



LetkoBrosseau

Letko Brosseau RSP Balanced Fund
Letko Brosseau Fonds RER équilibré

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018
(Expressed in Canadian dollars)



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of **LETKO BROUSSEAU RSP BALANCED FUND / LETKO BROUSSEAU FONDS RER ÉQUILIBRÉ** (the "Fund"), which comprise the statements of financial position as at December 31, 2019 and 2018, 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, 2019 and 2018, 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.



	2019 \$	2018 \$
Current assets		
Cash	401,960	996,680
Investments	827,786,894	779,972,567
Interest, dividends and other receivables	2,817,334	3,305,084
	831,006,188	784,274,331
Current liabilities		
Amounts payable on redemptions of redeemable units	86,969	329,623
Accrued expenses	57,551	69,490
	144,520	399,113
Net assets attributable to holders of redeemable units	830,861,668	783,875,218

Supplementary information

Number of redeemable units in circulation (note 6)	60,889,865	61,335,258
Net assets per unit attributable to holders of redeemable units (note 7)	\$ 13.6453	\$ 12.7802

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.



	2019 \$	2018 \$
Net assets attributable to holders of redeemable units, beginning of year	783,875,218	828,370,867
Change in net assets attributable to holders of redeemable units	89,245,746	(36,601,803)
Redeemable unit transactions		
Proceeds from issuance	67,006,977	166,227,946
Reinvestment of distributions	35,563,663	58,136,871
Redemptions	(108,673,478)	(174,121,792)
	(6,102,838)	50,243,025
Distributions to holders of redeemable units (note 7)		
Net investment income	(25,490,305)	(25,137,811)
Net realized gain on sale of investments	(10,666,153)	(32,999,060)
	(36,156,458)	(58,136,871)
Net assets attributable to holders of redeemable units, end of year	830,861,668	783,875,218

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



	2019	2018
	\$	\$
Investment income		
Interest income for distribution purposes	7,260,067	7,820,191
Dividend income	18,831,407	17,908,011
Net securities lending income (note 10)	187,005	290,155
Foreign exchange gain (loss) on cash	(67,213)	1,055,437
Net realized gain (loss) on sale of investments	26,883,371	43,221,384
Net changes in unrealized appreciation (depreciation) of investments	37,057,312	(106,962,875)
	<u>90,151,949</u>	<u>(36,667,697)</u>
Expenses		
Trustee fees (note 11)	202,059	200,233
Professional fees	16,837	17,348
Filing fees	5,255	10,203
Withholding taxes (recovered)	512,297	(493,529)
Portfolio transaction costs	169,755	199,851
	<u>906,203</u>	<u>(65,894)</u>
Change in net assets attributable to holders of redeemable units	<u>89,245,746</u>	<u>(36,601,803)</u>
Change in net assets per unit attributable to holders of redeemable units (note 3)	<u>1.4884</u>	<u>(0.6237)</u>

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



	2019	2018
	\$	\$
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units	89,245,746	(36,601,803)
Adjustments or variations for :		
Foreign exchange (gain) loss on cash	67,213	(1,055,437)
Net realized (gain) loss on sale of investments	(26,883,371)	(43,221,384)
Net changes in unrealized (appreciation) depreciation of investments	(37,057,312)	106,962,875
Proceeds from sale or maturity of investments	458,238,179	594,908,482
Investments purchased	(442,190,476)	(612,203,403)
Interest, dividends and other receivables	487,750	(380,188)
Amounts payable on redemptions of redeemable units	(242,654)	143,280
Accrued expenses	(11,939)	(10,126)
	41,653,136	8,542,296
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	67,006,977	166,227,946
Amounts paid on redemptions of redeemable units	(108,673,478)	(174,121,792)
Distributions paid in cash to holders of redeemable units	(592,795)	-
	(42,259,296)	(7,893,846)
Change in cash	(606,160)	648,450
Cash, beginning of year	996,680	390,641
Effect of exchange rate changes on foreign cash	11,440	(42,411)
Cash, end of year	401,960	996,680

