



LetkoBrosseau

Letko Brosseau Balanced Fund
Letko Brosseau Fonds 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 BALANCED FUND
LETKO BROUSSEAU FONDS ÉQUILIBRÉ

Opinion

We have audited the financial statements of **LETKO BROUSSEAU BALANCED FUND / LETKO BROUSSEAU FONDS 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	609,150	544,360
Investments	579,699,220	521,758,693
Interest, dividends and other receivables	1,181,532	1,255,188
	581,489,902	523,558,241
Current liabilities		
Amounts payable on redemptions of redeemable units	500	93,300
Amounts payable for investments purchased	4,998	-
Accrued expenses	46,016	38,869
	51,514	132,169
Net assets attributable to holders of redeemable units	581,438,388	523,426,072

Supplementary information

Number of redeemable units in circulation (note 6)	33,263,303	33,846,265
Net assets per unit attributable to holders of redeemable units (note 7)	\$ 17.4799	\$ 15.4648

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.



	2021 \$	2020 \$
Net assets attributable to holders of redeemable units, beginning of year	523,426,072	634,801,874
Change in net assets attributable to holders of redeemable units	82,771,009	(12,173,540)
Redeemable unit transactions		
Proceeds from issuance	43,887,732	14,597,311
Reinvestment of distributions	15,095,047	13,719,262
Redemptions	(68,211,006)	(112,767,097)
	(9,228,227)	(84,450,524)
Distributions to holders of redeemable units (note 7)		
Net investment income	(12,774,428)	(14,751,738)
Net realized gain on sale of investments	(2,756,038)	-
	(15,530,466)	(14,751,738)
Net assets attributable to holders of redeemable units, end of year	581,438,388	523,426,072

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



	2021	2020
	\$	\$
Investment income		
Net interest income for distribution purposes	2,539,526	2,978,791
Dividend income	10,989,429	11,747,456
Net securities lending income (note 10)	94,801	116,547
Foreign exchange gain (loss) on cash	(563,816)	266,014
Net realized gain (loss) on sale of investments	18,914,531	(3,626,433)
Net changes in unrealized appreciation (depreciation) of investments	51,905,476	(22,453,927)
	83,879,947	(10,971,552)
Expenses		
Trustee fees (note 11)	148,921	135,044
Professional fees	13,063	13,621
Filing fees	8,824	2,886
Withholding taxes	823,309	884,070
Portfolio transaction costs	114,821	166,367
	1,108,938	1,201,988
Change in net assets attributable to holders of redeemable units	82,771,009	(12,173,540)
Change in net assets per unit attributable to holders of redeemable units (note 3)	2.4764	(0.3309)

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	82,771,009	(12,173,540)
Adjustments or variations for:		
Foreign exchange (gain) loss on cash	563,816	(266,014)
Net realized (gain) loss on sale of investments	(18,914,531)	3,626,433
Net changes in unrealized (appreciation) depreciation of investments	(51,905,476)	22,453,927
Proceeds from sale or maturity of investments	306,197,220	379,954,339
Investments purchased	(296,181,242)	(296,253,486)
Interest, dividends and other receivables	73,656	636,263
Amounts payable on redemptions of redeemable units	(92,800)	(174,148)
Amounts payable for investments purchased	4,998	-
Accrued expenses	7,147	(11,811)
	22,523,797	97,791,963
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	43,887,732	14,597,311
Amounts paid on redemptions of redeemable units	(68,211,006)	(112,767,097)
Distributions paid in cash to holders of redeemable units	(435,419)	(1,032,476)
	(24,758,693)	(99,202,262)
Change in cash	(2,234,896)	(1,410,299)
Cash, beginning of year	544,360	513,165
Effect of exchange rate changes on foreign cash	2,299,686	1,441,494
Cash, end of year	609,150	544,360

Supplementary information

Cash flows relating to operating activities:

Interest received	\$ 2,567,428	\$ 3,074,555
Dividends received, net of withholding taxes	\$ 10,211,584	\$ 11,409,273
Interest paid	\$ 533	\$ 2,025

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



	Quantity	Cost	Fair Value
		\$	\$
Equities			
Energy			
Birchcliff Energy	439,500	1,819,128	2,839,170
Canadian Natural Resources	67,875	2,149,662	3,627,919
Cenovus Energy	245,700	3,341,871	3,810,807
ConocoPhillips	40,900	1,864,457	3,729,031
Enerflex	135,475	1,210,057	1,037,739
Hess Corporation	19,768	1,119,612	1,848,529
Peyto Exploration & Development Corporation	309,300	2,127,970	2,922,880
Royal Dutch Shell, ADR	43,825	3,034,003	2,402,523
Suncor Energy	143,325	4,450,753	4,536,236
TC Energy Corp	27,575	1,474,303	1,622,237
TotalEnergies	65,000	4,307,520	4,167,074
Tourmaline Oil Corporation	42,750	771,361	1,745,910
		27,670,697	34,290,055
Materials			
5N Plus	76,700	310,398	182,546
Arkema	20,000	1,845,569	3,558,090
Berry Global Group	22,125	1,700,091	2,061,948
Eastman Chemical	30,000	2,841,802	4,581,833
Freeport-McMoRan	30,175	289,939	1,590,565
Holcim	28,156	2,326,480	1,809,895
HudBay Minerals	250,500	1,752,619	2,294,580
Intertape Polymer Group	35,513	92,168	934,702
Lundin Mining Corporation	162,300	669,845	1,603,524
Nutrien	41,500	1,638,356	3,945,820
Pretium Resources	146,800	1,449,579	2,615,976
Smurfit Kappa Group	37,125	1,410,251	2,576,837
Teck Resources	150,000	874,677	5,464,500
West Fraser Timber Corporation	26,497	1,588,334	3,197,658
Western Forest Products	662,425	1,248,446	1,397,717
		20,038,554	37,816,191
Industrial Products			
Air Canada	145,000	517,033	3,063,850
Bombardier	1,277,000	1,013,683	2,145,360
Bunzl	29,300	914,658	1,446,202
CAE	49,300	1,007,216	1,573,163
Fraport AG Frankfurt Airport Services Worldwide	14,600	849,082	1,241,134
General Electric	26,750	3,965,680	3,192,078
Maxar Technologies	30,700	1,407,068	1,145,137
Mitsui & Co.	110,000	1,950,428	3,286,193
Siemens	23,600	2,594,631	5,175,891
Siemens Energy	14,000	340,136	452,281
Spirit Aerosystems Holdings	23,975	1,419,446	1,304,941
United Parcel Service	9,675	840,406	2,619,449
		16,819,467	26,645,679

