



# **VALUE PARTNERS POOLS**

## **ANNUAL INFORMATION FORM**

dated June 21, 2019

**SERIES A UNITS, SERIES B UNITS  
SERIES F UNITS & SERIES O UNITS**

of

**VPI INCOME POOL  
VPI CANADIAN EQUITY POOL  
VPI FOREIGN EQUITY POOL  
VPI VALUE POOL  
VPI CANADIAN BALANCED POOL**

**SERIES A UNITS  
SERIES F UNITS & SERIES O UNITS**

of

**VPI MORTGAGE POOL**

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## **Name, Formation and History of the Value Partners Pools**

This annual information form is for the following mutual funds, which were established as trusts on the dates indicated (collectively, the “Value Partners Pools” or “Pools”, individually, the “Value Partners Pool” or “Pool”). The Value Partners Pools are governed by a trust agreement (the “Trust Agreement”) under the laws of Ontario with RBC Investor Services Trust as trustee:

- VPI Income Pool – September 26, 2005. This Pool was originally named Value Partners Canadian Income Pool and subsequently changed its name effective September 27, 2007 to VPI Cardinal Canadian Income Pool, and, effective June 30, 2011, to VPI Canadian Income Pool. Effective December 1, 2013, the investment objective of the Pool changed (with corresponding changes to the Pool’s investment strategies), to emphasize that the Pool’s focus will be on the preservation of capital while investing in securities that provide a reasonable level of income and the potential for long-term capital growth, and to provide the Pool with flexibility to invest in fixed income and equity securities that pay income without any geographic restrictions. Effective December 1, 2013, the Pool’s name changed to VPI Income Pool.
- VPI Canadian Equity Pool – September 26, 2005. This Pool was originally named Value Partners Canadian Equity Pool and subsequently changed its name effective September 27, 2007 to VPI Cardinal Canadian Equity Pool. Effective June 30, 2011, the Pool’s name changed to VPI Canadian Equity Pool. Effective December 1, 2013, the investment objective of the Pool changed (with corresponding changes to the Pool’s investment strategies), to permit the Pool to invest in securities outside of Canada.
- VPI Foreign Equity Pool – September 26, 2005. This Pool was originally named Value Partners Foreign Equity Pool and subsequently changed its name effective September 27, 2007 to VPI Cardinal Foreign Equity Pool. Effective June 30, 2011, the Pool’s name changed to VPI Foreign Equity Pool.
- VPI Value Pool – September 19, 2007. This Pool was originally named VPI CGOV World Equity Pool and subsequently changed its name effective June 30, 2011 to VPI World Equity Pool. Effective November 1, 2011, the Pool’s name changed to VPI Value Pool.
- VPI Canadian Balanced Pool – September 19, 2007. This Pool changed its name effective June 30, 2011 and was formerly known as VPI Dixon Mitchell Canadian Balanced Pool.
- VPI Mortgage Pool – October 30, 2012.

Prior to July 3, 2007, VPI Income Pool offered one series of units, Series A units. From July 3, 2007 to June 20, 2014, this Pool also offered Series B, Series F and Cardinal Series

units. From June 20, 2014 to July 4, 2017, this Pool offered Series A, Series B and Series F units. As of July 5, 2017, this Pool offers Series A, Series B, Series F and Series O units.

Prior to July 3, 2007, VPI Canadian Equity Pool offered one series of units, Series A units. From July 3, 2007 to January 4, 2015, this Pool also offered Series B, Series F and Cardinal Series units. From January 5, 2015, to July 4, 2017, this Pool offered Series A, Series B and Series F units. As of July 5, 2017, this Pool offers Series A, Series B, Series F and Series O units.

Prior to July 3, 2007, VPI Foreign Equity Pool offered one series of units, Series A units. From July 3, 2007 until October 31, 2011, this Pool also offered Series B, Series F and Cardinal Series units. From November 1, 2011, to July 4, 2017, this Pool offered Series A, Series B and Series F units. As of July 5, 2017, this Pool offers Series A, Series B, Series F and Series O units.

Prior to July 5, 2017, VPI Value Pool and VPI Canadian Balanced Pool offered Series A, Series B and Series F units. As of July 5, 2017, these Pools offers Series A, Series B, Series F and Series O units.

Prior to July 5, 2017, VPI Mortgage Pool offered Series A and Series F units. As of July 5, 2017, this Pool offers Series A, Series F and Series O units.

From September 26, 2005 to November 30, 2013, the portfolio manager of VPI Income Pool was Cardinal Capital Management, Inc. Effective December 1, 2013, VPI Income Pool has two Portfolio Managers, Patient Capital Management Inc., the principal portfolio manager of the Pool, and Canso Investment Counsel Ltd.

From September 26, 2005 to October 31, 2011, the portfolio manager of VPI Foreign Equity Pool was Cardinal Capital Management, Inc. As of November 1, 2011, the portfolio manager of VPI Foreign Equity Pool is Patient Capital Management Inc.

From September 19, 2007 to October 31, 2011, the portfolio manager of VPI Value Pool was CGOV Asset Management Inc. As of November 1, 2011, the portfolio manager of VPI Value Pool is Patient Capital Management Inc.

