



LetkoBrosseau

Letko Brosseau RSP Balanced Fund
Letko Brosseau Fonds RER équilibré

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019
(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, 2020 and 2019, 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, 2020 and 2019, 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.



	2020 \$	2019 \$
Current assets		
Cash	431,139	401,960
Investments	663,061,395	827,786,894
Interest, dividends and other receivables	1,736,854	2,817,334
	665,229,388	831,006,188
Current liabilities		
Amounts payable on redemptions of redeemable units	142,404	86,969
Accrued expenses	51,778	57,551
	194,182	144,520
Net assets attributable to holders of redeemable units	665,035,206	830,861,668

Supplementary information

Number of redeemable units in circulation (note 6)	52,017,021	60,889,865
Net assets per unit attributable to holders of redeemable units (note 7)	\$ 12.7850	\$ 13.6453

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.



	2020 \$	2019 \$
Net assets attributable to holders of redeemable units, beginning of year	830,861,668	783,875,218
Change in net assets attributable to holders of redeemable units	(12,057,273)	89,245,746
Redeemable unit transactions		
Proceeds from issuance	45,211,509	67,006,977
Reinvestment of distributions	41,851,160	35,563,663
Redemptions	(198,464,330)	(108,673,478)
	(111,401,661)	(6,102,838)
Distributions to holders of redeemable units (note 7)		
Net investment income	(20,573,446)	(25,490,305)
Net realized gain on sale of investments	(21,794,082)	(10,666,153)
	(42,367,528)	(36,156,458)
Net assets attributable to holders of redeemable units, end of year	665,035,206	830,861,668

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



	2020	2019
	\$	\$
Investment income		
Interest income for distribution purposes	5,686,639	7,260,067
Dividend income	14,045,905	18,831,407
Net securities lending income (note 10)	242,650	187,005
Foreign exchange gain (loss) on cash	(578,348)	(67,213)
Net realized gain (loss) on sale of investments	27,955,213	26,883,371
Net changes in unrealized appreciation (depreciation) of investments	(58,581,043)	37,057,312
	<u>(11,228,984)</u>	<u>90,151,949</u>
Expenses		
Trustee fees (note 11)	177,464	202,059
Professional fees	15,795	16,837
Filing fees	6,297	5,255
Withholding taxes	449,911	512,297
Portfolio transaction costs	178,822	169,755
	<u>828,289</u>	<u>906,203</u>
Change in net assets attributable to holders of redeemable units	<u>(12,057,273)</u>	<u>89,245,746</u>
Change in net assets per unit attributable to holders of redeemable units (note 3)	<u>(0.2177)</u>	<u>1.4884</u>

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



	2020	2019
	\$	\$
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units	(12,057,273)	89,245,746
Adjustments or variations for:		
Foreign exchange (gain) loss on cash	578,348	67,213
Net realized (gain) loss on sale of investments	(27,955,213)	(26,883,371)
Net changes in unrealized (appreciation) depreciation of investments	58,581,043	(37,057,312)
Proceeds from sale or maturity of investments	604,669,085	458,238,179
Investments purchased	(471,687,734)	(442,190,476)
Interest, dividends and other receivables	1,080,480	487,750
Amounts payable on redemptions of redeemable units	55,435	(242,654)
Accrued expenses	(5,773)	(11,939)
	153,258,398	41,653,136
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	45,211,509	67,006,977
Amounts paid on redemptions of redeemable units	(198,464,330)	(108,673,478)
Distributions paid in cash to holders of redeemable units	(516,368)	(592,795)
	(153,769,189)	(42,259,296)
Change in cash	(510,791)	(606,160)
Cash, beginning of year	401,960	996,680
Effect of exchange rate changes on foreign cash	539,970	11,440
Cash, end of year	431,139	401,960

Supplementary information

Cash flows relating to operating activities:

Interest received	\$ 6,030,907	\$ 7,388,234
Dividends received, net of withholding taxes	\$ 14,364,783	\$ 18,674,777
Interest paid	\$ 1,942	\$ 475

