LetkoBrosseau

Letko Brosseau RSP Bond Fund
Letko Brosseau Fonds RER d'obligations

INTERIM FINANCIAL STATEMENTS

JUNE 30, 2026 (UNAUDITED)
(Expressed in Canadian Dollars)

NOTICE TO READERS

Letko, Brosseau & Associates Inc., the Manager of the Fund, appoints independent auditors to audit the Fund's Annual Financial Statements in accordance with the standards established by the Chartered Professional Accountants of Canada.

The Fund's independent auditors have not performed a review of these Interim Financial Statements.

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STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2026 (UNAUDITED) AND DECEMBER 31, 2025
(Expressed in Canadian Dollars)

	June 30 2026 $	December 31 2025 $
Current assets		
Cash	-	11,130
Investments	68,953,019	64,666,516
Interest and other receivables	368,261	350,969
	69,321,280	65,028,615
Current liabilities		
Bank overdraft	5,538	-
Amounts payable on redemptions of redeemable units	4,000	-
Accrued expenses	10,180	17,733
	19,718	17,733
Net assets attributable to holders of redeemable units	69,301,562	65,010,882

Supplementary information

Net assets attributable to holders of redeemable units		
Series O	69,300,553	65,010,882
Series F	1,009	-
	69,301,562	65,010,882
Number of redeemable units in circulation (note 5)		
Series O	7,331,354	6,909,471
Series F	107	-
Net assets per unit attributable to holders of redeemable units (note 6)		
Series O	9.4526	9.4090
Series F	9.4507	-

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

Daniel Brosseau, Director

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

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2026 AND 2025 (UNAUDITED)
(Expressed in Canadian Dollars)

	June 30 2026 $	June 30 2025 $
Net assets attributable to holders of redeemable units, beginning of period	65,010,882	51,710,633
Change in net assets attributable to holders of redeemable units	1,409,723	1,210,870
Redeemable unit transactions		
Proceeds from issuance	3,402,130	3,300,543
Reinvestment of distributions	1,099,190	897,681
Redemptions	(521,173)	(2,976,160)
	3,980,147	1,222,064
Distributions to holders of redeemable units (note 6)		
Net investment income	(1,099,190)	(897,681)
Net assets attributable to holders of redeemable units, end of period	69,301,562	53,245,886

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

(Expressed in Canadian Dollars)

	June 30 2026 $	June 30 2025 $
Investment income		
Net interest income for distribution purposes	1,089,002	886,081
Net securities lending income (note 8)	6,990	6,451
Net realized gain (loss) on sale of investments	(308,894)	(133,987)
Net changes in unrealized appreciation (depreciation) of investments	640,406	465,161
	1,427,504	1,223,706
Expenses		
Trustee fees (note 9)	10,568	4,597
Professional fees	6,976	6,967
Filing fees	237	1,272
	17,781	12,836
Change in net assets attributable to holders of redeemable units	1,409,723	1,210,870
Supplementary information		
Change in net assets attributable to holders of redeemable units		
Series O	1,409,714	1,210,870
Series F	9	-
	1,409,723	1,210,870
Change in net assets per unit attributable to holders of redeemable units (note 3)		
Series O	0.1974	0.2129
Series F	0.0845	-

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

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2026 AND 2025 (UNAUDITED)

(Expressed in Canadian Dollars)

	June 30 2026 $	June 30 2025 $
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units	1,409,723	1,210,870
Adjustments or variations for:		
Net realized (gain) loss on sale of investments	308,894	133,987
Net changes in unrealized (appreciation) depreciation of investments	(640,406)	(465,161)
Interest and other receivables	(17,292)	(2,011)
Accrued expenses	(7,553)	(7,362)
Proceeds from sale or maturity of investments	21,846,288	9,014,186
Investments purchased	(25,801,279)	(10,235,088)
	(2,901,625)	(350,579)
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	3,402,130	3,300,543
Amounts paid on redemptions of redeemable units	(517,173)	(2,972,160)
	2,884,957	328,383
Change in cash	(16,668)	(22,196)
Cash, beginning of period	11,130	28,684
Cash (overdraft), end of period	(5,538)	6,488

Supplementary information

Cash flows relating to operating activities:				
Interest received	$	1,071,712	$	884,071
Interest paid	$	2	$	1

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

(Expressed in Canadian Dollars)

