



# LetkoBrosseau

**Letko Brosseau RSP Balanced Fund**  
**Letko Brosseau Fonds RER équilibré**

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## **ANNUAL FINANCIAL STATEMENTS**

DECEMBER 31, 2022 AND 2021  
(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, 2022 and 2021, 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, 2022 and 2021, 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.



	2022	2021
	\$	\$
<b>Current assets</b>		
Cash	327,915	2,187,025
Investments	397,717,125	421,178,780
Interest, dividends and other receivables	1,247,859	1,176,029
	<u>399,292,899</u>	<u>424,541,834</u>
<b>Current liabilities</b>		
Amounts payable on redemptions of redeemable units	147,440	128,176
Accrued expenses	36,461	36,930
	<u>183,901</u>	<u>165,106</u>
<b>Net assets attributable to holders of redeemable units</b>	<u>399,108,998</u>	<u>424,376,728</u>

**Supplementary information**

<b>Number of redeemable units in circulation (note 6)</b>	29,380,025	28,984,058
<b>Net assets per unit attributable to holders of redeemable units (note 7)</b>	\$ 13.5844	\$ 14.6417

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.

LETKO BROSSEAU RSP BALANCED FUND

LETKO BROSSEAU FONDS RER ÉQUILIBRÉ

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in Canadian Dollars)



	2022	2021
	\$	\$
<b>Net assets attributable to holders of redeemable units, beginning of year</b>	424,376,728	665,035,206
<b>Change in net assets attributable to holders of redeemable units</b>	(3,127,144)	92,719,904
<b>Redeemable unit transactions</b>		
Proceeds from issuance	14,876,934	13,445,815
Reinvestment of distributions	27,089,980	13,486,686
Redemptions	(37,017,520)	(346,321,531)
	4,949,394	(319,389,030)
<b>Distributions to holders of redeemable units (note 7)</b>		
Net investment income	(12,753,634)	(13,765,153)
Net realized gain on sale of investments	(14,336,346)	(224,199)
	(27,089,980)	(13,989,352)
<b>Net assets attributable to holders of redeemable units, end of year</b>	399,108,998	424,376,728

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



	2022	2021
	\$	\$
<b>Investment income</b>		
Net interest income for distribution purposes	3,014,755	3,263,323
Dividend income	9,865,967	10,430,010
Net securities lending income (note 10)	89,618	114,688
Foreign exchange gain (loss) on cash	(19,372)	(1,008,024)
Net realized gain (loss) on sale of investments	12,924,562	53,336,924
Net changes in unrealized appreciation (depreciation) of investments	(29,678,028)	27,127,572
	<b>(3,802,498)</b>	<b>93,264,493</b>
<b>Expenses</b>		
Trustee fees (note 11)	118,634	148,385
Professional fees	15,858	15,207
Filing fees	3,478	2,458
Withholding taxes	(893,630)	203,318
Portfolio transaction costs	80,306	175,221
	<b>(675,354)</b>	<b>544,589</b>
<b>Change in net assets attributable to holders of redeemable units</b>	<b>(3,127,144)</b>	<b>92,719,904</b>
<b>Change in net assets per unit attributable to holders of redeemable units (note 3)</b>	<b>(0.1091)</b>	<b>2.4322</b>

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



	2022	2021
	\$	\$
<b>Cash flows from (used in) operating activities</b>		
Change in net assets attributable to holders of redeemable units	(3,127,144)	92,719,904
Adjustments or variations for:		
Foreign exchange (gain) loss on cash	19,372	1,008,024
Net realized (gain) loss on sale of investments	(12,924,562)	(53,336,924)
Net changes in unrealized (appreciation) depreciation of investments	29,678,028	(27,127,572)
Proceeds from sale or maturity of investments	187,711,008	494,505,177
Investments purchased	(180,160,123)	(174,378,947)
Interest, dividends and other receivables	(71,830)	560,825
Amounts payable on redemptions of redeemable units	19,264	(14,228)
Accrued expenses	(469)	(14,848)
	<b>21,143,544</b>	<b>333,921,411</b>
<b>Cash flows from (used in) financing activities</b>		
Proceeds from issuance of redeemable units	14,876,934	13,445,815
Amounts paid on redemptions of redeemable units	(37,017,520)	(346,321,531)
Distributions paid in cash to holders of redeemable units	-	(502,666)
	<b>(22,140,586)</b>	<b>(333,378,382)</b>
<b>Change in cash</b>	<b>(997,042)</b>	<b>543,029</b>
Cash, beginning of year	2,187,025	431,139
Effect of exchange rate changes on foreign cash	(862,068)	1,212,857
<b>Cash, end of year</b>	<b>327,915</b>	<b>2,187,025</b>

