



**LETKO
BROSSEAU**

**LETKO BROSSEAU RSP BALANCED FUND
LETKO BROSSEAU FONDS RER ÉQUILIBRÉ**

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

**LETKO BROSSÉAU RSP BALANCED FUND
LETKO BROSSÉAU FONDS RER ÉQUILIBRÉ**

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of
LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ

Report on the Financial Statements

We have audited the statements of financial position of **LETKO BROUSSEAU RSP BALANCED FUND / LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ** (the "Fund") as at December 31, 2016 and 2015, the statements of changes in net assets attributable to holders of redeemable units, comprehensive income and cash flows for the years ended December 31, 2016 and 2015 and the accompanying notes, including a summary of significant accounting policies and other explanatory information.

Fund Manager's Responsibilities for the Financial Statements

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

Auditors' Responsibility

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

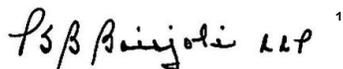
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund Manager, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **LETKO BROUSSEAU RSP BALANCED FUND / LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ** as at December 31, 2016 and 2015, its financial performance and its cash flows for the years ended December 31, 2016 and 2015 in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.



Partnership of Chartered Professional Accountants

Montreal, March 17, 2017

¹FCPA auditor, FCA, public accountancy permit No. A108253

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
 STATEMENTS OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2016 AND 2015

	2016	2015
	\$	\$
Current assets		
Cash	20,356,331	23,611,092
Investments	860,066,378	847,325,068
Interest, dividends and other receivables	2,707,087	2,988,016
	883,129,796	873,924,176
Current liabilities		
Amounts payable on redemptions of redeemable units	467,264	513,556
Accrued expenses	46,663	201,089
	513,927	714,645
Net assets attributable to holders of redeemable units	882,615,869	873,209,531

Supplementary information

Number of redeemable units in circulation (note 6)	63,578,717	67,694,951
Net assets per unit attributable to holders of redeemable units (note 7)	\$ 13.8823	\$ 12.8992

On behalf of Letko, Brosseau & Associates Inc., Fund Manager



Daniel Brosseau, Director



Peter Letko, Director

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
 STATEMENTS OF CHANGES IN NET ASSETS
 ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
	\$	\$
Net assets attributable to holders of redeemable units, beginning of year	873,209,531	893,182,930
Change in net assets attributable to holders of redeemable units	96,566,349	42,838,809
Redeemable unit transactions		
Proceeds from issuance	45,639,523	52,100,031
Reinvestment of distributions	33,330,770	39,162,341
Redemptions	(132,799,534)	(114,912,239)
	(53,829,241)	(23,649,867)
Distributions to holders of redeemable units (note 7)		
Net investment income	(24,194,203)	(26,633,225)
Net realized gain on sale of investments	(9,136,567)	(12,529,116)
	(33,330,770)	(39,162,341)
Net assets attributable to holders of redeemable units, end of year	882,615,869	873,209,531

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

LETKO BROSSEAU RSP BALANCED FUND
LETKO BROSSEAU FONDS RER ÉQUILIBRÉ
 STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
	\$	\$
Investment income		
Interest income for distribution purposes	6,990,451	8,176,344
Dividend income	18,431,704	21,440,133
Foreign exchange gain (loss) on cash	(831,647)	1,747,371
Net realized gain on sale of investments	33,655,610	26,827,504
Net changes in unrealized appreciation (depreciation) of investments	39,549,854	(13,713,979)
	97,795,972	44,477,373
Expenses		
Trustee fees (note 10)	116,173	421,356
Professional fees	25,751	33,354
Filing fees	-	8,294
Withholding taxes	970,793	978,473
Portfolio transaction costs	116,906	197,087
	1,229,623	1,638,564
Change in net assets attributable to holders of redeemable units	96,566,349	42,838,809
Change in net assets per unit attributable to holders of redeemable units (note 3)	1.4709	0.6324