From September 26, 2005 to January 4, 2015, the portfolio manager of VPI Canadian Equity Pool was Cardinal Capital Management, Inc. Effective January 5, 2015, the portfolio manager of VPI Canadian Equity Pool is Value Partners Investments Inc.

Effective January 1, 2006, RBC Investor Services Trust carries on the institutional investor services business formerly carried on by The Royal Trust Company and Royal Trust Corporation of Canada (collectively, Royal Trust). Pursuant to an Asset Purchase agreement dated as of January 1, 2006, Royal Trust assigned and transferred all of the assets of its institutional investor services business to RBC Investor Services Trust.

In accordance with section 12.3 of the Trust Agreement for the Value Partners Pools, the trusteeship for the Value Partners Pools was assigned to RBC Investor Services Trust.

The Manager of the Value Partners Pools is Value Partners Investments Inc. (“Value Partners”). The head office of the manager and of each of the Value Partners Pools is located at:

Suite 300, 175 Hargrave  
Winnipeg, Manitoba  
R3C 3R8  
Telephone: 1-866-323-4235  
Fax: 1-204-949-1743  
Email: [info@vpinvestments.ca](mailto:info@vpinvestments.ca)  
Website: [www.valuepartnersinvestments.ca](http://www.valuepartnersinvestments.ca)

### **Investment Restrictions**

Each of the Value Partners Pools is managed in accordance with Canadian securities legislation, including National Instrument 81-102 *Investment Funds* (“NI 81-102”). This means that the Pools are subject to certain restrictions and practices contained in that legislation, which are designed in part to ensure that the investments of the Pools are diversified and relatively liquid and to ensure the proper administration of the Pools.

The fundamental investment objectives of each of the Value Partners Pools are set out in the Simplified Prospectus. Any change in the investment objectives of a Value Partners Pool requires the approval of a majority of Unitholders at a meeting called for that purpose. Value Partners (the Manager) may change the investment strategy of a Value Partners Pool from time to time at its discretion.

### **Securities Lending, Repurchase and Reverse Repurchase Transactions**

Each of the Value Partners Pools may engage in securities lending, repurchase and reverse repurchase transactions as permitted by securities regulation. Securities lending, repurchase and reverse repurchase transactions enable a Value Partners Pool to earn additional income and thereby enhance its performance.

A securities lending transaction involves a Value Partners Pool lending securities that it owns to a third party borrower where the borrower promises to return to the Pool at a later date an equal number of the same securities and pay a fee to the Pool for borrowing the securities. While the securities are borrowed, the borrower provides the Pool with collateral consisting of a combination of cash and/or securities. A repurchase transaction involves a Value Partners Pool selling securities that it owns to a third party for cash while at the same time agreeing to buy back the securities at a later date (usually at a lower price) using the cash received by the Pool from the third party. A reverse repurchase transaction involves a Value Partners Pool purchasing certain types of debt securities from a third party while at the same time agreeing to sell the securities back to the third party at a later date (usually at a higher price).

When conducting securities lending, repurchase and reverse repurchase transactions, a Pool must:

- deal only with counterparties who meet generally accepted creditworthiness standards and who are unrelated to the Pool's portfolio manager, manager or trustee as defined in NI 81-102;
- hold collateral equal to a minimum of 102 percent of the market value of the securities loaned (for securities lending transactions), sold (for repurchase transactions) or purchased (for reverse repurchase transactions) as the case may be;
- adjust the amount of the collateral provided each business day to ensure the value of the collateral relative to the market value of the securities loaned, sold or purchased is not less than the minimum 102 percent limit; and
- limit the aggregate value of all securities loaned or sold through securities lending and repurchase transactions to no more than 50 percent of the net asset value of the Pool (without including the collateral for loaned securities and cash for sold securities).

### **Description of the Securities Offered by the Pools**

Each Value Partners Pool may have an unlimited number of series of units and may issue an unlimited number of units of each series.

Each Pool offers Series A Units, Series F and Series O units. Series B units are offered by each Pool other than VPI Mortgage Pool.

Units represent your ownership in the Pool. Certificates for Units are not issued. Units of a Value Partners Pool may be subdivided or consolidated by Value Partners upon 21 days' advance notice to the trustee and to affected Unitholders. You will receive distributions of your pro rata share of the Pool's net income and net capital gains. Investors will receive the same distribution per unit for all distributions of net income, net capital gains and returns of capital, other than management fee distributions (see Management Fee Reduction Program).

If a Pool is ever terminated, each unit that you own in that Pool, will participate equally with each other unit in the assets of the Pool after all of the Pool's liabilities have been paid. Units may be switched for other units of the Pools as described under "Switching Units" and may be redeemed as described under "Redeeming Units".