#### Supplementary information

##### Cash flows relating to operating activities:

Interest received	\$ 3,117,495	\$ 3,325,404
Dividends received, net of withholding taxes	\$ 9,304,257	\$ 10,733,882
Interest paid	\$ 615	\$ 598

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



	Quantity	Cost \$	Fair Value \$
<b>Equities</b>			
<b>Energy</b>			
Birchcliff Energy	142,700	577,726	1,345,661
Canadian Natural Resources	19,725	612,181	1,483,123
Cenovus Energy	74,194	1,102,370	1,949,076
ConocoPhillips	16,600	782,080	2,654,093
Devon Energy Corporation	16,150	892,218	1,345,997
Enerflex	151,425	1,331,268	1,293,170
Hess Corporation	10,000	508,277	1,921,602
Ovintiv	12,700	747,689	870,712
Peyto Exploration & Development Corporation	185,450	1,221,965	2,572,192
Shell	32,825	2,285,038	2,532,937
Suncor Energy	51,275	1,595,906	2,202,261
TC Energy Corporation	29,425	1,573,214	1,588,362
TotalEnergies	37,000	2,333,989	3,138,087
Tourmaline Oil Corporation	8,625	154,534	589,260
		15,718,455	25,486,533
<b>Materials</b>			
5N Plus	88,850	431,027	258,554
Arkema	15,500	1,644,329	1,880,119
Berry Global Group	27,925	2,083,305	2,286,503
Canfor Pulp Products	143,725	1,829,915	595,022
Cascades	100,725	872,624	852,134
Eastman Chemical	21,500	2,100,499	2,372,478
Freeport-McMoRan	11,425	268,118	588,255
Graphic Packaging Holding	21,700	597,808	654,208
Holcim	28,353	1,821,039	1,997,568
HudBay Minerals	243,775	1,771,390	1,667,421
Interfor Corporation	23,175	359,185	486,675
Kuraray	229,600	4,000,139	2,494,541
Lundin Mining Corporation	167,800	829,898	1,394,418
Nutrien	23,100	1,549,233	2,283,435
Regis Resources	663,204	2,091,376	1,255,353
Smurfit Kappa Group	40,150	1,672,315	2,009,660
Teck Resources	69,250	1,378,603	3,543,523
West Fraser Timber Corporation	13,275	763,536	1,297,897
Western Forest Products	771,775	1,569,854	895,259
		27,634,193	28,813,023
<b>Industrial Products</b>			
Air Canada	100,800	478,497	1,954,512
Anaergia	45,800	740,618	198,772
Bombardier	56,000	3,703,269	2,927,120
Bunzl	28,025	850,759	1,260,243
CAE	40,325	823,129	1,056,112
Fedex Corporation	3,975	842,138	932,848
FLSmidth & Co.	33,796	1,895,677	1,654,154
Fraport AG Frankfurt Airport Services Worldwide	16,012	930,046	881,040
General Electric	15,118	2,073,407	1,716,376

