



LetkoBrosseau

Letko Brosseau RSP Balanced Fund
Letko Brosseau Fonds RER équilibré

ANNUAL FINANCIAL STATEMENTS

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



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of
LETKO BROUSSEAU 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, 2021 and 2020, and the statements of changes in net assets attributable to holders of redeemable units, statements of comprehensive income and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, the Fund Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the over-ride of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



	2021 \$	2020 \$
Current assets		
Cash	2,187,025	431,139
Investments	421,178,780	663,061,395
Interest, dividends and other receivables	1,176,029	1,736,854
	424,541,834	665,229,388
Current liabilities		
Amounts payable on redemptions of redeemable units	128,176	142,404
Accrued expenses	36,930	51,778
	165,106	194,182
Net assets attributable to holders of redeemable units	424,376,728	665,035,206

Supplementary information

Number of redeemable units in circulation (note 6)	28,984,058	52,017,021
Net assets per unit attributable to holders of redeemable units (note 7)	\$ 14.6417	\$ 12.7850

Approved by the Board of Directors of Letko, Brosseau & Associates Inc., Fund Manager

Daniel Brosseau, Director

Peter Letko, Director



	2021 \$	2020 \$
Net assets attributable to holders of redeemable units, beginning of year	665,035,206	830,861,668
Change in net assets attributable to holders of redeemable units	92,719,904	(12,057,273)
Redeemable unit transactions		
Proceeds from issuance	13,445,815	45,211,509
Reinvestment of distributions	13,486,686	41,851,160
Redemptions	(346,321,531)	(198,464,330)
	(319,389,030)	(111,401,661)
Distributions to holders of redeemable units (note 7)		
Net investment income	(13,765,153)	(20,573,446)
Net realized gain on sale of investments	(224,199)	(21,794,082)
	(13,989,352)	(42,367,528)
Net assets attributable to holders of redeemable units, end of year	424,376,728	665,035,206

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



	2021	2020
	\$	\$
Investment income		
Net interest income for distribution purposes	3,263,323	5,686,639
Dividend income	10,430,010	14,045,905
Net securities lending income (note 10)	114,688	242,650
Foreign exchange gain (loss) on cash	(1,008,024)	(578,348)
Net realized gain (loss) on sale of investments	53,336,924	27,955,213
Net changes in unrealized appreciation (depreciation) of investments	27,127,572	(58,581,043)
	<u>93,264,493</u>	<u>(11,228,984)</u>
Expenses		
Trustee fees (note 11)	148,385	177,464
Professional fees	15,207	15,795
Filing fees	2,458	6,297
Withholding taxes	203,318	449,911
Portfolio transaction costs	175,221	178,822
	<u>544,589</u>	<u>828,289</u>
Change in net assets attributable to holders of redeemable units	<u>92,719,904</u>	<u>(12,057,273)</u>
Change in net assets per unit attributable to holders of redeemable units (note 3)	<u>2.4322</u>	<u>(0.2177)</u>

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



	2021	2020
	\$	\$
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units	92,719,904	(12,057,273)
Adjustments or variations for:		
Foreign exchange (gain) loss on cash	1,008,024	578,348
Net realized (gain) loss on sale of investments	(53,336,924)	(27,955,213)
Net changes in unrealized (appreciation) depreciation of investments	(27,127,572)	58,581,043
Proceeds from sale or maturity of investments	494,505,177	604,669,085
Investments purchased	(174,378,947)	(471,687,734)
Interest, dividends and other receivables	560,825	1,080,480
Amounts payable on redemptions of redeemable units	(14,228)	55,435
Accrued expenses	(14,848)	(5,773)
	333,921,411	153,258,398
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	13,445,815	45,211,509
Amounts paid on redemptions of redeemable units	(346,321,531)	(198,464,330)
Distributions paid in cash to holders of redeemable units	(502,666)	(516,368)
	(333,378,382)	(153,769,189)
Change in cash	543,029	(510,791)
Cash, beginning of year	431,139	401,960
Effect of exchange rate changes on foreign cash	1,212,857	539,970
Cash, end of year	2,187,025	431,139

Supplementary information

Cash flows relating to operating activities:

Interest received	\$ 10,733,882	\$ 6,030,907
Dividends received, net of withholding taxes	\$ 3,325,404	\$ 14,364,783
Interest paid	\$ 598	\$ 1,942

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



	Quantity	Cost \$	Fair Value \$
Equities			
Energy			
Birchcliff Energy	332,000	1,344,113	2,144,719
Canadian Natural Resources	51,175	1,588,257	2,735,304
Cenovus Energy	185,300	3,056,722	2,874,003
Cenovus Energy (warrants)	42,644	201,707	405,547
ConocoPhillips	25,000	1,177,832	2,279,359
Devon Energy Corporation	23,075	1,274,795	1,283,936
Enerflex	151,425	1,331,268	1,159,916
Hess Corporation	11,500	584,519	1,075,379
Ovintiv	24,400	1,436,505	1,038,464
Peyto Exploration & Development Corporation	230,000	1,515,514	2,173,500
Royal Dutch Shell, ADR	32,825	2,285,038	1,799,493
Suncor Energy	100,000	3,112,444	3,165,000
TC Energy Corporation	29,425	1,573,214	1,731,073
TotalEnergies	39,000	2,460,150	2,500,244
Tourmaline Oil Corporation	27,000	483,759	1,102,680
		23,425,837	27,468,617
Materials			
5N Plus	88,850	431,027	211,463
Arkema	15,000	1,569,088	2,668,567
Berry Global Group	16,750	1,271,426	1,561,023
Canfor Pulp Products	143,725	1,829,915	961,520
Cascades	100,725	872,624	1,407,128
Eastman Chemical	19,000	1,784,741	2,901,828
Freeport-McMoRan	27,000	633,626	1,423,207
Holcim	26,353	1,715,164	1,694,829
HudBay Minerals	223,775	1,681,812	2,049,779
Interfor Corporation	23,175	359,185	938,819
Intertape Polymer Group	34,000	72,700	894,880
Kuraray	229,600	4,000,138	2,515,999
Lundin Mining Corporation	142,800	663,583	1,410,864
Nutrien	34,000	2,158,966	3,232,720
Pretium Resources	90,000	886,215	1,603,800
Regis Resources	625,204	2,018,794	1,119,635
Smurfit Kappa Group	27,850	1,073,619	1,933,062
Teck Resources	85,000	1,563,935	3,096,550
West Fraser Timber Corporation	19,891	1,144,067	2,400,446
Western Forest Products	771,775	1,569,854	1,628,445
		27,300,479	35,654,564
Industrial Products			
A.P. Moller - Maersk	251	437,502	1,136,784
Air Canada	100,800	478,497	2,129,903
Bombardier	1,400,000	3,703,269	2,352,000
Bunzl	28,025	850,759	1,383,270
CAE	40,325	823,129	1,286,771

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Industrial Products (continued)			
FLSmidth & Co.	28,271	1,705,027	1,333,909
Fluor Corporation	40,000	2,586,073	1,251,532
Fraport AG Frankfurt Airport Services Worldwide	16,012	930,046	1,361,167
General Electric	15,118	2,073,407	1,804,031
Maxar Technologies	23,100	1,064,401	861,651
Mitsui & Co.	74,000	1,304,893	2,210,712
Siemens	15,850	1,693,814	3,476,180
Spirit Aerosystems Holdings	17,975	1,092,864	978,366
Spirit Airlines	33,100	1,713,536	913,556
United Parcel Service	5,700	501,518	1,543,242
		20,958,735	24,023,074
Consumer Discretionary			
Adient	45,500	1,952,112	2,751,828
Canadian Tire Corporation	17,500	1,623,814	3,175,199
Dick's Sporting Goods	10,050	495,634	1,459,762
Dorel Industries	43,000	1,312,143	881,070
Kingfisher	430,000	1,347,201	2,488,777
Linamar Corporation	38,000	1,552,500	2,847,340
Magna International	25,550	1,009,504	2,615,043
Panasonic Corporation	134,400	1,587,972	1,864,931
Skechers USA	25,250	1,048,642	1,384,226
Transat A.T.	40,475	328,463	163,114
Valeo	43,300	2,313,413	1,653,232
		14,571,398	21,284,522
Consumer Staples			
Associated British Foods	32,250	1,092,544	1,107,921
Carrefour	97,525	3,501,717	2,256,148
Danone	11,625	1,097,755	911,585
George Weston	22,125	2,129,427	3,244,853
Maple Leaf Foods	29,675	804,762	868,291
Wal-Mart Stores	15,000	825,108	2,741,483
		9,451,313	11,130,281
Health Care			
Abbvie	17,000	1,532,557	2,907,525
Biogen	4,000	1,224,251	1,212,222
CVS Health Corporation	14,450	1,167,050	1,882,934
Gilead Sciences	34,208	3,110,991	3,137,473
GlaxoSmithKline	25,200	1,275,300	1,403,767
Merck & Co.	16,125	1,115,016	1,561,029
Pfizer	50,500	1,382,733	3,766,753
Roche Holding	5,000	1,586,974	2,627,785