You have the right to exercise one vote for each unit held at meetings of all investors of the Pool. Value Partners is required to convene a meeting of investors of a Pool to ask them to consider and approve, by not less than a majority of the votes cast at the meeting (either in person or by proxy), any of the following material changes if they are ever proposed for a Pool:

- a change in the Manager, unless the new manager is an affiliate of the Manager;

- a change in the fundamental investment objectives of a Value Partners Pool;
- in certain cases, if a Value Partners Pool undertakes a reorganization with, or transfers its assets to, another mutual fund or acquires another mutual fund's assets;
- a decrease in the frequency of the calculation of a Pool's net asset value per security; and
- a change in the method of calculating a fee or expense charged to the Value Partners Pool or directly to its Unitholders, or the introduction of a fee or expense charged to the Value Partners Pool, if the change could increase the charges to the Value Partners Pool or its Unitholders, unless the Pool is at arm's length to the person or company charging the fee or expense that is to be changed or introduced.

The Manager may decide to merge one Pool with another Pool, provided that it complies with applicable securities regulation and obtains the approval of the IRC for such merger transaction. Although you may not be asked to vote on such transaction if you are an investor in the merging Pool, you will receive at least 60 days' notice of such merger transaction, if the IRC approves the proposed merger.

The Manager may decide to change the auditors of the Pools, subject to compliance with disclosure requirements of securities regulators and IRC approval. You will not be asked to vote on this change, but you will receive 60 days' advance notice of the change if the IRC approves the proposed change.

The Manager, with the approval of the trustee, may amend the Trust Agreement of a Value Partners Pool without approval of or notice to the relevant Unitholders if the proposed amendment may be made by law without such approval or notice and where the amendment is not expected to have an adverse effect on the pecuniary value of the interests of Unitholders.

### **Valuation of Portfolio Securities**

In calculating the Net Asset Value (NAV) for each series of each Value Partners Pool, the Trustee will value the various assets as described below. The Trustee may deviate from these valuation practices in circumstances where this would be appropriate, for example, if trading in a security is halted because of significant negative news about the company.

<b>Type of Asset</b>	<b>Method of Valuation</b>
Cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received	Valued at full face value unless the Trustee determines any such deposit or call loan is not worth the face amount thereof, in which case the Trustee will determine a reasonable value.
Short-term investments, including notes and money market instruments	Cost plus accrued interest
Bonds, debentures and other debt obligations	Valued by taking the average of the bid and asked prices on a valuation day at such times as the Trustee in its discretion, deems appropriate.
Securities, index futures or index options thereon listed or traded on a stock exchange	Closing sale price at the Valuation Date or, if there is no closing sale price, the average between the closing bid and the closing asked price on the date on which the valuation is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange, provided that if such stock exchange is not open for trading on that date, then the last previous date on which such stock exchange was open for trading.
Securities for which a market quotation is not readily available	Fair market value as determined by the Trustee.



<b>Type of Asset</b>	<b>Method of Valuation</b>
Restricted securities as defined in NI 81-102	<p>One of the following values, whichever is less:</p> <ul style="list-style-type: none"> <li>• the value based on reported quotations in common use;</li> <li>• a percentage of the market value of unrestricted securities of the same class. This percentage will be based on the securities' market value when the Value Partners Pool bought them but will take into account, if appropriate, the amount of time remaining until the restricted securities will cease to be restricted.</li> </ul>
Assets valued in foreign currency, deposits, contractual obligations payable to a Value Partners Pool in foreign currency and liabilities and contractual obligations the Value Partners Pool must pay in foreign currency	Valued using the exchange rate obtained from the best possible sources to the Trustee.
Mutual fund units held by the Value Partners Pools	Valued based on the end-of-day NAV per unit of the respective mutual fund on each valuation day.

The following are liabilities of each Value Partners Pool:

- all bills and accounts payable;
- all administrative expenses payable and/or accrued;
- all contractual obligations to pay money or property, including distributions the Value Partners Pool has declared but not yet paid;
- allowance that the Manager has approved for taxes or contingencies;
- compensation and expenses of the Value Partners Pools' Independent Review Committee; and
- all other liabilities of the Value Partners Pool except liabilities to investors for outstanding Units.

## **Calculation of Net Asset Value**

The NAV per unit of each series of a Value Partners Pool is determined on a daily basis as at the close of trading on The Toronto Stock Exchange (TSX) on each day on which such exchange is open for business, unless the Manager has declared a suspension of such calculations as described below under “Redeeming Units”. The day on which the series NAV is calculated is referred to in this annual information form as a “Valuation Date”.

The NAV per unit of each series of a Value Partners Pool is calculated by dividing the particular series proportionate share of the value of the net assets of the Value Partners Pool (the value of the series proportionate share of the assets less the series proportionate share of the common liabilities and any series liabilities of the particular Value Partners Pool) by the total number of units of such series of such Value Partners Pool then outstanding.

The series NAV per unit is the price for all purchases of units (including the reinvestment of distributions) and for redemptions. The issue and redemption price of units of a series of a Value Partners Pool is based on the series NAV per unit next determined after the request for an issue or redemption of such units is received.

When a portfolio transaction becomes binding, the transaction is included in the next calculation of the Value Partners Pool’s series NAV. Sales and purchases of units of the Value Partners Pool are included in the next calculation of series NAV after the purchase or sale is completed.

The daily NAV and NAV per unit of each of the Pools are available upon request, at no cost, by contacting Value Partners at 1-866-323-4235 or at [info@vpinvestments.ca](mailto:info@vpinvestments.ca).

