



LetkoBrosseau

Letko Brosseau Balanced Fund
Letko Brosseau Fonds équilibré

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 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, 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
	\$	\$
Current assets		
Cash	702,503	609,150
Investments	599,909,670	579,699,220
Interest, dividends and other receivables	1,533,312	1,181,532
	602,145,485	581,489,902
Current liabilities		
Amounts payable on redemptions of redeemable units	217,257	500
Amounts payable for investments purchased	-	4,998
Accrued expenses	42,236	46,016
	259,493	51,514
Net assets attributable to holders of redeemable units	601,885,992	581,438,388

Supplementary information

Number of redeemable units in circulation (note 6)	36,149,658	33,263,303
Net assets per unit attributable to holders of redeemable units (note 7)	\$ 16.6498	\$ 17.4799

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 BALANCED FUND
LETKO BROSSEAU FONDS 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 \$
Net assets attributable to holders of redeemable units, beginning of year	581,438,388	523,426,072
Change in net assets attributable to holders of redeemable units	(4,749,760)	82,771,009
Redeemable unit transactions		
Proceeds from issuance	60,357,441	43,887,732
Reinvestment of distributions	23,169,280	15,095,047
Redemptions	(34,501,413)	(68,211,006)
	49,025,308	(9,228,227)
Distributions to holders of redeemable units (note 7)		
Net investment income	(17,377,487)	(12,774,428)
Net realized gain on sale of investments	(6,450,457)	(2,756,038)
	(23,827,944)	(15,530,466)
Net assets attributable to holders of redeemable units, end of year	601,885,992	581,438,388

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



	2022	2021
	\$	\$
Investment income		
Net interest income for distribution purposes	4,491,708	2,539,526
Dividend income	13,499,750	10,989,429
Net securities lending income (note 10)	106,727	94,801
Foreign exchange gain (loss) on cash	127,827	(563,816)
Net realized gain (loss) on sale of investments	10,899,843	18,914,531
Net changes in unrealized appreciation (depreciation) of investments	(32,980,867)	51,905,476
	<u>(3,855,012)</u>	<u>83,879,947</u>
Expenses		
Trustee fees (note 11)	160,668	148,921
Professional fees	13,554	13,063
Filing fees	2,815	8,824
Withholding taxes	532,864	823,309
Portfolio transaction costs	184,847	114,821
	<u>894,748</u>	<u>1,108,938</u>
Change in net assets attributable to holders of redeemable units	<u>(4,749,760)</u>	<u>82,771,009</u>
Change in net assets per unit attributable to holders of redeemable units (note 3)	<u>(0.1353)</u>	<u>2.4764</u>

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



	2022	2021
	\$	\$
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units	(4,749,760)	82,771,009
Adjustments or variations for:		
Foreign exchange (gain) loss on cash	(127,827)	563,816
Net realized (gain) loss on sale of investments	(10,899,843)	(18,914,531)
Net changes in unrealized (appreciation) depreciation of investments	32,980,867	(51,905,476)
Proceeds from sale or maturity of investments	398,701,152	306,197,220
Investments purchased	(440,031,116)	(296,181,242)
Interest, dividends and other receivables	(351,780)	73,656
Amounts payable on redemptions of redeemable units	216,757	(92,800)
Amounts payable for investments purchased	(4,998)	4,998
Accrued expenses	(3,780)	7,147
	(24,270,328)	22,523,797
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	60,357,441	43,887,732
Amounts paid on redemptions of redeemable units	(34,501,413)	(68,211,006)
Distributions paid in cash to holders of redeemable units	(658,664)	(435,419)
	25,197,364	(24,758,693)
Change in cash	927,036	(2,234,896)
Cash, beginning of year	609,150	544,360
Effect of exchange rate changes on foreign cash	(833,683)	2,299,686
Cash, end of year	702,503	609,150

Supplementary information

Cash flows relating to operating activities:

Interest received	\$ 4,078,780	\$ 2,567,428
Dividends received, net of withholding taxes	\$ 12,689,094	\$ 10,211,584
Interest paid	\$ 4,103	\$ 533