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



	Quantity	Cost \$	Fair Value \$
Equities			
Energy			
Birchcliff Energy	858,475	3,475,567	1,519,501
Canadian Natural Resources	180,000	5,585,194	5,506,200
Cenovus Energy	545,100	7,464,327	4,224,525
ConocoPhillips	95,075	4,479,294	4,843,807
Devon Energy Corporation	116,150	6,416,788	2,339,484
Enerflex	180,275	1,584,905	1,182,604
Hess Corporation	50,000	2,541,387	3,362,720
Husky Energy	655,058	10,458,815	4,126,865
Ovintiv	191,950	11,300,705	3,510,766
Peyto Exploration & Development Corporation	405,150	2,669,611	1,183,038
Royal Dutch Shell, ADR	104,000	7,239,725	4,655,906
Suncor Energy	217,150	6,758,672	4,636,153
Total	95,000	5,992,674	5,227,429
Tourmaline Oil Corporation	92,800	1,662,697	1,592,448
		77,630,361	47,911,446
Materials			
5N Plus	105,775	513,133	312,036
Arkema	18,770	1,963,452	2,735,682
Canfor Pulp Products	171,100	2,178,456	1,399,598
Cascades	119,900	1,038,745	1,744,545
Eastman Chemical	34,897	3,278,006	4,458,323
Freeport-McMoRan	112,000	2,628,377	3,712,739
HudBay Minerals	360,000	2,705,629	3,207,600
Interfor Corporation	51,400	796,640	1,221,778
Intertape Polymer Group	40,475	86,546	977,067
Kuraray	275,300	4,796,333	3,726,601
LafargeHolcim	31,378	2,042,222	2,186,286
Lundin Mining Corporation	340,000	1,579,960	3,842,000
Norbord	61,525	2,388,638	3,381,414
Nutrien	54,725	3,474,983	3,351,359
Pretium Resources	218,426	2,150,804	3,186,835
Regis Resources	422,596	1,473,290	1,553,769
Smurfit Kappa Group	73,550	2,835,356	4,401,062
Teck Resources	230,000	4,231,824	5,313,000
Western Forest Products	978,300	1,989,943	1,252,224
		42,152,337	51,963,918
Industrial Products			
A.P. Moller - Maersk	1,500	2,614,553	4,270,573
Air Canada	180,000	854,459	4,098,600
Bombardier	2,087,275	5,521,244	1,001,892
Bunzl	29,500	867,065	1,255,068
CAE	63,400	1,294,145	2,236,118
FLSmidth & Co.	33,646	2,029,194	1,640,333
Fluor Corporation	51,074	3,302,027	1,039,140

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



	Quantity	Cost	Fair Value
		\$	\$
Equities (continued)			
Industrial Products (continued)			
Fraport AG Frankfurt Airport Services Worldwide	19,062	1,107,203	1,466,673
General Electric	312,940	5,364,896	4,305,801
Mitsui & Co.	143,400	2,528,670	3,343,460
Siemens	30,450	3,254,047	5,578,133
Siemens Energy	15,225	359,546	711,981
Spirit Airlines	41,400	2,143,214	1,289,580
United Parcel Service	17,800	1,566,144	3,818,837
		32,806,407	36,056,189
Consumer Discretionary			
Adient	81,925	3,514,874	3,629,027
Canadian Tire Corporation	40,995	3,803,901	6,859,693
Dick's Sporting Goods	58,000	2,860,378	4,153,466
Dorel Industries	51,200	1,562,365	764,416
Kingfisher	867,950	2,719,310	4,087,174
Linamar Corporation	80,000	3,268,421	5,393,600
Magna International	64,725	2,557,344	5,832,370
Panasonic Corporation	260,000	3,071,970	3,819,467
Skechers USA	30,050	1,247,988	1,375,915
Transat A.T.	40,475	328,463	222,208
Valeo	43,950	2,478,326	2,211,476
		27,413,340	38,348,812
Consumer Staples			
Carrefour	100,000	3,798,619	2,186,993
Danone	13,850	1,307,863	1,160,643
George Weston	26,325	2,533,657	2,502,981
Wal-Mart Stores	24,500	1,347,676	4,499,350
		8,987,815	10,349,967
Health Care			
Abbvie	24,825	2,162,328	3,388,836
Biogen	6,350	1,943,498	1,980,891
CVS Health Corporation	21,475	1,734,422	1,868,628
Gilead Sciences	50,208	4,566,084	3,726,597
GlaxoSmithKline	30,000	1,518,214	1,406,495
Merck & Co.	24,000	1,736,962	2,501,115
Pfizer	62,000	1,352,737	2,907,546
Roche Holding	8,310	2,637,550	3,700,839
Sanofi	47,000	4,422,378	5,765,837
Tenet Healthcare Corporation	90,000	1,828,345	4,578,370
		23,902,518	31,825,154