Supplementary information

Interest received	\$ 7,388,234	\$ 7,692,754
Dividends received, net of withholding taxes	\$ 18,674,777	\$ 18,201,967
Interest paid	\$ 475	\$ 235

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



	Quantity	Cost \$	Fair Value \$
Equities			
Energy			
Birchcliff Energy	609,725	3,103,686	1,579,188
Canadian Natural Resources	258,765	8,206,628	10,868,130
Cenovus Energy	545,100	7,464,327	7,195,320
ConocoPhillips	104,075	4,903,313	8,776,385
Devon Energy Corporation	116,150	6,416,788	3,911,530
Encana Corporation	959,750	11,300,705	5,835,280
Enerflex	67,275	987,535	822,773
Hess Corporation	50,000	2,541,387	4,331,786
Husky Energy	587,008	10,285,122	6,116,623
Pengrowth Energy Corporation	58,000	40,600	3,190
Peyto Exploration & Development Corporation	244,000	2,185,832	927,200
Royal Dutch Shell, ADR	118,000	8,214,304	9,024,898
Suncor Energy	196,150	6,499,793	8,348,144
Total	134,175	8,463,863	9,609,039
Tourmaline Oil Corporation	73,800	1,370,667	1,123,236
		81,984,550	78,472,722
Materials			
5N Plus	105,775	513,133	260,207
Arkema	18,770	1,963,452	2,587,364
Canfor Pulp Products	171,100	2,178,456	1,430,396
Cascades	119,900	1,038,745	1,344,079
Eastman Chemical Co.	42,897	4,029,476	4,408,963
Freeport-McMoRan	234,700	5,507,857	3,993,029
Hitachi Metals	112,100	1,843,842	2,157,575
HudBay Minerals	390,000	2,931,098	2,098,200
Interfor Corporation	51,400	796,640	754,038
Intertape Polymer Group	40,475	86,546	672,695
Kuraray Co.	275,300	4,796,333	4,372,302
LafargeHolcim	41,378	2,769,107	2,948,258
Lundin Mining Corporation	498,450	2,316,268	3,867,972
Norbord	61,525	2,388,638	2,136,763
Nutrien	43,825	2,806,199	2,724,600
Pretium Resources	218,426	2,150,804	3,156,256
Regis Resources	422,596	1,473,290	1,671,847
Smurfit Kappa Group	105,200	4,034,280	5,276,988
Teck Resources	297,450	5,472,852	6,698,574
Western Forest Products	978,300	1,989,943	1,193,526
		51,086,959	53,753,632
Industrial Products			
A.P. Moller - Maersk	2,775	4,836,922	5,193,655
Air Canada	282,450	1,170,311	13,701,650
Bombardier	2,087,275	5,521,244	4,028,441
Deutsche Lufthansa	120,000	2,155,611	2,866,376
FLSmidth & Co.	33,646	2,029,194	1,739,448