	Par Value	Cost $	Fair Value $
Canadian Government Bonds			
Provincial Governments and Crown Corporations			
British Columbia Investment Management Corporation			
3.250%, 2031-06-02	750,000	747,012	750,390
4.900%, 2033-06-02	1,555,000	1,549,418	1,689,210
4.000%, 2035-06-02	600,000	597,510	612,196
Canadian Government Real Return			
3.022%, 2041-12-01	385,000	563,014	618,511
2.181%, 2044-12-01	425,000	553,512	603,978
CDP Financial			
3.700%, 2028-03-08	975,000	996,645	988,892
3.950%, 2029-09-01	775,000	761,830	795,495
4.200%, 2030-12-02	1,935,000	2,030,230	2,014,855
CPPIB Capital			
3.250%, 2028-03-08	900,000	899,532	906,872
1.950%, 2029-09-30	1,740,000	1,543,599	1,682,662
New Brunswick F-M Project			
6.470%, 2027-11-30	4,613	5,296	4,753
Ontario Teachers' Finance Trust			
1.100%, 2027-10-19	575,000	542,800	563,670
4.450%, 2032-06-02	2,200,000	2,221,630	2,323,352
Province of Alberta			
3.950%, 2035-06-01	1,000,000	1,000,700	1,021,490
Province of British Columbia			
4.150%, 2034-06-18	605,000	591,654	628,353
Province of Manitoba			
2.750%, 2029-06-02	2,500,000	2,470,350	2,483,949
2.050%, 2031-06-02	550,000	500,390	521,415
4.250%, 2034-06-02	800,000	792,552	836,075
3.700%, 2035-06-02	3,425,000	3,347,591	3,420,950
3.800%, 2036-06-02	655,000	633,321	652,901
Province of New Brunswick			
2.350%, 2027-08-14	310,000	301,648	309,189
2.550%, 2031-08-14	300,000	289,527	290,419
3.950%, 2032-08-14	400,000	388,856	413,029
4.050%, 2034-08-14	170,000	172,924	175,255
4.650%, 2035-09-26	300,000	316,125	321,146
Province of Nova Scotia			
2.000%, 2030-09-01	2,075,000	1,970,835	1,985,111
2.400%, 2031-12-01	2,085,000	1,975,538	1,996,121
3.850%, 2035-06-01	500,000	491,600	505,199
3.900%, 2036-06-01	500,000	490,205	502,592
Province of Ontario			
2.700%, 2029-06-02	4,100,000	4,053,015	4,069,218
2.150%, 2031-06-02	1,000,000	915,400	953,359
5.850%, 2033-03-08	900,000	988,560	1,028,969
3.650%, 2033-06-02	2,125,000	1,981,563	2,154,813

(Expressed in Canadian Dollars)

	Par Value	Cost $	Fair Value $
Canadian Government Bonds (continued)			
Provincial Governments and Crown Corporations (continued)			
Province of Ontario			
4.150%, 2034-06-02	1,205,000	1,180,900	1,254,510
3.950%, 2035-12-02	500,000	497,870	508,521
3.900%, 2036-06-02	1,830,000	1,791,232	1,846,509
Province of Saskatchewan			
3.800%, 2035-06-02	475,000	470,013	480,085
PSP Capital			
2.600%, 2032-03-01	2,435,000	2,093,759	2,348,109
4.150%, 2033-06-01	4,140,000	4,105,281	4,316,799
		46,823,437	48,578,922
Municipalities and Parapublic Institutions			
City of Montreal			
4.250%, 2032-12-01	200,000	206,800	208,665
Municipal Finance Authority of British Columbia			
3.350%, 2027-06-01	100,000	99,840	100,717
2.550%, 2029-10-09	510,000	494,226	501,974
Regional Municipality of Peel			
2.300%, 2026-11-02	125,000	121,208	124,996
3.850%, 2035-06-02	500,000	492,585	502,658
Regional Municipality of York			
2.650%, 2029-04-18	510,000	498,066	504,908
Toronto Hydro Corporation			
2.430%, 2029-12-11	310,000	276,772	302,641
		2,189,497	2,246,559
Total Canadian Government Bonds		49,012,934	50,825,481
Corporate Bonds			
407 International			
4.220%, 2028-02-14	250,000	249,923	253,517
AltaGas			
2.075%, 2028-05-30	225,000	195,975	219,828
Bank of Montreal			
2.700%, 2026-12-09	180,000	195,647	180,159
3.190%, 2028-03-01	525,000	498,015	526,503
Bank of Nova Scotia			
2.620%, 2026-12-02	180,000	194,629	180,060
3.100%, 2028-02-02	525,000	496,204	525,655
Bell Canada			
1.650%, 2027-08-16	100,000	99,980	98,736
2.200%, 2028-05-29	550,000	491,150	540,872
Canadian Imperial Bank of Commerce			
5.500%, 2028-01-14	675,000	691,335	697,295
3.800%, 2030-12-10	200,000	200,100	201,522
Capital Power Corporation			
3.147%, 2032-10-01	525,000	489,563	496,533