## **Purchases, Redemptions and Switches**

Series A, Series B and Series F units of a Value Partners Pool may be purchased, switched or redeemed through dealers. Series O units of a Value Partners Pool may be purchased, switched or redeemed through Value Partners (or through dealers if applicable). A Unit of series of a Pool can be purchased, redeemed or switched at its then series NAV.

Series O units of a Value Partners Pool may be purchased by investors who have, or whose dealer has, entered into an agreement directly with Value Partners to purchase Series O units and who make the required minimum investment and minimum additional investment as set out by Value Partners from time to time. Investors may also purchase Series O units of the Value Partners Pools if they open a discretionary investment management account with Value Partners.

Purchase, switch or redemption orders received by or on behalf of a Pool before 4:00 p.m. (ET) on any day that the TSX is open will be processed that day at the applicable series NAV per unit determined at the close of business on that day. Orders received after 4:00 p.m. (ET) or on a day when the TSX is not open for business will be processed the following valuation day at the applicable series NAV per unit determined at the close of business of that day. If the TSX closes earlier than 4:00 p.m. (ET) on any day, the Manager

may impose an earlier deadline for receipt of orders on that day to qualify for valuation at that day's series NAV per unit.

### **Purchasing Units**

Investments in Series A, Series B or Series F units of the Value Partners Pools can be made by completing a Value Partners purchase application, which can be obtained from dealers and by giving the completed purchase application and money to invest in the Pools to the dealer indicating in which series you wish to invest. Investments in Series O units of Value Partners Pools can be made by completing a Value Partners purchase application, which can be obtained from Value Partners or your dealer (as applicable) and by giving the completed purchase application and money to invest in the Pools to Value Partners or your dealer, as applicable. Except for Series O units, initial investments of any available series of units must be a minimum of \$25,000, which can be invested in any one or more of the Pools, provided that at least \$10,000 is invested in a single series of each applicable Pool. At least \$50 per Pool must be invested for each subsequent investment. Value Partners may waive these minimum purchase levels from time to time.

Series O investors that open a discretionary investment management account with Value Partners are not subject to any minimum investment requirements for initial or subsequent investment in the Pools. These investors are, however, subject to minimum investment thresholds for holding a discretionary investment management account with Value Partners. Minimum initial investments and minimum additional investments in the Pools for Series O investors that have not opened up a discretionary investment account with Value Partners will be negotiated by Value Partners at the time of investment.

#### *Series A*

Investors investing in Series A units pay a negotiated sales commission to dealers or brokers at the time of purchase of the Series A units in the Value Partners Pools. The sales commission will be a percentage of the amount invested. Value Partners also pays trailing commissions to dealers (including discount brokers) in respect of Series A units.

#### *Series B*

Investors investing in Series B units do not pay a sales commission at the time of purchase, however, Value Partners will pay a sales commission to dealers. If an investor redeems or switches Series B units within 3 years, the investor will pay a redemption fee to Value Partners on the units redeemed at the time of redemption. The redemption fee will depend on the date the Series B units were purchased and their NAV at the time of purchase, as well as the date they were redeemed. Value Partners will pay trailing commissions to dealers (including discount brokers) in respect of Series B units.

#### *Series F*

Investors in Series F units must qualify for such investment by having a fee-based account with a dealer which has signed a Series F agreement with Value Partners. Investors will agree with dealers on the fees that will be paid in connection with that account with that

dealer. These fees (plus any applicable taxes) may be paid directly to the dealer by an investor, or may be paid by redeeming some of the investor's Series F units. When these fees are paid by redeeming units, the dealer will provide Value Partners with the investor's fee-based account agreement and the annual fee indicated in the agreement will be calculated daily and paid monthly to the dealer. Value Partners does not pay a trailing commission to dealers on Series F units.

### *Series O Units*

Investors in Series O units must qualify for such investment by entering into an agreement directly with Value Partners to purchase Series O units whereby they must make the required minimum investment and minimum additional investment as set out by Value Partners from time to time. Investors may also invest in Series O units of the Value Partners Pools if they open a discretionary investment management account with Value Partners.

No management fees are charged to the Funds with respect to Series O units. Instead, each investor negotiates a separate fee that is paid directly to Value Partners. There is no sales or trailing commission payable to dealers by Value Partners on the sale of these units.

Purchase orders for any series of units can be rejected by Value Partners provided this is done within one business day of receiving an order. Any money sent with an order will be returned to the investor or the investor's dealer once the payment clears. Value Partners may close an investor's account if its value falls significantly below \$25,000 whether due to redemptions, switches or market fluctuations. In the event that Value Partners decides to close an account, the investor will receive at least 60 days' advance notice so that the investor can make additional investments. If the investor does not make additional investments within those 60 days and the value of the account remains significantly below \$25,000 Value Partners will redeem the account in full and send the investor a cheque for the full amount, less any outstanding fees that are payable by the investor.

If Value Partners processes a purchase order in advance of receiving purchase money and if Value Partners does not receive payment within two business days of processing the purchase order, Value Partners will redeem the units on the next business day. If the proceeds of that redemption are greater than the purchase payment owed by the investor, the Pool will keep the difference. If the redemption proceeds are less than the payment owed, Value Partners will pay the difference to the Pool on the investor's behalf and collect this amount from the investor's broker or dealer, who may collect the amount from the investor.