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



	Quantity	Cost \$	Fair Value \$
Equities			
Energy			
Birchcliff Energy	215,100	890,317	2,028,393
Canadian Natural Resources	29,800	943,793	2,240,662
Cenovus Energy	111,050	1,510,439	2,917,284
ConocoPhillips	23,450	1,068,986	3,749,306
Enerflex	135,475	1,210,057	1,156,957
Hess Corporation	14,275	808,502	2,743,087
Peyto Exploration & Development Corporation	274,400	1,887,865	3,805,928
Shell	43,825	3,034,003	3,381,751
Suncor Energy	76,550	2,377,151	3,287,823
TC Energy Corporation	27,575	1,474,303	1,488,499
TotalEnergies	65,000	4,307,520	5,512,856
Tourmaline Oil Corporation	13,000	234,566	888,160
		19,747,502	33,200,706
Materials			
5N Plus	76,700	310,398	223,197
Arkema	22,000	2,085,365	2,668,556
Berry Global Group	41,800	3,134,814	3,422,590
Canfor Pulp Products	85,000	517,421	351,900
Cascades	162,900	1,568,120	1,378,134
Eastman Chemical	30,000	2,841,802	3,310,435
Freeport-McMoRan	16,175	155,419	832,825
Graphic Packaging Holding	31,500	867,778	949,657
Holcim	31,506	2,526,723	2,212,208
HudBay Minerals	360,500	2,319,103	2,465,820
Kuraray	266,300	2,940,971	2,893,276
Lundin Mining Corporation	253,300	1,305,355	2,104,923
Nutrien	33,575	1,521,159	3,318,889
Regis Resources	1,053,500	1,882,089	1,994,128
Smurfit Kappa Group	51,625	2,134,331	2,584,027
Teck Resources	109,950	1,180,732	5,626,142
West Fraser Timber Corporation	19,997	1,198,698	1,955,107
		28,490,278	38,291,814
Industrial Products			
Air Canada	145,000	517,033	2,811,550
Anaergia	36,190	586,938	157,065
Bombardier	51,080	1,013,683	2,669,952
Bunzl	29,300	914,658	1,317,578
CAE	58,600	1,231,542	1,534,734
FedEx Corporation	5,900	1,249,966	1,384,605
FLSmidth & Co.	49,900	1,880,662	2,442,368
Fraport AG Frankfurt Airport Services Worldwide	14,600	849,082	803,346
General Electric	26,750	3,965,680	3,036,980
Maxar Technologies	40,700	1,724,808	2,853,296
Mitsui & Co.	75,000	1,329,837	2,967,518
Siemens	37,875	4,577,294	7,100,467
Spirit Airlines	57,650	1,662,829	1,521,648
United Parcel Service	9,675	840,406	2,278,907
		22,344,418	32,880,014

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	2,857,813
Canadian Tire Corporation	25,644	1,855,136	3,628,626
Dick's Sporting Goods	13,495	669,222	2,199,522
Kingfisher	680,000	1,980,729	2,616,749
Linamar Corporation	56,675	2,041,143	3,474,178
Magna International	44,575	1,892,961	3,390,375
Panasonic Holdings Corporation	172,700	2,038,138	1,969,445
Skechers USA	44,575	2,036,485	2,533,666
		14,971,298	22,670,374
Consumer Staples			
Carrefour	128,500	3,131,690	2,906,264
George Weston	21,575	2,076,909	3,624,384
Maple Leaf Foods	74,400	2,050,840	1,819,080
Wal-Mart Stores	23,765	1,517,285	4,565,721
		8,776,724	12,915,449
Health Care			
Abbvie	22,800	2,192,228	4,992,626
Biogen	4,010	1,189,151	1,504,613
CVS Health Corporation	17,075	1,379,057	2,156,036
Gilead Sciences	39,100	3,653,573	4,548,237
GlaxoSmithKline	52,540	2,584,423	2,501,600
Merck & Co.	10,725	742,240	1,612,318
Pfizer	66,925	1,685,593	4,646,474
Roche Holding	4,650	1,503,619	1,978,274
Sanofi	42,000	3,848,949	5,456,502
Tenet Healthcare Corporation	49,850	1,574,974	3,295,505
		20,353,807	32,692,185
Financial Services			
Aegon	807,875	5,851,119	5,535,215
Allianz	6,110	1,607,852	1,775,074
Bank of America Corporation	73,325	2,309,877	3,290,549
Bank of Montreal	33,775	2,247,577	4,142,842
Bank of Nova Scotia	72,000	4,547,005	4,776,480
BNP Paribas	65,000	4,101,762	5,005,278
Canadian Imperial Bank of Commerce	37,800	2,058,927	2,070,306
CI Financial Corporation	45,300	690,528	612,003
Citigroup	67,000	3,980,243	4,106,080
ING Groep	224,500	3,482,829	3,697,082
Invesco	82,854	1,247,177	2,019,624
Manulife Financial Corporation	222,600	4,058,165	5,375,790
Power Corporation of Canada	122,325	3,355,188	3,896,051
Royal Bank of Canada	40,000	3,018,731	5,092,000
State Street Corporation	45,740	2,509,802	4,807,463
Sun Life Financial	55,425	1,798,058	3,483,461
Toronto-Dominion Bank	65,000	3,272,469	5,698,550
Truist Financial Corporation	44,825	2,586,669	2,613,471