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
	\$	\$
Cash flows from operating activities		
Change in net assets attributable to holders of redeemable units	96,566,349	42,838,809
Adjustments or variations for :		
Foreign exchange loss (gain) on cash	831,647	(1,747,371)
Net realized gain on sale of investments	(33,655,610)	(26,827,504)
Net changes in unrealized depreciation (appreciation) of investments	(39,549,854)	13,713,979
Proceeds from sale or maturity of investments	314,770,385	289,189,152
Investments purchased	(254,489,225)	(239,425,363)
Interest, dividends and other receivables	280,929	(480,439)
Amounts payable on redemptions of redeemable units	(46,292)	513,556
Accrued expenses	(154,426)	94,256
	84,553,903	77,869,075
Cash flows used in financing activities		
Proceeds from issuance of redeemable units	45,639,523	52,100,031
Amounts paid on redemptions of redeemable units	(132,799,534)	(114,912,239)
	(87,160,011)	(62,812,208)
Change in cash	(2,606,108)	15,056,867
Cash, beginning of year	23,611,092	7,682,677
Effect of exchange rate changes on foreign cash	(648,653)	871,548
Cash, end of year	20,356,331	23,611,092

Supplementary information

Interest received	\$ 7,188,198	\$ 8,183,757
Dividends received, net of withholding taxes	\$ 17,544,710	\$ 19,973,808
Interest paid	\$ 617	\$ 464

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2016

	Quantity	Cost \$	Fair Value \$
Equities			
Energy			
Birchcliff Energy	216,000	1,350,000	2,023,920
Canadian Natural Resources	295,000	9,159,878	12,623,050
ConocoPhillips	148,600	6,397,945	9,991,959
Devon Energy Corporation	138,825	7,753,052	8,502,491
Encana Corporation	293,650	6,945,028	4,627,924
Hess Corporation	72,225	3,604,019	6,033,279
Husky Energy	443,000	9,216,656	7,216,470
Marathon Oil Corporation	61,775	1,243,279	1,434,027
Royal Dutch Shell, ADR	135,400	9,197,271	9,874,279
Statoil ASA	47,200	1,358,712	1,164,817
Suncor Energy	290,000	9,233,267	12,730,999
Total, Series B	165,100	10,217,686	11,377,671
		75,676,793	87,600,886
Materials			
Agrium	36,000	1,717,163	4,858,560
Arkema	30,000	2,796,148	3,943,873
Canfor Pulp Products	141,375	1,681,318	1,429,301
Freeport-McMoRan, Class B	270,675	6,511,134	4,787,849
HudBay Minerals	429,025	3,286,957	3,294,912
Eastman Chemical Co.	27,700	2,443,163	2,793,849
Intertape Polymer Group	50,000	106,912	1,259,000
Kemira	78,250	1,192,065	1,342,592
Kuraray Co.	154,900	2,203,061	3,127,480
LafargeHolcim	38,000	2,590,279	2,682,957
Lundin Mining Corporation	602,450	2,339,629	3,855,680
Teck Resources, Class B	295,000	4,700,464	7,926,650
		31,568,293	41,302,703
Industrial Products			
A.P. Moller - Maersk	5,291	9,002,097	11,343,515
Air Canada	1,025,000	1,883,935	14,011,750
Airbus Group	63,400	1,651,197	5,635,396
Bombardier, Class B	3,299,250	9,154,631	7,126,380
Carillion	791,050	3,470,598	3,094,883
Deutsche Lufthansa	248,075	4,254,736	4,305,530
Fluor Corporation	40,525	2,913,259	2,854,271
General Electric Company	225,000	4,823,199	9,534,921
Meggitt	219,525	1,965,505	1,668,255
Mitsui & Co.	298,350	4,936,470	5,512,651
Siemens	50,000	5,811,322	8,260,605
Stuart Olson	325	3,643	1,895
United Parcel Service, Class B	30,000	2,194,876	4,612,166
WestJet Airlines	163,225	1,994,451	3,760,704
		54,059,919	81,722,922