### **Switching Units**

Investments in a Value Partners Pool can be switched to another Value Partners Pool, by redeeming units of the first Value Partners Pool and purchasing units of the other Value Partners Pool, provided that after the switch, the investor continues to hold a minimum of \$10,000 in each Value Partners Pool in which the investor holds units. Switch instructions should be communicated through the investor's dealer. Switch instructions for Series O units should be communicated directly to Value Partners. No switch fee will be levied, unless the switch is made within 30 days of purchasing the units being switched. If units

are switched from a Pool within 30 days of purchasing them, the investor may be subject to a short-term trading fee (see “Redeeming Units”). The switch of units of one Pool for units of another Pool has the same tax implications for investors as for other redemptions.

Units of one series of a Pool can be switched for units of another series of any Pool, provided the eligibility requirements for the Series F and Series O units are met if one of these series is the subject of the switch. The amount of the investment, less any fees, which are paid by redeeming units, will be the same after the change. Investors will, however, own a different number of units because each series has a different NAV per unit. You will pay an applicable fee (equal to what would have been the redemption fee if units had been redeemed) if you are switching out of Series B to another series.

Changing units from one series to another series of the same Pool will not trigger a capital gain or loss for income tax purposes.

### **Redeeming Units**

Except for Series O, units of any Value Partners Pool can be redeemed by sending signed instructions in writing, with signature guaranteed by a chartered bank, trust company or other acceptable financial institution, to dealers. Instructions to redeem Series O units can be sent directly to Value Partners. If the registered owner of the units is a corporation, partnership, agent, fiduciary or surviving joint owner, Value Partners may require additional information. If units are redeemed and the value of the investor’s account falls below \$25,000, or the negotiated minimum amount, Value Partners may seek to close the account.

Payment of the proceeds of the redemption of units will be made within two business days following receipt of a redemption request in good order. Payment will be made either by cheque or electronically. Payment by cheque will be made by first class mail to the last address that appears on the register of unitholders, unless other specific instructions are provided.

Redemption fees or any other charges will not be charged on a redemption under normal circumstances, unless Series B units are being redeemed within the applicable three-year period, however investors may be required to pay a short-term trading fee of 2 percent of the amount redeemed if units are redeemed within 30 days after purchasing them or if Value Partners considers that the investors are engaged in excessive trading. This short-term trading fee will be paid to the applicable Pool.

### **Suspending Redemption Rights**

Redemption rights may be temporarily suspended and payment of redemption proceeds postponed by Value Partners, as permitted by securities legislation:

- during any period when normal trading is suspended on any exchange on which securities or derivatives that make up more than 50 percent of the Pool’s value or its underlying market exposure are traded, provided those securities or derivatives

are not traded on any other exchange that is a reasonable alternative for the Pool;  
or

- with the approval of the Canadian securities regulators.

Value Partners will not accept orders to buy units during any period when it has suspended investors' rights to sell units of that Pool.

Redemption rights may be suspended whenever the right to redeem securities is suspended for any underlying mutual fund in which a Pool invests all of its assets directly or indirectly.

### **Short-Term Trading**

Value Partners Pools should be considered long-term investments and Value Partners discourages investors from buying and then redeeming or switching units with excessive frequency. Excessive trading is discouraged because, among other things, this practice generates significant costs, which can reduce a Pool's returns, thereby affecting all unitholders. Excessive trading can also interfere with the long-term investment decisions of the Portfolio Managers. While these restrictions and our monitoring attempt to deter short term trading, we cannot ensure that such trading will be completely eliminated.

An investor may be considered to be trading excessively, in the Manager's discretion, if:

- the investor sends a purchase order for units of a Pool, within 90 days of redeeming units in that Pool;
- the investor sends a switch order, other than pursuant to the systematic switching plan, for switching units of any Pool into another Pool, within 90 days of making any other switch or purchasing those units;
- the investor sends a redemption order, other than a systematic withdrawal, for redemption of units of any Pool within 90 days of purchasing those units, including on a switch; or
- the investor's order to purchase, switch or redeem would disrupt the efficient and cost-effective management of the Pools.

Value Partners may refuse any order to buy or switch units or may charge a short-term trading fee, if it considers that the investor is trading excessively. If Value Partners refuses an order to buy units, Value Partners will immediately return all money received with the investor's order. Value Partners may charge a short-term trading fee which will be paid to the applicable Pool, if the investor redeems or switches units within 30 days of purchasing those units. Value Partners may also charge a fee in other circumstances, in its discretion, if Value Partners considers an investor to be trading excessively.

## Responsibility for the Operations of the Value Partners Pools

### Manager

Value Partners Investments Inc. (the Manager) is the manager of each of the Value Partners Pools pursuant to the Trust Agreement under which each Value Partners Pools was established.

The Manager is responsible for all of the day-to-day operations of each of the Value Partners Pools. Except as otherwise described herein, the Manager provides such services through its employees at its offices in Winnipeg, Manitoba. In consideration of these management services, the Manager is entitled to the management fees that are payable by the Pools as described in the simplified prospectus.