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Health Care (continued)			
Sanofi	27,500	2,587,561	3,499,124
Tenet Healthcare Corporation	18,000	365,669	1,857,365
		15,348,102	23,855,977
Financial Services			
Abrdn	235,753	1,186,703	971,649
Aegon	400,000	2,886,819	2,524,132
Allianz	2,340	683,265	697,973
Bank of America Corporation	40,000	953,846	2,247,906
Bank of Montreal	24,000	1,536,366	3,268,560
Bank of Nova Scotia	42,500	2,939,466	3,805,875
BNP Paribas	35,000	2,236,053	3,055,260
Canadian Imperial Bank of Commerce	15,515	1,729,904	2,287,687
Citigroup	40,000	2,108,443	3,051,271
ING Groep	170,000	3,019,746	2,989,456
Invesco	48,851	917,893	1,420,478
Manulife Financial Corporation	150,000	2,785,479	3,616,500
Power Corporation of Canada	70,000	1,862,990	2,926,000
Royal Bank of Canada	22,000	1,595,014	2,953,500
State Street Corporation	26,000	1,496,298	3,054,303
Sun Life Financial	44,000	1,458,336	3,098,040
Toronto-Dominion Bank	35,000	1,841,359	3,394,300
Truist Financial Corporation	28,611	1,593,378	2,116,000
Wells Fargo & Co.	35,275	2,367,780	2,137,879
		35,199,138	49,616,769
Real Estate			
Cominar Real Estate Investment Trust	68,875	593,501	805,149
Macerich Company	73,250	1,644,359	1,598,848
Morguard Corporation	10,075	863,253	1,374,835
		3,101,113	3,778,832
Technology			
ams AG	119,075	2,766,342	2,739,453
Celestica	230,000	2,004,216	3,243,000
Cirrus Logic	17,510	1,294,979	2,035,280
Cisco Systems	15,000	304,401	1,200,690
International Business Machines Corporation (IBM)	9,010	1,631,053	1,521,185
Kyocera Corporation	17,000	804,248	1,340,200
Open Text Corporation	25,325	1,526,562	1,520,513
Oracle Corporation	22,525	1,154,971	2,481,344
Samsung Electronics Corporation	1,491	2,089,392	3,101,634
SAP	8,424	1,264,441	1,511,373
Skyworks Solutions	10,007	1,103,580	1,961,027
Vmware	7,525	1,317,491	1,101,465
		17,261,676	23,757,164

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Communication Services			
Alphabet	850	1,485,786	3,106,789
AT&T	90,600	2,902,091	2,815,264
BCE	39,000	1,546,033	2,566,590
Cogeco Communications	12,750	634,641	1,284,308
Comcast Corporation	30,725	638,009	1,953,326
Meta Platforms	6,000	1,330,604	2,549,168
Quebecor	46,875	511,503	1,338,281
Rogers Communications	36,675	1,615,786	2,208,935
Telefonica	325,710	5,574,365	1,802,222
Telus Corporation	80,000	991,897	2,383,200
Verizon Communications	40,000	1,718,009	2,625,336
Vodafone Group, ADR	108,618	4,622,751	2,048,413
		23,571,475	26,681,832
Utilities			
Capital Power Corporation	64,000	1,454,985	2,525,440
EDP - Energias de Portugal	400,000	1,707,985	2,776,373
Superior Plus Corporation	174,725	2,064,578	2,271,425
Veolia Environnement	65,000	1,765,159	3,012,095
		6,992,707	10,585,333
Investment Fund			
Letko Brosseau Emerging Markets Equity Fund	3,278,738	33,907,369	37,440,561
Total Equities		231,089,342	295,277,526