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Industrial Products (continued)			
Fluor Corporation	51,074	3,302,027	1,250,424
General Electric Co.	322,915	5,536,112	4,673,131
Mitsui & Co.	300,000	5,290,106	6,966,104
Siemens	28,000	3,464,093	4,749,811
Spirit Airlines	41,400	2,143,214	2,164,057
United Parcel Service	20,150	1,772,910	3,058,715
		37,221,744	50,391,812
Consumer Discretionary			
Adient	109,867	4,789,041	3,027,483
Aisin Seiki Co.	28,700	830,457	1,393,806
Canadian Tire Corporation	37,570	3,576,035	5,250,408
Dick's Sporting Goods	55,425	2,812,280	3,556,957
Dorel Industries	51,200	1,562,365	306,176
Goodyear Tire & Rubber Co.	90,650	1,164,169	1,828,493
Kingfisher	569,150	1,904,746	2,121,651
Linamar Corporation	101,850	4,161,108	5,003,891
Magna International	72,725	2,873,432	5,178,020
Panasonic Corporation	305,200	3,606,020	3,749,184
Transat A.T.	40,475	328,463	645,172
TUI	240,060	3,252,413	3,982,071
Valeo	48,000	2,706,705	2,194,585
Yamaha Motor Co.	49,600	798,818	1,303,833
		34,366,052	39,541,730
Consumer Staples			
Carrefour	125,000	4,748,274	2,720,160
George Weston	11,750	1,116,388	1,210,485
High Liner Foods	5,100	34,884	41,973
Maple Leaf Foods	39,750	404,818	1,028,730
Wal-Mart Stores	24,500	1,347,676	3,775,585
		7,652,040	8,776,933
Health Care			
Abbvie	24,825	2,162,328	2,850,259
Biogen	6,350	1,943,498	2,443,378
Gilead Sciences	50,208	4,566,084	4,230,660
GlaxoSmithKline	30,000	1,518,214	1,828,025
Merck & Co.	24,000	1,736,962	2,830,541
Pfizer	62,000	1,423,530	3,150,008
Roche Holding	8,310	2,637,550	3,494,262
Sanofi	58,025	5,459,754	7,569,433
Tenet Healthcare Corporation	86,200	1,771,327	4,250,980
		23,219,247	32,647,546

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Financial Services			
Aegon	1,039,275	7,500,498	6,152,447
Bank of America Corporation	135,800	3,238,308	6,202,184
Bank of Montreal	75,190	4,813,306	7,567,122
Bank of Nova Scotia	130,975	9,058,744	9,607,016
BNP Paribas	75,775	4,971,375	5,827,064
Canadian Imperial Bank of Commerce	33,950	3,785,384	3,668,637
Citigroup	100,000	5,271,108	10,359,718
ING Groep	330,875	5,877,402	5,147,587
Invesco	64,349	2,073,875	1,500,331
Manulife Financial Corporation	338,175	6,485,908	8,914,293
Power Corporation of Canada	101,450	2,915,564	3,393,503
Royal Bank of Canada	74,000	5,365,048	7,603,500
Standard Life Aberdeen	497,856	2,506,043	2,806,063
State Street Corporation	49,515	2,849,585	5,078,890
Sun Life Financial	100,000	3,314,400	5,921,000
Toronto-Dominion Bank	89,725	4,720,455	6,534,672
Truist Financial Corporation	77,561	4,319,457	5,664,500
Wells Fargo & Co.	66,550	4,467,066	4,642,863
		83,533,526	106,591,390
Real Estate			
Brookfield Property Partners LP	108,125	2,906,174	2,565,806
Cominar Real Estate Investment Trust	16,500	201,746	233,640
Morguard Corporation	18,325	1,570,135	3,683,325
		4,678,055	6,482,771
Technology			
ams AG	60,350	2,148,542	3,173,679
Blackberry	3,400	37,910	28,390
Celestica	298,775	2,603,520	3,217,807
Cirrus Logic	30,275	1,778,595	3,235,337
Cisco Systems	40,000	811,736	2,487,681
DXC Technology Co.	19,682	1,327,021	959,394
Fujitsu	25,940	1,455,947	3,178,823
Hewlett Packard Enterprise Co.	80,000	898,097	1,645,314
Intel Corporation	75,000	1,553,100	5,820,776
International Business Machines Corporation (IBM)	29,210	5,531,968	5,077,167
Kyocera Corporation	32,500	1,537,532	2,900,754
Oracle Corporation	36,025	1,847,184	2,474,979
Samsung Electronics Corporation	1,776	2,423,380	2,728,731
Skyworks Solutions	16,007	1,765,264	2,509,111
		25,719,796	39,437,943

