

Item 1 - Cover Page

Form ADV, Part 2A
(the “*Brochure*”)

dated November 30, 2011

**Letko Brosseau Investment
Management Inc.**

1800 McGill College Avenue, Suite 2510
Montreal, Quebec H3A 3J6
Canada

Telephone : 1-800-307-8557
Facsimile : 514-499-0361
E-mail : info@lba.ca

This Brochure provides information about the qualifications and business practices of Letko Brosseau Investment Management Inc. (“*LBIM*”).

If you have any questions about the contents of this Brochure, please contact us by telephone at 1-800-307-8557 or by e-mail at info@lba.ca. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about LBIM is also available on the SEC’s website at www.adviserinfo.sec.gov.

LBIM is a registered investment adviser. You should be aware that registration with the SEC does not imply a certain level of skill or training.

Item 2 - Material Changes

The SEC adopted “Amendments to Form ADV” in July 2010 which amends the disclosure document that we provide to clients as required by SEC Rules. This initial Brochure dated November 30, 2011 is prepared according to the SEC’s new requirements and rules.

This document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After the initial filing of this Brochure, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

Pursuant to new SEC Rules, we will ensure that our U.S. domiciled clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. Furthermore we will provide our clients with other interim disclosures about material changes as necessary.

Item 3 - Table of Contents

Item 1 - Cover Page.....	1
Item 2 - Material Changes.....	2
Item 3 - Table of Contents.....	3
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation	5
Item 6 - Performance-Based Fees and Side-By-Side Management	7
Item 7 - Types of Clients	7
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9 - Disciplinary Information.....	13
Item 10 - Other Financial Industry Activities and Affiliations	13
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
Item 12 - Brokerage Practices.....	16
Item 13 - Review of Accounts.....	18
Item 14 - Client Referrals and Other Compensation.....	19
Item 15 - Custody.....	20
Item 16 - Investment discretion	20
Item 17 - Voting Client Securities	21
Item 18 - Financial Information.....	22

Item 4 - Advisory Business

A. *Description of our advisory firm, including how long we have been in business and our principal owner(s).*

LBIM is an SEC-registered investment adviser with its principal place of business in Montreal Canada, Quebec province. LBIM is a wholly owned subsidiary of Letko, Brosseau & Associates Inc. ("LBA"), a private Canadian investment management firm. LBA was founded in 1987 and began providing advisory services to U.S. domiciled clients through its Canadian subsidiary, LBIM, in 2004.

LBIM offers investment advisory services to institutional investors including, but not limited to, pension funds, endowments and foundations, and wealthy individuals.

LBA's founders and major shareholders are Mr. Peter Letko and Mr. Daniel Brosseau. They each own 42% of LBA. Mr. Letko and Mr. Brosseau have had a majority ownership since inception.

B. *Description of the types of advisory services we offer.*

LBIM provides investment management services using an approach based on fundamental analysis, broad diversification, an international perspective, careful stock selection and low turnover. Our style is conservative. We do not short securities; we do not trade in options or derivatives.

Types of mandates currently offered:

- Global Balanced
- Foreign (non-Canadian) Balanced
- Canadian Balanced

- Canadian Equities (institutional mandates only - minimum of US\$10 million for segregated management)
- Global Equity (Canadian and foreign equities)
- Canadian Equity Plus (with up to 40% foreign equity component)
- Foreign Equities (only non-Canadian equities)

- Fixed Income (minimum of US\$25 million for segregated management)

C. *Explanation of how we tailor our services to the individual needs of clients.*

LBIM has an obligation to assess whether a particular strategy or security is suitable for a client within the context of the entire client's portfolio. The account information form (KYC) serves as the basis for establishing the suitability.

LBIM also has a responsibility to help a client determine the appropriate asset allocation and advise him of the risks the different investment strategies entail.

