



LetkoBrosseau

Letko Brosseau Emerging Markets Equity Fund
Letko Brosseau Fonds d'actions de marchés émergents

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021
(Expressed in Canadian Dollars)



Table of Contents

Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Changes in Net Assets Attributable to Holders of Redeemable Units	4
Statements of Comprehensive Income	5
Statements of Cash Flows	6
Schedule of Investment Portfolio	7
Notes to Annual Financial Statements	10

INDEPENDENT AUDITORS' REPORT

To the Unitholders of
LETKO BROUSSEAU EMERGING MARKETS EQUITY FUND
LETKO BROUSSEAU FONDS D' ACTIONS DE MARCHÉS ÉMERGENTS

Opinion

We have audited the financial statements of **LETKO BROUSSEAU EMERGING MARKETS EQUITY FUND / LETKO BROUSSEAU FONDS D' ACTIONS DE MARCHÉS ÉMERGENTS** (the "Fund"), which comprise the statements of financial position as at December 31, 2022 and 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, 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.



	2022	2021
	\$	\$
Current assets		
Cash	2,768,272	893,324
Investments	1,401,094,170	1,306,706,074
Interest, dividends and other receivables	3,383,087	5,974,781
	<u>1,407,245,529</u>	<u>1,313,574,179</u>
Current liabilities		
Amounts payable on redemptions of redeemable units	550	8,606
Accrued expenses	340,507	294,591
	<u>341,057</u>	<u>303,197</u>
Net assets attributable to holders of redeemable units	<u>1,406,904,472</u>	<u>1,313,270,982</u>

Supplementary information

Number of redeemable units in circulation (note 5)	122,386,581	115,005,655
Net assets per unit attributable to holders of redeemable units (note 6)	\$ 11.4956	\$ 11.4192

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.



	2022 \$	2021 \$
Net assets attributable to holders of redeemable units, beginning of year	1,313,270,982	1,258,377,067
Change in net assets attributable to holders of redeemable units	73,886,901	125,800,655
Redeemable unit transactions		
Proceeds from issuance	72,707,166	99,763,420
Reinvestment of distributions	56,548,261	48,710,539
Redemptions	(52,506,726)	(170,313,859)
	76,748,701	(21,839,900)
Distributions to holders of redeemable units (note 6)		
Net investment income	(57,002,112)	(34,901,090)
Net realized gain on sale of investments	-	(14,165,750)
	(57,002,112)	(49,066,840)
Net assets attributable to holders of redeemable units, end of year	1,406,904,472	1,313,270,982

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



	2022	2021
	\$	\$
Investment income		
Net interest income for distribution purposes	163,378	2,293
Dividend income	60,834,823	79,353,368
Net securities lending income (note 9)	73,697	98,730
Foreign exchange gain (loss) on cash	(317,151)	1,180,654
Net realized gain (loss) on sale of investments	1,147,731	21,424,938
Net changes in unrealized appreciation (depreciation) of investments	20,275,799	37,004,890
	82,178,277	139,064,873
Expenses		
Trustee fees (note 10)	1,736,918	1,444,288
Professional fees	29,128	33,318
Filing fees	14,344	18,980
Withholding taxes	4,871,667	10,117,485
Portfolio transaction costs	1,639,319	1,650,147
	8,291,376	13,264,218
Change in net assets attributable to holders of redeemable units	73,886,901	125,800,655
Change in net assets per unit attributable to holders of redeemable units (note 3)	0.6149	1.1170

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



	2022	2021
	\$	\$
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units	73,886,901	125,800,655
Adjustments or variations for:		
Foreign exchange (gain) loss on cash	317,151	(1,180,654)
Net realized (gain) loss on sale of investments	(1,147,731)	(21,424,938)
Net changes in unrealized (appreciation) depreciation of investments	(20,275,799)	(37,004,890)
Proceeds from sale or maturity of investments	480,992,056	527,845,237
Investments purchased	(555,141,956)	(527,777,721)
Receivable for investments sold	-	720,879
Interest, dividends and other receivables	2,591,694	4,478,983
Amounts payable on redemptions of redeemable units	(8,056)	(4,388)
Amounts payable for investments purchased	-	(1,925,562)
Accrued expenses	45,916	(19,268)
	(18,739,824)	69,508,333
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	72,707,166	99,763,420
Amounts paid on redemptions of redeemable units	(52,506,726)	(170,313,859)
Distributions paid in cash to holders of redeemable units	(453,851)	(356,301)
	19,746,589	(70,906,740)
Change in cash	1,006,765	(1,398,407)
Cash, beginning of year	893,324	1,302,932
Effect of exchange rate changes on foreign cash	868,183	988,799
Cash, end of year	2,768,272	893,324

Supplementary information

Cash flows relating to operating activities:

Interest received	\$ 165,041	\$ -
Dividends received, net of withholding taxes	\$ 58,637,390	\$ 73,728,355
Interest paid	\$ 3,772	\$ 5,167

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



	Quantity	Cost \$	Fair Value \$
Equities			
Energy			
PTT Exploration & Production	2,400,000	9,143,917	16,571,687
Reliance Industries	541,935	11,596,438	45,159,414
		20,740,355	61,731,101
Materials			
Cemex	4,075,661	20,047,530	22,365,523
China Lumena New Materials Corporation	319,500	3,666,663	-
Ivanhoe Mines	775,900	999,773	8,302,130
Lucara Diamond Corporation	19,874,200	23,471,830	9,937,100
Nine Dragons Paper Holdings	26,827,000	36,305,006	33,159,483
Semen Indonesia Persero	54,545,302	39,616,295	31,214,776
		124,107,097	104,979,012
Industrial Products			
Adani Ports & Special Economic Zone	1,890,000	11,410,786	25,323,934
Air Arabia	32,085,665	13,784,949	25,450,439
Alfa S.A.B. de C.V.	25,477,372	26,870,585	21,983,746
Companhia de Concessoes Rodoviaras	10,548,200	39,638,335	29,289,953
Copa Holdings	195,000	19,206,263	21,974,920
Ferreycorp	46,314,000	31,527,529	36,696,022
Global Ports Investments	1,653,377	16,034,088	-
Globaltrans Investment	1,432,457	17,349,250	-
GMR Infrastructure	50,000,000	16,808,209	32,551,433
Grupo Aeroportuario del Centro Norte S.A.B. de C.V.	4,388,200	31,209,821	45,788,415
J Kumar Infraprojects	1,799,988	9,265,200	8,027,498
Santos Brasil Participacoes	8,480,000	17,727,611	16,996,517
Sinotrans	50,975,000	25,813,476	22,477,427
		276,646,102	286,560,304
Consumer Discretionary			
Alibaba Group Holding	2,055,800	37,775,416	30,781,914
Geely Automobile Holdings	7,680,000	14,334,011	15,199,235
Minth Group	3,880,900	11,468,942	14,249,462
Mitra Adiperkasa	214,039,700	12,907,316	26,919,643
Nemak S.A.B. de C.V.	40,621,566	16,799,221	15,703,872
Yamaha Motor	669,400	13,940,666	20,691,179
Yatra Online	2,188,020	4,936,164	7,144,870
		112,161,736	130,690,175
Consumer Staples			
China Foods	19,789,000	10,145,375	9,619,168
First Pacific	66,056,902	40,870,739	26,719,589
Kernel Holding	1,021,517	12,748,703	5,534,882
MHP	1,275,478	15,840,611	6,480,824
Puregold Price Club	25,450,000	18,901,642	21,595,815
Vinda International Holdings	9,222,000	32,219,241	36,822,104
		130,726,311	106,772,382

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Health Care			
Cleopatra Hospital	28,734,343	10,568,902	8,367,120
Fleury	7,516,100	31,007,303	29,801,223
Shandong Weigao Group Medical Polymer	17,377,600	25,107,028	38,675,281
Sinopharm Group	15,268,800	52,727,418	52,589,886
		119,410,651	129,433,510
Financial Services			
Axis Bank	430,895	13,760,672	33,162,386
Credicorp	103,200	20,013,149	18,969,570
Grupo Financiero Banorte S.A.B. de C.V.	3,450,000	22,592,474	33,561,637
ICICI Bank	740,000	6,539,067	21,948,430
Warsaw Stock Exchange	1,238,000	15,031,899	13,583,971
		77,937,261	121,225,994
Real Estate			
Aliansce Sonae Shopping Centers	5,772,310	33,589,688	25,198,055
Concentradora Fibra Danhos S.A. de C.V.	26,629,615	42,356,109	43,326,741
		75,945,797	68,524,796
Technology			
HCL Technologies	315,844	2,487,125	5,376,214
Kingboard Laminates Holdings	10,856,500	9,993,237	16,170,847
Samsung Electronics Corporation	18,500	15,094,973	28,114,359
		27,575,335	49,661,420
Communication Services			
Baidu	806,550	17,954,259	15,640,121
Global Mediacom	221,997,400	12,709,911	5,371,552
IMAX China Holding	5,100,000	8,064,801	6,241,873
		38,728,971	27,253,546
Utilities			
Beijing Enterprises Holdings	5,186,900	30,291,270	22,511,453
China Water Affairs Group	36,587,000	25,608,399	40,967,755
Companhia de Saneamento Básico do Estado de São Paulo	3,200,900	31,943,836	46,233,343
Companhia de Saneamento do Parana	6,386,500	36,852,822	29,600,137
Companhia Paranaense de Energia	5,321,700	59,775,631	51,844,807
Gujarat State Petronet	6,776,850	35,334,353	29,268,534
Manila Water	112,856,500	60,985,827	52,410,268
Power Grid Corporation of India	10,651,617	26,721,570	37,280,612
		307,513,708	310,116,909
Total Equities		1,311,493,324	1,396,949,149