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Communication Services			
AT&T	200,000	6,439,924	10,135,380
BCE	86,650	2,592,903	5,212,864
China Mobile, ADR	37,875	2,390,311	2,076,062
Cogeco Communications	30,220	1,504,223	3,420,904
Comcast Corporation	100,000	2,076,514	5,831,475
Facebook	10,850	2,406,175	2,887,809
Quebecor	75,000	818,404	2,485,500
Rogers Communications	43,650	1,923,083	2,814,552
Telefonica	369,300	6,636,405	3,347,352
Telus Corporation	142,000	3,125,136	7,139,760
Verizon Communications	118,000	5,068,127	9,395,197
ViacomCBS	78,982	5,270,879	4,298,556
Vodafone Group, ADR	176,218	7,499,788	4,417,104
		47,751,872	63,462,515
Utilities			
Capital Power Corporation	160,000	3,637,461	5,502,400
Companhia Paranaense de Energia, ADR	70,000	982,739	1,537,683
EDP - Energias de Portugal	608,275	2,548,902	3,421,215
Superior Plus Corporation	312,475	3,692,253	3,924,686
Veolia Environnement	105,300	2,859,558	3,634,153
		13,720,913	18,020,137
Investment Fund			
Letko Brosseau Emerging Markets Equity Fund	6,210,040	63,785,457	74,639,095
Total Equities		474,720,211	572,218,226
	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds			
Federal Government			
Canada Housing Trust			
floating rate, 2020-03-15	9,670,000	9,676,751	9,674,400
1.200%, 2020-06-15	10,100,000	10,070,576	10,074,489
2.650%, 2022-03-15	370,000	373,000	376,693
1.750%, 2022-06-15	2,405,000	2,371,588	2,400,742
2.400%, 2022-12-15	2,955,000	3,024,735	3,000,813
2.900%, 2024-06-15	1,280,000	1,327,014	1,330,948
		26,843,664	26,858,085

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



	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds (continued)			
Provincial Governments and Crown Corporations			
CPPIB Capital			
1.400%, 2020-06-04	4,040,000	4,022,167	4,033,830
Hydro-Quebec			
11.000%, 2020-08-15	2,745,000	4,250,721	2,898,606
10.500%, 2021-10-15	960,000	1,428,846	1,104,344
New Brunswick (F-M) Project Co.			
6.470%, 2027-11-30	41,738	42,081	48,441
Newfoundland & Labrador Hydro			
stripped, 2020-08-27	690,000	682,362	680,641
stripped, 2021-02-27	30,000	28,250	29,242
Ontario Hydro Energy			
10.000%, 2020-02-06	500,000	726,500	503,570
10.750%, 2021-08-06	190,000	243,749	216,225
10.125%, 2021-10-15	585,000	765,402	668,695
8.900%, 2022-08-18	430,000	537,360	505,729
Province of Alberta			
1.250%, 2020-06-01	10,080,000	9,988,621	10,058,778
floating rate, 2020-06-17	85,000	85,568	85,141
1.350%, 2021-09-01	5,455,000	5,404,176	5,413,225
1.600%, 2022-09-01	4,080,000	4,061,769	4,049,305
2.650%, 2023-09-01	3,000,000	3,086,100	3,070,539
Province of British Columbia			
10.600%, 2020-09-05	85,000	103,200	89,938
9.950%, 2021-05-15	2,190,000	3,151,542	2,428,728
2.700%, 2022-12-18	115,000	115,674	117,738
7.875%, 2023-11-30	440,000	548,949	531,495
Province of Manitoba			
4.750%, 2020-02-11	1,395,000	1,378,748	1,399,114
floating rate, 2020-05-15	1,370,000	1,375,803	1,371,874
4.150%, 2020-06-03	1,965,000	2,126,501	1,984,195
1.600%, 2020-09-05	590,000	585,685	589,241
1.550%, 2021-09-05	4,735,000	4,717,392	4,713,863
2.550%, 2023-06-02	85,000	85,112	86,689
Province of New Brunswick			
4.500%, 2020-06-02	10,735,000	11,120,129	10,854,029
3.350%, 2021-12-03	45,000	46,685	46,246
Province of Newfoundland and Labrador			
10.950%, 2021-04-15	880,000	1,332,958	979,529
1.950%, 2022-06-02	3,855,000	3,870,102	3,855,675
floating rate, 2023-02-27	3,205,000	3,203,942	3,211,479