Through a specific mandate or personal discussions, LBIM develops (or obtains) a client's personal investment policy guidelines which outline the overall asset mix we follow when managing a portfolio. The guidelines also list any restrictions the client may want to put into effect.

D. *Participation in wrap fee programs*

LBIM does not participate in wrap fee programs.

E. *Client assets managed on a discretionary basis.*

LBIM manages all portfolios on a discretionary basis which means that clients sign a contract which gives us the authority to buy and sell securities within their accounts without having to first ask their permission to do so. LBIM had more than 76.0 million dollars under management as of September 30th, 2011.

Item 5 - Fees and Compensation

A. *Compensation for our advisory service.*

0.85%	on first	\$5,000,000	of assets under management
0.60%	on next	5,000,000	
0.45%	on next	15,000,000	
0.35%	on balance		

Fees charged by LBIM are calculated quarterly in advance based on the market value of assets at the beginning of the quarter. We do not offer performance-based fee arrangements.

B. *Payment of fees.*

Invoices are prepared quarterly for all clients. Clients choose whether to have their custodian pay our fees directly from their account.

C. *Other fees and expenses.*

The client is responsible for both brokerage commissions and custodial fees. We typically execute trades in large blocks, which, in addition to our low turnover rates, keep aggregate brokerage commissions at low levels.

Other than our management fees and these brokers' commissions and custodial fees, there are no other fees related to our services.

For additional information about brokerage practices, please refer to Item 12 entitled "Brokerage Practices".

D. *Payment, refunds and expenses.*

Fees charged by LBIM are calculated quarterly in advance based on the market value of assets at the beginning of the quarter. In the event that during the quarter in question, cash and/or assets are withdrawn or added in an amount greater than 5% of the quarter-beginning market value then our practice is to equitably prorate our fees with respect to the value of these added or deleted assets. This proration will generally be issued in the form of an adjustment to the next quarter's invoice. If a client terminates the advisory contract with us before the end of the billing period, the portion of fees invoiced, or paid, will be credited or refunded as the case may be, from the agreed upon date of termination.

E. *Compensation to supervised persons.*

LBIM does not have compensation arrangements to disclose with respect to supervised persons, i.e. we do not pay commissions or sales charges to any LBIM employees.

Item 6 - Performance-Based Fees and Side-By-Side Management

LBIM does not charge performance-based fees.

Item 7 - Types of Clients

LBIM offers investment advisory services to institutional investors including, but not limited to, pension funds, endowments and foundations, and wealthy individuals. The minimum account size for opening a segregated account is US\$ 5 million. However, at its sole discretion, LBIM may waive the minimum account size.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

A. *Description of the methods of analysis and investment strategies and risk of loss.*

All investment management pertaining to clients of LBIM is done by LBA
LBA serves as sub-advisor for all portfolios managed by LBIM.

Investment Philosophy, Style & Strategy — Equities

General

The factors affecting our investment decisions are firmly grounded in the classical principles of finance and investing. We have managed our clients' portfolios in the same manner since the beginnings of LBIM in 2004 and LBA in 1987. Peter Letko and Daniel Brosseau, the principals of LBIM and LBA, applied this philosophy while managing the Canadian National Railway pension fund before founding Letko, Brosseau & Associates Inc.

We are most interested in the characteristics of the businesses and industries in which we invest: their cost structures, growth, entry costs, market positions, etc. We are equally interested in what we pay for each investment: we take an enterprise value approach and we must be able to justify the price we pay using standard financial principles. Longer investment horizons are stressed.

We tend to avoid securities with a lot of valuation risk or those that are too dependent on extraordinary future growth or improvements in profitability. Typically, our portfolios have lower P/Es than the market, have higher current yields, trade at lower P/CF, and have higher EBITDA/TMV and REVENUES/TMV ratios.

We are attracted to areas of investment where we have established some insight into or understanding of a fundamental trend or process that will have an enduring influence on the investment. As a result we are not active traders and spend most of our time investigating different ideas and looking at companies, industries and economies.