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

(Expressed in Canadian Dollars)

	Par Value	Cost $	Fair Value $
Corporate Bonds (continued)			
Enbridge Gas			
2.880%, 2027-11-22	100,000	95,109	99,779
3.520%, 2029-02-22	215,000	198,832	215,558
2.370%, 2029-08-09	550,000	495,336	535,505
2.990%, 2029-10-03	415,000	400,268	409,598
Fortis			
4.431%, 2029-05-31	500,000	498,625	513,319
Greater Toronto Airports Authority			
6.450%, 2029-07-30	2,284	2,498	2,404
Hydro One			
3.930%, 2029-11-30	250,000	247,905	254,907
Manulife Financial Corporation			
5.409%, 2033-03-10	200,000	198,040	206,749
5.054%, 2034-02-23	525,000	547,855	544,537
National Bank of Canada			
5.023%, 2029-02-01	470,000	493,547	489,287
3.441%, 2031-10-21	200,000	197,000	198,344
RioCan Real Estate Investment Trust			
5.611%, 2027-10-06	300,000	299,976	308,063
2.829%, 2028-11-08	200,000	196,480	197,230
5.470%, 2030-03-01	475,000	501,125	500,244
Rogers Communications			
3.650%, 2027-03-31	260,000	249,062	260,929
4.400%, 2028-11-02	385,000	391,853	392,419
3.250%, 2029-05-01	25,000	23,173	24,844
Royal Bank of Canada			
1.833%, 2028-07-31	265,000	251,618	259,441
3.985%, 2031-07-22	385,000	389,659	390,425
4.464%, 2035-10-17	150,000	150,360	154,136
SmartCentres Real Estate Investment Trust			
3.192%, 2027-06-11	530,000	525,613	530,159
Sun Life Financial			
2.580%, 2032-05-10	400,000	368,568	398,506
4.780%, 2034-08-10	145,000	150,583	150,063
5.500%, 2035-07-04	150,000	149,846	159,615
Telus Corporation			
2.350%, 2028-01-27	250,000	249,313	246,787
3.300%, 2029-05-02	500,000	493,200	498,766
5.000%, 2029-09-13	250,000	247,125	260,218
Toronto-Dominion Bank			
5.491%, 2028-09-08	235,000	250,416	245,743
4.680%, 2029-01-08	500,000	489,000	515,965
Total Corporate Bonds		12,554,506	12,884,220
Total Bonds		61,567,440	63,709,701

(Expressed in Canadian Dollars)

	Par Value	Cost $	Fair Value $
Money Market Securities			
Manitoba Treasury Bills			
2026-08-26	665,000	661,203	661,203
2026-09-02	20,000	19,886	19,886
Province of Alberta, notes			
2026-07-17	500,000	496,150	496,150
Province of British Columbia, notes			
2026-09-17	725,000	720,128	720,128
2026-11-02	20,000	19,836	19,836
Quebec Treasury Bills			
2026-07-17	490,000	487,158	487,158
2026-08-28	1,400,000	1,392,272	1,392,272
2026-09-04	720,000	715,860	715,860
2026-09-18	735,000	730,825	730,825
Total Money Market Securities		5,243,318	5,243,318
Total Investments		66,810,758	68,953,019

1. Establishment of the fund

The Letko Brosseau RSP Bond Fund / Letko Brosseau Fonds RER d'obligations (the "Fund") is an open-end mutual fund created under a trust agreement established on November 30, 2004, along with its related amendments, 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 Accounting Standards"), including International Accounting Standards ("IAS") 34: Interim Financial Reporting, 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 August 14, 2026.