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2016

	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Consumer Discretionary			
Adient	4,479	135,856	351,987
Aisin Seiki Co.	40,000	1,157,431	2,331,774
Canadian Tire Corporation, Class A	39,000	2,095,025	5,431,530
Cogeco Communications	53,250	2,212,538	3,527,280
Comcast Corp., Class A	61,000	1,071,309	5,648,603
Dick's Sporting Goods	14,000	733,090	996,942
Dorel Industries, Class B	47,625	1,575,963	1,847,850
Goodyear Tire & Rubber Company	142,950	1,669,110	5,917,909
Johnson Controls International	20,000	1,990,385	1,104,763
Keihin Corporation	106,800	1,856,731	2,514,895
Kingfisher	455,000	1,188,615	2,641,167
Linamar Corporation	47,550	834,403	2,743,160
Magna International, Class A	80,350	2,927,809	4,684,405
Panasonic Corporation	201,100	2,355,741	2,750,395
Quebecor, Class B	87,200	1,443,067	3,254,304
Thomson Reuters Corporation	75,000	2,403,112	4,407,000
Transat A.T.	27,000	228,600	148,770
TUI	244,635	2,616,438	4,607,430
Yamaha Motor Co.	100,000	1,610,520	2,959,560
		30,105,743	57,869,724
Consumer Staples			
Carrefour	154,375	6,645,656	4,998,294
Kimberly-Clark	9,275	566,517	1,419,460
Maple Leaf Foods	79,550	810,145	2,236,946
Nestlé	18,750	763,887	1,807,286
PepsiCo	8,360	547,924	1,173,032
Wal-Mart Stores	75,000	4,125,538	6,952,044
		13,459,667	18,587,062
Health Care			
Anthem	19,910	3,302,278	3,838,725
Biogen	7,100	2,259,992	2,700,110
Gilead Sciences	42,825	3,867,533	4,112,620
GlaxoSmithKline, ADR	44,475	2,254,992	2,296,873
Johnson & Johnson	25,580	1,682,900	3,952,194
LifePoint Health	38,402	2,849,022	2,925,160
Medtronic	16,425	779,920	1,568,974
Merck & Co.	73,825	5,320,910	5,828,342
Pfizer	165,000	3,525,098	7,186,997
Sanofi	55,950	4,919,445	6,085,909
		30,762,090	40,495,904
Financial Services			
Aegon	1,157,825	8,263,784	8,562,045
Bank of America Corporation	510,000	10,108,166	15,115,063
Bank of Montreal	81,525	4,761,258	7,872,869

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2016

	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Financial Services (continued)			
Bank of Nova Scotia	110,000	6,981,566	8,223,600
BB&T Corporation	40,350	1,703,856	2,544,331
BNP Paribas	63,000	3,789,643	5,395,774
Citigroup	156,280	7,444,168	12,455,370
DEXUS Property Group	250,000	1,201,340	2,335,405
ING Groep	492,075	8,544,075	9,305,972
Manulife Financial Corporation	382,200	6,872,182	9,138,402
Morguard Corporation	14,175	496,249	2,493,383
Pargesa Holding, Class B	48,975	3,604,482	4,284,432
Royal Bank of Canada	93,000	6,534,933	8,450,910
Standard Life	136,900	792,316	843,899
State Street Corporation	62,000	2,394,812	6,462,075
Sun Life Financial	135,400	4,224,468	6,979,870
Toronto-Dominion Bank	67,600	2,686,624	4,476,472
		80,403,922	114,939,872
Technology			
5N Plus	77,275	463,090	138,322
Celestica	290,000	2,180,041	4,613,900
Cisco Systems	210,000	3,607,907	8,510,621
Fujitsu	441,600	2,232,643	3,297,819
Hewlett Packard Enterprise Co.	126,150	2,272,685	3,914,697
HP	55,000	1,167,594	1,094,571
Intel Corporation	109,350	2,016,740	5,318,802
International Business Machines Corporation (IBM)	32,550	6,183,538	7,245,701
Kyocera Corporation	90,000	3,861,678	6,014,322
Oracle Corporation	46,800	2,351,959	2,413,180
VeriFone Systems	113,600	2,409,329	2,701,062
		28,747,204	45,262,997
Telecommunication Services			
AT&T	242,700	7,203,233	13,842,440
BCE	148,700	4,103,022	8,629,061
Orange	414,875	10,419,310	8,470,969
Rogers Communications, Class B	29,225	807,716	1,513,563
Telefonica	236,350	5,822,698	2,948,650
TELUS Corporation	185,200	3,531,228	7,917,300
Verizon Communications	213,000	8,981,503	15,247,747
Vodafone Group, ADR	193,707	8,417,091	6,346,237
		49,285,801	64,915,967
Utilities			
Capital Power Corporation	220,025	4,999,141	5,111,181
Companhia Paranaense de Energia - COPEL, Class P, ADR	80,725	1,230,415	918,018
Superior Plus Corp.	268,225	3,256,357	3,419,869
		9,485,913	9,449,068