We have medium to longer-term views on expected returns from different asset classes, which we base on general economic principles and specific longer-term issues. We also prepare once or twice a year estimates of our one-year return expectations by asset class. We will adjust the portfolio asset mix within each portfolio's allowed range to reflect the results of this analysis, with more weight being given to the longer term view unless the shorter term analysis points to serious distortions between asset classes.

Our investment style is essentially the same for Canadian equities, U.S. equities and other international equities.

The basic rules we try to follow when making investment decisions are (in no particular order):

- Diversify portfolios without indexing them
- Analyze within an international framework
- Establish a process to determine absolute value for each investment
- Compare values between investments
- Have a medium to longer-term perspective
- Concentrate on what can be understood
- Don't try to have an opinion on everything
- Start the search with as large a universe as possible
- Match portfolio assets to the client's present and future liabilities

LBA uses no external managers. All investment decisions are made after being independently researched by LBA.

Although we invest with the intention of a positive return and take steps to reduce risks, there is always a risk of loss to the investments of a client.

Research

Our macro-economic research focuses on the following factors:

- Currency, degree of over or under valuation on the basis of various purchasing power parities
- Trade and current account balances
- Degree of international competitiveness of domestic industry
- Growth rates of the economy, both short term and long term
- Fund flows within the country between government, business, consumers and foreigners
- Interest rate and equity market levels

Each of these factors can have a systemic and enduring influence, which is important to ascertain when comparing investments. This having been said, the major markets are seamless for many equity investments. Companies sell, produce and finance themselves in many countries and currencies. Consequently, our research endeavours to find the best values

worldwide. In researching a particular industry, we attempt to compare the competitive positions, opportunities and ultimately valuations of companies in the industry.

Specific selections depend on a wide variety of factors, including the company's market position, cost competitiveness, strength, growth prospects, quality of management, financial structure, potential for acquisition or takeover, type of security and price. We analyze the impact of currency fluctuations on company cost structure, competitiveness, margins, etc.

In carrying out their work, our analysts use data inputs from annual reports and other public company information, discussions with management, brokers' reports, computer screens and industry specialists.

Stock Selection

Our selection process can be compared to a set of sieves. We start with a large international set of several thousand companies and industries. Through a series of various types of analyses we arrive at the 60 to 80 equities we hold in the portfolios we manage. The process starts with industry reviews and screens that look at a large number of companies. During this stage, we may use external computer databases and investment broker earnings, cash flow and sales estimates to help us identify areas of potential under-valuation. Companies may also be included or excluded at this stage because of some view we may have on, for example, a particular industry. As the number of companies is reduced the analysis becomes more detailed, extensive and focused on the opportunity envisaged.

Our objective is to identify a diversified group of securities which offer significant appreciation potential over time and for which we have been able to develop a good understanding of the company's outlook and opportunities. We do not try to pick the top performing equities for the coming year, nor do we try to have a definitive opinion on every security. We look for securities which have the prospect for significant appreciation on the basis of internal company growth and re-valuation growth over time. Our valuation work and our analysis of company and industry dynamics play an important role here.

Valuation is fundamental to this process. It is not only important to compare valuations between investment opportunities but also to develop a framework that enables us to comment on the absolute value of an investment. To this end we develop corporate models and do multi-year forecasts of income and balance sheet items. We also prepare market analyses of the products sold by the company we are investigating.

Although we tend to apply several different valuation approaches to each investment, companies and industries have their particular characteristics, which often lead to a preferred valuation model. For example, in the oil and gas industries we prepare after-tax discounted cash flow models of the company's reserves. We do similar work in the mining area. In the banking industry we are more concerned with earnings and earnings growth. Some other industries are valued on the basis of earnings before interest, taxes and depreciation. In all cases we are interested in determining enterprise value, which we then adjust to arrive at the equity value.

