



# LetkoBrosseau

Letko Brosseau EAFE Equity Fund  
Letko Brosseau Fonds d'actions EAEO

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## ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020  
(Expressed in Canadian Dollars)



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## INDEPENDENT AUDITORS' REPORT

To the Unitholders of  
**LETKO BROUSSEAU EAFE EQUITY FUND**  
**LETKO BROUSSEAU FONDS D' ACTIONS EAEO**

### *Opinion*

We have audited the financial statements of **LETKO BROUSSEAU EAFE EQUITY FUND / LETKO BROUSSEAU FONDS D' ACTIONS EAEO** (the "Fund"), which comprise the statements of financial position as at December 31, 2021 and 2020, 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, 2021 and 2020, 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.



	2021	2020
	\$	\$
<b>Current assets</b>		
Cash	19,520	50,359
Investments	11,299,700	10,085,855
Interest, dividends and other receivables	25,370	27,751
	<b>11,344,590</b>	<b>10,163,965</b>
<b>Current liabilities</b>		
Accrued expenses	12,816	13,644
<b>Net assets attributable to holders of redeemable units</b>	<b>11,331,774</b>	<b>10,150,321</b>

**Supplementary information**

<b>Number of redeemable units in circulation (note 5)</b>	1,111,142	1,082,870
<b>Net assets per unit attributable to holders of redeemable units (note 6)</b>	\$ 10.1983	\$ 9.3735

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.



	2021 \$	2020 \$
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	10,150,321	10,458,648
<b>Change in net assets attributable to holders of redeemable units</b>	1,181,453	(308,327)
<b>Redeemable unit transactions</b>		
Reinvestment of distributions	281,295	245,340
<b>Distributions to holders of redeemable units (note 6)</b>		
Net investment income	(281,295)	(245,340)
<b>Net assets attributable to holders of redeemable units, end of year</b>	11,331,774	10,150,321

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



	2021	2020
	\$	\$
<b>Investment income</b>		
Net interest income for distribution purposes	(272)	3,992
Dividend income	344,934	249,685
Net securities lending income (note 9)	1,710	1,421
Foreign exchange gain (loss) on cash	(11,517)	18,422
Net realized gain (loss) on sale of investments	109,377	(162,745)
Net changes in unrealized appreciation (depreciation) of investments	807,865	(346,818)
	<u>1,252,097</u>	<u>(236,043)</u>
<b>Expenses</b>		
Trustee fees (note 10)	5,052	4,175
Professional fees	11,569	17,415
Withholding taxes	50,262	46,032
Portfolio transaction costs	3,761	7,886
	<u>70,644</u>	<u>75,508</u>
Expenses absorbed by the Manager	-	(3,224)
	<u>70,644</u>	<u>72,284</u>
<b>Change in net assets attributable to holders of redeemable units</b>	<u>1,181,453</u>	<u>(308,327)</u>
<b>Change in net assets per unit attributable to holders of redeemable units (note 3)</b>	<u>1.0779</u>	<u>(0.2889)</u>

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



	2021	2020
	\$	\$
<b>Cash flows from (used in) operating activities</b>		
Change in net assets attributable to holders of redeemable units	1,181,453	(308,327)
Adjustments or variations for:		
Foreign exchange (gain) loss on cash	11,517	(18,422)
Net realized (gain) loss on sale of investments	(109,377)	162,745
Net changes in unrealized (appreciation) depreciation of investments	(807,865)	346,818
Proceeds from sale or maturity of investments	2,511,212	4,329,911
Investments purchased	(2,824,771)	(4,531,627)
Interest, dividends and other receivables	2,381	15,794
Accrued expenses	(828)	3,658
	<b>(36,278)</b>	<b>550</b>
<b>Change in cash</b>	<b>(36,278)</b>	<b>550</b>
Cash, beginning of year	50,359	30,012
Effect of exchange rate changes on foreign cash	5,439	19,797
<b>Cash, end of year</b>	<b>19,520</b>	<b>50,359</b>

**Supplementary information**

**Cash flows relating to operating activities:**

Interest received	\$	-	\$	4,325
Dividends received, net of withholding taxes	\$	297,002	\$	219,225
Interest paid	\$	19	\$	110

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



	Quantity	Cost \$	Fair Value \$
<b>Equities</b>			
<b>Energy</b>			
Royal Dutch Shell, ADR	8,025	357,833	222,668
TotalEnergies	4,150	328,999	266,052
		686,832	488,720
<b>Materials</b>			
Arkema	1,260	182,287	224,160
Heidelberg Cement	2,350	234,529	200,919
Holcim	4,850	316,217	311,764
Kuraray	24,000	411,275	262,996
Regis Resources	89,244	271,990	159,821
Smurfit Kappa Group	2,600	108,858	180,465
		1,525,156	1,340,125
<b>Industrial Products</b>			
Bunzl	5,600	164,588	276,407
Compagnie de Saint-Gobain	5,350	271,939	475,472
FLSmidth & Co.	6,350	296,333	299,612
Fraport AG Frankfurt Airport Services Worldwide	1,775	102,765	150,891
Mitsui & Co.	13,100	299,544	391,356
Siemens	2,175	313,933	477,015
Siemens Energy	1,087	34,687	35,116
		1,483,789	2,105,869
<b>Consumer Discretionary</b>			
Kingfisher	68,000	256,396	393,574
Panasonic Corporation	16,400	206,239	227,566
Valeo	6,825	380,494	260,584
		843,129	881,724
<b>Consumer Staples</b>			
Associated British Foods	650	22,121	22,330
Carrefour	13,100	293,244	303,056
Danone	3,050	283,113	239,168
Ontex Group	10,550	279,097	105,930
		877,575	670,484
<b>Health Care</b>			
GlaxoSmithKline	15,900	408,582	437,039
Roche Holding	875	246,426	459,862
Sanofi	2,950	315,002	375,361
		970,010	1,272,262
<b>Financial Services</b>			
Abrdn	23,600	123,426	97,267
Aegon	54,600	389,821	344,544
Allianz	220	64,239	65,621
BNP Paribas	6,400	453,495	558,676