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



	Quantity	Cost \$	Fair Value \$
<b>Equities (continued)</b>			
<b>Industrial Products (continued)</b>			
Maxar Technologies	23,100	1,064,401	1,619,438
Mitsui & Co.	49,450	871,986	1,956,583
Siemens	23,275	2,736,888	4,363,389
Spirit Aerosystems Holdings	17,975	1,092,864	720,919
Spirit Airlines	38,550	1,872,910	1,017,511
Transat	40,475	328,463	118,997
United Parcel Service	5,000	439,928	1,177,730
		20,744,980	23,555,744
<b>Consumer Discretionary</b>			
Adient	45,500	1,952,112	2,138,660
Canadian Tire Corporation	16,750	1,574,412	2,370,125
Dick's Sporting Goods	9,500	468,510	1,548,386
Dorel Industries	43,000	1,312,143	223,600
Kingfisher	430,000	1,347,201	1,654,709
Linamar Corporation	40,025	1,669,347	2,453,533
Magna International	27,225	1,138,049	2,070,734
Panasonic Holdings Corporation	134,400	1,587,972	1,532,678
Skechers USA	27,600	1,165,068	1,568,798
Valeo	86,300	3,251,545	2,084,119
		15,466,359	17,645,342
<b>Consumer Staples</b>			
Associated British Foods	63,150	1,973,308	1,622,134
Carrefour	97,525	3,501,717	2,205,708
Danone	11,625	1,097,755	827,595
George Weston	21,000	2,021,151	3,527,790
Maple Leaf Foods	50,400	1,386,276	1,232,280
Wal-Mart Stores	15,000	825,108	2,881,793
		10,805,315	12,297,300
<b>Health Care</b>			
Abbvie	15,700	1,415,362	3,437,905
Biogen	4,000	1,224,251	1,500,860
CVS Health Corporation	14,450	1,167,050	1,824,581
Gilead Sciences	25,958	2,360,708	3,019,517
GlaxoSmithKline	34,910	1,681,708	1,662,178
Merck & Co.	7,325	506,511	1,101,187
Pfizer	44,500	1,218,448	3,089,549
Roche Holding	5,000	1,586,974	2,127,177
Sanofi	27,500	2,573,055	3,572,709
Tenet Healthcare Corporation	33,350	1,522,621	2,204,716
		15,256,688	23,540,379
<b>Financial Services</b>			
Aegon	300,000	2,165,115	2,055,472
Allianz	2,340	683,265	679,815
Bank of America Corporation	47,500	1,279,542	2,131,621

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



	Quantity	Cost \$	Fair Value \$
<b>Equities (continued)</b>			
<b>Financial Services (continued)</b>			
Bank of Montreal	23,000	1,598,735	2,821,180
Bank of Nova Scotia	40,000	2,793,055	2,653,600
BNP Paribas	40,375	2,604,460	3,109,048
Canadian Imperial Bank of Commerce	31,030	1,729,904	1,699,513
CI Financial Corporation	30,300	461,877	409,353
Citigroup	44,000	2,374,721	2,696,530
ING Groep	169,500	3,010,864	2,791,338
Invesco	48,851	917,893	1,190,777
Manulife Financial Corporation	150,800	2,947,747	3,641,820
Power Corporation of Canada	80,450	2,274,003	2,562,333
Royal Bank of Canada	21,000	1,629,607	2,673,300
State Street Corporation	27,900	1,700,915	2,932,405
Sun Life Financial	38,000	1,259,472	2,388,300
Toronto-Dominion Bank	35,400	1,955,183	3,103,518
Truist Financial Corporation	31,611	1,789,047	1,843,043
Wells Fargo & Co.	35,275	2,367,780	1,973,503
		35,543,185	43,356,469
<b>Real Estate</b>			
Macerich Company	97,450	2,038,802	1,486,778
Morguard Corporation	10,075	863,253	1,133,035
		2,902,055	2,619,813
<b>Technology</b>			
Alps Alpine	57,200	683,725	703,110
ams-OSRAM	119,075	2,766,342	1,177,096
Celestica	180,000	1,568,517	2,746,800
Cirrus Logic	17,585	1,302,611	1,774,631
Cisco Systems	15,000	304,401	968,253
International Business Machines Corporation (IBM)	9,010	1,631,053	1,720,010
Kyocera Corporation	17,000	804,248	1,143,815
Open Text Corporation	35,325	2,057,303	1,417,239
Oracle Corporation	22,525	1,154,971	2,494,741
Samsung Electronics Corporation	1,791	2,543,432	2,731,382
SAP	13,524	1,885,151	1,885,091
Skyworks Solutions	14,307	1,716,547	1,766,591
Vmware	8,475	1,461,831	1,409,687
		19,880,132	21,938,446
<b>Communication Services</b>			
Alphabet	21,480	2,174,967	2,582,443
AT&T	128,850	3,673,568	3,214,136
BCE	39,000	1,546,033	2,320,110
Cogeco Communications	14,750	796,338	1,132,653
Comcast Corporation	57,475	1,852,263	2,723,332
Meta Platforms	11,275	2,520,415	1,838,453
Netflix	2,390	549,601	954,925