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



	Quantity	Cost	Fair Value
		\$	\$
Equities (continued)			
Consumer Discretionary			
Adient	60,800	2,457,484	3,677,169
Canadian Tire Corporation	24,419	1,648,680	4,430,583
Dick's Sporting Goods	13,495	669,222	1,960,148
Dorel Industries	45,000	1,599,300	922,050
Kingfisher	670,000	1,944,694	3,877,861
Linamar Corporation	53,200	1,840,628	3,986,276
Magna International	37,500	1,346,439	3,838,125
Panasonic Corporation	172,700	2,038,138	2,396,381
Skechers USA	22,275	920,628	1,221,134
Valeo	49,450	2,295,318	1,888,044
		16,760,531	28,197,771
Consumer Staples			
Associated British Foods	42,800	1,449,927	1,470,358
Danone	11,200	1,057,623	878,258
George Weston	21,575	2,076,909	3,164,190
Maple Leaf Foods	39,275	1,065,471	1,149,187
Wal-Mart Stores	23,765	1,517,285	4,343,423
		7,167,215	11,005,416
Health Care			
Abbvie	22,800	2,192,228	3,899,504
Biogen	4,010	1,189,151	1,215,253
CVS Health Corporation	17,075	1,379,057	2,224,989
Gilead Sciences	39,825	3,814,787	3,652,650
GlaxoSmithKline	40,800	2,101,151	2,272,765
Merck & Co.	25,725	1,780,338	2,490,386
Pfizer	66,925	1,685,593	4,991,880
Roche Holding	4,650	1,503,619	2,443,840
Sanofi	30,000	2,594,021	3,817,226
Tenet Healthcare Corporation	44,500	873,619	4,591,819
		19,113,564	31,600,312
Financial Services			
Abrdn	253,115	1,243,181	1,043,206
Aegon	807,875	5,851,119	5,097,959
Allianz	3,110	908,100	927,648
Bank of America Corporation	61,325	1,788,764	3,446,321
Bank of Montreal	48,500	3,227,460	6,605,215
Bank of Nova Scotia	72,000	4,547,005	6,447,600
BNP Paribas	65,000	4,101,762	5,674,055
Canadian Imperial Bank of Commerce	18,900	2,058,927	2,786,805
Citigroup	61,000	3,580,826	4,653,189
ING Groep	224,500	3,482,829	3,947,841
Invesco	82,854	1,247,177	2,409,210
Manulife Financial Corporation	210,000	3,763,321	5,063,100
Power Corporation of Canada	122,325	3,355,188	5,113,185

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



	Quantity	Cost	Fair Value
		\$	\$
Equities (continued)			
Financial Services (continued)			
Royal Bank of Canada	40,000	3,018,731	5,370,000
State Street Corporation	45,740	2,509,802	5,373,224
Sun Life Financial	55,425	1,798,058	3,902,474
Toronto-Dominion Bank	65,000	3,272,469	6,303,700
Truist Financial Corporation	34,825	1,934,437	2,575,573
Wells Fargo & Co.	34,350	2,282,711	2,081,818
		53,971,867	78,822,123
Real Estate			
Cominar Real Estate Investment Trust	65,000	562,259	759,850
Macerich Company	82,675	1,857,085	1,804,570
Morguard Corporation	11,600	382,619	1,582,936
		2,801,963	4,147,356
Technology			
ams AG	115,050	2,450,305	2,646,853
Celestica	240,500	1,635,007	3,391,050
Cirrus Logic	17,150	1,200,539	1,993,435
Cisco Systems	30,925	525,891	2,475,422
Kyndryl Holdings	3,000	126,161	68,589
Kyocera Corporation	30,000	1,338,204	2,365,059
Open Text Corporation	22,900	1,380,245	1,374,916
Oracle Corporation	27,950	1,419,675	3,078,959
Samsung Electronics Corporation	1,378	1,875,910	2,867,401
SAP	11,194	1,779,224	2,008,347
Skyworks Solutions	13,000	1,355,333	2,547,551
Vmware	10,000	1,752,118	1,463,741
		16,838,612	26,281,323
Communication Services			
Alphabet	1,174	2,026,314	4,291,024
AT&T	145,000	5,083,663	4,505,665
BCE	79,000	2,739,622	5,198,990
Series AA, preferred, 3.610%	36,750	880,163	768,075
Series AG, preferred, 2.800%	5,050	112,363	105,242
Cogeco Communications	18,000	973,975	1,813,140
Comcast Corporation	55,000	561,231	3,496,596
Meta Platforms	9,150	2,050,070	3,887,482
Quebecor	80,000	659,738	2,284,000
Rogers Communications	54,175	1,774,512	3,262,960
Telus Corporation	160,700	2,268,127	4,787,253
Verizon Communications	60,000	2,832,925	3,938,004
		21,962,703	38,338,431
Utilities			
Capital Power Corporation	90,850	2,061,707	3,584,941
EDP - Energias de Portugal	496,512	2,106,931	3,446,257

