

### Introduction

Letko, Brousseau & Associates Inc. (« LBA ») is registered with the Securities and Exchange Commission as an investment adviser. We feel it is important for you to understand how investment advisory and brokerage services and fees differ to determine which type of account is right for you. There are free and simple tools available to research firms and investment professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about investment advisers, broker-dealers, and investing. This summary contains references to specific sections of our Form ADV Part 2A brochure (the “Brochure”) which is available at [https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd\\_iapd\\_Brochure.aspx?BRCHR\\_VRSN\\_ID=868195](https://files.adviserinfo.sec.gov/IAPD/Content/Common/crd_iapd_Brochure.aspx?BRCHR_VRSN_ID=868195).

### What investment services and advice can you provide me?

LBA provides investment advisory services to retail investors. We provide investment management services on a discretionary basis only.

At the commencement of your advisory relationship with us, we will meet with you to address your current financial situation, existing resources, investment goals, time horizon, risk profile, asset allocation targets, guidelines, liquidity needs, and other limitations for investing in certain securities and asset classes.

You will then execute a discretionary investment management agreement, which grants LBA the discretionary authority to determine, without obtaining your prior consent, the securities and amount of securities to be bought or sold and the executing broker or dealer to use as well as the commission rates or commission equivalents paid to execute the transactions. In all cases, such discretion is exercised in a manner which suits your needs and respects the stated investment objectives, guidelines, and restrictions for your account.

As part of our standard services, client portfolios are regularly monitored and if necessary, rebalanced to meet your changing needs, stated goals and objectives. Face-to-face meetings or telephone calls to review portfolio's holdings and performance can be organized at the convenience of each client.

We invest our client portfolios in Canadian, U.S. and international equities as well as in international, government and corporate bonds and money markets securities. LBA portfolios are constructed through separately managed accounts or through the purchase of LBA proprietary pooled funds (the “Funds”).

The minimum size for new separately managed accounts or relationships is \$5,000,000 and \$1,000,000 for accounts managed through the Funds. We may agree to manage accounts below these minimums.

**For more detailed information about our advisory services, see items 4, 7, 8, 13, 16 and 17 of the Brochure.**

Questions to ask your investment professional about our services:

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including licenses, education, and other qualifications? What do these qualifications mean?*

### What fees will I pay?

LBA receives a management fee based upon a percentage of assets under management (“AUM”) in a client’s account. Management fees are normally charged according to the schedules below but might be negotiable in certain circumstances. In addition, the portfolios of certain family members and personal acquaintances of LBA are managed at a discounted rate which is generally not available to LBA clients. Fees charged by LBA for all strategies except Emerging Markets and Canadian Equity are generally calculated quarterly in advance based on the market value of the assets at the beginning of each quarter, according to the following schedule: 1.00% on first \$300,000 of AUM, 0.75% on next \$700,000, 0.50% on next \$2,000,000 and 0.25% thereafter. Since November 1, 2022, for Emerging Markets Equity mandates, the schedule is 1.00% on first \$300,000 of AUM and 0.75% thereafter. Since January 1, 2023, for Canadian Equity mandates, the schedule is 1.00% on first \$300,000 of AUM, 0.75% on next \$700,000, 0.50% on next \$2,000,000 and 0.30% thereafter. No minimum fees are applied, and we do not charge performance-based fees.

As we bill a fee on AUM, the more assets there are in your advisory account, the more you will pay in fees, and we may therefore have an incentive to encourage you to increase the assets in your account.

Clients are responsible for brokerage and other transactions costs, as well as fees charged by custodians for their services.

Clients invested in the Funds will incur their pro rata portion of the underlying expenses of the Fund, such as custodial fees, auditing fees, filing and registration fees



with the various securities commissions, and consultant fees for certain specialized funds.

We may also invest your portfolios in ETFs and closed-end investment companies in which case you will incur their pro rata portion of the underlying management fees of such investment companies, which would be in addition to the management fees paid to LBA.

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.**

**For more detailed information about our fees, see item 5 of the [Brochure](#).**

Questions to ask your investment professional about our fees:

- *Help me understand how these fees and costs might affect my investments.*
- *If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

**What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

**When we act as your investment adviser**, we have a fiduciary duty to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice, we provide you. Here are some examples to help you understand what this means:

- We may exercise our discretionary authority to purchase or sell securities issued by the Funds which are “related” to us because we act as their investment fund manager and portfolio manager. These transactions will be entered into only as permitted under applicable securities law and where they are, in our view, in the client’s best interest. Management fees are charged directly to the client based upon the percentage of AUM in the client’s account and no management fee is charged to the Funds.
- LBA and its principals also own securities of several of the Funds and their beneficial ownership in a particular Fund may be greater than 20%. However, withdrawals and contributions by LBA and its principals are only executed after ensuring that there is no significant negative impact on the Funds.

**For more detailed information on conflicts of interest, including how we mitigate these conflicts, see items 10, 11 and 12 of the [Brochure](#).**

Questions to ask your investment professional about our conflicts of interest:

- *How might your conflicts of interest affect me, and how will you address them?*

**How do your financial professionals make money?**

Our investment professionals are employees of the firm, and their remuneration consists of base salary and annual bonus.

The LBA bonus program rewards individuals in several ways. It shares the firm’s progress and success by distributing a percentage of profit to individuals based on seniority and time with the company. A second aspect varies with the level of responsibility and recognizes personal performance. Specifically, our investment professionals are assessed based on absolute returns, relative performance and a judgment of the quality and insightfulness of their work.

A portion of the bonus program is deferred, through a three-year deferred bonus plan and a stock option plan with a five-year vesting period, both tied to the performance of our Funds, as well as through a long-term stock option plan tied to the income and growth of the firm.

Certain employees of LBA are eligible to receive commissions toward new business. Commissions are paid by LBA out of its own assets and are not directly paid by any client.

**Do you or your financial professionals have legal or disciplinary history?**

No, LBA and its personnel have never been involved in any legal or disciplinary events. Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

Questions to ask your investment professional about standards of conduct:

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

**Additional Information**

For additional information about our investment advisory services, or to obtain a copy of our relationship summary, please contact us by telephone at **(800) 307-8557** or by e-mail at [info@lba.ca](mailto:info@lba.ca).

Question to ask your investment professional about contacts and complaints:

- *Who is my primary contact person?*
- *Is he or she a representative of an investment adviser or a broker-dealer?*
- *Who can I talk to if I have concerns about how this person is treating me?*