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Financial Services			
Aegon	889,275	6,417,941	4,484,357
Bank of America Corporation	120,000	2,861,538	4,633,789
Bank of Montreal	60,000	3,840,914	5,806,800
Bank of Nova Scotia	100,000	6,916,392	6,880,000
BNP Paribas	67,025	4,282,041	4,503,543
Canadian Imperial Bank of Commerce	23,090	2,574,507	2,510,345
Citigroup	75,000	3,953,331	5,891,608
ING Groep	330,875	5,877,402	3,940,977
Invesco	169,074	3,176,841	3,754,424
Manulife Financial Corporation	294,675	5,472,073	6,674,389
Power Corporation of Canada	153,450	4,083,941	4,485,344
Royal Bank of Canada	47,000	3,407,530	4,915,730
Standard Life Aberdeen	497,856	2,506,043	2,438,907
State Street Corporation	49,515	2,849,585	4,591,112
Sun Life Financial	66,500	2,204,076	3,763,900
Toronto-Dominion Bank	82,000	4,314,041	5,897,440
Truist Financial Corporation	42,561	2,370,269	2,598,893
Wells Fargo & Co.	42,000	2,819,185	1,614,870
		69,927,650	79,386,428
Real Estate			
Brookfield Property Partners LP	93,225	1,918,363	1,716,272
Cominar Real Estate Investment Trust	16,500	202,741	133,815
Morguard Corporation	15,000	1,285,240	1,731,750
		3,406,344	3,581,837
Technology			
ams AG	141,750	3,293,126	3,955,206
Celestica	298,775	2,603,520	3,068,419
Cirrus Logic	22,410	1,657,367	2,346,836
Cisco Systems	40,000	811,736	2,280,458
DXC Technology	19,682	1,327,021	645,677
Intel Corporation	52,700	1,091,312	3,344,902
International Business Machines Corporation (IBM)	13,410	2,539,668	2,150,575
Kyocera Corporation	32,500	1,537,532	2,536,954
Open Text Corporation	30,150	1,817,407	1,743,876
Oracle Corporation	36,025	1,847,184	2,969,000
Samsung Electronics Corporation	1,776	2,423,380	4,198,024
SAP	9,100	1,343,324	1,520,922
Skyworks Solutions	16,007	1,765,264	3,117,667
		24,057,841	33,878,516
Communication Services			
Alphabet	1,598	2,793,278	3,566,565
AT&T	159,000	5,119,740	5,825,793
BCE	96,500	3,825,442	5,252,495

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Communication Services (continued)			
China Mobile, ADR	42,975	2,606,801	1,562,568
Cogeco Communications	23,270	1,158,282	2,277,202
Comcast Corporation	49,175	1,021,126	3,282,802
Facebook	10,850	2,406,175	3,775,860
Quebecor	75,000	818,404	2,457,000
Rogers Communications	43,650	1,923,083	2,586,699
Telefonica	369,300	6,636,405	1,868,030
Telus Corporation	211,000	2,616,128	5,319,310
Verizon Communications	73,000	3,135,367	5,463,863
ViacomCBS	23,982	1,600,443	1,138,406
Vodafone Group, ADR	141,218	6,010,198	2,964,943
		41,670,872	47,341,536
Utilities			
Capital Power Corporation	130,000	2,955,437	4,547,400
EDP - Energias de Portugal	649,999	2,775,471	5,224,147
Superior Plus Corporation	277,475	3,278,688	3,379,646
Veolia Environnement	105,300	2,859,558	3,284,470
		11,869,154	16,435,663
Investment Fund			
Letko Brosseau Emerging Markets Equity Fund	6,164,289	63,565,002	66,232,816
		427,389,641	463,312,282
Total Equities			
	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds			
Provincial Governments and Crown Corporations			
Canada Housing Trust			
2.650%, 2022-03-15	370,000	373,000	380,829
1.750%, 2022-06-15	2,405,000	2,371,588	2,458,309
2.400%, 2022-12-15	2,955,000	3,024,735	3,078,250
2.900%, 2024-06-15	1,280,000	1,327,014	1,387,543
Hydro-Quebec			
10.500%, 2021-10-15	960,000	1,428,846	1,036,582
New Brunswick F-M Project			
6.470%, 2027-11-30	37,607	37,916	44,938
Newfoundland & Labrador Hydro			
stripped, 2021-02-27	30,000	29,764	29,981
Ontario Hydro Energy			
10.750%, 2021-08-06	190,000	243,749	201,704
10.125%, 2021-10-15	585,000	765,402	629,771
8.900%, 2022-08-18	430,000	537,360	489,458