	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds			
Provincial Governments and Crown Corporations			
Canada Housing Trust 2.900%, 2024-06-15	1,280,000	1,327,014	1,331,382
New Brunswick F-M Project 6.470%, 2027-11-30	33,205	33,478	37,949
Ontario Hydro Energy 8.900%, 2022-08-18	430,000	537,360	452,333
Province of Alberta 1.600%, 2022-09-01	225,000	223,995	226,526
2.650%, 2023-09-01	3,000,000	3,086,100	3,078,361
2.200%, 2026-06-01	3,000,000	3,137,805	3,080,678
2.550%, 2027-06-01	3,855,000	3,964,868	4,025,973
Province of British Columbia 2.700%, 2022-12-18	115,000	115,674	117,139
7.875%, 2023-11-30	440,000	548,949	493,559

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 Manitoba			
2.550%, 2023-06-02	85,000	85,112	86,846
2.450%, 2025-06-02	2,095,000	2,210,765	2,164,074
Province of New Brunswick			
2.600%, 2026-08-14	645,000	684,068	673,902
Province of Newfoundland and Labrador			
1.950%, 2022-06-02	3,855,000	3,870,102	3,880,491
floating rate, 2023-02-27	3,205,000	3,203,942	3,216,960
Province of Nova Scotia			
9.600%, 2022-01-30	10,000	14,684	10,061
floating rate, 2022-11-09	6,150,000	6,178,866	6,166,346
1.000%, 2023-04-17	4,880,000	4,922,773	4,884,768
floating rate, 2024-11-09	1,505,000	1,509,656	1,522,738
2.100%, 2027-06-01	495,000	472,838	505,937
Province of Ontario			
3.150%, 2022-06-02	5,215,000	5,264,810	5,275,115
floating rate, 2022-06-27	3,655,000	3,676,393	3,662,400
9.500%, 2022-07-13	105,000	136,184	109,943
3.500%, 2024-06-02	4,500,000	4,920,660	4,734,933
2.300%, 2024-09-08	240,000	243,432	246,142
2.600%, 2025-06-02	6,500,000	7,039,630	6,748,659
1.750%, 2025-09-08	5,320,000	5,532,523	5,372,375
2.400%, 2026-06-02	9,500,000	10,046,915	9,842,147
2.600%, 2027-06-02	3,340,000	3,490,300	3,501,120
Province of Quebec			
2.750%, 2025-09-01	2,960,000	3,225,216	3,099,189
Province of Saskatchewan			
9.600%, 2022-02-04	210,000	272,965	211,537
3.200%, 2024-06-03	2,483,000	2,623,538	2,595,031
0.800%, 2025-09-02	2,500,000	2,501,375	2,439,940
PSP Capital			
0.900%, 2026-06-15	5,600,000	5,575,135	5,447,509
		90,677,125	89,242,063
Municipalities and Parapublic Institutions			
City of Hamilton			
2.800%, 2022-10-01	30,000	29,996	30,460
City of Toronto			
2.450%, 2025-02-06	85,000	83,632	87,631
City of Vancouver			
3.750%, 2023-10-24	1,250,000	1,329,570	1,308,717
Municipal Finance Authority of British Columbia			
2.150%, 2024-06-03	390,000	389,411	397,711
1.100%, 2025-06-01	750,000	761,513	741,188
Regional Municipality of York			
2.500%, 2026-06-02	175,000	169,171	181,733