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2016

	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Investment Fund			
Letko Brousseau Emerging Markets Equity Fund	4,869,125	45,409,744	51,549,917
Total Equities		448,965,089	613,697,022

	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds			
Federal Government			
Canada Housing Trust			
1.750%, 2018-06-15	4,325,000	4,253,205	4,385,864
2.350%, 2018-12-15	6,310,000	6,516,572	6,485,006
4.100%, 2018-12-15	5,000	5,496	5,307
1.950%, 2019-06-15	1,785,000	1,794,104	1,824,838
2.000%, 2019-12-15	360,000	365,558	369,011
floating rate, 2020-03-15	1,020,000	1,022,550	1,019,660
2.400%, 2022-12-15	2,365,000	2,448,721	2,456,229
		16,406,206	16,545,915

Provincial Governments and Crown Corporations

Alberta Capital Finance Authority			
4.650%, 2017-06-15	3,640,000	3,670,946	3,703,958
Financement-Québec			
floating rate, 2018-06-01	100,000	101,360	100,656
2.400%, 2018-12-01	6,540,000	6,568,928	6,708,688
floating rate, 2019-05-29	7,910,000	7,917,295	7,951,723
2.450%, 2019-12-01	3,505,000	3,461,285	3,620,060
Hydro-Québec			
floating rate, 2018-09-03	100,000	100,580	100,405
floating rate, 2019-12-01	1,520,000	1,520,000	1,522,009
11.000%, 2020-08-15	3,210,000	4,970,788	4,278,084
10.500%, 2021-10-15	930,000	1,433,084	1,302,120
New Brunswick (F-M) Project Company			
6.470%, 2027-11-30	63,760	64,284	78,196
Newfoundland & Labrador Hydro			
Series X, 10.250%, 2017-07-14	35,000	48,506	36,721
stripped, 2021-02-27	35,000	27,669	32,016
Ontario Hydro Energy			
10.000%, 2020-02-06	585,000	850,005	735,814
10.130%, 2021-10-15	160,000	241,332	221,047
8.900%, 2022-08-18	50,000	70,850	68,342
Ontario School Boards Financing Corporation			
Private Placement, Series 02A1, 5.700%, 2017-10-11	50,000	56,107	51,818
Province of Alberta			
2.000%, 2019-06-01	3,730,000	3,728,396	3,805,191
1.350%, 2021-09-01	4,040,000	3,996,122	3,985,694
2.550%, 2022-12-15	6,440,000	6,126,871	6,649,653

