



**LETKO
BROSSEAU**

**LETKO BROSSEAU CANADIAN EQUITY FUND
LETKO BROSSEAU FONDS D' ACTIONS CANADIENNES**

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

**LETKO BROUSSEAU CANADIAN EQUITY FUND
LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of
LETKO BROSSEAU CANADIAN EQUITY FUND
LETKO BROSSEAU FONDS D' ACTIONS CANADIENNES

Report on the Financial Statements

We have audited the statements of financial position of **LETKO BROSSEAU CANADIAN EQUITY FUND / LETKO BROSSEAU FONDS D' ACTIONS CANADIENNES** (the "Fund") as at December 31, 2017 and December 31, 2016, the statements of changes in net assets attributable to holders of redeemable units, comprehensive income and cash flows for the year ended December 31, 2017 and for the 204 day-period ended December 31, 2016 and the accompanying notes, including a summary of significant accounting policies and other explanatory information.

Fund Manager's Responsibilities for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as the Fund Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **LETKO BROSSEAU CANADIAN EQUITY FUND / LETKO BROSSEAU FONDS D' ACTIONS CANADIENNES** as at December 31, 2017 and December 31, 2016, its financial performance and its cash flows for the year ended December 31, 2017 and for the 204 day-period ended December 31, 2016 in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

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Partnership of Chartered Professional Accountants

Montreal, March 22, 2018

¹CPA auditor, CA, public accountancy permit No. A122335

LETKO BROSSAU CANADIAN EQUITY FUND
LETKO BROSSAU FONDS D' ACTIONS CANADIENNES
 STATEMENTS OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2017 AND 2016

	2017	2016
	\$	\$
Current assets		
Cash	56,379	10
Investments	13,395,946	-
Interest, dividends and other receivables	29,968	-
	13,482,293	10
Current liabilities		
Accrued expenses	16,860	-
Net assets attributable to holders of redeemable units	13,465,433	10

Supplementary information

Number of redeemable units in circulation (note 5)	1,228,020	1
Net assets per unit attributable to holders of redeemable units (note 6)	\$ 10.9652	\$ 10

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



Daniel Brosseau, Director



Peter Letko, Director

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

LETKO BROUSSEAU CANADIAN EQUITY FUND
LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES
 STATEMENTS OF CHANGES IN NET ASSETS
 ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2017 AND FOR THE PERIOD JUNE 10, 2016 TO DECEMBER 31, 2016

	2017	2016 (204 days)
	\$	\$
Net assets attributable to holders of redeemable units, beginning of year	10	-
Change in net assets attributable to holders of redeemable units	1,281,762	-
Redeemable unit transactions		
Proceeds from issuance	12,258,892	10
Reinvestment of distributions	143,387	-
Redemptions	(75,231)	-
	12,327,048	10
Distributions to holders of redeemable units (note 6)		
Net investment income	(140,917)	-
Net realized gain on sale of investments	(2,470)	-
	(143,387)	-
Net assets attributable to holders of redeemable units, end of year	13,465,433	10

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

LETKO BROUSSEAU CANADIAN EQUITY FUND
LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES
 STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED DECEMBER 31, 2017 AND FOR THE PERIOD JUNE 10, 2016 TO DECEMBER 31, 2016

	2017	2016 (204 days)
	\$	\$
Investment income		
Interest income for distribution purposes	5,067	-
Dividend income	185,877	-
Net securities lending income (note 9)	133	-
Foreign exchange gain (loss) on cash	(29)	-
Net realized gain (loss) on sale of investments	2,520	-
Net changes in unrealized appreciation (depreciation) of investments	1,125,191	-
	1,318,759	-
Expenses		
Trustee fees (note 10)	3,964	-
Professional fees	13,936	-
Filing fees	3,116	-
Portfolio transaction costs	15,981	-
	36,997	-
Change in net assets attributable to holders of redeemable units	1,281,762	-
Change in net assets per unit attributable to holders of redeemable units (note 3)	1.9067	-

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

LETKO BROUSSEAU CANADIAN EQUITY FUND
LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017 AND FOR THE PERIOD JUNE 10, 2016 TO DECEMBER 31, 2016

	2017	2016
	\$	(204 days) \$
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units	1,281,762	-
Adjustments or variations for :		
Foreign exchange (gain) loss on cash	29	-
Net realized (gain) loss on sale of investments	(2,520)	-
Net changes in unrealized (appreciation) depreciation of investments	(1,125,191)	-
Proceeds from sale or maturity of investments	9,265,674	-
Investments purchased	(21,533,928)	-
Interest, dividends and other receivables	(29,968)	-
Accrued expenses	16,860	-
	(12,127,282)	-
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	12,258,892	10
Amounts paid on redemptions of redeemable units	(75,231)	-
	12,183,661	10
Change in cash	56,379	10
Cash, beginning of year	10	-
Effect of exchange rate changes on foreign cash	(10)	-
Cash, end of year	56,379	10
Supplementary information		
Interest received	\$ 156,926	\$ -
Dividends received, net of withholding taxes	\$ 4,050	\$ -