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



	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds (continued)			
Provincial Governments and Crown Corporations (continued)			
Province of Nova Scotia			
floating rate, 2020-06-15	2,415,000	2,381,032	2,418,275
4.100%, 2021-06-01	3,565,000	3,818,925	3,677,597
4.450%, 2021-10-24	645,000	634,474	674,614
9.600%, 2022-01-30	10,000	14,684	11,535
floating rate, 2022-11-09	300,000	300,903	301,305
floating rate, 2024-11-09	1,505,000	1,509,656	1,517,341
2.100%, 2027-06-01	495,000	472,838	489,707
Province of Ontario			
4.200%, 2020-06-02	6,300,000	6,394,963	6,362,654
floating rate, 2021-10-27	3,095,000	3,085,427	3,117,917
stripped, 2021-12-02	80,000	72,648	77,150
1.350%, 2022-03-08	1,340,000	1,305,292	1,325,575
3.150%, 2022-06-02	15,015,000	15,158,412	15,464,760
floating rate, 2022-06-27	3,655,000	3,676,393	3,680,096
9.500%, 2022-07-13	105,000	136,184	124,414
2.850%, 2023-06-02	1,530,000	1,583,348	1,576,120
2.300%, 2024-09-08	240,000	243,432	242,780
2.600%, 2025-06-02	4,895,000	5,128,834	5,022,455
Province of Prince Edward Island			
3.700%, 2020-09-02	1,525,000	1,580,937	1,543,595
Province of Quebec			
3.500%, 2022-12-01	2,100,000	2,162,067	2,195,833
Province of Saskatchewan			
3.900%, 2020-07-28	135,000	138,525	136,606
9.600%, 2022-02-04	210,000	272,965	242,900
3.200%, 2024-06-03	3,230,000	3,412,818	3,389,061
PSP Capital			
3.030%, 2020-10-22	10,760,000	10,943,517	10,864,922
1.340%, 2021-08-18	2,300,000	2,235,932	2,282,892
1.730%, 2022-06-21	4,250,000	4,125,582	4,236,352
		139,905,882	136,602,600



	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds (continued)			
Municipalities and Parapublic Institutions			
City of Hamilton			
2.650%, 2021-10-01	475,000	474,577	478,553
2.800%, 2022-10-01	30,000	29,996	30,496
City of Ottawa			
3.250%, 2020-10-19	340,000	357,415	343,118
City of Toronto			
6.800%, 2021-07-26	1,050,000	1,160,065	1,128,300
3.500%, 2021-12-06	425,000	424,537	437,692
2.450%, 2025-02-06	85,000	83,632	85,994
City of Vancouver			
4.500%, 2020-06-01	50,000	51,574	50,575
3.750%, 2023-10-24	1,250,000	1,329,570	1,327,879
Municipal Finance Authority of British Columbia			
4.450%, 2020-06-01	3,400,000	3,479,327	3,437,055
3.350%, 2022-06-01	120,000	122,923	124,059
2.150%, 2024-06-03	390,000	389,411	391,332
Regional Municipality of Peel			
3.500%, 2021-12-01	825,000	821,469	850,148
Regional Municipality of Waterloo			
3.950%, 2020-11-30	85,000	88,183	86,419
Regional Municipality of York			
4.500%, 2020-06-30	160,000	168,909	162,125
4.000%, 2021-06-30	3,500,000	3,618,755	3,609,272
2.500%, 2026-06-02	175,000	169,171	177,188
Toronto Hydro Corporation			
2.910%, 2023-04-10	500,000	505,350	511,374
Soucoa			
3.800%, 2020-11-02	2,070,000	2,108,513	2,104,205
York Region District School Board			
6.550%, 2023-04-12	60,000	68,849	68,436
		15,452,226	15,404,220
Total Canadian Government Bonds		182,201,772	178,864,905
Corporate Bonds			
Bank of Montreal			
2.840%, 2020-06-04	2,000,000	2,017,860	2,007,446
1.880%, 2021-03-31	615,000	606,114	613,823
2.120%, 2022-03-16	170,000	169,934	169,988
2.270%, 2022-07-11	195,000	191,471	195,593
Bank of Nova Scotia			
2.130%, 2020-06-15	3,810,000	3,791,712	3,813,117
2.090%, 2020-09-09	525,000	522,200	525,418
2.873%, 2021-06-04	4,195,000	4,242,641	4,241,997