Management interviews are carried out before a stock is purchased in almost all cases. These interviews cover:

- Review of Industry
- Review of company's business conditions
- Line by line review of income statement and balance sheet

We conduct several hundred management interviews each year. LBA also deals with all major brokers in Canada and several in the U.S., Europe and the Far East.

The number of stocks in an equity portfolio averages about 60 to 80. A typical equity holding averages 1.5% to 3.5% of total equities. The maximum weighting normally permitted to any one stock is 7%.

Maximum sector weighting is normally 30% subject to the additional constraint that the weighting of a homogeneous sub-group serving the same market (e.g. Canadian Banks as opposed to the financial sector which includes insurance companies, trust companies and real estate) should not normally exceed 15%.

The equity portfolio may hold emerging market securities.

The holding period for stocks is typically between 3 and 5 years but it can also be longer.

Sell Decisions

Securities may be sold for various reasons:

- An upward movement in price to the point where it is full value or overvalued
- Changes in market conditions affecting a company's prospects
- New developments affecting particular securities
- High security weightings resulting from price rises requiring a rebalancing of the portfolio
- A client's cash requirements may change
- Changing fundamentals leading to overall changes in asset mix
- Takeover offers, amalgamations and force outs

Failure of a stock price to move upwards within the expected time frame is not necessarily a signal to sell, unless the fundamental factors on which the original purchase was made have changed. We always look to the long-term, and do not attempt to trade on short-term swings.

A sell decision may be to reduce a particular holding, or sometimes to completely eliminate it, depending upon the reasons for the decision. It is important to us to be constantly aware of what is happening to the industries whose securities we hold. We will not hesitate to sell an entire position from every portfolio, if we believe such action is warranted. Normally, however, as a stock approaches and surpasses its target price, we will phase it out over time.

Approximate turnover per year has been 20% to 25%.

Use of Derivative Securities

We do not use derivatives. These instruments require not only an opinion on the future prospects of the underlying security, but also an estimate of the timing in which the scenario will play itself out. It is very difficult to forecast exactly when a stock will increase in value, however it is relatively easier to determine whether or not a company will perform well in the future. Given the time variable, the cost of derivative instruments is often too high. Furthermore, unlike stocks and bonds, derivatives constitute a zero-sum game where one must outsmart other investors in order to make a profit. Finally, because derivatives are normally short-term instruments, they tend to increase the number of transactions in a portfolio and hence this additional cost can reduce overall portfolio return.

Investment Philosophy, Style & Strategy — Fixed Income

The fixed income portion of a portfolio is viewed as a source of stability and income. As such, great care is taken to avoid credit risk that is normally inadequately compensated with higher returns. The equity markets are where the compensation for risks can be more generous.

We stress forecasting major swings in interest rates and adjusting the term of the portfolio accordingly. Our belief is that short-term fluctuations are extremely difficult, if not impossible, to forecast consistently, whereas intermediate term movements can be easier to forecast.

We prepare detailed economic forecasts for Canada and the United States. We purchase this data for Europe and Asia. We analyze all major currencies in-house. From this work we seek to determine the inflation outlook and demand for funds in each economy and sector in order to analyze the mid to longer-term direction of interest rates.

The financial characteristics of specific instruments can be quite important. The choice between a coupon and a bond of equal duration can often be a strategic issue. Attention is thus given to analyzing the special characteristics of many bonds such as extendible, retractable, callable, redeemable, convertible, and currency features.

Since 1990 the total fixed income duration has varied between 3.4 and 7.1 years; for bonds only, the duration has varied between 4.1 and 9.3 years. The typical bond weightings by sector for the same period have been 33% federal bonds, 48% provincial/municipal bonds and 19% corporate bonds.

- The average quality of our bond portfolio is AA*.
- As a general rule, the minimum acceptable quality at the time of purchase for the bond portfolio is BBB High*.