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



	Quantity	Cost \$	Fair Value \$
Equities (continued)			
Financial Services (continued)			
Wells Fargo & Co.	44,350	2,874,992	2,481,216
		55,598,970	70,478,535
Real Estate			
Macerich Company	193,050	3,643,776	2,945,331
Morguard Corporation	11,600	382,619	1,304,536
		4,026,395	4,249,867
Technology			
Alps Alpine	84,100	1,004,162	1,033,768
Celestica	240,500	1,635,007	3,670,030
Cirrus Logic	26,300	2,181,039	2,654,125
Cisco Systems	30,925	525,891	1,996,216
International Business Machines Corporation (IBM)	15,000	2,468,206	2,863,501
Kyocera Corporation	30,000	1,338,204	2,018,497
Oracle Corporation	27,950	1,419,675	3,095,583
Samsung Electronics Corporation	2,898	4,164,651	4,389,112
SAP	20,919	2,953,322	2,915,870
Skyworks Solutions	20,575	2,423,839	2,540,547
Vmware	12,400	2,116,768	2,062,550
		22,230,764	29,239,799
Communication Services			
Alphabet	28,780	2,785,400	3,460,089
AT&T	175,050	5,534,876	4,366,585
BCE	59,775	2,072,923	3,556,015
Series AA, preferred, 3.610%	36,750	880,163	642,758
Series AG, preferred, 2.800%	5,050	112,363	76,306
Cogeco Communications	25,000	1,554,499	1,919,750
Comcast Corporation	85,500	1,971,606	4,051,238
Netflix	3,580	823,252	1,430,390
Quebecor	80,000	659,738	2,416,000
Rogers Communications	60,475	2,136,291	3,832,301
Telefonica	352,000	1,783,101	1,723,045
Telus Corporation	125,150	1,766,372	3,270,170
Verizon Communications	60,000	2,832,925	3,203,122
Vodafone Group	40,000	807,140	548,487
		25,720,649	34,496,256
Utilities			
Capital Power Corporation	90,850	2,061,707	4,209,081
EDP - Energias de Portugal	496,512	2,106,931	3,343,012
Superior Plus Corporation	206,800	2,450,516	2,322,364
Veolia Environnement	92,400	2,554,404	3,206,849
		9,173,558	13,081,306
Investment Fund			
Letko Brousseau Emerging Markets Equity Fund	5,196,591	54,659,860	59,737,929
Total Equities		286,094,223	383,934,234

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



	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds			
Provincial Governments and Crown Corporations			
Canada Housing Trust			
floating rate, 2023-09-15	1,005,000	1,008,256	1,007,249
floating rate, 2025-09-15	2,000,000	2,013,500	2,007,496
floating rate, 2026-03-15	5,000,000	5,007,100	4,996,318
floating rate, 2026-09-15	2,000,000	2,000,000	1,994,804
1.100%, 2026-12-15	125,000	124,760	112,822
CPPIB Capital			
2.850%, 2027-06-01	3,175,000	3,171,127	3,043,107
Province of Alberta			
2.350%, 2025-06-01	3,500,000	3,485,540	3,363,141
2.200%, 2026-06-01	1,000,000	1,008,800	945,128
2.550%, 2027-06-01	1,000,000	1,011,490	948,797
Province of Manitoba			
2.550%, 2023-06-02	6,500,000	6,653,435	6,445,403
2.450%, 2025-06-02	1,150,000	1,228,394	1,107,229
2.600%, 2027-06-02	3,195,000	3,247,469	3,035,384
Province of New Brunswick			
2.850%, 2023-06-02	3,050,000	3,102,847	3,027,958
1.800%, 2025-08-14	3,900,000	4,072,641	3,682,465
2.600%, 2026-08-14	9,500,000	9,672,065	9,077,782
Province of Newfoundland and Labrador			
floating rate, 2023-02-27	3,110,000	3,110,536	3,111,679
2.300%, 2025-06-02	1,500,000	1,585,620	1,437,415
3.000%, 2026-06-02	4,465,000	4,607,998	4,322,884
1.250%, 2027-06-02	3,400,000	3,298,340	3,036,175
3.850%, 2027-10-17	1,000,000	998,640	996,402
Province of Nova Scotia			
1.000%, 2023-04-17	625,000	631,868	618,778
floating rate, 2024-11-09	3,320,000	3,328,400	3,343,821
Province of Ontario			
1.950%, 2023-01-27	1,000,000	994,120	998,388
floating rate, 2023-08-21	2,000,000	2,009,300	2,004,038
2.300%, 2024-09-08	3,000,000	3,073,600	2,905,238
2.600%, 2025-06-02	5,500,000	5,956,610	5,315,440
1.750%, 2025-09-08	4,150,000	4,334,377	3,910,122
2.400%, 2026-06-02	2,270,000	2,400,684	2,159,650
1.350%, 2026-09-08	11,600,000	11,636,044	10,600,864
2.600%, 2027-06-02	13,450,000	13,999,971	12,786,754
Province of Saskatchewan			
0.800%, 2025-09-02	1,000,000	1,000,550	918,830
2.550%, 2026-06-02	5,500,000	5,683,350	5,257,130
PSP Capital			
2.090%, 2023-11-22	2,500,000	2,583,475	2,444,669
0.900%, 2026-06-15	3,720,000	3,695,948	3,353,334
		121,736,855	114,316,694