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



	Par Value	Cost \$	Fair Value \$
Corporate Bonds (continued)			
Bank of Nova Scotia (continued)			
2.360%, 2022-11-08	855,000	835,985	859,280
Bell Canada			
2.000%, 2021-10-01	1,560,000	1,535,615	1,555,235
3.000%, 2022-10-03	855,000	862,986	870,236
Canadian Imperial Bank of Commerce			
floating rate, 2020-12-08	295,000	295,236	295,617
2.900%, 2021-09-14	1,000,000	999,970	1,013,442
2.040%, 2022-03-21	500,000	497,950	499,154
Canadian Natural Resources			
2.890%, 2020-08-14	2,085,000	2,097,606	2,093,638
Capital Power Corporation			
5.276%, 2020-11-16	1,730,000	1,755,530	1,773,735
Cominar Real Estate Investment Trust			
4.941%, 2020-07-27	165,000	169,688	167,250
4.164%, 2022-06-01	455,000	455,000	466,354
Enbridge			
2.760%, 2021-06-02	250,000	252,325	252,270
First Capital Realty			
5.600%, 2020-04-30	95,000	101,912	96,006
3.950%, 2022-12-05	500,000	509,380	518,236
Rogers Communications			
4.000%, 2024-03-13	940,000	990,666	992,733
Royal Bank of Canada			
1.920%, 2020-07-17	45,000	44,572	44,991
1.650%, 2021-07-15	125,000	121,155	124,226
1.968%, 2022-03-02	1,700,000	1,656,237	1,694,713
Saputo			
2.196%, 2021-06-23	80,000	78,033	79,930
1.939%, 2022-06-13	1,820,000	1,785,171	1,801,409
Telus Corporation			
3.600%, 2021-01-26	170,000	175,695	172,563
2.350%, 2022-03-28	1,490,000	1,490,707	1,493,228
Total Corporate Bonds		28,253,351	28,431,628
Total Bonds		210,455,123	207,296,533

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



	Par Value	Cost \$	Fair Value \$
Money Market Securities			
Canada Treasury Bills			
2020-01-07	3,455,000	4,534,185	4,468,391
Manitoba Treasury Bills			
2020-03-11	315,000	313,671	313,671
Nova Scotia Treasury Bills			
2020-01-23	385,000	384,569	384,569
Province of Alberta, notes			
2020-02-03	190,000	252,021	245,638
2020-03-03	190,000	189,326	189,326
Province of British Columbia, notes			
2020-01-14	35,000	46,149	45,262
2020-02-18	2,395,000	3,144,545	3,096,673
2020-02-20	4,790,000	6,343,425	6,188,701
2020-03-03	3,310,000	4,338,858	4,276,185
2020-03-19	1,160,000	1,511,865	1,498,180
Province of Ontario, notes			
2020-02-07	2,165,000	2,855,797	2,796,111
Province of Quebec, notes			
2020-01-06	3,255,000	4,309,213	4,200,830
2020-01-14	185,000	241,936	238,870
2020-01-15	3,905,000	5,128,991	5,040,000
2020-01-21	55,000	72,890	71,129
2020-01-22	5,535,000	7,208,442	7,145,234
2020-02-18	505,000	657,514	651,059
2020-03-25	7,250,000	7,218,173	7,218,173
Quebec Treasury Bills			
2020-02-28	205,000	204,133	204,133
Total Money Market Securities		48,955,703	48,272,135
Portfolio Transaction Costs Included in the Securities' Cost		(590,340)	
Total Investments		733,540,697	827,786,894

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



1. Establishment of the fund

The Letko Brosseau RSP Balanced Fund / Letko Brosseau Fonds RER équilibré (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, Canada. 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 20, 2020.