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 Alberta			
1.350%, 2021-09-01	9,180,000	9,168,581	9,252,153
1.600%, 2022-09-01	4,080,000	4,061,769	4,170,339
2.650%, 2023-09-01	3,000,000	3,086,100	3,177,533
Province of British Columbia			
9.950%, 2021-05-15	2,190,000	3,151,542	2,267,509
2.700%, 2022-12-18	115,000	115,674	120,446
7.875%, 2023-11-30	440,000	548,949	529,708
Province of Manitoba			
1.550%, 2021-09-05	5,375,000	5,366,025	5,424,867
2.550%, 2023-06-02	85,000	85,112	89,434
2.450%, 2025-06-02	8,595,000	9,069,939	9,259,385
Province of New Brunswick			
3.350%, 2021-12-03	45,000	46,685	46,295
Province of Newfoundland and Labrador			
1.750%, 2021-03-24	600,000	605,862	602,202
10.950%, 2021-04-15	880,000	1,332,958	906,048
1.950%, 2022-06-02	3,855,000	3,870,102	3,945,634
floating rate, 2023-02-27	3,205,000	3,203,942	3,218,658
Province of Nova Scotia			
4.100%, 2021-06-01	3,565,000	3,818,925	3,622,250
4.450%, 2021-10-24	645,000	634,474	666,952
9.600%, 2022-01-30	10,000	14,684	10,983
floating rate, 2022-11-09	6,150,000	6,178,866	6,181,225
1.000%, 2023-04-17	4,880,000	4,922,774	4,950,783
floating rate, 2024-11-09	1,505,000	1,509,656	1,520,125
2.100%, 2027-06-01	495,000	472,838	530,966
Province of Ontario			
4.000%, 2021-06-02	9,500,000	9,792,256	9,649,734
floating rate, 2021-10-27	3,095,000	3,085,427	3,108,766
stripped, 2021-12-02	80,000	76,487	79,836
1.350%, 2022-03-08	3,340,000	3,335,592	3,385,369
3.150%, 2022-06-02	5,215,000	5,264,810	5,428,536
floating rate, 2022-06-27	3,655,000	3,676,393	3,677,690
9.500%, 2022-07-13	105,000	136,184	119,636
3.500%, 2024-06-02	3,000,000	3,297,900	3,302,157
2.300%, 2024-09-08	240,000	243,432	255,345
1.750%, 2025-09-08	2,000,000	2,087,080	2,096,186
Province of Quebec			
3.500%, 2022-12-01	2,100,000	2,162,067	2,228,800
2.750%, 2025-09-01	2,960,000	3,225,216	3,244,142
Province of Saskatchewan			
9.600%, 2022-02-04	210,000	272,965	231,204
3.200%, 2024-06-03	2,483,000	2,623,538	2,707,923
0.800%, 2025-09-02	2,500,000	2,501,375	2,511,034