** Source: Bond ratings published by recognized rating agencies which may include DBRS, S&P, Moody's and Fitch.*

There is a cost to trading bonds that, while not always apparent, can be quite high. Bond trades made for yield pick-up are warranted occasionally, but this is often minor and temporary. Typical turnover has been between 10% and 15% per year.

B. *Description of the risk involved in investing for each of our strategies.*

The risks depend on the investment, which could be more or less speculative. In general, an investment with a higher expected return entails greater risks.

Equities

Shares are participations in the share capital of a company. From a financial point of view, shareholders may consider themselves owners of a part of a business's capital.

Shares involve risk-bearing capital. The value could decrease to nil in the case of bankruptcy. Value trends depend mainly on expected and actual operating results, as well as on the dividend policy of the company concerned. Furthermore, shares are exposed to the risk that their value fluctuates due to market volatility and liquidity.

The risks of a share could thus be rather diverse, depending on factors such as: developments in the company, the quality of its management and the market risk.

Fixed Income

Bonds are debts issued by governments and private institutions. The institution that has issued the bond will, in general, pay an agreed interest rate and will redeem the principal on an agreed date (maturity date).

Investing in bonds also entails risks. The price of a bond generally depends on the current rate of interest, which typically differs from the rate at which the bond was issued. This means that price fluctuations may occur. Typically, the greater the time to maturity of the bond, the greater the fluctuations. The solvency of the issuing institution is also important. If the issuing institution is perceived as more risky, the value of its bonds may fall and ultimately, if the issuing institution goes bankrupt, the bondholders may lose all, or part, of their investment.

Foreign securities

In addition to the risks normally attached to stocks and bonds, investors in foreign securities should bear in mind that the government policies, domestic and foreign, could affect the value of the investment. Investments in foreign securities also entail a currency risk.

C. *Explanation of the material risks involved when recommending a particular type of security.*

We do not recommend particular types of securities, other than stocks and bonds, and therefore have nothing to disclose for this section.

Item 9 - Disciplinary Information

LBIM and LBA have never been involved in any illegal actions and/or sanctioned by any regulatory body, nor have they ever been the object of a lawsuit, nor have they been involved in litigations with clients. To the best of our knowledge, our employees have never been involved in any illegal actions and/or have not been sanctioned by any regulatory body.

Item 10 - Other Financial Industry Activities and Affiliations

A. *Disclosure if the firm or our management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.*

We have nothing to disclose in this regard, as LBIM and LBA have no intentions to engage in any of the above activities.

B. *Disclosure if the firm or our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.*

We have nothing to disclose in this regard, as LBIM and LBA have no intentions to engage in any of the above activities.

C. *Description of any relationship or arrangement that is material to our advisory business or to our clients that we or any of our management persons have with any related person listed below. Identification of the related person and if the relationship or arrangement creates a material conflict of interest with clients, description of the nature of the conflict and how we address it.*

1. *broker-dealer, municipal securities dealer, or government securities dealer or broker*
2. *investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund" and offshore fund)*
3. *other investment advisor or financial planner*
4. *futures commission merchant, commodity pool operator, or commodity trading advisor*

5. *banking or thrift institution*
6. *accountant or accounting firm*
7. *lawyer or law firm*
8. *insurance company or agency*
9. *pension consultant*
10. *real estate broker or dealer*
11. *sponsor or syndicator of limited partnerships.*

In regards to Item C (2):

If the client has given us permission to do so through our discretionary mandate, we may exercise our discretionary authority to purchase or sell securities issued by pooled funds which are related to us, in particular the purchase or sale of the Letko Brosseau Equity Fund – global investors. This fund is related to us because LBA acts as the manager of the portfolio and distributes units of the fund. The above transactions will be entered into where they are permitted under applicable securities law and where they are, in our view, in your best interest. Management fees are charged directly to the client and not to the fund.