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 7.

Recognition and measurement

The Fund recognizes financial instruments at fair value upon initial recognition. Purchases and sales of financial assets 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 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 14. The transfer of a financial asset from one fair value hierarchy level to another is performed at the date of the event or change in circumstances which would justify a change in level.

Revenue recognition

Investment income is accounted for using the accrual method of accounting. Interest income for distribution purposes is recognized when it is earned. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities, except for zero coupon bonds which are amortized using the effective interest rate method. Dividends are recognized on the ex-dividend date and distributions on investment fund units are recorded at the ex-distribution date. Income from securities lending is recorded when earned. Realized gains and losses upon 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. 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, 2020 which would have a material effect 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 units held can be redeemed daily. 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, 2019, the net assets attributable to holders of redeemable units of Letko Brosseau Emerging Markets Equity Fund are \$1,548,205,708 (2018: \$1,306,350,229) and the Fund's maximum exposure to loss is \$74,639,095 (2018: \$56,493,769), which is equivalent to the fair value of the investment held.

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.

	2019	2018
Number of redeemable units in circulation, beginning of year	61,335,258	57,532,514
Number of redeemable units issued and redeemed during the year		
Issued for cash and other consideration	5,006,945	11,678,243
Issued on reinvestment of distributions	2,650,642	4,337,635
Redeemed	(8,102,980)	(12,213,134)
Number of redeemable units in circulation, end of year	60,889,865	61,335,258

7. Valuation of redeemable units and distributions

The net asset value per unit, which represents the redemption amount, is determined by dividing the Fund's net assets at fair value by the number of redeemable units in circulation at the end of each valuation date.

Income from dividends, interest and securities lending, net of expenses of the Fund, is accounted for in the net assets attributable to holders of redeemable units. At the end of each month, income received, net of expenses paid, is distributed and reinvested as additional redeemable units or, at the discretion of the unitholders, is paid in cash. Realized gains and losses resulting from investment transactions are accounted for in the net assets attributable to holders of redeemable units and net realized gains on investment transactions 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.

8. Capital management

The capital of the Fund is represented by redeemable units issued and in circulation. According to its mission, substantially all of the Fund's capital is invested in securities. Information about the Fund's objectives, policies and procedures for managing its capital is disclosed in note 13. The Fund is not subject to any particular external requirement for managing its capital.



9. Related party transactions

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

2019	Manager \$	Other related parties \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	339,300
Issued on reinvestment of distributions	-	159,616
Redeemed	-	(172,932)
	-	325,984

2018	Manager \$	Other related parties \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	295,760
Issued on reinvestment of distributions	-	227,575
Redeemed	-	(89,413)
	-	433,922

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:

	2019 \$	2018 \$
Manager	-	-
Other related parties	3,636,597	3,086,643
	3,636,597	3,086,643



10. Net securities lending income

The Fund takes part in a securities lending program with the Trustee. Securities lending transactions involve the temporary exchange of securities for collateral with a commitment to return the same securities to the Fund on a future date. In accordance with the terms of the program, the Fund receives collateral of at least 102% of the fair value of the securities on loan. The collateral consists primarily of debt securities with high credit ratings. The fair value of the securities loaned is determined in accordance with standard market practices and additional collateral is requested if necessary.

The table below presents the aggregate fair value of the securities on loan and collateral held under securities lending transactions as at December 31. The securities on loan continue to be included in the schedule of investment portfolio.

	2019 \$	2018 \$
Total fair value of securities on loan	146,605,282	180,274,401
Total collateral held	149,538,150	183,881,338

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:

	2019 \$	2018 \$
Gross securities lending income	323,218	575,197
Securities lending charges	(136,213)	(285,042)
Net securities lending income	187,005	290,155
Securities lending charges as a % of the gross securities lending income	42.1%	49.6%

11. Fees

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

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

12. Income taxes

In accordance with provisions of the Income Tax Act (Canada) and the Quebec Taxation Act, the Fund qualifies as a mutual fund trust and has elected to choose a December 15th taxation year-end. The Fund is taxed on its income received and not distributed to unitholders. The Fund distributes to unitholders the total income from dividends, interest and securities lending, net of expenses and a sufficient portion of net realized taxable capital gains to eliminate the income taxes.