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)			
PSP Capital			
1.340%, 2021-08-18	6,100,000	6,077,602	6,145,100
1.730%, 2022-06-21	5,175,000	5,072,736	5,287,257
0.900%, 2026-06-15	3,500,000	3,496,640	3,519,730
		127,832,531	127,209,305
Municipalities and Parapublic Institutions			
City of Hamilton			
2.650%, 2021-10-01	475,000	474,577	483,113
2.800%, 2022-10-01	30,000	29,996	31,240
City of Toronto			
6.800%, 2021-07-26	1,050,000	1,160,065	1,088,915
3.500%, 2021-12-06	425,000	424,537	437,972
2.450%, 2025-02-06	85,000	83,632	91,058
City of Vancouver			
3.750%, 2023-10-24	1,250,000	1,329,570	1,364,611
Municipal Finance Authority of British Columbia			
2.150%, 2024-06-03	390,000	389,411	411,458
1.100%, 2025-06-01	750,000	761,513	763,968
Regional Municipality of Peel			
3.500%, 2021-12-01	825,000	821,469	849,643
Regional Municipality of York			
4.000%, 2021-06-30	3,500,000	3,618,755	3,565,628
2.500%, 2026-06-02	175,000	169,171	190,104
Toronto Hydro Corporation			
2.910%, 2023-04-10	500,000	505,350	523,971
York Region District School Board			
6.550%, 2023-04-12	60,000	68,849	68,198
		9,836,895	9,869,879
Total Canadian Government Bonds		137,669,426	137,079,184
Corporate Bonds			
Bank of Montreal			
1.880%, 2021-03-31	615,000	606,114	617,418
1.610%, 2021-10-28	2,000,000	2,026,780	2,021,111
2.120%, 2022-03-16	170,000	169,934	173,556
2.270%, 2022-07-11	195,000	191,471	200,482
Bank of Nova Scotia			
2.873%, 2021-06-04	4,195,000	4,242,641	4,240,508
1.830%, 2022-04-27	1,620,000	1,649,224	1,650,861
2.360%, 2022-11-08	855,000	835,985	884,988
Bell Canada			
3.000%, 2022-10-03	855,000	862,986	888,927
2.700%, 2024-02-27	750,000	789,323	791,394

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



	Par Value	Cost \$	Fair Value \$
Corporate Bonds (continued)			
Canadian Imperial Bank of Commerce			
2.900%, 2021-09-14	1,000,000	999,970	1,018,096
2.040%, 2022-03-21	500,000	497,950	510,147
Cogeco Communications			
4.925%, 2022-02-14	750,000	789,750	783,859
Cominar Real Estate Investment Trust			
4.164%, 2022-06-01	455,000	455,000	462,600
Enbridge			
2.760%, 2021-06-02	250,000	252,325	251,950
First Capital Realty			
3.950%, 2022-12-05	500,000	509,380	523,635
George Weston			
4.115%, 2024-06-17	750,000	820,830	818,497
Loblaw Companies			
3.918%, 2024-06-10	500,000	544,000	549,855
Morguard Corporation			
4.085%, 2021-05-14	900,000	900,000	904,242
4.402%, 2023-09-28	1,000,000	1,000,000	1,017,063
4.204%, 2024-11-27	100,000	100,358	100,930
Rogers Communications			
4.000%, 2024-03-13	940,000	990,666	1,025,704
Royal Bank of Canada			
1.650%, 2021-07-15	125,000	121,155	125,917
1.968%, 2022-03-02	1,700,000	1,656,237	1,731,701
2.000%, 2022-03-21	3,000,000	3,067,830	3,059,396
Saputo			
2.196%, 2021-06-23	80,000	78,033	80,654
1.939%, 2022-06-13	1,820,000	1,785,171	1,854,985
SmartCentres Real Estate Investment Trust			
2.757%, 2021-06-23	1,000,000	1,009,450	1,010,025
3.730%, 2022-07-22	200,000	206,228	209,460
3.192%, 2027-06-11	500,000	513,790	536,353
TC Energy Corporation			
3.690%, 2023-07-19	530,000	564,554	565,923
Telus Corporation			
2.350%, 2022-03-28	1,490,000	1,490,707	1,520,927
Thomson Reuters Corporation			
2.239%, 2025-05-14	1,500,000	1,566,330	1,569,253
Total Corporate Bonds		31,294,172	31,700,417
Total Bonds		168,963,598	168,779,601

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



	Par Value	Cost \$	Fair Value \$
Money Market Securities			
Alberta Treasury Bills			
2021-03-09	65,000	64,975	64,975
Province of British Columbia, notes			
2021-01-07	80,000	105,470	101,876
2021-01-15	45,000	58,920	57,321
2021-01-21	2,560,000	3,291,367	3,261,176
2021-02-01	2,015,000	2,640,887	2,566,363
2021-02-17	5,065,000	6,553,476	6,451,450
2021-02-18	5,370,000	7,051,483	6,839,554
2021-03-02	3,045,000	4,008,479	3,876,417
2021-03-05	6,085,000	7,785,607	7,750,380
Total Money Market Securities		31,560,664	30,969,512
Portfolio Transaction Costs Included in the Securities' Cost		(517,662)	
Total Investments		627,396,241	663,061,395

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. 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 19, 2021.