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

LETKO BROUSSEAU CANADIAN EQUITY FUND
LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2017

	Quantity	Cost \$	Fair Value \$
Equities			
Energy			
Athabasca Oil Corporation	50,700	58,674	54,249
Birchcliff Energy	30,400	189,029	133,760
Canadian Natural Resources	13,000	513,596	583,959
Cenovus Energy	39,275	458,678	450,877
Husky Energy	29,624	464,718	525,826
Newalta Corporation	5,900	7,493	5,959
Pengrowth Energy Corporation	100,000	115,625	100,000
Precision Drilling Corporation	17,800	55,892	67,818
Suncor Energy	13,025	527,231	601,103
		2,390,936	2,523,551
Materials			
Canfor Pulp Products	2,700	34,657	36,045
Cascades	6,900	98,332	93,978
HudBay Minerals	29,500	204,654	328,335
Interfor Corporation	4,200	78,330	88,704
Lundin Mining Corporation	18,875	146,083	157,795
Norbord	2,900	122,046	123,395
Stelco Holdings	1,200	20,707	27,468
Stornoway Diamond Corporation	35,000	18,900	23,100
Teck Resources	15,000	367,697	493,050
Western Forest Products	42,000	91,980	102,900
		1,183,386	1,474,770
Industrial Products			
Aecon Group	2,450	37,093	48,853
Air Canada	10,500	185,831	271,740
Bombardier	133,000	307,270	402,990
Magellan Aerospace Corporation	3,200	59,109	67,232
WestJet Airlines	9,800	223,299	258,328
		812,602	1,049,143
Consumer Discretionary			
Canadian Tire Corporation, Class A	2,205	324,571	361,400
Cogeco Communications	2,300	179,307	198,904
Dorel Industries	8,600	284,740	267,460
Linamar Corporation	4,775	307,737	349,578
Magna International	6,300	377,996	448,812
Reitmans Canada	9,500	42,892	40,470
Transat A.T.	3,700	29,854	41,514
		1,547,097	1,708,138
Consumer Staples			
AGT Food & Ingredients	2,750	66,653	55,303
High Liner Foods	4,500	63,182	66,735
Rogers Sugar	16,300	101,185	103,016
		231,020	225,054

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

LETKO BROUSSEAU CANADIAN EQUITY FUND
LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2017

	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Financial Services			
Acasta Enterprises	6,950	52,957	41,631
Bank of Montreal	5,550	512,780	558,274
Bank of Nova Scotia	6,625	507,719	537,420
Canadian Imperial Bank of Commerce	1,700	179,725	208,318
Manulife Financial Corporation	20,400	488,325	534,888
Power Corporation of Canada	8,750	252,976	283,238
Royal Bank of Canada	5,250	492,267	538,913
Sun Life Financial	10,550	476,827	547,333
Thomson Reuters Corporation	4,425	257,988	242,446
Toronto-Dominion Bank	7,650	491,499	563,422
		3,713,063	4,055,883
Real Estate			
Brookfield Property Partners LP	4,400	133,635	122,540
Technology			
Celestica	17,200	294,797	226,696
Telecommunication Services			
BCE	5,275	313,149	318,505
Rogers Communications	1,500	90,855	96,075
TELUS Corporation	8,575	386,606	408,342
		790,610	822,922
Utilities			
Capital Power Corporation	11,500	291,322	281,635
Superior Plus Corporation	22,500	259,698	267,075
		551,020	548,710
Total Equities		11,648,166	12,757,407

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

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LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2017

	Par Value	Cost \$	Fair Value \$
Money Market Securities			
Canada Treasury Bills 2018-01-11	235,000	234,525	234,525
Ontario Treasury Bills 2018-01-18	240,000	239,429	239,429
Province of Alberta, notes 2018-01-08	20,000	19,949	19,949
Province of Québec, notes 2018-03-05	145,000	144,636	144,636
Total Money Market Securities		638,539	638,539
Portfolio Transaction Costs Included in the Securities' Cost		(15,950)	
Total Investments		12,270,755	13,395,946

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

LETKO BROUSSEAU CANADIAN EQUITY FUND
LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017 AND 2016

1. ESTABLISHMENT OF THE FUND

The Letko Brosseau Canadian Equity Fund / Letko Brosseau Fonds d'actions Canadiennes (the "Fund") is a private unit investment trust created under trust agreement established on November 30, 2004 under the laws of the province of Ontario. The registered office is located at 155 Wellington Street West, Toronto, Ontario, Canada, M5V 3L3. The Fund's operations began on June 10, 2016.

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") 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 22, 2018.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Recognition and measurement

Purchases and sales of financial assets as well as the assumption and settlement of financial liabilities are recognized on the date of the transaction. The Fund recognizes financial instruments at fair value upon initial recognition. Cash and investments held for trading purposes, are classified as financial assets at fair value through profit or loss. These assets are subsequently measured at fair value and the difference between the unrealized appreciation (depreciation) at the beginning and the end of the year is recognized in the statements of comprehensive income. All other financial assets and liabilities, with the exception of the Fund's obligation for net assets attributable to holders of redeemable units, are subsequently measured at amortized cost. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as described in note 6.

