



LetkoBrosseau

Letko Brosseau Canadian Equity Fund
Letko Brosseau Fonds d'actions canadiennes

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022
(Expressed in Canadian Dollars)



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of **LETKO BROUSSEAU CANADIAN EQUITY FUND / LETKO BROUSSEAU FONDS D' ACTIONS CANADIENNES** (the "Fund"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of changes in net assets attributable to holders of redeemable units, statements of comprehensive income and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting 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 *Auditors' 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 audit opinion.

Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, 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.

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Fund Manager 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.

Auditors' 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 over-ride 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 the Fund Manager.
- Conclude on the appropriateness of the Fund Manager'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 auditors' 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 auditors' report. However, future events or conditions may cause the Fund to cease to continue as 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.



	2023	2022
	\$	\$
Current assets		
Cash	50,757	38,582
Investments	365,789,133	350,776,713
Interest, dividends and other receivables	1,169,409	1,112,742
	<u>367,009,299</u>	<u>351,928,037</u>
Current liabilities		
Accrued expenses	26,467	26,767
Net assets attributable to holders of redeemable units	<u>366,982,832</u>	<u>351,901,270</u>

Supplementary information

Number of redeemable units in circulation (note 6)	26,945,933	26,424,120
Net assets per unit attributable to holders of redeemable units (note 7)	\$ 13.6192	\$ 13.3174

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

Daniel Brosseau, Director

Peter Letko, Director



	2023 \$	2022 \$
Net assets attributable to holders of redeemable units, beginning of year	351,901,270	389,981,467
Change in net assets attributable to holders of redeemable units	27,139,866	5,084,933
Redeemable unit transactions		
Proceeds from issuance	39,686,428	20,380,843
Reinvestment of distributions	18,780,657	14,148,136
Redemptions	(51,744,685)	(63,545,973)
	6,722,400	(29,016,994)
Distributions to holders of redeemable units (note 7)		
Net investment income	(12,473,056)	(14,148,136)
Net realized gain on sale of investments	(6,307,648)	-
	(18,780,704)	(14,148,136)
Net assets attributable to holders of redeemable units, end of year	366,982,832	351,901,270

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



	2023	2022
	\$	\$
Investment income		
Net interest income for distribution purposes	347,210	302,860
Dividend income	12,321,688	13,779,476
Net securities lending income (note 10)	81,175	81,285
Foreign exchange gain (loss) on cash	(425)	(1,544)
Net realized gain (loss) on sale of investments	17,106,958	17,919,807
Net changes in unrealized appreciation (depreciation) of investments	(2,723,077)	(27,170,194)
	<u>27,133,529</u>	<u>4,911,690</u>
Expenses		
Trustee fees (note 11)	72,726	86,594
Professional fees	14,871	11,905
Filing fees	345	726
Withholding taxes (relcaimed)	(220,215)	(399,160)
Portfolio transaction costs	125,936	126,692
	<u>(6,337)</u>	<u>(173,243)</u>
Change in net assets attributable to holders of redeemable units	<u>27,139,866</u>	<u>5,084,933</u>
Change in net assets per unit attributable to holders of redeemable units (note 4)	<u>1.0755</u>	<u>0.1851</u>

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



	2023	2022
	\$	\$
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units	27,139,866	5,084,933
Adjustments or variations for:		
Foreign exchange (gain) loss on cash	425	1,544
Net realized (gain) loss on sale of investments	(17,106,958)	(17,919,807)
Net changes in unrealized (appreciation) depreciation of investments	2,723,077	27,170,194
Proceeds from sale or maturity of investments	102,966,163	205,061,361
Investments purchased	(103,595,064)	(176,321,431)
Interest, dividends and other receivables	(56,667)	56,895
Accrued expenses	(300)	(796)
	12,070,542	43,132,893
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	39,686,428	20,380,843
Amounts paid on redemptions of redeemable units	(51,744,685)	(63,545,973)
Distributions paid in cash to holders of redeemable units	(47)	-
	(12,058,304)	(43,165,130)
Change in cash	12,238	(32,237)
Cash, beginning of year	38,582	71,381
Effect of exchange rate changes on foreign cash	(63)	(562)
Cash, end of year	50,757	38,582

Supplementary information

Cash flows relating to operating activities:

Interest received	\$ 381,263	\$ 233,978
Dividends received, net of withholding taxes	\$ 12,227,381	\$ 13,896,942
Interest paid	\$ 5,692	\$ 172