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 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, 2021 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, 2020, the net assets attributable to holders of redeemable units of Letko Brosseau Emerging Markets Equity Fund are \$1,258,377,067 (2019: \$1,548,205,708) and the Fund's maximum exposure to loss is \$66,232,816 (2019: \$74,639,095), 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.

	2020	2019
Number of redeemable units in circulation, beginning of year	60,889,865	61,335,258
Number of redeemable units issued and redeemed during the year		
Issued for cash and other consideration	3,616,569	5,006,945
Issued on reinvestment of distributions	3,384,109	2,650,642
Redeemed	(15,873,522)	(8,102,980)
Number of redeemable units in circulation, end of year	52,017,021	60,889,865

7. Valuation of redeemable units and distributions

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

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

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.

2020	Manager \$	Other related parties \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	349,257
Issued on reinvestment of distributions	-	230,890
Redeemed	-	(153,650)
	-	426,497

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

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:

	2020 \$	2019 \$
Manager	-	-
Other related parties	3,826,492	3,636,597
	3,826,492	3,636,597



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 statements of financial position.

	2020 \$	2019 \$
Total fair value of securities on loan	116,536,181	146,605,282
Total collateral held	118,868,325	149,538,150

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:

	2020 \$	2019 \$
Gross securities lending income	404,417	323,218
Securities lending charges	(161,767)	(136,213)
Net securities lending income	242,650	187,005
Securities lending charges as a % of the gross securities lending income	40.0%	42.1%

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	2020 % of net assets	2019 % of net assets
AAA	4.66	6.98
AA	5.62	4.54
A	12.80	11.97
BBB	2.22	1.38
BB	0.07	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 %	2020 Impact \$	2019 Impact \$
FTSE Canada 91 Day TBill Total Return Index	0.25	78,000	122,000
FTSE Canada Universe Bond Total Return Index	1.00	1,691,000	2,078,000
S&P/TSX Composite Total Return Capped Index	3.00	4,708,000	5,960,000
MSCI World Total Return Net Index	3.00	9,168,000	11,180,000

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	2020 % of net assets	2019 % of net assets
U.S. dollars	28.93	29.26
Euros	8.38	8.38
Other currencies representing less than 5% individually	12.81	12.04

As at December 31, 2020 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 \$10,001,000 (2019: \$12,387,000).

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	2020 \$	2019 \$
Less than 1 year	60,364,940	92,624,613
1 to 5 years	103,592,571	108,848,136
5 to 10 years	4,822,090	5,823,784
Total	168,779,601	207,296,533



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 \$2,778,000 (2019: \$2,932,000). 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
2020	\$	\$	\$	\$
Equities, excluding investment fund	397,079,466	-	-	397,079,466
Investment fund	-	66,232,816	-	66,232,816
Bonds	127,209,305	41,570,296	-	168,779,601
Money market securities	30,969,512	-	-	30,969,512
	555,258,283	107,803,112	-	663,061,395

	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

No investments were transferred within the levels during the years ended December 31, 2020 and 2019.

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. COVID-19

The Coronavirus (“COVID-19”), which was declared a pandemic by the World Health Organization during the first quarter of the fiscal year has negatively impacted the global financial markets and has had an adverse effect on the Fund’s financial results and capital. The Manager is continuing to assess and monitor the market risks and financial impact of the COVID-19 pandemic should its duration, spread or intensity further develop. It is not possible to predict with certainty the duration and the scope of the economic impact of COVID-19 both in the short and long term and the potential effect on the Fund’s future financial position and performance. The Fund Manager continues to monitor the Fund’s risk exposures from its portfolio holdings in order to fulfill on the Fund’s investment objective of optimizing returns for unit holders.

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.