Letko Brosseau Bond Fund
Letko Brosseau Fonds 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	34,178	54,041
Investments	29,438,292	28,280,120
Interest, dividends and other receivables	162,661	144,490
	29,635,131	28,478,651
Current liabilities		
Accrued expenses	7,832	14,418
Net assets attributable to holders of redeemable units	29,627,299	28,464,233

Supplementary information

Net assets attributable to holders of redeemable units		
Series O	29,626,289	28,464,233
Series F	1,010	-
	29,627,299	28,464,233
Number of redeemable units in circulation (note 5)		
Series O	3,069,847	2,966,646
Series F	105	-
Net assets per unit attributable to holders of redeemable units (note 6)		
Series O	9.6507	9.5948
Series F	9.6487	-

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

Daniel Brosseau, Director

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	28,464,233	22,429,004
Change in net assets attributable to holders of redeemable units	644,028	507,433
Redeemable unit transactions		
Proceeds from issuance	1,848,509	2,296,705
Reinvestment of distributions	478,410	364,571
Redemptions	(1,321,676)	(2,065,587)
	1,005,243	595,689
Distributions to holders of redeemable units (note 6)		
Net investment income	(486,205)	(368,616)
Net assets attributable to holders of redeemable units, end of period	29,627,299	23,163,510

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	486,901	368,964
Net securities lending income (note 9)	2,296	2,746
Net realized gain (loss) on sale of investments	(127,881)	4,380
Net changes in unrealized appreciation (depreciation) of investments	295,792	141,374
	657,108	517,464
Expenses		
Trustee fees (note 10)	6,003	2,069
Professional fees	6,976	6,967
Filing fees	101	995
	13,080	10,031
Change in net assets attributable to holders of redeemable units	644,028	507,433
Supplementary information		
Change in net assets attributable to holders of redeemable units		
Series O	644,018	507,433
Series F	10	-
	644,028	507,433
Change in net assets per unit attributable to holders of redeemable units (note 3)		
Series O	0.2112	0.2142
Series F	0.0958	-

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

(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	644,028	507,433
Adjustments or variations for:		
Net realized (gain) loss on sale of investments	127,881	(4,380)
Net changes in unrealized (appreciation) depreciation of investments	(295,792)	(141,374)
Interest, dividends and other receivables	(18,171)	(2,551)
Accrued expenses	(6,586)	(7,396)
Proceeds from sale or maturity of investments	13,918,063	4,906,664
Investments purchased	(14,908,324)	(5,504,635)
	(538,901)	(246,239)
Cash flows from (used in) financing activities		
Proceeds from issuance of redeemable units	1,848,509	2,296,705
Amounts paid on redemptions of redeemable units	(1,321,676)	(2,065,587)
Distributions paid in cash to holders of redeemable units	(7,795)	(4,045)
	519,038	227,073
Change in cash	(19,863)	(19,166)
Cash, beginning of period	54,041	29,393
Cash, end of period	34,178	10,227

Supplementary information

Cash flows relating to operating activities:				
Interest received	$	468,730	$	366,429
Interest paid	$	-	$	16

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	300,000	299,308	300,157
4.900%, 2033-06-02	600,000	597,846	651,785
Canadian Government Real Return			
3.022%, 2041-12-01	170,000	248,624	273,109
2.181%, 2044-12-01	185,000	240,936	262,908
CDP Financial			
3.700%, 2028-03-08	1,000,000	982,400	1,014,248
3.950%, 2029-09-01	985,000	994,032	1,011,049
4.200%, 2030-12-02	500,000	522,370	520,634
3.650%, 2035-06-02	300,000	295,920	298,015
CPPIB Capital			
1.950%, 2029-09-30	500,000	443,870	483,523
3.950%, 2032-06-02	700,000	674,520	723,718
Ontario Teachers' Finance Trust			
4.150%, 2029-11-01	835,000	844,875	862,711
Province of Alberta			
3.950%, 2035-06-01	625,000	625,145	638,431
Province of British Columbia			
4.150%, 2034-06-18	655,000	640,551	680,283
Province of Manitoba			
2.600%, 2027-06-02	200,000	202,720	200,092
2.050%, 2031-06-02	710,000	645,958	673,099
4.250%, 2034-06-02	800,000	788,397	836,075
3.700%, 2035-06-02	1,700,000	1,661,653	1,697,990
3.800%, 2036-06-02	325,000	317,233	323,958
Province of New Brunswick			
3.050%, 2030-06-03	1,400,000	1,397,348	1,397,357
2.550%, 2031-08-14	200,000	193,018	193,613
4.050%, 2034-08-14	250,000	254,300	257,728
4.650%, 2035-09-26	125,000	131,719	133,811
Province of Nova Scotia			
3.900%, 2036-06-01	700,000	686,287	703,629
Province of Ontario			
2.150%, 2031-06-02	275,000	251,735	262,174
3.650%, 2033-06-02	1,145,000	1,076,992	1,161,064
4.150%, 2034-06-02	1,750,000	1,771,400	1,821,902
3.600%, 2035-06-02	250,000	243,175	248,670
3.900%, 2036-06-02	1,150,000	1,125,364	1,160,374
Province of Prince Edward Island			
3.100%, 2030-06-02	50,000	49,922	49,920
Province of Saskatchewan			
3.800%, 2035-06-02	215,000	212,743	217,301
PSP Capital			
4.400%, 2030-12-02	1,000,000	1,051,900	1,051,280
2.600%, 2032-03-01	1,160,000	997,438	1,118,607