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2016

	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds (continued)			
Provincial Governments and Crown Corporations (continued)			
Province of British Columbia			
4.100%, 2019-12-18	545,000	537,474	590,353
9.950%, 2021-05-15	2,075,000	3,096,083	2,798,308
3.250%, 2021-12-18	880,000	963,688	947,591
7.880%, 2023-11-30	20,000	26,550	26,778
Province of Manitoba			
floating rate, 2017-04-03	5,320,000	5,355,857	5,325,644
4.700%, 2017-09-22	250,000	245,625	257,048
6.500%, 2017-09-22	100,000	115,330	104,093
5.500%, 2018-11-15	4,530,000	5,192,406	4,901,760
floating rate, 2019-04-02	10,710,000	10,698,342	10,714,222
1.150%, 2019-11-21	500,000	499,310	498,138
4.750%, 2020-02-11	1,560,000	1,537,120	1,719,377
floating rate, 2020-05-15	1,335,000	1,339,699	1,334,398
4.150%, 2020-06-03	2,695,000	2,923,580	2,936,998
1.550%, 2021-09-05	5,000,000	4,992,450	4,973,723
Province of New Brunswick			
6.750%, 2017-06-27	50,000	59,182	51,442
Series FP, 6.000%, 2017-12-27	800,000	866,592	840,398
4.450%, 2018-03-26	4,550,000	4,802,961	4,748,241
4.400%, 2019-06-03	150,000	166,365	161,348
floating rate, 2019-08-01	1,135,000	1,135,227	1,133,348
4.500%, 2020-06-02	4,720,000	4,915,950	5,193,911
Province of Newfoundland			
Series 5X, 10.950%, 2021-04-15	925,000	1,430,073	1,267,019
Province of Nova Scotia			
floating rate, 2018-08-15	1,495,000	1,499,617	1,498,105
4.150%, 2019-11-25	3,540,000	3,587,098	3,824,311
floating rate, 2020-06-15	2,675,000	2,634,554	2,662,794
4.100%, 2021-06-01	1,870,000	2,004,177	2,062,574
4.450%, 2021-10-24	755,000	742,678	847,467
9.600%, 2022-01-30	10,000	14,684	13,663
2.100%, 2027-06-01	270,000	262,899	254,358
Province of Ontario			
stripped, 2017-06-02	40,000	39,876	39,883
1.900%, 2017-09-08	6,610,000	6,571,445	6,663,430
4.200%, 2018-03-08	1,815,000	1,891,593	1,886,283
2.100%, 2018-09-08	2,510,000	2,490,502	2,556,925
floating rate, 2018-12-03	940,000	940,810	942,821
4.400%, 2019-06-02	16,040,000	17,755,128	17,274,761
floating rate, 2019-08-26	1,930,000	1,929,035	1,931,103
floating rate, 2021-10-27	3,245,000	3,230,398	3,238,572
stripped, 2021-12-02	95,000	72,619	86,475
1.350%, 2022-03-08	3,520,000	3,498,882	3,445,286
3.150%, 2022-06-02	5,695,000	5,552,461	6,076,539
2.850%, 2023-06-02	1,290,000	1,347,822	1,351,679
2.600%, 2025-06-02	5,725,000	5,998,483	5,817,687

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2016

	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds (continued)			
Provincial Governments and Crown Corporations (continued)			
Province of Québec			
stripped, 2017-06-01	45,000	44,854	44,867
floating rate, 2018-12-19	2,920,000	2,919,508	2,931,049
floating rate, 2019-08-21	1,990,000	1,990,010	1,995,082
floating rate, 2022-04-19	8,000,000	8,004,400	8,033,274
3.750%, 2024-09-01	1,500,000	1,725,195	1,656,197
Province of Saskatchewan			
4.650%, 2017-09-05	1,930,000	1,899,120	1,980,612
9.600%, 2022-02-04	80,000	117,974	109,548
		174,620,094	174,701,678
Municipalities and Parapublic Institutions			
City of Toronto			
5.050%, 2017-07-18	1,305,000	1,301,450	1,334,620
4.950%, 2018-06-27	1,875,000	1,870,410	1,981,331
4.500%, 2019-12-02	2,655,000	2,848,709	2,883,254
3.500%, 2021-12-06	500,000	499,455	536,436
2.450%, 2025-02-06	100,000	98,391	98,916
City of Vancouver			
4.900%, 2019-12-02	500,000	549,050	548,860
Municipal Finance Authority of British Columbia			
4.800%, 2017-12-01	500,000	551,560	517,826
4.600%, 2018-04-23	2,150,000	2,141,658	2,250,376
2.350%, 2018-12-03	3,325,000	3,442,377	3,399,929
4.880%, 2019-06-03	15,000	15,666	16,266
4.450%, 2020-06-01	60,000	67,218	65,713
Regional Municipality of Peel			
3.500%, 2021-12-01	965,000	960,870	1,035,849
Regional Municipality of York			
5.000%, 2019-04-29	2,915,000	3,038,768	3,158,887
		17,385,582	17,828,263
Total Canadian Government Bonds		208,411,882	209,075,856
Corporate Bonds			
Alimentation Couche-Tard			
2.860%, 2017-11-01	735,000	735,000	744,073
3.320%, 2019-11-01	725,000	725,000	754,736
Bank of Montreal			
1.880%, 2021-03-31	100,000	99,995	99,901
2.120%, 2022-03-16	200,000	199,922	200,015
Bell Canada			
Series M-35, 4.370%, 2017-09-13	30,000	31,853	30,655
2.000%, 2021-10-01	1,000,000	994,100	989,295
Capital Power Corporation			
4.850%, 2019-02-21	380,000	379,555	395,910
5.280%, 2020-11-16	1,915,000	1,941,218	2,060,245