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



	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds (continued)			
Municipalities and Parapublic Institutions (continued)			
Toronto Hydro Corporation 2.910%, 2023-04-10	500,000	505,350	508,860
York Region District School Board 6.550%, 2023-04-12	60,000	68,849	64,123
		3,337,492	3,320,423
Total Canadian Government Bonds		94,014,617	92,562,486
Corporate Bonds			
Bank of Montreal 2.120%, 2022-03-16	170,000	169,934	170,606
2.270%, 2022-07-11	195,000	191,471	196,720
Bank of Nova Scotia 1.830%, 2022-04-27	1,620,000	1,649,224	1,627,186
2.360%, 2022-11-08	855,000	835,985	865,801
Bell Canada 2.700%, 2024-02-27	750,000	789,323	765,652
Canadian Imperial Bank of Commerce 2.040%, 2022-03-21	500,000	497,950	501,821
2.970%, 2023-07-11	1,500,000	1,570,499	1,540,191
Cogeco Communications 4.925%, 2022-02-14	750,000	789,750	753,226
Cominar Real Estate Investment Trust 4.164%, 2022-06-01	455,000	455,000	460,547
First Capital Realty 3.950%, 2022-12-05	500,000	509,380	511,821
George Weston 4.115%, 2024-06-17	750,000	820,830	786,335
Loblaw Companies 3.918%, 2024-06-10	500,000	544,000	525,547
Morguard Corporation 4.402%, 2023-09-28	1,000,000	1,000,000	1,011,382
4.715%, 2024-01-25	900,000	922,941	915,128
4.204%, 2024-11-27	100,000	100,358	100,281
Rogers Communications 4.000%, 2024-03-13	940,000	990,666	980,387
Royal Bank of Canada 1.968%, 2022-03-02	1,700,000	1,656,237	1,704,487
2.000%, 2022-03-21	3,000,000	3,067,830	3,010,581
4.930%, 2025-07-16	350,000	400,680	389,637
Saputo 1.939%, 2022-06-13	1,820,000	1,785,171	1,827,985
SmartCentres Real Estate Investment Trust 3.192%, 2027-06-11	500,000	513,790	515,465

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



	Par Value	Cost \$	Fair Value \$
Corporate Bonds (continued)			
Toronto-Dominion Bank 1.909%, 2023-07-18	2,000,000	2,051,340	2,021,631
TC Energy Corporation 3.690%, 2023-07-19	530,000	564,556	545,421
Thomson Reuters Corporation 2.239%, 2025-05-14	1,500,000	1,566,330	1,516,027
Total Corporate Bonds		23,443,245	23,243,865
Total Bonds		117,457,862	115,806,351
Money Market Securities			
Alberta Treasury Bills 2022-03-15	5,000	4,998	4,998
2022-03-22	5,000	4,998	4,998
Nova Scotia Treasury Bills 2022-01-20	2,380,000	2,379,761	2,379,762
Ontario Treasury Bills 2022-03-23	1,435,000	1,434,369	1,434,369
Province of British Columbia, notes 2022-01-20	2,985,000	3,825,516	3,770,283
2022-02-01	365,000	451,816	460,949
2022-02-03	20,000	24,914	25,258
2022-03-17	75,000	94,925	94,700
2022-04-04	260,000	332,384	328,252
Province of Quebec, notes 2022-02-02	1,260,000	1,569,975	1,591,334
Total Money Market Securities		10,123,656	10,094,903
Portfolio Transaction Costs Included in the Securities' Cost		(284,806)	
Total Investments		358,386,054	421,178,780

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 23, 2022.

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

3. Significant accounting policies

Financial instruments

Classification

The Fund classifies its financial assets based on both the Fund’s business model for managing those financial assets and the associated contractual cash flow characteristics. Based on the Fund’s objective of achieving long-term capital appreciation and the management and evaluation of the portfolio’s performance on a fair value basis, the Fund applies the business model which requires that its portfolio, which includes cash and investments, be classified at fair value through profit or loss. All other financial assets and liabilities, with the exception of the Fund’s obligation for net assets attributable to holders of redeemable units, are classified at amortized cost. The Fund’s obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as described in note 7.

Recognition and measurement

The Fund recognizes financial instruments at fair value upon initial recognition. Purchases and sales of investments are recognized on the trade date. Subsequent to initial recognition, cash and investments are measured at fair value and gains and losses arising from changes in the fair value are recognized in the statements of comprehensive income. All other financial assets and financial liabilities are initially recognized on the date on which they originated and are subsequently measured at amortized cost.