Portfolio transaction costs incurred by the Fund for the sale and purchase of investments are recorded in the statements of comprehensive income.

Fair value measurement

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 disposition 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. Foreign currency 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.

Use of estimates, judgments and assumptions

The preparation of these financial statements in accordance with IFRS 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 significant 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. An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services, commits to its investors that its business purpose is to invest funds as for the sole purpose of achieving returns in the form of capital gains and investment income and evaluates and assesses the performance of all of its investments on the basis of fair value. Given that the Fund meets these criteria, the investments held are all designated as fair value through profit or loss.

4. FUTURE ACCOUNTING STANDARDS

IFRS 9 Financial Instruments ("IFRS 9") effective for annual periods beginning on or after January 1, 2018 addresses the classification and measurement of financial assets and financial liabilities and will replace IAS 39, the standard currently in effect for financial instruments. Based on an analysis of the financial assets and financial liabilities as at December 31, 2017 with consideration of the facts and circumstances that existed at that date, the Manager has assessed the potential impact of IFRS 9. It has determined that upon adoption, the Fund's investment portfolio will continue to be classified as fair value through profit or loss. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Fund's financial statements other than modifications in note disclosures in accordance with the new standard.

LETKO BROSSAU CANADIAN EQUITY FUND
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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.

Since its inception, the Fund has issued only one series of redeemable units.

	2017	2016
Number of redeemable units in circulation, beginning of year	1	-
Number of redeemable units issued and redeemed during the year		
Issued for cash and other consideration	1,221,520	1
Issued on reinvestment of distributions	13,385	-
Redeemed	(6,886)	-
Number of redeemable units in circulation, end of year	1,228,020	1

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 investment transactions are accounted for in the net assets attributable to holders of redeemable units and the net realized gain on investment transactions is distributed and reinvested at the end of the fiscal year as additional redeemable units or, at the discretion of the unitholders, is paid in cash.

7. CAPITAL DISCLOSURES

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.

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LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES
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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, 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.

2017	Manager \$	Other related parties \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	9,055,756
Issued on reinvestment of distributions	-	110,465
Redeemed	-	-
	-	9,166,251

2016	Manager \$	Other related parties \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	10	-
Issued on reinvestment of distributions	-	-
Redeemed	-	-
	10	-

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, 2017 and 2016, related parties held units of the Fund with an aggregate fair market value of the following:

	2017 \$	2016 \$
Manager	11	10
Other related parties	10,043,174	-
	10,043,185	10

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LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES
NOTES TO FINANCIAL STATEMENTS
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9. NET SECURITIES LENDING INCOME

During the year ended December 31, 2017, the Fund entered into 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 schedule of investment portfolio.

	2017	2016
	\$	\$
Total fair value of securities on loan	1,738,970	-
Total collateral held	1,773,880	-

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 year ended December 31, securities lending income was as follows:

	2017	2016
	\$	\$
Gross securities lending income	266	-
Securities lending charges	(133)	-
Net securities lending income	133	-
Securities lending charges as a % of the gross securities lending income	50%	-

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

In accordance with its "Policy and Guidelines", the Fund's investment objective is to optimize returns by building a well-diversified domestic portfolio, composed of equity and money market securities, without taking undue risk of loss or impairment. In order to minimize the risks associated with financial instruments, the Manager applies a strategy of diversification across issuers and industrial sectors.

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 NOTES TO FINANCIAL STATEMENTS
 AS AT DECEMBER 31, 2017 AND 2016

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

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.

The risk of default on transactions with counterparties related to investments is considered minimal since the transaction would fail if either party did not fulfill its obligation.

Liquidity risk

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

Market risks

For the disclosure of market risks, IFRS 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 below and differences could be material.

Price risk

Given the investments held, the Fund is exposed to the inherent risk associated with fluctuations in the market due to the uncertainty regarding the investments' future price. 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 as follows:

Benchmark indices	Changes in %	2017 Impact \$	2016 Impact \$
FTSE TMX Canada 91-day Treasury Bills	0.25	2,000	-
S&P/TSX Capped	3.00	382,000	-

Currency risk

The Fund is not exposed to currency risk given that it does not hold any investments in foreign securities.

Interest rate risk

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

Given that the Fund does not hold investments in bonds, it is not directly exposed to an interest rate risk on debt securities. 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 the 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.

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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.

As at December 31, 2017 and 2016, the investments held by the Fund and measured at fair value are all classified in Level 1.

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. FILING EXEMPTION FOR FINANCIAL STATEMENTS

The Fund has advised the CSA that it is exempt under section 2.11 of NI 81-106 from annual filing requirements to the Canadian regulation authorities since all the requirements have been met.