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

LETKO BROSSAU RSP BALANCED FUND
LETKO BROSSAU FONDS RER ÉQUILIBRÉ
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2016

	Par Value	Cost \$	Fair Value \$
Corporate Bonds (continued)			
Cominar Real Estate Investment Trust			
4.270%, 2017-06-15	995,000	1,005,716	1,006,139
4.940%, 2020-07-27	195,000	200,540	206,235
4.160%, 2022-06-01	530,000	530,000	540,318
Enbridge			
floating rate, 2017-03-13	500,000	500,910	500,022
EPCOR Utilities			
5.800%, 2018-01-31	10,000	10,854	10,486
First Capital Realty			
Series H, 5.850%, 2017-01-31	130,000	145,184	130,389
5.480%, 2019-07-30	1,850,000	1,844,783	2,006,942
Series M, 5.600%, 2020-04-30	10,000	11,303	11,057
Greater Toronto Airports Authority			
4.850%, 2017-06-01	325,000	346,125	330,152
Loblaw Companies			
3.748%, 2019-03-12	210,000	220,563	219,352
Royal Bank of Canada			
2.770%, 2018-12-11	540,000	565,380	553,939
1.970%, 2022-03-02	1,990,000	1,938,771	1,971,577
Rogers Communications			
4.000%, 2024-03-13	1,100,000	1,159,290	1,184,456
Saputo			
2.650%, 2019-11-26	820,000	820,000	840,091
Shaw Communications			
5.700%, 2017-03-02	345,000	370,605	347,407
Suncor Energy			
5.800%, 2018-05-22	705,000	702,590	747,039
TELUS Corporation			
Series CM, 3.600%, 2021-01-26	100,000	103,584	105,641
TransAlta Corporation			
6.400%, 2019-11-18	820,000	842,277	873,537
Total Corporate Bonds		16,425,118	16,859,609
Total Bonds		224,837,000	225,935,465

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
SCHEDULE OF INVESTMENT PORTFOLIO
AS AT DECEMBER 31, 2016

	Par Value	Cost \$	Fair Value \$
Money Market Securities			
Canada Treasury Bills			
2017-01-26	4,675,000	4,670,659	4,670,659
2017-02-09	9,250,000	9,242,785	9,242,785
2017-02-23	1,300,000	1,298,323	1,298,323
2017-03-09	700,000	699,097	699,097
Province of Alberta, notes			
2017-01-24	2,200,000	2,197,030	2,197,030
Province of British Columbia, notes			
2017-03-10	2,300,000	2,296,021	2,296,021
Province of Saskatchewan, notes			
2017-01-23	30,000	29,976	29,976
Total Money Market Securities		20,433,891	20,433,891
Portfolio Transaction Costs Included in the Securities' Cost		(564,024)	
Total Investments		693,671,956	860,066,378

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016 AND 2015

1. ESTABLISHMENT OF THE FUND

The Letko Brousseau RSP Balanced Fund / Letko Brousseau Fonds RER équilibré (the "Fund") is a private unit investment trust created under trust agreement established on November 30, 2004 under the laws of the province of Ontario. The registered office is located at 155 Wellington Street West, Toronto, Ontario, Canada, M5V 3L3.

The trust agreement designates RBC Investor Services Trust as the trustee, custodian and accountant of the Fund (the "Trustee") and Letko, Brousseau & Associates Inc. is 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 on March 17, 2017.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Recognition and measurement

Purchases and sales of financial assets as well as the assumption and settlement of financial liabilities are recognized on the date of the transaction. The Fund recognizes financial instruments at fair value upon initial recognition. Cash and investments held for trading purposes, are classified as financial assets at fair value through profit or loss. These assets are subsequently measured at fair value and the difference between the unrealized appreciation (depreciation) at the beginning and the end of the year is recognized in the statements of comprehensive income. All other financial assets and liabilities, with the exception of the Fund's obligation for net assets attributable to holders of redeemable units, are subsequently measured at amortized cost. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as described in note 7.