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Utilities (continued)			
Superior Plus Corporation	206,800	2,450,516	2,688,400
Veolia Environnement	67,400	1,809,690	3,123,311
		8,428,844	12,842,909
Investment Fund			
Letko Brosseau Emerging Markets Equity Fund	4,581,440	48,218,036	52,316,380
Total Equities		259,792,053	382,303,946
	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds			
Provincial Governments and Crown Corporations			
Canada Housing Trust			
1.750%, 2022-06-15	3,465,000	3,410,080	3,487,192
0.378%, 2023-09-15	3,000,000	3,009,720	3,010,656
0.400%, 2025-09-15	2,000,000	2,013,500	2,013,745
0.283%, 2026-03-15	5,000,000	5,007,100	5,013,154
0.140%, 2026-09-15	2,000,000	2,000,000	2,003,303
1.100%, 2026-12-15	125,000	124,760	122,336
Hydro-Quebec			
0.635%, 2023-04-14	1,500,000	1,510,500	1,508,728
Province of Alberta			
1.600%, 2022-09-01	1,000,000	997,610	1,006,782
2.350%, 2025-06-01	500,000	534,140	514,894
Province of British Columbia			
2.700%, 2022-12-18	610,000	618,174	621,348
Province of Manitoba			
2.550%, 2023-06-02	6,500,000	6,653,435	6,641,169
2.450%, 2025-06-02	1,150,000	1,228,394	1,187,916
Province of New Brunswick			
1.550%, 2022-05-04	3,000,000	2,909,700	3,012,309
2.850%, 2023-06-02	3,050,000	3,102,847	3,129,032
1.800%, 2025-08-14	3,900,000	4,072,641	3,946,082
2.600%, 2026-08-14	4,500,000	4,753,665	4,701,639
Province of Newfoundland and Labrador			
1.950%, 2022-06-02	7,275,000	7,241,995	7,323,106
floating rate, 2023-02-27	3,110,000	3,110,536	3,121,605
2.300%, 2025-06-02	1,500,000	1,585,620	1,538,937
3.000%, 2026-06-02	1,000,000	1,075,430	1,057,194
1.250%, 2027-06-02	3,400,000	3,298,340	3,310,126

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



	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds (continued)			
Provincial Governments and Crown Corporations (continued)			
Province of Nova Scotia			
floating rate, 2022-11-09	5,000,000	5,000,000	5,013,289
1.000%, 2023-04-17	625,000	631,868	625,611
floating rate, 2024-11-09	3,320,000	3,328,400	3,359,130
Province of Ontario			
3.150%, 2022-06-02	3,695,000	3,659,381	3,737,594
1.950%, 2023-01-27	1,000,000	994,120	1,012,705
0.488%, 2023-08-21	2,000,000	2,009,300	2,008,630
2.300%, 2024-09-08	3,000,000	3,073,600	3,076,781
2.600%, 2025-06-02	5,500,000	5,956,610	5,710,404
1.750%, 2025-09-08	4,150,000	4,334,377	4,190,856
2.400%, 2026-06-02	2,270,000	2,400,684	2,351,755
1.350%, 2026-09-08	11,600,000	11,636,044	11,482,432
2.600%, 2027-06-02	13,450,000	13,999,971	14,098,823
Province of Saskatchewan			
0.800%, 2025-09-02	1,000,000	1,000,550	975,976
2.550%, 2026-06-02	5,000,000	5,173,100	5,209,899
PSP Capital			
1.730%, 2022-06-21	3,650,000	3,590,175	3,672,699
2.090%, 2023-11-22	2,500,000	2,583,475	2,544,651
0.900%, 2026-06-15	3,720,000	3,695,948	3,618,703
		131,325,790	130,961,191
Municipalities and Parapublic Institutions			
City of Barrie			
0.835%, 2024-07-05	515,000	515,000	507,447
1.068%, 2025-07-05	1,000,000	1,000,000	984,351
City of Toronto			
2.450%, 2025-02-06	300,000	295,173	309,288
City of Vancouver			
2.900%, 2025-11-20	200,000	199,328	210,296
Municipal Finance Authority of British Columbia			
2.150%, 2024-06-03	500,000	499,245	509,886
1.350%, 2026-06-30	1,000,000	1,002,400	988,972
		3,511,146	3,510,240
Total Canadian Government Bonds		134,836,936	134,471,431
Corporate Bonds			
Allied Properties Real Estate Investment Trust			
1.726%, 2026-02-12	220,000	216,766	214,763
Bank of Montreal			
2.120%, 2022-03-16	800,000	787,016	802,853
2.700%, 2026-12-09	630,000	664,988	655,961