The Trust Agreement gives the Manager the right to resign upon giving 90 days' notice to the Trustee. The Manager shall appoint a new manager upon its resignation subject to the approval of the unitholders, if such successor is not an affiliate of the Manager. Upon the occurrence of a terminating event, as described in the Trust Agreement, which will include a situation where the Manager resigns and does not appoint a new manager and also will include the bankruptcy or insolvency of the Manager, the Pools will be terminated and their assets distributed to securityholders. Other than in respect of a terminating event, the Manager cannot be terminated.

The name and municipality of residence, position and office held with the Manager, and principal occupation of each of the directors and executive officers of the Manager are as follows:

<b>Name and Municipality of Residence</b>	<b>Position and Office held with the Manager</b>	<b>Current Principal Occupation</b>	<b>Principal Occupation in the last 5 Years (if different than Current Occupation)</b>
Gregg Filmon Winnipeg, Manitoba	President and Director	President and Director of the Manager	Same as current
Paul Lawton Winnipeg, Manitoba	Chief Operating Officer, Secretary, Director and Ultimate Designated Person	Chief Operating Officer, Secretary, Director and Ultimate Designated Person of the Manager	Same as current
John Cameron Thompson Winnipeg, Manitoba	Director	Partner of Cb4 Consulting Inc. (business management consulting)	Same as current

Name and Municipality of Residence	Position and Office held with the Manager	Current Principal Occupation	Principal Occupation in the last 5 Years (if different than Current Occupation)
Ian Gillies Winnipeg, Manitoba	Director	Retired	Project Manager, Cargill Limited
Jenifer Bartman, CPA, CA, CMC St. Adolphe, Manitoba	Director	Founder and Principal – Jenifer Bartman Business Advisory Services (Business Advisory and Consulting Services)	Same as current
Dean Bjarnarson, CA Winnipeg, Manitoba	Chief Financial Officer	Chief Financial Officer of the Manager	Chief Financial Officer with the Manager since August 2018; previously Chief Financial Officer and Chief Compliance Officer with the Manager.
Amit Sethi, CPA, CMA Winnipeg, Manitoba	Chief Compliance Officer	Chief Compliance Officer of the Manager	Chief Compliance Officer with the Manager since August 2018; previously Manager of Compliance with the Manager from March 2016 to July 2018, Compliance Officer with Mawer Investment Management Ltd. from October 2014 to February 2016, Compliance Officer with Mawer Direct Investing Ltd from June 2015 to February 2016 and Regulatory Analyst with Alberta Securities Commission from January 2014 to September 2014.



## **Trustee**

RBC Investor Services Trust serves as trustee for each of the Value Partners Pools pursuant to the Trust Agreement. The Trustee may resign from the office of trustee in respect of any Value Partners Pool upon providing 90 days' written notice to the Manager and the unitholders. The Manager may remove the Trustee at any time by notice to the Trustee and the unitholders upon providing 90 days' advance notice. If the Trustee resigns or is removed by the Manager the Manager must forthwith appoint a successor Trustee. The Trustee holds title to the assets owned by the respective Value Partners Pool on behalf of its Unitholders.

RBC Investor Services Trust is paid a fee for its services for acting as trustee, custodian and record-keeper of the Pools.

## **Portfolio Managers**

The Manager is the Portfolio Manager for VPI Canadian Equity Pool. David Atkins is the individual at the Manager responsible for managing the portfolio of the Pool, and analyzes potential investments and makes investment decisions for the Pool. Mr. Atkins has been with the Manager since November 24, 2014. Prior thereto, he was Vice President, Investments and Portfolio Manager at Cardinal Capital Management, Inc. and had been associated with Cardinal for over 10 years. Under the Trust Agreement, the Manager may provide directly, or may arrange for other persons or companies to provide, certain services to the Pools, including portfolio management services. The Trust Agreement may be terminated as described under "Manager" above.

The Manager has engaged Portfolio Managers to manage specific Pools pursuant to a portfolio management agreement with each Portfolio Manager (Portfolio Management Agreement), as follows:

- Patient Capital Management Inc. (PCM) of Toronto, Ontario acts as the portfolio manager for VPI Foreign Equity Pool and VPI Value Pool, and acts as the principal portfolio manager for VPI Income Pool. Vito Maida, a Founder of PCM, is principally responsible for managing these Pools. Mr. Maida has been associated with PCM for approximately 19 years. PCM analyzes potential investments and makes investment decisions for these Pools. Generally, the agreement with PCM can be terminated by the Manager by giving 90 days' written notice to PCM or by PCM by giving 90 days' written notice to the Manager. The Manager pays PCM a fee for its services in acting as portfolio manager for these Pools.
- Canso Investment Counsel Ltd. (Canso) of Richmond Hill, Ontario acts as a portfolio manager for VPI Income Pool. John Carswell manages the fixed income portion of the Pool along with Canso's senior team of investment research and portfolio management professionals consisting of Jeff Carter, Timothy Hicks, John Laing, Joe Morin, Gail Mudie, Richard Usher-Jones and Vivek Verma. Generally, the agreement with Canso can be terminated by the Manager by giving 90 days'

written notice. The Manager pays Canso a fee for its services in acting as portfolio manager for this Pool.