In regards to Item C (3):

LBIM is a wholly owned subsidiary of LBA, a private Canadian investment management firm registered with the following Canadian financial regulatory authorities:

- Alberta Securities Commission
- British Columbia Securities Commission
- Manitoba Securities Commission
- New Brunswick Securities Commission
- Newfoundland and Labrador, Financial Services Regulation Division
- Nova Scotia Securities Commission
- Ontario Securities Commission
- Prince Edward Island, Securities Office
- Quebec, Financial Markets Authority
- Saskatchewan Financial Services Commission

LBA serves as sub-advisor for all portfolios managed by LBIM.

D. If we recommend or select investment advisers for our clients and we receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if we have other business relationships with those advisers that create a material conflict of interest, we are required to disclose these practices and discuss the material conflicts of interest these practices create and how we address them.

We have nothing to disclose in this regards, as LBIM does not recommend other investment advisers.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Description of our codes of ethics adopted in compliance with Rule 204A-1 under the Investment Advisers Act of 1940.

The philosophy of LBIM has always been to place the interest of its clients first. In keeping with this principle, our firm has adopted a Code of Ethics and procedures related to personal securities transactions (the “Code”) which set the standards of conduct expected of employees and address conflicts that could arise in personal trading by employees.

LBIM and its personnel owe a duty of loyalty, fairness and good faith towards its clients, and have an obligation to adhere not only to the specific provisions of the Code but to the general principles that guide the Code.

Employees must, at all times, act in accordance with any law or regulation governing LBIM or its employees.

Employees must not use their positions, or knowledge gained through their employment for private or personal advantage or in such a manner that a conflict or an appearance of conflict arises between LBIM and its clients.

It is the expressed policy of the firm that no employee may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

The Code requires that all employee trades be approved in writing before a trade may be executed.

LBIM will provide a copy of the Code to any client or prospective client upon request.

B. Description of our practice and how we address conflicts that arise if LBIM or a related person recommends to clients, or buys or sells for clients accounts, securities in which LBIM or a related person has a material financial interest.

LBA acts as manager of the Letko Brosseau Equity Fund – global investors. As mentioned in section 10.C(2) we only purchase units of this fund for clients who permit us to do so through a discretionary mandate. We receive no benefit from this fund other than the management fees we invoice directly to our clients. We have no conflicts of interest to disclose in this regard.

C. Description of our practice and how we address conflicts that arise in connection with personal trading if LBIM or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that LBIM or a related person recommends to clients.

Please see Item 11A above.

Employees may invest in the same securities we recommend to clients. In fact, we encourage this practice. However the Code requires all employees to pre-clear each such investment in order to ensure that no conflict exists.

D. *Description of our practice and how we address conflicts that arise if LBIM or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that LBIM or a related person buys or sells the same securities for LBIM own (or the related person's own) account.*

Please see Item 11A above.

It is the expressed policy of our firm that no employee may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

Item 12 - Brokerage Practices

A. *Selection of Broker-Dealers*

LBIM and LBA rate broker relationships on various factors, the most important of which are execution of trades (price, availability and cost), research (quality, breadth and timeliness) as well as meetings and conferences that provide access to corporate managements.

A formal review process is conducted by the investment management and trading teams at least annually. This review attributes points to each broker and considers whether to continue or terminate relations with current brokers as well as introduce new brokers. An annual budget is then prepared which allocates to each broker a share of commissions based on their attributed points. It is LBIM's aim to distribute actual commissions in accordance with the annual budget, but variations may occur.

1) *Research and Other Soft Dollar Benefits*

In the majority of cases, brokers provide all three services on which we base our evaluation, i.e. execution of trades, research and corporate contacts. However, in a limited number of cases, access to specialized investment research for use in company evaluation, is not directly available through in-house broker research but is rather provided through third-parties.

In these few cases, we will enter into a contract with a non-broker research provider which in turn will be paid through a directed brokerage arrangement with a discount broker. Our arrangements with third-party research goods and services providers will be provided upon request.