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



	Par Value	Cost \$	Fair Value \$
Corporate Bonds (continued)			
Bank of Nova Scotia			
1.830%, 2022-04-27	1,000,000	1,017,750	1,004,436
2.360%, 2022-11-08	1,000,000	977,760	1,012,632
Bell Canada			
2.700%, 2024-02-27	500,000	526,215	510,435
1.650%, 2027-08-16	1,500,000	1,449,150	1,447,415
Canadian Imperial Bank of Commerce			
2.040%, 2022-03-21	535,000	546,936	536,949
Epcor Utilities			
0.982%, 2024-06-28	520,000	520,000	513,096
Fortis			
2.180%, 2028-05-15	250,000	251,900	249,759
Morguard Corporation			
4.402%, 2023-09-28	500,000	500,000	505,691
4.715%, 2024-01-25	690,000	707,588	701,598
4.204%, 2024-11-27	75,000	75,269	75,211
Pembina Pipeline Corporation			
2.560%, 2023-06-01	950,000	949,905	963,237
Royal Bank of Canada			
1.968%, 2022-03-02	735,000	719,205	736,940
2.360%, 2022-12-05	750,000	740,663	760,111
SmartCentres Real Estate Investment Trust			
3.192%, 2027-06-11	700,000	719,306	721,651
Thomson Reuters Corporation			
2.239%, 2025-05-14	500,000	522,110	505,342
Toronto-Dominion Bank			
1.909%, 2023-07-18	2,720,000	2,814,384	2,749,418
TransCanada PipeLines			
0.725%, 2024-06-09	1,000,000	1,001,100	1,001,075
Total Corporate Bonds		15,708,011	15,668,573
Total Bonds		150,544,947	150,140,004
Money Market Securities			
Alberta Treasury Bills			
2022-03-08	2,850,000	2,848,946	2,848,946
2022-03-15	5,000	4,998	4,998
2022-03-22	5,000	4,998	4,998
Canada Treasury Bills			
2022-01-06	195,000	194,986	194,986
Export Development Corporation, notes			
2022-02-17	6,920,000	8,747,449	8,738,831
Manitoba Treasury Bills			
2022-02-09	190,000	189,896	189,896

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



	Par Value	Cost \$	Fair Value \$
Money Market Securities (continued)			
New Brunswick Treasury Bills			
2022-03-17	900,000	899,622	899,622
Newfoundland Treasury Bills			
2022-01-20	20,000	19,993	19,993
2022-03-01	495,000	494,807	494,807
2022-03-03	585,000	584,758	584,758
Ontario Treasury Bill			
2022-01-12	85,000	84,963	84,963
2022-02-02	2,165,000	2,163,895	2,163,895
2022-03-23	110,000	109,952	109,952
2022-03-30	2,130,000	2,127,934	2,127,934
2022-05-25	2,930,000	2,923,554	2,923,554
Province of British Columbia, notes			
2022-02-01	1,445,000	1,788,593	1,824,854
2022-02-03	55,000	68,513	69,459
2022-03-01	4,405,000	5,647,584	5,562,407
2022-03-17	3,410,000	4,315,908	4,305,713
2022-04-04	340,000	434,655	429,253
Province of Quebec, notes			
2022-02-02	3,860,000	4,809,608	4,875,039
Province of Saskatchewan, notes			
2022-01-13	5,875,000	5,872,826	5,872,826
2022-02-01	35,000	34,996	34,996
Quebec Treasury Bills			
2022-01-21	1,845,000	1,844,170	1,844,170
2022-02-11	1,045,000	1,044,420	1,044,420
Total Money Market Securities		47,262,024	47,255,270
Portfolio Transaction Costs Included in the Securities' Cost		(320,662)	
Total Investments		457,278,362	579,699,220