- Dixon Mitchell Investment Counsel Inc. (Dixon Mitchell) of Vancouver, British Columbia acts as the portfolio manager for VPI Canadian Balanced Pool. Ken O’Kennedy is principally responsible for managing this Pool. Mr. O’Kennedy has been associated with Dixon Mitchell since 2008. Dixon Mitchell analyzes potential investments and makes investment decisions for this Pool. Generally, the agreement with Dixon Mitchell can be terminated by the Manager by giving 90 days’ written notice. The Manager pays Dixon Mitchell a fee for its services in acting as portfolio manager for this Pool.
- HSBC Global Asset Management (Canada) Limited (HSBC Global) of Vancouver, British Columbia acts as the portfolio manager for the VPI Mortgage Pool. A Fixed Income Team of individuals at HSBC Global, comprising of James Huggan, CFA, Chief Investment Officer and Head of Equities and Richard E. Wong, CGA, CFA, Portfolio Manager and Acting Head of Fixed Income, is principally responsible for managing this Pool and is also the team of individuals principally responsible for the portfolio management of its underlying fund, the HSBC Mortgage Fund. Mr. Huggan has been associated with HSBC Global for 19 years and has held the position of Chief Investment Officer for more than the past five years, at HSBC Global. Mr. Wong has been associated with HSBC Global for 22 years and during the past five years has held the roles of Acting Head of Fixed Income, Senior Portfolio Manager, Portfolio Manager and Fixed Income Research Analyst/Trader at HSBC Global. The Fixed Income Team at HSBC Global analyzes potential investments and makes investment decisions for this Pool. Generally, the agreement with HSBC Global can be terminated by the Manager or by HSBC Global by giving at least 90 days’ written notice. The Manager pays HSBC Global a fee for its services in acting as portfolio manager for this Pool.

### **Brokerage Arrangements**

All decisions as to the purchase and sale of portfolio securities and all decisions as to the execution of these portfolio transactions, including the selection of market and dealer and the negotiation of commissions, where applicable, will be made by the Portfolio Managers for the Value Partners Pools. In effecting portfolio transactions, the Portfolio Managers seek to obtain best execution of orders as required by applicable securities regulations.

To the extent that the terms offered by more than one dealer are considered by the Portfolio Managers to be comparable, the Portfolio Managers may, in their discretion, choose to purchase and sell portfolio securities from and to or through dealers who provide research, statistical and other services to the Portfolio Managers in respect of their management of the applicable Pools.

None of the Portfolio Managers of the Pools has any agreements or arrangements in place with any dealer for the portfolio transactions regarding the Pools; however, Value Partners, in its capacity as a Portfolio Manager for VPI Canadian Equity Pool, and Dixon Mitchell

receive the research goods and services described below that they use in connection with their management of the applicable Pool. PCM and Canso receive research, from time to time, from the dealers with whom they place trades for the portion of the Pool they manage, as well as for other portfolios they manage. This research may or may not be used in connection with either PCM's or Canso's management of the portion of the Pool they manage, but is not a factor used by either of them in determining dealers through whom they will place portfolio transactions for the portion of the Pool they manage.

Value Partners and Dixon Mitchell are provided with research, from time to time, from the dealers with whom they place trades for the Pools they manage. Dixon Mitchell may also use brokerage commissions derived from placing trades for the Pools to pay for research from other sources. This research may be a factor used by Value Partners and Dixon Mitchell in determining dealers through whom they will place portfolio transactions for the applicable Pool they manage. Both Value Partners and Dixon Mitchell review each trade for the Pool to determine, among other things, whether the Pool received reasonable benefit considering the applicable research, if any is received, and the amount of brokerage commissions paid.

Names of the dealer(s) that provided the Portfolio Managers with the services described above in connection with the portfolio transactions for the applicable Pool during the last financial year of the Pools will be provided on request by contacting Value Partners at 1-866-323-4235 or at info@vpinvestments.ca.

### **Custodian**

RBC Investor Services Trust of Toronto, Ontario, acts as custodian of the assets of the Value Partners Pools pursuant to the Trust Agreement. RBC Investor Services Trust holds the assets of the Value Partners Pools in safekeeping. The Trust Agreement gives RBC Investor Services Trust the right to appoint sub-custodians. RBC Investor Services Trust is paid a fee for acting as custodian of the Value Partners Pools. RBC Investor Services Trust or its sub-custodians may use the facilities of any domestic or foreign depository or clearing agency authorized to operate a book-based system.

### **Record-keeper**

RBC Investor Services Trust is the record-keeper for the Value Partners Pools under the Trust Agreement.

### **Auditor**

The auditor of the Value Partners Pools is KPMG LLP, Chartered Professional Accountants of Winnipeg, Manitoba. Value Partners may decide to change the auditors of the Pools, subject to compliance with disclosure requirements of securities regulators and IRC approval. Investors will not be asked to vote on this change, but will receive 60 days' advance notice of the change if the IRC approves the proposed change.

