business model which requires that its portfolio, which includes investments, be classified at fair value through profit or loss. All other assets and liabilities presented on the statements of financial position are financial assets and financial liabilities and are classified at amortized cost. Redeemable units are classified as financial liabilities given that they include a contractual obligation for the Fund to redeem them for cash or another financial asset at the request of the unitholder. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as described in note 6.

#### **Recognition and measurement**

The Fund recognizes financial instruments at fair value upon initial recognition. Purchases and sales of investments are recognized on the trade date. Subsequent to initial recognition, investments are measured at fair value and gains and losses arising from changes in the fair value are recognized in the statements of comprehensive income. All other financial assets and financial liabilities are initially recognized on the date on which they originated and are subsequently measured at amortized cost.

Portfolio transaction costs incurred by the Fund for the sale and purchase of investments are expensed as incurred.



### **3. Material accounting policy information (continued)**

#### **Financial instruments (continued)**

##### **Fair value**

The fair value of the Fund's investments traded in active markets is determined using the quoted market prices at the close of trading on the date of the financial statements. The closing market price is either obtained from an accredited stock exchange where the security has the highest trading volume or from independent and renowned brokerage houses. In the event where the last closing market price does not fall within the bid-ask spread on the date of the financial statements, the Manager and the Trustee determine the point within the bid-ask spread that is most representative of fair value based on the facts and circumstances. Investment fund units held for trading that are not traded in active markets are measured at fair value based on their net asset value as determined by their trustee.

The Fund's accounting policies for measuring the fair value of its investments are consistent with those used to determine the net asset value for transactions with unitholders.

Information on the reliability of the fair value measurement of financial assets is disclosed in note 13. The transfer of a financial asset from one fair value hierarchy level to another is performed at the date of the event or change in circumstances which would justify a change in level.

##### **Impairment of financial assets**

The Fund recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. The Fund applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected credit loss provision for all assets at amortized cost. Impairment losses on financial assets at amortized cost, if any, are recognized in the statements of comprehensive income.

#### **Revenue recognition**

Investment income is accounted for using the accrual method of accounting. Interest income for distribution purposes is recognized when it is earned. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds which are amortized using the effective interest rate method. Dividends are recognized on the ex-dividend date and distributions on investment fund units are recorded at the ex-distribution date. Income from securities lending is recorded when earned. Realized gains and losses upon sale of investments are recognized on the trade date and are calculated using the average cost method.

#### **Foreign currency translation**

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates the transactions occur. Assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the exchange rate prevailing at the date of the financial statements. Foreign exchange gains and losses are presented in the statements of comprehensive income.

#### **Change in net assets per unit attributable to holders of redeemable units**

This change, presented in the statements of comprehensive income, represents the variation in net assets per unit attributable to holders of redeemable units based on the average number of redeemable units that were in circulation during the year.



### 3. Material accounting policy information (continued)

#### Use of estimates, judgments and assumptions

The preparation of these financial statements in accordance with IFRS Accounting Standards requires the Manager to make judgments in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most material accounting judgments and estimates that the Manager has made in preparing the financial statements.

#### Investment entity

The Manager has determined that the Fund meets the definition of an investment entity in accordance with IFRS 10, Consolidated Financial Statements. As a result, in the event the Fund holds an investment in a subsidiary, the Fund would account for this investment at fair value through profit or loss.

#### Classification of redeemable units

The Manager has determined that the Fund's redeemable units must be classified as liabilities given that the conditions for classification as equity in accordance with IAS 32, Financial Instruments: presentation, are not met.

### 4. Future accounting standards

#### IFRS 18, Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18, Presentation and Disclosure in Financial Statements on April 9, 2024, which will replace IAS 1, Presentation of Financial Statements. This new standard, effective for annual periods beginning on or after January 1, 2027 aims to improve financial statement comparability and transparency by introducing a more structured statement of comprehensive income. The Manager is in the process of assessing the implications of IFRS 18 and its impact on the Fund's financial statements and disclosures.

#### IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures

The IASB issued amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance ("ESG")-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income ("FVOCI") and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Manager has assessed the impact of these amendments, and it does not expect a material impact on the Fund's financial statements and disclosures.

### 5. Redeemable units in circulation

The Fund is authorized to issue an unlimited number of series of units each of which can contain an unlimited number of units, without par value. All units are voting, participating and redeemable by the unitholders at the net asset value.

The Fund is currently offering units of Series I and Series F for issuance as follows:

Series I	Available to accredited investors at the discretion of the Manager.
Series F	Available to accredited investors who are not eligible to purchase Series I units.



## 5. Redeemable units in circulation (continued)

The unit activity for Series I units during the years ended December 31 was as follows:

	2025	2024
<b>Number of redeemable units in circulation, beginning of year</b>	1,298,087	1,197,484
<b>Number of redeemable units issued and redeemed during the year</b>		
Issued for cash and other consideration	957,817	-
Issued on reinvestment of distributions	143,650	100,603
Redeemed	-	-
<b>Number of redeemable units in circulation, end of year</b>	<b>2,399,554</b>	<b>1,298,087</b>

There were no Series F units issued since the Fund's inception.