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



	Quantity	Cost \$	Fair Value \$
<b>Equities (continued)</b>			
<b>Communication Services (continued)</b>			
Quebecor	46,875	511,503	1,415,625
Rogers Communications	42,675	1,958,512	2,704,315
Telefonica	325,710	5,574,365	1,594,355
Telus Corporation	80,000	991,897	2,090,400
Verizon Communications	40,000	1,718,009	2,135,415
Vodafone Group	108,618	4,622,751	1,489,390
Warner Bros. Discovery	21,917	169,017	281,524
		<b>28,659,239</b>	<b>26,477,076</b>
<b>Utilities</b>			
Capital Power Corporation	64,000	1,454,985	2,965,120
EDP - Energias de Portugal	400,000	1,707,985	2,693,198
Superior Plus Corporation	174,725	2,064,578	1,962,162
Veolia Environnement	63,000	1,710,847	2,186,488
		<b>6,938,395</b>	<b>9,806,968</b>
<b>Investment Fund</b>			
Letko Brosseau Emerging Markets Equity Fund	3,387,661	35,117,821	38,943,199
		<b>234,666,817</b>	<b>274,480,292</b>
<b>Total Equities</b>			
	<b>Par Value</b>	<b>Cost \$</b>	<b>Fair Value \$</b>
<b>Canadian Government Bonds</b>			
<b>Provincial Governments and Crown Corporations</b>			
Canada Housing Trust 2.900%, 2024-06-15	1,280,000	1,327,014	1,254,981
CPPIB Capital 2.850%, 2027-06-01	730,000	729,109	699,675
New Brunswick F-M Project 6.470%, 2027-11-30	28,513	28,747	29,420
Province of Alberta 2.350%, 2025-06-01	2,000,000	1,967,600	1,921,795
2.200%, 2026-06-01	5,200,000	5,357,165	4,914,664
2.550%, 2027-06-01	3,855,000	3,964,868	3,657,612
Province of British Columbia 7.875%, 2023-11-30	440,000	548,949	450,771
Province of Manitoba 2.550%, 2023-06-02	85,000	85,112	84,286
2.450%, 2025-06-02	2,095,000	2,210,765	2,017,083
2.550%, 2026-06-02	1,000,000	976,700	955,720
2.600%, 2027-06-02	3,015,000	3,072,044	2,864,376
Province of New Brunswick 2.600%, 2026-08-14	645,000	684,068	616,334
Province of Newfoundland and Labrador floating rate, 2023-02-27	3,205,000	3,203,942	3,206,730
3.850%, 2027-10-17	2,000,000	1,997,280	1,992,805

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



	Par Value	Cost \$	Fair Value \$
<b>Canadian Government Bonds (continued)</b>			
<b>Provincial Governments and Crown Corporations (continued)</b>			
Province of Nova Scotia			
1.000%, 2023-04-17	4,880,000	4,922,774	4,831,422
floating rate, 2024-11-09	1,505,000	1,509,656	1,515,798
2.100%, 2027-06-01	495,000	472,838	460,485
Province of Ontario			
3.500%, 2024-06-02	4,500,000	4,920,660	4,446,947
2.300%, 2024-09-08	240,000	243,432	232,419
2.600%, 2025-06-02	6,500,000	7,039,630	6,281,883
1.750%, 2025-09-08	5,320,000	5,532,523	5,012,494
2.400%, 2026-06-02	9,500,000	10,046,915	9,038,181
1.350%, 2026-09-08	500,000	463,975	456,934
2.600%, 2027-06-02	3,840,000	3,981,800	3,650,642
2.700%, 2029-06-02	2,000,000	1,832,800	1,863,769
Province of Quebec			
2.750%, 2025-09-01	2,960,000	3,225,216	2,865,590
Province of Saskatchewan			
3.200%, 2024-06-03	2,483,000	2,623,538	2,443,364
0.800%, 2025-09-02	2,500,000	2,501,375	2,297,075
3.050%, 2028-12-02	3,000,000	2,824,500	2,867,359
PSP Capital			
0.900%, 2026-06-15	5,600,000	5,575,136	5,048,029
		83,870,131	77,978,643
<b>Municipalities and Parapublic Institutions</b>			
City of Toronto			
2.450%, 2025-02-06	85,000	83,632	82,127
City of Vancouver			
3.750%, 2023-10-24	1,250,000	1,329,570	1,240,855
Municipal Finance Authority of British Columbia			
1.100%, 2025-06-01	750,000	761,513	698,612
3.350%, 2027-06-01	390,000	389,376	381,896
Regional Municipality of York			
2.500%, 2026-06-02	400,000	392,213	381,287
South Coast British Columbia Transportation Authority			
1.600%, 2030-07-03	480,000	449,616	404,927
Toronto Hydro Corporation			
2.910%, 2023-04-10	500,000	505,350	497,427
York Region District School Board			
6.550%, 2023-04-12	60,000	68,849	60,295
		3,980,119	3,747,426
<b>Total Canadian Government Bonds</b>		87,850,250	81,726,069
<b>Corporate Bonds</b>			
407 International			
3.113%, 2027-04-08	750,000	749,768	733,630
Allied Properties Real Estate Investment Trust			
3.636%, 2025-04-21	210,000	201,852	200,810
3.113%, 2027-04-08	540,000	501,930	488,352