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



	Par Value	Cost \$	Fair Value \$
Canadian Government Bonds (continued)			
Municipalities and Parapublic Institutions			
City of Barrie			
0.835%, 2024-07-05	515,000	515,000	487,208
1.068%, 2025-07-05	1,000,000	1,000,000	923,497
City of Toronto			
2.450%, 2025-02-06	1,300,000	1,314,073	1,256,064
City of Vancouver			
2.900%, 2025-11-20	200,000	199,328	193,426
Municipal Finance Authority of British Columbia			
1.350%, 2026-06-30	1,000,000	1,002,400	915,321
3.350%, 2027-06-01	500,000	499,200	489,610
Regional Municipality of York			
2.500%, 2026-06-02	2,500,000	2,513,650	2,383,043
2.350%, 2027-06-09	475,000	475,945	445,662
South Coast British Columbia Transportation Authority			
3.050%, 2025-06-04	425,000	423,657	414,410
Toronto Hydro Corporation			
2.520%, 2026-08-25	875,000	835,032	818,416
		8,778,285	8,326,657
Total Canadian Government Bonds		130,515,140	122,643,351
Corporate Bonds			
Allied Properties Real Estate Investment Trust			
3.636%, 2025-04-21	210,000	201,852	200,810
1.726%, 2026-02-12	385,000	364,634	341,504
3.113%, 2027-04-08	700,000	650,650	633,049
Bank of Montreal			
2.700%, 2026-12-09	630,000	664,988	585,662
3.190%, 2028-03-01	1,000,000	965,170	934,605
Bank of Nova Scotia			
3.100%, 2028-02-02	2,050,000	1,961,058	1,909,739
Bell Canada			
2.700%, 2024-02-27	500,000	526,215	486,297
1.650%, 2027-08-16	1,500,000	1,449,150	1,305,747
2.200%, 2028-05-29	550,000	491,150	481,116
Canadian Imperial Bank of Commerce			
3.300%, 2025-05-26	510,000	495,644	494,010
Capital Power Corporation			
4.986%, 2026-01-23	705,000	702,646	697,384
Enbridge			
5.700%, 2027-11-09	600,000	599,766	615,746
Enbridge Gas			
2.810%, 2026-06-01	1,910,000	1,790,646	1,801,367
2.370%, 2029-08-09	550,000	495,336	482,500
Epcor Utilities			
0.982%, 2024-06-28	520,000	520,000	490,398
Fortis			
2.180%, 2028-05-15	1,745,000	1,549,418	1,529,506
4.431%, 2029-05-31	500,000	498,625	486,400