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



1. Establishment of the fund

The Letko Brosseau Balanced Fund / Letko Brosseau Fonds 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 \$52,316,380 (2020: \$51,610,291), 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	33,846,265	39,861,840
Number of redeemable units issued and redeemed during the year		
Issued for cash and other consideration	2,640,287	996,095
Issued on reinvestment of distributions	897,721	974,828
Redeemed	(4,120,970)	(7,986,498)
Number of redeemable units in circulation, end of year	33,263,303	33,846,265

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	-	6,000
Issued on reinvestment of distributions	144,530	1,280,818
Redeemed	(13,000,000)	(4,000,518)
Transferred between related parties	-	-
	(12,855,470)	(2,713,700)

Of the \$13,000,000 redeemed by the Manager, an amount of \$5,000,000 was reinvested in the Letko Brosseau ESG Canadian Equity Plus Income Fund which was created in 2021.

2020	Manager \$	Other related parties \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	6,000
Issued on reinvestment of distributions	469,225	1,036,468
Redeemed	(8,000,000)	(63,252)
Transferred between related parties	(22,222,194)	22,222,194
	(29,752,969)	23,201,410

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	1,672,999	13,450,728
Other related parties	46,444,566	43,384,005
	48,117,565	56,834,733

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	116,547,547	103,312,327
Total collateral held	118,879,306	105,379,506

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	158,002	194,245
Securities lending charges	(63,201)	(77,698)
Net securities lending income	94,801	116,547
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.



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	2021 % of net assets	2020 % of net assets
AAA	4.68	4.25
AA	3.39	3.58
A	16.56	16.57
BBB	1.19	1.23

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 %	2021 Impact \$	2020 Impact \$
FTSE Canada 91 Day TBill Total Return Index	0.25	119,000	74,000
FTSE Canada Universe Bond Total Return Index	1.00	1,513,000	1,350,000
S&P/TSX Composite Total Return Capped Index	3.00	4,209,000	3,661,000
MSCI World Total Return Net Index	3.00	7,217,000	7,055,000

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	27.51	29.31
Euros	8.43	8.28
Other currencies representing less than 5% individually	9.78	11.96

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 \$7,973,000 (2020: \$7,779,000).

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	32,728,242	44,242,081
1 to 5 years	97,583,988	86,661,229
5 to 10 years	19,827,774	3,264,985
Total	150,140,004	134,168,295



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 \$3,593,000 (2020: \$2,112,000). 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
2021	\$	\$	\$	\$
Equities, excluding investment fund	329,987,566	-	-	329,987,566
Investment fund	-	52,316,380	-	52,316,380
Bonds	130,961,191	19,178,813	-	150,140,004
Money market securities	47,255,270	-	-	47,255,270
	508,204,027	71,495,193	-	579,699,220

	Level 1	Level 2	Level 3	Total
2020	\$	\$	\$	\$
Equities, excluding investment fund	306,889,318	-	-	306,889,318
Investment fund	-	51,610,291	-	51,610,291
Bonds	113,615,071	20,553,224	-	134,168,295
Money market securities	29,090,789	-	-	29,090,789
	449,595,178	72,163,515	-	521,758,693

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.