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



	Par Value	Cost \$	Fair Value \$
<b>Corporate Bonds (continued)</b>			
Bank of Montreal 3.190%, 2028-03-01	2,000,000	1,852,000	1,869,209
Bell Canada 2.700%, 2024-02-27	750,000	789,323	729,446
1.650%, 2027-08-16	2,000,000	1,733,800	1,740,996
Canadian Imperial Bank of Commerce 2.970%, 2023-07-11	1,500,000	1,570,500	1,484,552
Capital Power Corporation 4.284%, 2024-09-18	200,000	202,368	195,902
Enbridge Gas 2.880%, 2027-11-22	380,000	361,414	353,352
2.370%, 2029-08-09	550,000	495,336	482,500
Fortis 4.431%, 2029-05-31	500,000	498,625	486,400
George Weston 4.115%, 2024-06-17	750,000	820,830	736,945
Loblaw Companies 3.918%, 2024-06-10	500,000	544,000	492,285
4.488%, 2028-12-11	120,000	120,605	118,266
Morguard Corporation 4.402%, 2023-09-28	1,000,000	1,000,000	977,190
4.715%, 2024-01-25	900,000	922,941	871,981
4.204%, 2024-11-27	100,000	100,358	94,100
Rogers Communications 4.000%, 2024-03-13	940,000	990,666	925,949
3.250%, 2029-05-01	500,000	433,100	446,681
Royal Bank of Canada 4.930%, 2025-07-16	350,000	400,680	351,802
SmartCentres Real Estate Investment Trust 3.192%, 2027-06-11	1,430,000	1,369,323	1,295,025
TC Energy Corporation 3.690%, 2023-07-19	530,000	564,556	525,464
4.350%, 2026-05-12	400,000	399,885	391,417
Telus Corporation 2.350%, 2028-01-27	2,100,000	1,881,650	1,858,610
Thomson Reuters Corporation 2.239%, 2025-05-14	2,100,000	2,139,990	1,976,220
Toronto-Dominion Bank 1.909%, 2023-07-18	2,000,000	2,051,340	1,967,165
<b>Total Corporate Bonds</b>		<b>22,696,840</b>	<b>21,794,249</b>
<b>Total Bonds</b>		<b>110,547,090</b>	<b>103,520,318</b>