(Expressed in Canadian Dollars)

	Par Value	Cost $	Fair Value $
Canadian Government Bonds (continued)			
Provincial Governments and Crown Corporations (continued)			
PSP Capital			
4.150%, 2033-06-01	325,000	308,295	338,879
		20,777,994	21,568,094
Municipalities and Parapublic Institutions			
City of Montreal			
4.250%, 2032-12-01	100,000	103,400	104,332
Municipal Finance Authority of British Columbia			
3.350%, 2027-06-01	100,000	99,840	100,717
3.750%, 2034-12-03	250,000	246,975	251,240
Regional Municipality of York			
2.650%, 2029-04-18	150,000	146,490	148,502
4.450%, 2033-12-08	250,000	260,098	264,427
Toronto Hydro Corporation			
2.520%, 2026-08-25	500,000	478,530	499,999
2.430%, 2029-12-11	150,000	133,920	146,439
		1,469,253	1,515,656
Total Canadian Government Bonds		22,247,247	23,083,750
Corporate Bonds			
Bank of Montreal			
2.700%, 2026-12-09	240,000	263,400	240,213
3.190%, 2028-03-01	200,000	193,034	200,573
Bank of Nova Scotia			
2.620%, 2026-12-02	480,000	496,896	480,161
Bell Canada			
1.650%, 2027-08-16	100,000	99,980	98,736
3.800%, 2028-08-21	400,000	401,940	403,407
Canadian Imperial Bank of Commerce			
5.500%, 2028-01-14	145,000	148,509	149,789
Capital Power Corporation			
5.816%, 2028-09-15	200,000	209,240	209,434
Enbridge			
5.700%, 2027-11-09	85,000	89,471	87,599
Enbridge Gas			
3.520%, 2029-02-22	100,000	96,150	100,259
Fortis			
2.180%, 2028-05-15	165,000	159,423	162,266
Hydro One			
3.930%, 2029-11-30	200,000	198,800	203,926
Manulife Financial Corporation			
5.409%, 2033-03-10	75,000	74,265	77,531
RioCan Real Estate Investment Trust			
5.962%, 2029-10-01	95,000	94,968	101,182

(Expressed in Canadian Dollars)

	Par Value	Cost $	Fair Value $
Corporate Bonds (continued)			
Rogers Communications			
4.400%, 2028-11-02	300,000	305,160	305,781
3.250%, 2029-05-01	105,000	99,288	104,346
Royal Bank of Canada			
5.228%, 2030-06-24	190,000	198,512	202,481
4.464%, 2035-10-17	250,000	250,600	256,893
SmartCentres Real Estate Investment Trust			
3.192%, 2027-06-11	165,000	163,208	165,049
3.526%, 2029-12-20	105,000	97,545	103,808
Sun Life Financial			
2.580%, 2032-05-10	200,000	184,284	199,253
5.500%, 2035-07-04	500,000	499,485	532,049
Telus Corporation			
2.750%, 2026-07-08	75,000	74,726	75,009
2.350%, 2028-01-27	100,000	99,725	98,715
4.800%, 2028-12-15	200,000	205,600	206,199
3.300%, 2029-05-02	105,000	99,855	104,741
Toronto-Dominion Bank			
5.491%, 2028-09-08	475,000	475,000	496,715
4.680%, 2029-01-08	250,000	244,105	257,983
Total Corporate Bonds		5,523,169	5,624,098
Total Bonds		27,770,416	28,707,848
Money Market Securities			
Manitoba Treasury Bills			
2026-09-02	20,000	19,886	19,886
Newfoundland and Labrador Treasury Bills			
2026-07-30	20,000	19,885	19,885
Ontario Treasury Bills			
2026-08-12	125,000	124,286	124,286
Province of Alberta, notes			
2026-07-17	170,000	168,691	168,691
Province of British Columbia, notes			
2026-09-17	20,000	19,866	19,866
2026-11-02	20,000	19,836	19,836
Quebec Treasury Bills			
2026-08-14	20,000	19,889	19,889
2026-08-28	270,000	268,510	268,510
2026-09-04	50,000	49,713	49,713
2026-09-18	20,000	19,882	19,882
Total Money Market Securities		730,444	730,444
Total Investments		28,500,860	29,438,292