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

Fair value measurement

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

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

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

LETKO BROSSEAU RSP BALANCED FUND
LETKO BROSSEAU FONDS RER ÉQUILIBRÉ
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016 AND 2015

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Investment income is accounted for using the accrual method of accounting. Interest income for distribution purposes is recognized when it is earned. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities. Dividends are recognized on the ex-dividend date and distributions on investment fund units are recorded at the ex-distribution date. Realized gains and losses upon disposition of investments are recognized on the trade date and are calculated using the average cost method.

Foreign currency translation

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

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

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

Use of estimates, judgments and assumptions

The preparation of these financial statements in accordance with IFRS requires the Manager to make judgments in applying its accounting policies and to make estimates and assumptions about the future. The Manager did not have to make judgments or estimates that would have a significant impact on the financial information presented.

4. FUTURE ACCOUNTING STANDARDS

The IASB has issued a new accounting standard, IFRS 9 Financial Instruments (“IFRS 9”), for which mandatory application is required for annual periods beginning on or after January 1, 2018. IFRS 9 addresses the classification and measurement of financial assets and financial liabilities and intends to replace IAS 39, the standard currently in effect for financial instruments. Early adoption of this standard is permitted; however, the Manager has not early adopted the standard in the Fund’s financial statements. The Manager and the Trustee have not yet assessed the impact of this new standard on the Fund’s financial statements.

5. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The Fund holds redeemable units in the Letko Brosseau Emerging Markets Equity Fund, an investment fund which is also managed by Letko, Brosseau & Associates Inc. The Fund’s maximum exposure to loss is \$51,549,917 (2015: \$43,074,024), which is equivalent to the carrying amount of the investment held. The units held can be redeemed daily by the Fund. The Letko Brosseau Emerging Markets Equity Fund’s investment objective is to optimize returns by way of capital appreciation and generate investment income through an internationally well-diversified portfolio comprised primarily of publicly traded companies exposed to more rapidly growing developing economies. This fund is financed entirely through capital provided by its investors. As at December 31, 2016, the net assets attributable to holders of redeemable units of Letko Brosseau Emerging Markets Equity Fund were \$1,013,208,111 (2015: \$906,249,938).

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2016 AND 2015

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.

	2016	2015
Number of redeemable units in circulation, beginning of year	67,694,951	69,393,083
Number of redeemable units issued and redeemed during the year		
Issued for cash and other consideration	3,551,207	4,709,343
Issued on reinvestment of distributions	2,531,561	2,978,681
Redeemed	(10,199,002)	(9,386,156)
Number of redeemable units in circulation, end of year	63,578,717	67,694,951

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 and interest, net of expenses of the Fund, is accounted for in the net assets attributable to holders of redeemable units and, at the end of each month, may be distributed and reinvested as additional redeemable units or, at the discretion of the unitholders, paid in cash. Realized gains and losses resulting from investment transactions are accounted for in the net assets attributable to holders of redeemable units and the net realized gain on investment transactions may be distributed and reinvested at the end of the fiscal year as additional redeemable units or, at the discretion of the unitholders, paid in cash.

8. CAPITAL DISCLOSURES

The capital of the Fund is represented by redeemable units issued and in circulation. According to its mission, substantially all of the Fund's capital is invested in investments. 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.

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
 NOTES TO FINANCIAL STATEMENTS
 AS AT DECEMBER 31, 2016 AND 2015

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Fund acquired units of the Letko Brosseau Emerging Markets Equity Fund in the amount of \$4,804,039 (2015: \$3,315,934).

The following table presents a summary of the transactions during the year between the Fund and other related parties. Other related parties are represented by the 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.

	Other related parties \$
2016	
<hr/>	
Redeemable units issued and redeemed	
Issued for cash and other consideration	271,675
Issued on reinvestment of distributions	101,691
Redeemed	(15,609)
	<hr/>
	357,757
	<hr/>
Other related parties	
\$	
2015	
<hr/>	
Redeemable units issued and redeemed	
Issued for cash and other consideration	259,866
Issued on reinvestment of distributions	98,230
Redeemed	(88,904)
	<hr/>
	269,192
	<hr/>

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

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 and has elected to choose a December 15th taxation year-end. The Fund is taxed on its income earned and not distributed to unitholders. The Fund allocates to unitholders the total income from dividends and interest, 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 "Policy and Guidelines", the Fund's investment objective is to optimize returns by building a well-diversified and balanced portfolio, composed of fixed income securities, equity and money market securities, without taking undue risk of loss or impairment. In order to minimize the risks associated with financial instruments, the Manager applies a strategy of diversification across issuers, 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.