Whether it is in-house or third-party, the research goods and services obtained in 2011 are traditional research reports, publications marketed to a narrow audience and directed to readers with specialized interests, seminars and conferences, and trading advice from dealers as to how, when, or where, to trade an order.

The above research goods and services are used for the sole purpose to directly assist is in our investment decision-making process, for the benefit of all our clients in general and not in the management of our own firm. Therefore without these arrangements, we might be compelled to purchase the same or similar services at our own expense.

Brokerage commissions on all transactions are negotiated in good faith to be reasonable in relation to the value of the various services provided (execution of trades, research and corporate contacts) and also relative to the value of the traded security.

In seeking best execution, the determining factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into account the full range of a broker-dealer's services. Accordingly, although we do seek competitive rates, for the benefit of all clients, we may not necessarily obtain the lowest possible commission rate for every client account transaction.

All commissions paid by all clients, in addition to the execution of trades, are used to pay for in-house or third-party research goods and services.

2) Brokerage for Client Referrals

LBIM does not compensate brokers for client referrals.

3) Directed Brokerage

WE only enter into investment manager-directed brokerage arrangements and cannot enter into client-directed brokerage arrangements since transactions are executed on a bulk basis.

B. *Trade Aggregation*

We will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. Block trading may permit equity trades to be executed in a timelier and more equitable manner while allowing us to obtain an average share price of clients participating in the block.

Item 13 - Review of Accounts

A. *Periodically review of client accounts*

LBA serves as sub-advisor for all portfolios managed by LBIM and is therefore periodically doing review of client accounts.

In regards to compliance and monitoring of portfolios, as a first principle LBA has emphasized combining technology with human skill and judgment.

This process has several elements to it. Certain investment policy guidelines are monitored with a daily computer generated report that flags any delinquent account and itemizes the nature of the delinquency. This is monitored by the compliance agent who is a chartered accountant. The chief trader and a senior portfolio manager as well as the client's relationship manager are notified and the appropriate actions taken to deal with the issue. A formal compliance review is performed monthly once all securities are evaluated.

Surveillance of portfolios is done using several techniques and approaches. The objective is to have portfolios reviewed from several different perspectives by individuals with various responsibilities. A variety of reports and on-line methods of surveillance are used. Each analyst is assigned certain securities. Each analyst/portfolio manager receives a full listing of all securities held under that person's area of responsibility. This list represents a sector portfolio. This listing comes in various formats, including total units held in a security and a listing of the industry holdings in each portfolio with their respective market value weights. These lists are continuously monitored and the traders and a senior portfolio manager are advised by the analyst of changes that may be required. The objective is to ensure that no security is missed and that each analyst monitors the composition of his or her sectors both at the portfolio level and overall.

Portfolio managers review the composition of all portfolios periodically with a goal of making whatever adjustments that may be required to bring each portfolio in line with the firm's investment strategy. Cash management and normal purchase and sales also cause members of the trade execution team to review various portfolio characteristics on a daily basis. The tools that are used are varied and all portfolio characteristics are available for viewing on-line with live data.

As a further measure of surveillance, the accounting group reconciles custodian statements with LBIM statements which are generated independent of the custodian. A considerable portion of this is done electronically and gives rise to accounting queries which are dealt with by this group. Should there be any discrepancies between LBIM reports and those of the custodian, the accounting group will ensure all problems get resolved.

B. *Review of client accounts on other than a periodic basis*

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, and/or the market, the political or economic environment. The client accounts may also be reviewed when the investment management team recommends a new security for purchase.

C. *Content and frequency of regular reports*

Each quarter LBIM prepares a written report which addresses the following: portfolio valuation, distribution of assets and transactions during the quarter. Monthly reports may also be provided upon client request.

Performance reports are prepared on a quarterly basis to institutional clients and on a semi-annually basis to all other clients.

Also, clients are provided with a publication entitled the *Letko, Brosseau & Associates Inc. Economic and Capital Market Outlook* which provides an in-depth look on particular topics of interest.