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

1. Establishment of the fund

The Letko Brosseau Bond Fund / Letko Brosseau Fonds 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 of 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 assets and liabilities presented on the statements of financial position are financial assets and financial liabilities and 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 13. 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. 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 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.

(Expressed in Canadian Dollars)

3. Material accounting policy information (continued)

Use of estimates, judgments and assumptions (continued)

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.

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.

(Expressed in Canadian Dollars)

5. Redeemable units in circulation (continued)

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	2,966,646	-
Number of redeemable units issued and redeemed during the period		
Issued for cash and other consideration	191,282	105
Issued on reinvestment of distributions	49,767	-
Redeemed	(137,848)	-
Number of redeemable units in circulation, end of period	3,069,847	105

	December 31, 2025
	Series O
Number of redeemable units in circulation, beginning of year	2,354,899
Number of redeemable units issued and redeemed during the year	
Issued for cash and other consideration	785,209
Issued on reinvestment of distributions	79,478
Redeemed	(252,940)
Number of redeemable units in circulation, end of year	2,966,646

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 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.

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

(Expressed in Canadian Dollars)

8. Related party transactions

The following table presents a summary of the transactions during the period between the Fund and related parties. Related parties are represented by the Manager, the investment funds and limited partnerships 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.

June 30, 2026	Manager $	Other related parties $
Redeemable units issued and redeemed		
Issued for cash and other consideration	1,000	-
Issued on reinvestment of distributions	3	269
Redeemed	-	-
	1,003	269

June 30, 2025	Manager $	Other related parties $
Redeemable units issued and redeemed		
Issued for cash and other consideration	-	-
Issued on reinvestment of distributions	-	256
Redeemed	-	-
	-	256

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 June 30, related parties held units of the Fund with an aggregate fair value of the following:

	2026 $	2025 $
Manager	1,010	-
Other related parties	16,476	15,842
	17,486	15,842

(Expressed in Canadian Dollars)

9. 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.

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	4,341,474	5,886,072
Total collateral held	4,428,307	6,003,795

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	3,827	4,577
Securities lending charges	(1,531)	(1,831)
Net securities lending income	2,296	2,746
Securities lending charges as a % of the gross securities lending income	40.0%	40.0%

10. 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.

11. 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 dividends, 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 $581,000 (December 31, 2024: $582,000) 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.

(Expressed in Canadian Dollars)

12. 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.

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. 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	31.64	29.27
AA	27.46	12.17
A	29.94	29.99
BBB	7.85	6.70

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. The Fund maintains a level of cash that the Fund Manager considers sufficient to maintain the necessary liquidity.

(Expressed in Canadian Dollars)

12. Risks associated with financial instruments (continued)

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.

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	1,900	15,000
FTSE Canada Universe Bond Total Return Index	1.00	287,000	222,000

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	1,761,240	2,873,177
1 to 5 years	11,519,032	10,183,085
5 to 10 years	14,891,559	8,668,639
More than 10 years	536,017	512,948
Total	28,707,848	22,237,849

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 $1,349,000 (December 31, 2025: $844,000). 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.

(Expressed in Canadian Dollars)

13. 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:

June 30, 2026	Level 1 $	Level 2 $	Level 3 $	Total $
Bonds	21,568,094	7,139,754	-	28,707,848
Money market securities	-	730,444	-	730,444
	21,568,094	7,870,198	-	29,438,292

December 31, 2025	Level 1 $	Level 2 $	Level 3 $	Total $
Bonds	15,178,487	7,059,362	-	22,237,849
Money market securities	-	6,042,271	-	6,042,271
	15,178,487	13,101,633	-	28,280,120

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.

14. 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.