## 6. Valuation of redeemable units and distributions

The net asset value per unit, which represents the redemption amount, is determined by dividing the Fund's net assets at fair value by the number of redeemable units in circulation at the end of each valuation date.

Income from dividends, interest and securities lending, net of expenses of the Fund, is accounted for in the net assets attributable to holders of redeemable units. At the end of each month, income received, net of expenses paid, is distributed and reinvested as additional redeemable units or, at the discretion of the unitholders, is paid in cash. Realized gains and losses resulting from the sale of investments are accounted for in the net assets attributable to holders of redeemable units and net realized gains are distributed and reinvested at the end of the fiscal year as additional redeemable units or, at the discretion of the unitholders, are paid in cash. Upon request from the Manager, additional income and capital gain distributions may occur at different times during the fiscal year under exceptional circumstances.

## 7. Capital management

The capital of the Fund is represented by redeemable units issued and in circulation. According to its mission, substantially all of the Fund's capital is invested in securities. Information about the Fund's objectives, policies and procedures for managing its capital is disclosed in note 12. The Fund is not subject to any particular external requirement for managing its capital.

## 8. Related party transactions

The following table presents a summary of the transactions during the year between the Fund and related parties. Related parties are represented by the Manager, the investment funds and limited partnerships it manages, directors of the Manager, corporations controlled by the directors of the Manager, family members of the directors and a deferred profit-sharing plan for the benefit of the Manager's employees.

2025	Manager \$	Other related parties \$
<b>Redeemable units issued and redeemed</b>		
Issued for cash and other consideration	-	-
Issued on reinvestment of distributions	1,011,976	-
Redeemed	-	-
	<b>1,011,976</b>	<b>-</b>



## 8. Related party transactions (continued)

2024	Manager \$	Other related parties \$
<b>Redeemable units issued and redeemed</b>		
Issued for cash and other consideration	-	-
Issued on reinvestment of distributions	1,084,240	-
Redeemed	-	-
	1,084,240	-

These transactions took place in the normal course of operations and are measured at the net asset value at the date of the transactions.

As at December 31, related parties held units of the Fund with an aggregate fair market value of the following:

	2025 \$	2024 \$
Manager	17,365,827	13,761,895
Other related parties	-	-
	17,365,827	13,761,895

## 9. Net securities lending income

The Fund takes part in a securities lending program with the Trustee. Securities lending transactions involve the temporary exchange of securities for collateral with a commitment to return the same securities to the Fund on a future date. In accordance with the terms of the program, the Fund receives collateral of at least 102% of the fair value of the securities on loan. The collateral consists primarily of debt securities with high credit ratings. The fair value of the securities loaned is determined in accordance with standard market practices and additional collateral is requested if necessary.

The table below presents the aggregate fair value of the securities on loan and collateral held under securities lending transactions as at December 31. The securities on loan continue to be included in the statements of financial position.

	2025 \$	2024 \$
Total fair value of securities on loan	1,915,940	387,456
Total collateral held	1,954,330	395,211

Securities lending income reported in the statements of comprehensive income is net of securities lending charges which the Fund's Trustee is entitled to receive as per the terms of the program. For the years ended December 31, securities lending income was as follows:

	2025 \$	2024 \$
Gross securities lending income	9,603	4,619
Securities lending charges	(3,841)	(1,847)
Net securities lending income	5,762	2,772
Securities lending charges as a % of the gross securities lending income	40.0%	40.0%



## 10. Fees

Trustee fees are calculated according to an agreement between the Manager and the Trustee.

Management fees of the Manager are invoiced directly to the unitholders.

## 11. Income taxes

In accordance with provisions of the Income Tax Act (Canada) and the Quebec Taxation Act, the Fund qualifies as a unit trust and is taxed on its income received and not distributed to unitholders. The Fund distributes to unitholders the total income from dividends, interest and securities lending, net of expenses and its net realized taxable capital gains.

## 12. Risks associated with financial instruments

### Analysis of risk management

The Fund has as its objective to generate capital appreciation through the creation of a well-diversified portfolio of publicly traded companies primarily exposed to Europe, Australasia and Far-East, diversified across countries, industries and companies. The Manager regularly monitors the relative weighting of individual equity instruments, sectors, and countries, and also takes into account the market capitalization and liquidity of each security.

### Credit risk

The Fund's maximum exposure to credit risk is the fair value of debt securities included in investments, as well as interest, dividends and other receivables presented on the statements of financial position. For those financial instruments, the fair value takes into account the creditworthiness of the issuer and, therefore, represents the maximum credit risk to which the Fund is exposed.

The credit risk associated with the Fund's investments in money market securities is insignificant given their short-term maturities.

The credit risk associated with securities lending transactions is considered minimal given the nature and the value of the collateral held by the Fund in connection with these transactions.