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



	Quantity	Cost \$	Fair Value \$
Equities			
Energy			
Advantage Energy	332,300	1,439,915	2,834,519
Birchcliff Energy	509,000	1,610,857	2,942,020
Canadian Natural Resources	41,855	1,553,300	3,633,433
Cenovus Energy	231,857	3,075,905	5,119,403
Enerflex	293,550	2,657,190	1,799,462
Ovintiv	40,266	1,574,522	2,341,871
Peyto Exploration & Development Corporation	369,300	2,129,923	4,446,372
Suncor Energy	164,708	6,329,250	6,991,855
Tourmaline Oil Corporation	18,125	296,075	1,080,069
		20,666,937	31,189,004
Materials			
5N Plus	461,900	1,306,491	1,745,982
Canfor Corporation	246,325	3,260,493	4,396,901
Canfor Pulp Products	525,590	3,591,414	946,061
Cascades	568,525	6,409,056	7,237,322
HudBay Minerals	829,900	4,394,616	6,049,970
Interfor Corporation	130,500	1,942,527	3,064,139
K92 Mining	148,900	887,153	969,338
Lucara Diamond Corporation	2,090,050	1,514,338	804,668
Lundin Mining Corporation	380,675	2,492,341	4,126,516
Nutrien	113,190	6,884,479	8,449,633
Stelco Holdings	40,550	627,732	2,035,205
Teck Resources	144,775	3,711,117	8,108,848
Transcontinental	364,500	4,849,982	4,993,650
West Fraser Timber Corporation	64,367	3,560,349	7,296,643
Western Forest Products	3,157,100	4,395,297	2,241,541
Winpak	40,550	1,830,027	1,658,495
		51,657,412	64,124,912
Industrial Products			
Air Canada	482,025	11,820,312	9,009,047
Bombardier	150,562	8,142,938	8,011,404
CAE	155,100	3,430,533	4,435,860
Finning International	191,205	5,107,550	7,326,976
Heroux-Devtek	37,800	507,843	574,560
Magellan Aerospace Corporation	162,000	2,442,275	1,271,700
Transat	6,500	20,345	24,245
Wajax Corporation	86,825	1,366,355	2,628,193
		32,838,151	33,281,985
Consumer Discretionary			
Canadian Tire Corporation	80,620	12,282,254	11,344,846
Dorel Industries	266,450	2,563,574	1,665,313
Linamar Corporation	184,075	10,051,155	11,784,482

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Consumer Discretionary (continued)			
Magna International	142,325	10,380,365	11,142,624
Restaurant Brands International	25,400	1,930,500	2,629,662
Spin Master Corporation	70,750	2,441,663	2,466,345
		39,649,511	41,033,272
Consumer Staples			
George Weston	56,575	5,583,774	9,306,588
High Liner Foods	109,350	1,132,769	1,292,517
Lassonde Industries	2,500	315,938	350,625
Maple Leaf Foods	259,684	6,739,360	6,554,424
Rogers Sugar	308,100	1,726,568	1,657,578
Saputo	129,950	3,856,930	3,486,559
		19,355,339	22,648,291
Health Care			
Profound Medical Corporation	800	11,992	8,880
Financial Services			
Bank of Montreal	102,450	10,373,793	13,432,220
Bank of Nova Scotia	179,750	12,968,966	11,593,875
Canadian Imperial Bank of Commerce	103,680	5,875,191	6,614,784
CI Financial Corporation	162,575	2,326,813	2,415,865
Clarke	31,975	378,955	456,603
Element Fleet Management Corporation	152,700	2,193,638	3,292,212
Manulife Financial Corporation	465,900	10,750,509	13,641,552
Power Corporation of Canada	289,725	8,042,075	10,977,680
Royal Bank of Canada	93,240	9,605,419	12,494,160
Sun Life Financial	134,050	7,041,045	9,211,916
Toronto-Dominion Bank	145,275	10,931,305	12,438,446
		80,487,709	96,569,313
Real Estate			
Morguard Corporation	34,000	6,093,280	3,603,320
Technology			
Celestica	205,650	2,401,470	7,981,277
Open Text Corporation	125,675	7,047,722	6,998,841
		9,449,192	14,980,118
Communication Services			
BCE	149,400	8,338,837	7,794,198
Cogeco Communications	113,065	7,435,177	6,710,408
Quebecor	160,875	4,894,494	5,070,780
Rogers Communications	178,325	11,608,683	11,061,500
Telus Corporation	257,475	6,320,787	6,071,261
		38,597,978	36,708,147

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Utilities			
Capital Power Corporation	163,750	4,801,616	6,196,300
Superior Plus Corporation	471,125	5,111,769	4,536,934
		9,913,385	10,733,234
Total Equities		308,720,886	354,880,476
	Par Value	Cost \$	Fair Value \$
Money Market Securities			
Alberta Treasury Bills			
2024-01-23	205,000	204,293	204,293
2024-02-06	50,000	49,428	49,428
2024-03-12	270,000	266,863	266,863
Manitoba Treasury Bills			
2024-02-21	130,000	128,489	128,489
2024-03-06	980,000	969,279	969,279
New Brunswick Treasury Bills			
2024-02-22	8,895,000	8,789,109	8,789,109
2024-03-07	20,000	19,784	19,784
Ontario Treasury Bills			
2024-01-17	185,000	184,338	184,338
2024-01-31	145,000	143,944	143,944
2024-02-28	70,000	69,184	69,184
2024-03-06	85,000	83,946	83,946
Total Money Market Securities		10,908,657	10,908,657
Portfolio Transaction Costs Included in the Securities' Cost		(282,287)	
Total Investments		319,347,256	365,789,133

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



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 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"), 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 21, 2024.