Portfolio transaction costs incurred by the Fund for the sale and purchase of investments are expensed as incurred.



3. Significant accounting policies (continued)

Financial instruments (continued)

Fair value

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

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

Information on the reliability of the fair value measurement of financial assets is disclosed in note 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, 2022 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, 2021, the net assets attributable to holders of redeemable units of Letko Brosseau Emerging Markets Equity Fund are \$1,313,270,982 (2020: \$1,258,377,067) and the Fund's maximum exposure to loss is \$37,440,561 (2020: \$66,232,816), 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.

	2021	2020
Number of redeemable units in circulation, beginning of year	52,017,021	60,889,865
Number of redeemable units issued and redeemed during the year		
Issued for cash and other consideration	969,339	3,616,569
Issued on reinvestment of distributions	977,779	3,384,109
Redeemed	(24,980,081)	(15,873,522)
Number of redeemable units in circulation, end of year	28,984,058	52,017,021

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. Upon request from the Manager, additional income and capital gain distributions may occur at different times during the fiscal year under exceptional circumstances.

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.

2021	Manager \$	Other related parties \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	346,464
Issued on reinvestment of distributions	-	121,694
Redeemed	-	(93,182)
	-	374,976
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

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

As at December 31, related parties held units of the Fund with an aggregate fair market value of the following:

	2021 \$	2020 \$
Manager	-	-
Other related parties	4,794,508	3,826,492
	4,794,508	3,826,492

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.



10. Net securities lending income (continued)

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

	2021 \$	2020 \$
Total fair value of securities on loan	106,826,866	116,536,181
Total collateral held	108,964,171	118,868,325

Securities lending income reported in the statements of comprehensive income is net of securities lending charges which the Fund's Trustee is entitled to receive as per the terms of the program. For the years ended December 31, securities lending income was as follows:

	2021 \$	2020 \$
Gross securities lending income	191,147	404,417
Securities lending charges	(76,459)	(161,767)
Net securities lending income	114,688	242,650
Securities lending charges as a % of the gross securities lending income	40.0%	40.0%

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.

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.



13. Risks associated with financial instruments (continued)

Credit risk (continued)

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	2021 % of net assets	2020 % of net assets
AAA	2.22	4.66
AA	6.02	5.62
A	16.41	12.80
BBB	2.53	2.22
BB	0.11	0.07

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.

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.



13. Risks associated with financial instruments (continued)

Market risks (continued)

Price risk (continued)

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

Benchmark indices	Changes in %	2021 Impact \$	2020 Impact \$
FTSE Canada 91 Day TBill Total Return Index	0.25	31,000	78,000
FTSE Canada Universe Bond Total Return Index	1.00	1,154,000	1,691,000
S&P/TSX Composite Total Return Capped Index	3.00	3,096,000	4,708,000
MSCI World Total Return Net Index	3.00	5,711,000	9,168,000

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	2021 % of net assets	2020 % of net assets
U.S. dollars	25.81	28.93
Euros	9.32	8.38
Other currencies representing less than 5% individually	11.52	12.81

As at December 31, 2021 an increase or decrease of 3% in the value of Canadian currency compared to foreign currencies, with all other variables being equal, would have resulted in an upward or downward variation of the Fund's investments and net assets of \$5,939,000 (2020: \$10,001,000).

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	2021 \$	2020 \$
Less than 1 year	31,773,132	60,364,940
1 to 5 years	75,446,775	103,592,571
5 to 10 years	8,586,444	4,822,090
Total	115,806,351	168,779,601

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 \$2,647,000 (2020: \$2,778,000). 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.



13. Risks associated with financial instruments (continued)

Market risks (continued)

Interest rate risk (continued)

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
	\$	\$	\$	\$
2021				
Equities, excluding investment fund	257,836,965	-	-	257,836,965
Investment fund	-	37,440,561	-	37,440,561
Bonds	89,242,063	26,564,288	-	115,806,351
Money market securities	10,094,903	-	-	10,094,903
	357,173,931	64,004,849	-	421,178,780
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

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

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

15. 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.