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

3. Material accounting policy information

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 investments, be classified at fair value through profit or loss. All other financial assets and liabilities are classified at amortized cost. Redeemable units are classified as financial liabilities given that they include a contractual obligation for the Fund to redeem them for cash or another financial asset at the request of the unitholder. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount as described in note 6.

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, 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.

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.

3. Material accounting policy information (continued)

Financial instruments (continued)

Fair value (continued)

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 12. 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.

Impairment of financial assets

The Fund recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. The Fund applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected credit loss provision for all assets at amortized cost. Impairment losses on financial assets at amortized cost, if any, are recognized in the statements of comprehensive income.

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. 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 period.

Use of estimates, judgments and assumptions

The preparation of these financial statements in accordance with IFRS Accounting Standards 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 material 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.

Classification of redeemable units

The Manager has determined that the Fund's redeemable units must be classified as liabilities given that the conditions for classification as equity in accordance with IAS 32, Financial Instruments: presentation, are not met.

(Expressed in Canadian Dollars)

4. Future accounting standards

IFRS 18, Presentation and Disclosure in Financial Statements

The IASB issued IFRS 18, Presentation and Disclosure in Financial Statements on April 9, 2024, which will replace IAS 1, Presentation of Financial Statements. This new standard, effective for annual periods beginning on or after January 1, 2027 aims to improve financial statement comparability and transparency by introducing a more structured statement of comprehensive income. The Manager is in the process of assessing the implications of IFRS 18 and its impact on the Fund's financial statements and disclosures.

5. 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.

Prior to March 5, 2026, the Fund offered units of Series for issuance as follows:

Series I	Available to accredited investors at the discretion of the Manager.
Series F	Available to accredited investors who are not eligible to purchase Series I units.

On March 5, 2026, the Fund created new series of units "A", "F" and "I" to be offered to the public under the Simplified Prospectus and, consequently, redesignated existing series of units "F" and "I" of the Fund to series of units "Q" and "O" respectively.

On May 15, 2026, the Simplified Prospectus was officially approved by the regulatory authorities, following which series of units "A", "F" and "I" became authorized for issuance.

Accordingly, as a result of the redesignation and creation of new units, the Fund offers units of series for issuance as follows:

Series O	Available to accredited investors at the discretion of the Manager.
Series Q	Available to accredited investors who are not eligible to purchase Series O units.
Series A	Available to all investors through duly registered and authorized dealers.
Series I	Available to investors who have a fee-based account with a dealer, on a case-by-case basis, at the discretion of the Manager.
Series F	Available to investors who have a fee-based account or wrap program with their dealer and whose dealer has entered into a specific agreement with the Manager.

The unit activity during the period ended June 30, 2026 and the year ended December 31, 2025 was as follows:

	June 30, 2026	
	Series O	Series F
Number of redeemable units in circulation, beginning of period	6,909,471	-
Number of redeemable units issued and redeemed during the period		
Issued for cash and other consideration	360,607	106
Issued on reinvestment of distributions	116,638	1
Redeemed	(55,362)	-
Number of redeemable units in circulation, end of period	7,331,354	107

5. Redeemable units in circulation (continued)

	December 31, 2025
	Series O
Number of redeemable units in circulation, beginning of year	5,542,856
Number of redeemable units issued and redeemed during the year	
Issued for cash and other consideration	1,542,170
Issued on reinvestment of distributions	194,972
Redeemed	(370,527)
Number of redeemable units in circulation, end of year	6,909,471

6. Valuation of redeemable units and distributions

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

Income from 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.

7. 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 11. The Fund is not subject to any particular external requirement for managing its capital.

8. 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.

(Expressed in Canadian Dollars)

8. 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 June 30. The securities on loan continue to be included in the statements of financial position.

	2026 $	2025 $
Total fair value of securities on loan	14,850,288	18,677,665
Total collateral held	15,147,296	19,051,279

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 periods ended June 30, securities lending income was as follows:

	2026 $	2025 $
Gross securities lending income	11,650	10,751
Securities lending charges	(4,660)	(4,300)
Net securities lending income	6,990	6,451
Securities lending charges as a % of the gross securities lending income	40.0%	40.0%

9. 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 Series O and I unitholders.