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



	Par Value	Cost \$	Fair Value \$
<b>Money Market Securities</b>			
Farm Credit Canada, notes			
2023-01-30	25,000	33,749	33,749
Manitoba Treasury Bills			
2023-01-25	1,100,000	1,089,627	1,089,627
2023-03-22	60,000	59,359	59,359
2023-03-29	1,035,000	1,023,770	1,023,770
New Brunswick Treasury Bills			
2023-01-05	365,000	361,784	361,784
Nova Scotia Power, notes			
2023-01-31	110,000	108,975	108,975
Ontario Treasury Bills			
2023-02-08	5,880,000	5,820,197	5,820,200
2023-03-22	60,000	59,357	59,357
2023-08-09	1,000,000	973,070	973,070
2023-12-20	2,850,000	2,727,906	2,727,906
Province of Alberta, notes			
2023-01-05	1,370,000	1,358,355	1,358,355
2023-03-24	1,030,000	1,019,504	1,019,504
Province of British Columbia, notes			
2023-01-20	5,000	6,701	6,729
2023-02-02	320,000	434,607	430,901
2023-02-03	80,000	107,030	107,590
2023-02-23	1,000,000	1,351,859	1,342,059
Province of Quebec, notes			
2023-01-09	1,360,000	1,809,998	1,832,928
2023-01-17	815,000	1,077,261	1,096,572
Quebec Treasury Bills			
2023-01-20	265,000	264,080	264,080
<b>Total Money Market Securities</b>		<b>19,687,189</b>	<b>19,716,515</b>
<b>Portfolio Transaction Costs Included in the Securities' Cost</b>		<b>(298,669)</b>	
<b>Total Investments</b>		<b>364,602,427</b>	<b>397,717,125</b>

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 24, 2023.

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, 2023 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, 2022, the net assets attributable to holders of redeemable units of Letko Brosseau Emerging Markets Equity Fund are \$1,406,904,472 (2021: \$1,313,270,982) and the Fund's maximum exposure to loss is \$38,943,199 (2021: \$37,440,561), 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.

	2022	2021
<b>Number of redeemable units in circulation, beginning of year</b>	28,984,058	52,017,021
<b>Number of redeemable units issued and redeemed during the year</b>		
Issued for cash and other consideration	1,031,967	969,339
Issued on reinvestment of distributions	1,967,825	977,779
Redeemed	(2,603,825)	(24,980,081)
<b>Number of redeemable units in circulation, end of year</b>	29,380,025	28,984,058

#### 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.

2022	Manager \$	Other related parties \$
<b>Redeemable units issued and redeemed</b>		
Issued for cash and other consideration	-	374,682
Issued on reinvestment of distributions	-	335,329
Redeemed	-	(150,284)
	-	559,727

  

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

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:

	2022 \$	2021 \$
Manager	-	-
Other related parties	4,980,350	4,794,508
	4,980,350	4,794,508

## 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.

	2022	2021
	\$	\$
Total fair value of securities on loan	92,403,911	106,826,866
Total collateral held	94,253,710	108,964,171

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:

	2022	2021
	\$	\$
Gross securities lending income	149,363	191,147
Securities lending charges	(59,745)	(76,459)
Net securities lending income	89,618	114,688
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 15<sup>th</sup> 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	2022 % of net assets	2021 % of net assets
AAA	2.43	2.22
AA	5.99	6.02
A	13.69	16.41
BBB	3.34	2.53
BB	0.49	0.11

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 %	2022 Impact \$	2021 Impact \$
FTSE Canada 91 Day TBill Total Return Index	0.25	50,000	31,000
FTSE Canada Universe Bond Total Return Index	1.00	1,037,000	1,154,000
S&P/TSX Composite Total Return Capped Index	3.00	2,583,000	3,096,000
MSCI World Total Return Net Index	3.00	5,634,000	5,711,000

##### 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	2022 % of net assets	2021 % of net assets
U.S. dollars	26.00	25.81
Euros	9.38	9.32
Other currencies representing less than 5% individually	12.77	11.52

As at December 31, 2022 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 \$5,767,000 (2021: \$5,939,000).

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	2022 \$	2021 \$
Less than 1 year	15,326,159	31,773,132
1 to 5 years	77,062,809	75,446,775
5 to 10 years	11,131,350	8,586,444
Total	103,520,318	115,806,351

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 \$2,754,000 (2021: \$2,647,000). Interest rate fluctuations have an insignificant impact on money market securities given their short-term maturities.



### 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
2022	\$	\$	\$	\$
Equities, excluding investment fund	235,537,093	-	-	235,537,093
Investment fund	-	38,943,199	-	38,943,199
Bonds	77,978,643	25,541,675	-	103,520,318
Money market securities	19,716,515	-	-	19,716,515
	333,232,251	64,484,874	-	397,717,125

	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

No investments were transferred within the levels during the years ended December 31, 2022 and 2021.

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.