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



	Par Value	Cost \$	Fair Value \$
Money Market Securities			
Farm Credit Canada 2023-01-20	2,000,000	2,703,196	2,703,196
Province of British Columbia, notes 2023-02-23	1,075,000	1,429,046	1,441,825
Total Money Market Securities		4,132,242	4,145,021
Portfolio Transaction Costs Included in the Securities' Cost		(3,200,895)	
Total Investments		1,312,424,671	1,401,094,170

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



1. Establishment of the fund

The Letko Brosseau Emerging Markets Equity Fund / Letko Brosseau Fonds d'actions de marchés émergents (the "Fund") is a private unit investment trust created under a 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 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 24, 2023.

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

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 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, 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.



3. Significant accounting policies (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.

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 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. 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.



4. 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, 2023 which would have a material effect on the Fund's financial statements.

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.

	2022	2021
Number of redeemable units in circulation, beginning of year	115,005,655	117,117,560
Number of redeemable units issued and redeemed during the year		
Issued for cash and other consideration	6,910,406	9,014,237
Issued on reinvestment of distributions	5,193,806	4,394,479
Redeemed	(4,723,286)	(15,520,621)
Number of redeemable units in circulation, end of year	122,386,581	115,005,655

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 and the investment funds 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.

2022	Manager \$	Investment funds managed by the Manager \$	Other related parties \$
Redeemable units issued and redeemed			
Issued for cash and other consideration	-	25,327,323	2,221,350
Issued on reinvestment of distributions	2,357,519	14,682,165	6,509,765
Redeemed	-	(3,671,334)	(3,102,672)
	2,357,519	36,338,154	5,628,443

2021	Manager \$	Investment funds managed by the Manager \$	Other related parties \$
Redeemable units issued and redeemed			
Issued for cash and other consideration	-	20,004,215	75,000
Issued on reinvestment of distributions	2,057,776	12,266,882	5,638,954
Redeemed	-	(46,446,926)	(96,407)
	2,057,776	(14,175,829)	5,617,547

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:

	2022 \$	2021 \$
Manager	58,124,505	55,266,548
Investment funds managed by the Manager	370,282,882	328,317,175
Other related parties	158,258,368	151,422,803
	586,665,755	535,006,526



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.

	2022 \$	2021 \$
Total fair value of securities on loan	59,202,814	41,425,330
Total collateral held	60,387,126	42,257,182

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:

	2022 \$	2021 \$
Gross securities lending income	122,828	164,550
Securities lending charges	(49,131)	(65,820)
Net securities lending income	73,697	98,730
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 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.



12. Risks associated with financial instruments

Analysis of risk management

In accordance with its investment policy, the Fund's investment objective is to optimize returns by building a well-diversified international portfolio comprised primarily of publicly traded companies exposed to more rapidly growing developing economies. In order to minimize the risks associated with financial instruments, the Manager applies a strategy of diversification across economic regions and industrial sectors.

When the Fund invests in other investment funds, it may be indirectly exposed to risks related to the financial instruments held by these funds, according to their investment objectives and the type of securities they hold.

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.



12. Risks associated with financial instruments (continued)

Market risks (continued)

Price risk (continued)

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 %	2022 Impact \$	2021 Impact \$
Deutsche Bank Fed Funds Effective Rate Total Return Index	0.25	11,000	121,000
MSCI Emerging Markets Total Return Net Index	3.00	41,907,000	37,751,000

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	2022 % of net assets	2021 % of net assets
Hong Kong dollars	27.16	21.37
U.S. dollars	22.10	29.94
Mexican peso	11.40	10.27
Indian rupee	9.80	10.93
Brazilian real	9.45	3.70
Philippine peso	5.26	4.31
Other currencies representing less than 5% individually	13.55	16.25

As at December 31, 2022, 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 \$41,668,000 (2021: \$38,122,000).

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
2022	\$	\$	\$	\$
Equities	1,396,949,149	-	-	1,396,949,149
Money market securities	4,145,021	-	-	4,145,021
	1,401,094,170	-	-	1,401,094,170

	Level 1	Level 2	Level 3	Total
2021	\$	\$	\$	\$
Equities	1,258,937,257	-	-	1,258,937,257
Money market securities	47,768,817	-	-	47,768,817
	1,306,706,074	-	-	1,306,706,074

No investments were transferred within the levels during the years ended December 31, 2022 and 2021.

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.