The Manager charges the Fund a management fee equal to 0.35% per annum of the Series Q, F and A net asset value, payable quarterly in arrears.

Trailer fees are charged on Series A units, equal to 1.00% per annum of the net asset value, payable quarterly in arrears.

10. Income taxes

In accordance with provisions of the Income Tax Act (Canada) and the Quebec Taxation Act, the Fund qualifies as a unit trust and is taxed on its income received and not distributed to unitholders. The Fund distributes to unitholders the total income from interest and securities lending, net of expenses and its net realized taxable capital gains.

As at December 31, 2025, the Fund had capital losses in the amount of approximately $4,110,000 (December 31, 2024: $3,589,000) available to carry-forward indefinitely, which can be used to offset future taxable capital gains that are allocated to unitholders. No asset related to these losses has been recognized in the financial statements.

11. Risks associated with financial instruments

Analysis of risk management

The Fund has as its objective to generate income through the creation of a well-diversified bond portfolio. The Fund primarily comprises Canadian government and corporate bonds diversified across issuers, economic regions, industries and maturity dates. The Manager regularly monitors the relative weighting of individual fixed income instruments, sectors, and countries, and also takes into account the market capitalization and liquidity of each security.

(Expressed in Canadian Dollars)

11. 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 and other receivables presented on the statements of financial position. For those financial instruments, the fair value takes into account the creditworthiness of the issuer and, therefore, represents the maximum credit risk to which the Fund is exposed.

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	June 30, 2026 % of net assets	December 31, 2025 % of net assets
AAA	29.71	31.00
AA	37.45	29.13
A	16.16	16.30
BBB	8.61	9.96

Credit ratings attributed to money market securities are not presented above since the related credit risk is insignificant given their short-term maturities.

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.

All transactions involving listed securities are settled or paid upon delivery, using approved brokers. The risk of non-performance is considered limited, as the securities sold are only delivered once the broker has received payment. Payment for a purchase is made once the securities have been received by the broker. The transaction fails if either party fails to fulfill its obligation.

The credit risk associated with all other financial assets is considered insignificant.

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.

All other financial liabilities have a maturity of less than twelve months.

Market risks

For the disclosure of market risks, IFRS Accounting Standards 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.

(Expressed in Canadian Dollars)

11. 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 approximately as follows:

Benchmark indices	Changes in %	June 30, 2026 Impact $	December 31, 2025 Impact $
FTSE Canada 91 Day T-Bill Total Return Index	0.25	13,000	21,000
FTSE Canada Universe Bond Total Return Index	1.00	637,000	562,000

Currency risk

The Fund is not exposed to currency risk given that it does not hold any investments in securities denominated in a foreign currency.

Interest rate risk

The Fund is exposed to interest rate risk primarily on its bonds with maturity dates as follows:

Bonds by maturity date	June 30, 2026 $	December 31, 2025 $
Less than 1 year	1,377,021	2,695,925
1 to 5 years	28,373,356	29,009,089
5 to 10 years	32,736,835	23,288,062
More than 10 years	1,222,489	1,169,872
Total	63,709,701	56,162,948

As at June 30, 2026, 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 approximate amount of $2,865,000 (December 31, 2025: $2,237,000). Interest rate fluctuations have an insignificant impact on money market securities given their short-term maturities.

(Expressed in Canadian Dollars)

12. 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
June 30, 2026	$	$	$	$
Bonds	48,578,922	15,130,779	-	63,709,701
Money market securities	-	5,243,318	-	5,243,318
	48,578,922	20,374,097	-	68,953,019

	Level 1	Level 2	Level 3	Total
December 31, 2025	$	$	$	$
Bonds	40,847,678	15,315,270	-	56,162,948
Money market securities	-	8,503,568	-	8,503,568
	40,847,678	23,818,838	-	64,666,516

The money market securities classification has been adjusted to classify these financial instruments as Level 2 instead of Level 1. The comparative figures have been adjusted accordingly.

No other investments were transferred within the levels during the period ended June 30, 2026 and the year ended December 31, 2025.

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.

13. Reclassification

Certain comparative figures have been reclassified in the cash flow statement to reflect the presentation adopted in the current period. Amounts receivable and payable as at June 30, 2025 for investment activities and activities related to redeemable units have been reclassified against items reflecting cash flows. The net effect on cash flows from operating activities and financing activities is not significant.