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



	Par Value	Cost \$	Fair Value \$
Corporate Bonds (continued)			
Loblaw Companies 4.488%, 2028-12-11	500,000	500,925	492,775
Morguard Corporation 4.402%, 2023-09-28	500,000	500,000	488,595
4.715%, 2024-01-25	690,000	707,588	668,518
4.204%, 2024-11-27	75,000	75,269	70,575
Pembina Pipeline Corporation 2.560%, 2023-06-01	950,000	949,905	939,476
Rogers Communications 3.650%, 2027-03-31	2,590,000	2,503,229	2,445,037
3.250%, 2029-05-01	500,000	433,100	446,681
Royal Bank of Canada 4.930%, 2025-07-16	1,200,000	1,256,220	1,206,179
SmartCentres Real Estate Investment Trust 1.740%, 2025-12-16	500,000	451,030	446,372
3.192%, 2027-06-11	1,025,000	1,015,836	928,252
Telus Corporation 2.750%, 2026-07-08	2,975,000	2,874,617	2,766,658
2.350%, 2028-01-27	1,200,000	1,068,264	1,062,063
Thomson Reuters Corporation 2.239%, 2025-05-14	2,000,000	1,938,560	1,882,114
Toronto-Dominion Bank 1.909%, 2023-07-18	2,720,000	2,814,384	2,675,345
TransCanada PipeLines floating rate, 2024-06-09	1,000,000	1,001,100	992,590
4.350%, 2026-05-12	675,000	671,941	660,517
Total Corporate Bonds		32,688,916	31,647,587
Total Bonds		163,204,056	154,290,938
Money Market Securities			
Canada Treasury Bills 2023-01-11	6,975,000	9,240,048	9,387,032
Manitoba Treasury Bills 2023-01-25	1,130,000	1,119,344	1,119,344
2023-03-15	745,000	737,438	737,438
2023-03-22	3,350,000	3,314,217	3,314,217
2023-03-29	11,640,000	11,513,708	11,513,713
New Brunswick Treasury Bills 2023-01-05	2,200,000	2,180,618	2,180,618
Ontario Treasury Bills 2023-02-08	4,405,000	4,360,389	4,360,389
2023-03-08	415,000	410,898	410,898
2023-03-22	3,350,000	3,314,122	3,314,122
2023-08-09	2,795,000	2,719,731	2,719,731
2023-12-20	5,500,000	5,264,380	5,264,380

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



	Par Value	Cost \$	Fair Value \$
Money Market Securities (continued)			
Province of Alberta, notes			
2023-01-05	1,505,000	1,492,198	1,492,198
2023-03-24	11,545,000	11,427,356	11,427,356
2023-11-21	260,000	249,746	249,746
Province of British Columbia, notes			
2023-02-23	1,625,000	2,196,771	2,180,846
Province of Nova Scotia, notes			
2023-01-31	130,000	128,788	128,788
Province of Quebec, notes			
2023-01-17	1,400,000	1,850,510	1,883,682
Total Money Market Securities		61,520,262	61,684,498
Portfolio Transaction Costs Included in the Securities' Cost		(348,862)	
Total Investments		510,469,679	599,909,670

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 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 \$59,737,929 (2021: \$52,316,380), 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
Number of redeemable units in circulation, beginning of year	33,263,303	33,846,265
Number of redeemable units issued and redeemed during the year		
Issued for cash and other consideration	3,555,002	2,640,287
Issued on reinvestment of distributions	1,392,386	897,721
Redeemed	(2,061,033)	(4,120,970)
Number of redeemable units in circulation, end of year	36,149,658	33,263,303

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 \$
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	48,500
Issued on reinvestment of distributions	66,001	1,833,809
Redeemed	-	(587)
	66,001	1,881,722

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)
	(12,855,470)	(2,713,700)

During the year ended December 31, 2021, an amount of \$5,000,000 from units redeemed by the Manager was reinvested in the Letko Brosseau ESG Canadian Equity Plus Income Fund which was created in 2021.

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	1,659,568	1,672,999
Other related parties	46,119,980	46,444,566
	47,779,548	48,117,565

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	102,996,127	116,547,547
Total collateral held	105,058,060	118,879,306

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	177,878	158,002
Securities lending charges	(71,151)	(63,201)
Net securities lending income	106,727	94,801
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	2022 % of net assets	2021 % of net assets
AAA	3.89	4.68
AA	3.00	3.39
A	15.24	16.56
BBB	3.30	1.19
BB	0.20	-

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 %	2022 Impact \$	2021 Impact \$
FTSE Canada 91 Day TBill Total Return Index	0.25	156,000	119,000
FTSE Canada Universe Bond Total Return Index	1.00	1,553,000	1,513,000
S&P/TSX Composite Total Return Capped Index	3.00	3,592,000	4,209,000
MSCI World Total Return Net Index	3.00	7,877,000	7,217,000

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	25.41	27.51
Euros	8.66	8.43
Other currencies representing less than 5% individually	11.86	9.78

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 \$8,293,000 (2021: \$7,973,000).

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	23,761,577	32,728,242
1 to 5 years	122,703,975	97,583,988
5 to 10 years	7,825,386	19,827,774
Total	154,290,938	150,140,004



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 \$3,945,000 (2021: \$3,593,000). Interest rate fluctuations have an insignificant impact on money market securities given their short-term maturities.

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	324,196,305	-	-	324,196,305
Investment fund	-	59,737,929	-	59,737,929
Bonds	114,316,694	39,974,244	-	154,290,938
Money market securities	61,684,498	-	-	61,684,498
	500,197,497	99,712,173	-	599,909,670

	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

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.