Item 14 - Client Referrals and Other Compensation

A. *Description of the arrangement if someone that is not a client provides an economic benefit to LBIM for providing investment advice or other advisory services to LBIM clients. For purposes of this Item, economic benefits include any sales awards or other prizes.*

LBIM has no such arrangements.

B. *Description of the arrangement if LBIM or a related person directly or indirectly compensates any person who is not LBIM supervised person for client referrals.*

LBIM has no such arrangements.

Item 15 - Custody

Explanation that clients will receive account statements from a qualified custodian and that clients should carefully review those statements if LBIM has custody of client funds or securities.

We do not have custody of segregate managed client funds; each client enters into a separate agreement with a third party custodian. These custodians prepare quarterly or monthly statements for each client itemizing the securities held by that client. LBIM compares the statements prepared by the third party custodians to its internal records and takes steps to reconcile any material differences. LBIM urges you to compare such official custodial records to the account statements that you receive from LBIM. LBIM statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

LBA acts as investment manager to the *Letko Brosseau Equity Fund – global investors*. The Fund is formed as a Canadian trust and has appointed a trustee who is unaffiliated with LBA and LBIM. As the trustee is unrelated to LBIM and LBA, neither we, nor any of our related persons, possess the legal ownership of or access to the Funds' assets or securities necessary to be deemed to have custody of the Funds' assets. The Fund is audited on an annual basis by an independent public accountant and LBIM aims to send these audited financial statements to each Fund investor within 120 days of the applicable Fund's fiscal year end.

Item 16 - Investment discretion

LBIM provided portfolio management services on a discretionary basis only.

Our discretionary authority includes the ability to do the following without contacting the client, provided we believe we are selecting investments which suit the client's needs and respects their investment policy:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitation by once again providing us with written instructions.

Item 17 - Voting Client Securities

The voting right is one of the most important rights inherent to shareholding. LBIM takes very seriously its responsibility for making sure that the received proxies are voted and that the decisions taken represent the long-term interests of the shareholders.

It is the responsibility of the custodian of each client's assets to forward all proxy material to LBIM. Once received LBIM reviews the proxy material.

Here are the principles on which we base our decisions. These principles are usual rules and we reserve the right to depart from these when particular circumstances justify it. The interests of the shareholders remain the main objective of our decisions.

GENERALLY:

- We support the proposed board of directors;
- We support the auditors proposed by the board of directors;
- We vote against the option plans where the resulting dilution would exceed 5%. We also verify that options granted to members of upper management are not too highly concentrated. We always vote against proposals that are aimed at modifying the exercise price of the options already issued;
- We support the proposed amendments to the rights of the shareholders, as long as they promote equal treatment of all shareholders;
- Shareholders proposals are considered on a case by case basis, but generally we vote against proposals aimed at restricting further the composition or conduct of the board of directors. Generally, we support the decisions of the directors;
- Special votes concerning acquisitions, mergers and other market events are analyzed by the dedicated analysts;
- We usually support changes in names and increases in the numbers of shares authorized, as long as the board of directors can justify it.

These points cover the vast majority of the proposals submitted for vote at the annual general meetings. All other matters are dealt with on a case by case basis.

In all cases our policies can be superseded by those of our clients, provided that we are given specific written instructions, well enough in advance of a vote. Client requests will be honored on a best effort basis.

Certain clients may expressly retain proxy-voting authority and in such instances, LBIM will have no proxy voting responsibility and may not take any action regarding such clients' proxies.

In the event of any actual or potential conflicts of interest between the client and LBIM in the voting of any client proxies, the interests of the client shall prevail.

Clients may obtain a copy of the proxy voting policies and/or a report on how securities were voted upon request

Item 18 - Financial Information

Under certain circumstances, Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures regarding their financial condition.

LBIM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and is not nor has been the subject of a bankruptcy proceeding.