13. 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 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.



13. Risks associated with financial instruments (continued)

Credit risk

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

The 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	2019 % of net assets	2018 % of net assets
AAA	6.98	4.09
AA	4.54	6.74
A	11.97	14.53
BBB	1.38	1.18
BB	0.08	0.08

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 through its investment in the Letko Brosseau Emerging Markets Equity Fund given that this fund's holdings in debt securities are not significant.

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.



13. Risks associated with financial instruments (continued)

Market risks (continued)

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 %	2019 Impact \$	2018 Impact \$
FTSE Canada 91 Day TBill Total Return Index	0.25	122,000	164,000
FTSE Canada Universe Bond Total Return Index	1.00	2,078,000	2,091,000
S&P/TSX Composite Total Return Capped Index	3.00	5,960,000	5,298,000
MSCI World Total Return Net Index	3.00	11,180,000	9,856,000

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	2019 % of net assets	2018 % of net assets
U.S. dollars	29.26	25.46
Euros	8.38	9.01
Other currencies representing less than 5% individually	12.04	10.29

As at December 31, 2019 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 \$12,387,000 (2018: \$10,528,000).

The currency distribution presented above and the calculated variation take into account the Fund's investment in the Letko Brosseau Emerging Markets Equity Fund which holds investments in foreign currencies.

Interest rate risk

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

Bonds by maturity date	2019 \$	2018 \$
Less than 1 year	92,624,613	68,290,773
1 to 5 years	108,848,136	127,544,798
5 to 10 years	5,823,784	12,827,624
Total	207,296,533	208,663,195



13. Risks associated with financial instruments (continued)

Market risks (continued)

Interest rate risk (continued)

An increase or decrease of 1% in interest rates, with all other variables being equal, would have resulted in a downward or upward variation of the Fund's investments and net assets in the amount of \$2,932,000 (2018: \$3,883,000). 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 this investment 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 interest rates on the economy as a whole, the availability of credit and the profitability of companies. The Manager believes that it is not possible to quantify the impact of the variations taking into account the interdependence of these components.

14. Information on fair value of financial instruments

The financial instruments measured at fair value are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination:

- Level 1: financial instruments for which the fair value is determined using quoted prices in active markets;
- Level 2: financial instruments for which the fair value is determined using pricing models based on market observable inputs;
- Level 3: financial instruments for which the fair value is determined using pricing models based on market unobservable inputs.

The investments held by the Fund and measured at fair value are classified as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2019				
Equities, excluding investment fund	497,579,131	-	-	497,579,131
Investment fund	-	74,639,095	-	74,639,095
Bonds	163,460,685	43,835,848	-	207,296,533
Money market securities	48,272,135	-	-	48,272,135
	709,311,951	118,474,943	-	827,786,894

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
2018				
Equities, excluding investment fund	449,977,708	-	-	449,977,708
Investment fund	-	56,493,769	-	56,493,769
Bonds	173,575,477	35,087,718	-	208,663,195
Money market securities	64,837,895	-	-	64,837,895
	688,391,080	91,581,487	-	779,972,567

No investments were transferred within the levels during the years ended December 31, 2019 and 2018.

The financial instruments not measured at fair value through profit or loss are short term financial assets and liabilities whose carrying amounts approximate fair value.



15. Subsequent event

The COVID-19 outbreak during the first quarter of 2020 has caused persistent volatility in the global economy and the financial markets. As a result, the fair value of the Fund's investments and the net assets attributable to holders of redeemable units have been adversely impacted subsequent to year end. As at March 19, 2020, the net assets per unit attributable to holders of redeemable units decreased to \$10.4116.

16. 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.