All transactions involving listed securities are settled or paid upon delivery, using approved brokers. The risk of non-performance is considered limited, as the securities sold are only delivered once the broker has received payment. Payment for a purchase is made once the securities have been received by the broker. The transaction fails if either party fails to fulfill its obligation.

The credit risk associated with all other financial assets is considered insignificant.

### Liquidity risk

The Fund's units are redeemable at the option of the holder thereby exposing the Fund to liquidity risk. Although the Fund is exposed to redemptions of units, liquidity risk is mitigated by the fact that the majority of its assets consists of investments traded on a stock exchange or an organized market, which can be readily liquidated. In addition, at the Manager's discretion, the Fund may pay the redemptions in securities instead of cash.

All other financial liabilities have a maturity of less than twelve months. The Fund maintains a level of cash that the Fund Manager considers sufficient to maintain the necessary liquidity.



## 12. Risks associated with financial instruments (continued)

### Market risks

For the disclosure of market risks, IFRS Accounting Standards requires that a sensitivity analysis be presented showing the effects of reasonable possible changes in relevant risk variables on the value of net assets attributable to holders of redeemable units.

The Manager considers that this sensitivity analysis, showing the impact on the value of financial instruments from changes in the market, is based on a highly unlikely assumption that all other variables remain constant. Moreover, considering the many interrelationships between the various components of market risk, the Manager is of the opinion that it is not possible to quantify the impact of market fluctuations due to the interdependence of these components. Consequently, in practice, actual results may differ from the sensitivity analyses presented herein and differences could be material.

#### Price risk

Given the uncertainty regarding the investments' future prices, the Fund is exposed to the inherent risk associated with fluctuations in the market. Consequently, the maximum risk to which the Fund is exposed corresponds to the fair value of its investments.

The Manager's best estimate of the upward or downward impact on the Fund's investments and net assets as a result of reasonable probable changes in benchmark indices, with all other variables being equal, is approximately as follows:

Benchmark indices	Changes in %	2025 Impact \$	2024 Impact \$
Deutsche Bank Fed Funds Effective Rate Total Return Index	0.25	2,000	1,000
MSCI EAFE Total Return Net Index	3.00	854,000	399,000

#### Currency risk

The Fund holds securities of foreign issuers in its investment portfolio. The value of these securities is dependent on fluctuations in currency rates. These fluctuations may increase the short-term volatility of foreign securities in the markets and affect the short-term performance of the Fund.

The Fund holds assets denominated in foreign currencies for which the distribution is as follows:

Foreign currencies	2025 % of net assets	2024 % of net assets
Euros	44.57	49.04
UK pounds	16.54	21.48
US Dollars	10.63	4.82
Swiss francs	8.15	6.65
Hong Kong dollars	5.19	8.30
Japanese yen	3.10	5.28
Other currencies representing less than 5% individually	5.32	4.43

As at December 31, 2025 an increase or decrease of 3% in the value of Canadian currency compared to foreign currencies, with all other variables being equal, would have resulted in an upward or downward variation of the Fund's investments and net assets of approximately \$846,000 (December 31, 2024: \$413,000).



## 12. Risks associated with financial instruments (continued)

### Market risks (continued)

#### Interest rate risk

Interest rate fluctuations have an insignificant impact on money market securities given their short-term maturities.

The Fund's investments in equities are exposed to interest rate risk. This is due to the fact that their value is dependent on the rate used in discounting future dividends and to the general effect from changes in interest rates on the economy as a whole, the availability of credit and the profitability of companies. The Manager believes that it is not possible to quantify the impact of the variations taking into account the interdependence of these components.

## 13. Information on fair value of financial instruments

The financial instruments measured at fair value are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination:

- Level 1: financial instruments for which the fair value is determined using quoted prices in active markets;
- Level 2: financial instruments for which the fair value is determined using pricing models based on market observable inputs;
- Level 3: financial instruments for which the fair value is determined using pricing models based on market unobservable inputs.

The investments held by the Fund and measured at fair value are classified as follows:

	Level 1	Level 2	Level 3	Total
2025	\$	\$	\$	\$
Equities	28,447,428	-	-	28,447,428
Money market securities	685,926	-	-	685,926
	29,133,354	-	-	29,133,354

	Level 1	Level 2	Level 3	Total
2024	\$	\$	\$	\$
Equities	13,297,420	-	-	13,297,420
Money market securities	397,678	-	-	397,678
	13,695,098	-	-	13,695,098

No investments were transferred within the levels during the years ended December 31, 2025 and 2024.

The financial instruments not measured at fair value through profit or loss are short term financial assets and liabilities whose carrying amounts approximate fair value.



#### **14. Reclassification**

Certain comparative figures have been reclassified in the cash flow statement to reflect the presentation adopted in the current period. Amounts receivable and payable as at December 31, 2024 for investment activities and activities related to redeemable units have been reclassified against items reflecting cash flows. The net effect on cash flows from operating activities and financing activities is not significant.

In addition, unrealized gains and losses on foreign exchange effects classified as the effect of exchange rate changes on foreign cash have been reclassified against proceeds from the sale or maturity of investments.