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



	Quantity	Cost \$	Fair Value \$
<b>Equities (continued)</b>			
<b>Financial Services (continued)</b>			
DBS Group Holdings	8,000	189,987	244,807
ING Groep	20,600	375,508	362,252
Intesa Sanpaolo	62,500	236,272	204,156
		1,832,748	1,877,323
<b>Technology</b>			
ams AG	13,825	280,861	318,060
Kyocera Corporation	2,700	184,269	212,855
NXP Semiconductors	375	37,277	107,895
SAP	1,200	187,231	215,295
		689,638	854,105
<b>Communication Services</b>			
ITV	122,500	284,674	231,692
Orange	9,512	208,078	128,615
Telefonica	36,120	377,247	199,860
Vodafone Group, ADR	118,500	348,825	227,593
		1,218,824	787,760
<b>Utilities</b>			
EDP - Energias de Portugal	45,511	240,191	315,890
Veolia Environnement	9,500	267,761	440,229
		507,952	756,119
<b>Total Equities</b>		10,635,653	11,034,491
	<b>Par Value</b>	<b>Cost \$</b>	<b>Fair Value \$</b>
<b>Money Market Securities</b>			
Export Development Canada, notes			
2022-01-28	100,000	125,721	126,296
2022-02-17	50,000	63,204	63,142
Province of British Columbia, notes			
2022-02-01	20,000	24,786	25,258
2022-02-03	20,000	24,914	25,258
2022-03-01	20,000	25,641	25,255
<b>Total Money Market Securities</b>		264,266	265,209
<b>Portfolio Transaction Costs Included in the Securities' Cost</b>		(35,251)	
<b>Total Investments</b>		10,864,668	11,299,700

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



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

The Letko Brosseau EAFE Equity Fund / Letko Brosseau Fonds d'actions EAEO (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 23, 2022.

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, 2022 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.

	2021	2020
<b>Number of redeemable units in circulation, beginning of year</b>	1,082,870	1,053,694
<b>Number of redeemable units issued and redeemed during the year</b>		
Issued for cash and other consideration	-	-
Issued on reinvestment of distributions	28,272	29,176
Redeemed	-	-
<b>Number of redeemable units in circulation, end of year</b>	<b>1,111,142</b>	<b>1,082,870</b>

#### 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.

2021	Manager \$	Other related parties \$
<b>Redeemable units issued and redeemed</b>		
Issued for cash and other consideration	-	-
Issued on reinvestment of distributions	281,295	-
Redeemed	-	-
	<b>281,295</b>	<b>-</b>

2020	Manager \$	Other related parties \$
<b>Redeemable units issued and redeemed</b>		
Issued for cash and other consideration	-	-
Issued on reinvestment of distributions	245,340	-
Redeemed	-	-
	<b>245,340</b>	<b>-</b>

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:

	2021 \$	2020 \$
Manager	11,331,774	10,150,321
Other related parties	-	-
	<b>11,331,774</b>	<b>10,150,321</b>



## 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.

	2021 \$	2020 \$
Total fair value of securities on loan	1,279,690	-
Total collateral held	1,305,508	-

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:

	2021 \$	2020 \$
Gross securities lending income	2,850	2,368
Securities lending charges	(1,140)	(947)
Net securities lending income	1,710	1,421
Securities lending charges as a % of the gross securities lending income	40.0%	40.0%

## 10. Fees

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

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

## 11. Income taxes

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

As at December 31, 2021, the Fund had capital losses in the amount of approximately \$81,000 (2020: \$169,000) available to carry-forward indefinitely, which 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.



## 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 portfolio, comprised primarily of equity and money market securities in companies operating in countries within Europe, Australasia and the Far East, without taking undue risk of loss or impairment. The portfolio can also include, on a lesser scale, fixed income securities. In order to minimize the risks associated with financial instruments, the Manager applies a strategy of diversification across issuers, economic regions and industrial sectors.

### 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. 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 %	2021 Impact \$	2020 Impact \$
Deutsche Bank Fed Funds Effective Rate Total Return Index	0.25	1,000	1,000
MSCI EAFE Total Return Net Index	3.00	331,000	296,000



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

### Market risks (continued)

#### 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	2021 % of net assets	2020 % of net assets
Euros	55.35	50.55
UK pound	18.50	21.93
Japanese yen	9.70	12.18
Swiss franc	6.88	6.56
Other currencies representing less than 5% individually	9.64	8.75

As at December 31, 2021 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 \$340,000 (2020: \$304,000).

#### 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 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
	\$	\$	\$	\$
2021				
Equities	11,034,491	-	-	11,034,491
Money market securities	265,209	-	-	265,209
	11,299,700	-	-	11,299,700
2020				
Equities	9,913,982	-	-	9,913,982
Money market securities	171,873	-	-	171,873
	10,085,855	-	-	10,085,855

No investments were transferred within the levels during the years ended December 31, 2021 and 2020.

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.