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. Change in accounting policy

Amendment to IAS 1, Presentation of Financial Statements – Disclosure of Accounting Policies

The Fund adopted the amendment to IAS 1 in the current year. The amendment assists the Fund in deciding which accounting policies are to be disclosed in its financial statements. The amendment replaces all instances of the term 'significant accounting policies' with 'material accounting policy information'. The amendment has been applied prospectively and resulted in changes to the Fund's disclosures in its financial statements.

4. 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 cash and investments, be classified at fair value through profit or loss. All other financial assets and liabilities, with the exception of the Fund's obligation for net assets attributable to holders of redeemable units, are classified 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 7.

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, cash and 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.



4. 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 14. 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.

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.

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 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.



5. Future accounting standards

There are currently no new accounting standards, amendments to current standards or new interpretations that are effective for annual periods beginning on or after January 1, 2024 which would have a material effect on the Fund's financial statements.

6. 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.

	2023	2022
Number of redeemable units in circulation, beginning of year	26,424,120	28,529,017
Number of redeemable units issued and redeemed during the year		
Issued for cash and other consideration	3,013,194	1,437,880
Issued on reinvestment of distributions	1,396,559	1,040,234
Redeemed	(3,887,940)	(4,583,011)
Number of redeemable units in circulation, end of year	26,945,933	26,424,120

7. 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.

8. 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 13. The Fund is not subject to any particular external requirement for managing its capital.



9. 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.

2023	Manager \$	Other related parties \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	70,625
Issued on reinvestment of distributions	81,656	811,762
Redeemed	-	-
	81,656	882,387

2022	Manager \$	Other related parties \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	-
Issued on reinvestment of distributions	54,692	541,412
Redeemed	-	-
	54,692	541,412

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:

	2023 \$	2022 \$
Manager	1,561,216	1,445,713
Other related parties	15,527,267	14,311,479
	17,088,483	15,757,192

10. 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.



10. Net securities lending income (continued)

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.

	2023	2022
	\$	\$
Total fair value of securities on loan	72,171,097	69,928,642
Total collateral held	73,694,523	71,336,064

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:

	2023	2022
	\$	\$
Gross securities lending income	135,291	135,475
Securities lending charges	(54,116)	(54,190)
Net securities lending income	81,175	81,285
Securities lending charges as a % of the gross securities lending income	40.0%	40.0%

11. 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.

12. Income taxes

In accordance with provisions of the Income Tax Act (Canada) and the Quebec Taxation Act, the Fund qualifies as a mutual fund trust and has elected to choose a December 15th taxation year-end. The Fund 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 a sufficient portion of net realized taxable capital gains to eliminate the income taxes.

As at December 31, 2023, the Fund had no capital losses available to carry-forward indefinitely (2022: approximately \$5,212,000). Capital losses can be used to offset future taxable capital gains that are allocated to unitholders. No asset related to these losses has been recognized in the financial statements.

13. Risks associated with financial instruments

Analysis of risk management

The Fund has its objective to generate capital appreciation through the creation of a well diversified portfolio of publicly-traded companies primarily exposed to Canada, diversified across economic regions, industries and companies.



13. Risks associated with financial instruments (continued)

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.

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. 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.

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 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 as follows:

Benchmark indices	Changes in %	2023 Impact \$	2022 Impact \$
FTSE Canada 91 Day T-Bill Total Return Index	0.25	27,000	39,000
S&P/TSX Composite Total Return Capped Index	3.00	10,644,000	10,051,000

Currency risk

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



13. 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.

14. 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
2023	\$	\$	\$	\$
Equities	354,880,476	-	-	354,880,476
Money market securities	10,908,657	-	-	10,908,657
	365,789,133	-	-	365,789,133

	Level 1	Level 2	Level 3	Total
2022	\$	\$	\$	\$
Equities	335,138,009	-	-	335,138,009
Money market securities	15,638,704	-	-	15,638,704
	350,776,713	-	-	350,776,713

No investments were transferred within the levels during the years ended December 31, 2023 and 2022.

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.

15. 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.