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
 NOTES TO FINANCIAL STATEMENTS
 AS AT DECEMBER 31, 2016 AND 2015

12. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk

The Fund's maximum exposure to credit risk is the carrying value of debt securities included in investments, as well as interest, dividends and other receivables presented on the statements of financial position. 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.

The majority of the credit risk to which the Fund is exposed to arises from its investments in debt securities. The Manager is of the opinion that the credit risk associated with these investments in debt securities is limited given that the Fund invests in issuers with high credit ratings. The Fund holds bonds for which the credit rating breakdown is as follows:

Bonds by credit rating	2016 % of net assets	2015 % of net assets
AAA	3.19	5.10
AA	8.24	7.54
A	12.70	13.84
BBB	1.47	1.79

Credit ratings attributed to money market securities are not presented above since the related credit risk is insignificant given their short-term maturities. The Fund is not exposed to a significant credit risk on its investments held in the Letko Brosseau Emerging Markets Equity Fund given that this fund's holdings in debt securities are not significant.

Liquidity risk

The Fund's units are redeemable at the option of the holder thereby exposing the Fund to liquidity risk. The Manager ensures a minimum cash balance to meet the Fund's obligations. Although the Fund is exposed to redemptions of units, liquidity risk is mitigated by the fact that the majority of its assets consist of investments traded on a stock exchange or an organized market which can easily be 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 below and differences could be material.

Price risk

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

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

Benchmark indices	Changes in %	2016 Impact \$	2015 Impact \$
FTSE TMX Canada 91-day Treasury Bills	0.25	108,000	106,000
FTSE TMX Canada Universe Bond Index	1.00	3,440,000	3,389,000
S&P/TSX Capped	3.00	4,644,000	4,576,000
MSCI World	3.00	9,547,000	9,405,000

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
 NOTES TO FINANCIAL STATEMENTS
 AS AT DECEMBER 31, 2016 AND 2015

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:

	2016 % of net assets	2015 % of net assets
Foreign currencies		
U.S. dollars	29.38	29.40
Euros	10.14	10.89
Other currencies representing less than 3.33% individually (2015: 3.18%)	10.07	6.65

As at December 31, 2016, 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 \$13,122,000 (2015: \$12,316,000). The Fund holds units in the Letko Brosseau Emerging Markets Equity Fund, denominated in Canadian dollars, which holds investments in foreign currencies. This has been considered in the variation presented above.

Interest rate risk

The Fund is exposed to interest rate risk primarily on its bonds with maturity dates as follows:

Bonds by maturity date	2016 \$	2015 \$
Less than 1 year	24,041,197	41,157,903
1 to 5 years	161,861,556	173,279,817
5 to 10 years	39,700,158	32,338,461
10 years and more	332,554	85,361
Total	225,935,465	246,861,542

An increase or decrease of 1% in interest rates, with all other variables being equal, would have resulted in an upward or downward variation of the Fund's investments and net assets in the amount of \$5,264,000 (2015: \$5,678,000). Interest rate fluctuations have an insignificant impact on money market securities given their short-term maturities.

The value of bonds held by the Fund through its holdings in the Letko Brosseau Emerging Markets Equity Fund is not significant. Consequently, the interest rate risk associated with these investments is not significant.

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

LETKO BROUSSEAU RSP BALANCED FUND
LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ
 NOTES TO FINANCIAL STATEMENTS
 AS AT DECEMBER 31, 2016 AND 2015

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	Total
	\$	\$	\$
2016			
Equities, excluding investment fund	562,147,105	-	562,147,105
Investment fund	-	51,549,917	51,549,917
Bonds	191,247,593	34,687,872	225,935,465
Money market securities	20,433,891	-	20,433,891
	773,828,589	86,237,789	860,066,378
2015			
Equities, excluding investment fund	547,357,074	-	547,357,074
Investment fund	-	43,074,024	43,074,024
Bonds	206,450,256	40,411,286	246,861,542
Money market securities	10,032,428	-	10,032,428
	763,839,758	83,485,310	847,325,068

No investments were transferred within the levels between the years ended December 31, 2015 and 2016.

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.