## Securities Lending Agent

RBC Investor Services Trust (the Agent) of Toronto, Ontario will act as the agent for the Value Partners Pools in administering the securities lending, repurchase and reverse repurchase transactions of the Pools. The Agent is not an affiliate or associate of the Manager. The Agent's duties as securities lending agent will be governed by the terms of a Securities Lending Agreement, which will be entered into by Value Partners and the Agent once the Pools commence any of such activities. The risks associated with these transactions will be managed by requiring that the agent enter into such transactions for the Value Partners Pools with reputable and well-established Canadian and foreign brokers, dealers and institutions. The Agent will be required to maintain internal controls, procedures and records including a list of approved third parties based on generally accepted creditworthiness standards, transaction and credit limits for each third party, and collateral diversification standards. Each day, the Agent will determine the market value of both the securities loaned by a Value Partners Pool under a securities lending transaction or sold by the Value Partners Pool under a repurchase transaction and the cash or collateral held by the Value Partners Pool for such transactions. If on any day the market value of the cash or collateral is less than 102 percent of the market value of the borrowed or sold securities, then on the next day the borrower will be required to provide additional cash or collateral to the Value Partners Pool to increase the collateral value to 102 percent of that market value.

The Manager and the Agent will review, at least annually, the policies and procedures described above to ensure that the risks associated with securities lending, repurchase and reverse repurchase transactions are being properly managed.

## Principal Holders of Securities

As of May 31, 2019, the following unitholders owned more than 10 percent of a series of the issued and outstanding units of the Pools:

Holder of Units*	Pool/Series	Type of Ownership	Number of Units Owned	Percentage of Issued and Outstanding Units of the Series
Individual Investor	VPI Income Pool Series O	of record and beneficially	119,128.552	10.18%
Bildal Construction Inc.	VPI Foreign Equity Pool Series O	of record and beneficially	15,184.322	15.55%
Individual Investor	VPI Foreign Equity Pool Series O	of record and beneficially	10,739.894	11.00%

Holder of Units*	Pool/Series	Type of Ownership	Number of Units Owned	Percentage of Issued and Outstanding Units of the Series
Individual Investor	VPI Value Pool Series O	of record and beneficially	4,944.533	10.53%
Individual Investor	VPI Value Pool Series O	of record and beneficially	4,963.737	10.57%
Individual Investor	VPI Value Pool Series O	of record and beneficially	5,666.277	12.07%
430333 BC Ltd.	VPI Value Pool Series O	of record and beneficially	8,507.939	18.12%
Individual Investor	VPI Value Pool Series O	of record and beneficially	6,365.415	13.56%
Individual Investor	VPI Canadian Balanced Pool Series O	of record and beneficially	50,894.138	10.68%
Individual Investor	VPI Mortgage Pool Series F	of record and beneficially	225,561.467	15.84%
Individual Investor	VPI Mortgage Pool Series O	of record and beneficially	7,772.745	18.95%
Individual Investor	VPI Mortgage Pool Series O	of record and beneficially	28,179.405	68.70%

\* To protect the privacy of investors, we have omitted the names of the beneficial owners where those owners are individuals. This information is available on request by contacting Value Partners at 1-866-323-4235.

### Conflicts of Interest

As of the date of this annual information form, the following persons or companies owned the securities indicated in the Manager:

- Value Partners Group Inc. (“VPGI”) owns 100 percent of the issued and outstanding shares of Value Partners. VPGI is 37.4 percent directly owned by Longton Ltd., whose shareholders include specified members of the Lawton family including Paul Lawton and Sean Lawton. Paul Lawton is a senior officer of VPGI as well as director and officer of Value Partners. Sean Lawton is a director, officer and advisor of Lawton Partners Financial Planning Services Limited (“Lawton Partners”), which is a mutual fund dealer and distributor of the Pools, and an affiliate of Value Partners by virtue of its common ownership by VPGI.

- Sales representatives and employees of Lawton Partners, collectively own Class A1 shares of VPGI representing 17.1 percent of the common equity of VPGI and Class C1 shares representing an additional 6.2 percent of the common equity of VPGI.

Sales representatives of the following dealers collectively own Class A1 shares of VPGI, which represent the percentage of the common equity of VPGI indicated below:

- Aligned Capital Partners – 1.0 percent
- D.W. Good Investment Company Limited – 0.1 percent
- Desjardins Financial Security Investments Inc. – 0.4 percent
- FundEX Investments – 1.4 percent
- Industrial Alliance – 0.8 percent
- Integral Wealth Securities – 0.4 percent
- Investia Financial Services Inc. – 1.1 percent
- IPC Investment Corporation – 7.1 percent
- IPC Securities Corporation – 3.3 percent
- Manulife Securities Investment Services Ltd. – 1.5 percent
- Portfolio Strategies Corporation – 0.6 percent
- Quadrus Investment Services Ltd. – 2.7 percent
- Worldsource Financial Management Inc. – 0.8 percent
- Class A1 shares representing 1.5 percent and Class C1 shares representing 13.8 percent of the common equity of VPGI are held by employees or former employees, consultants and/or directors of VPGI or Value Partners.

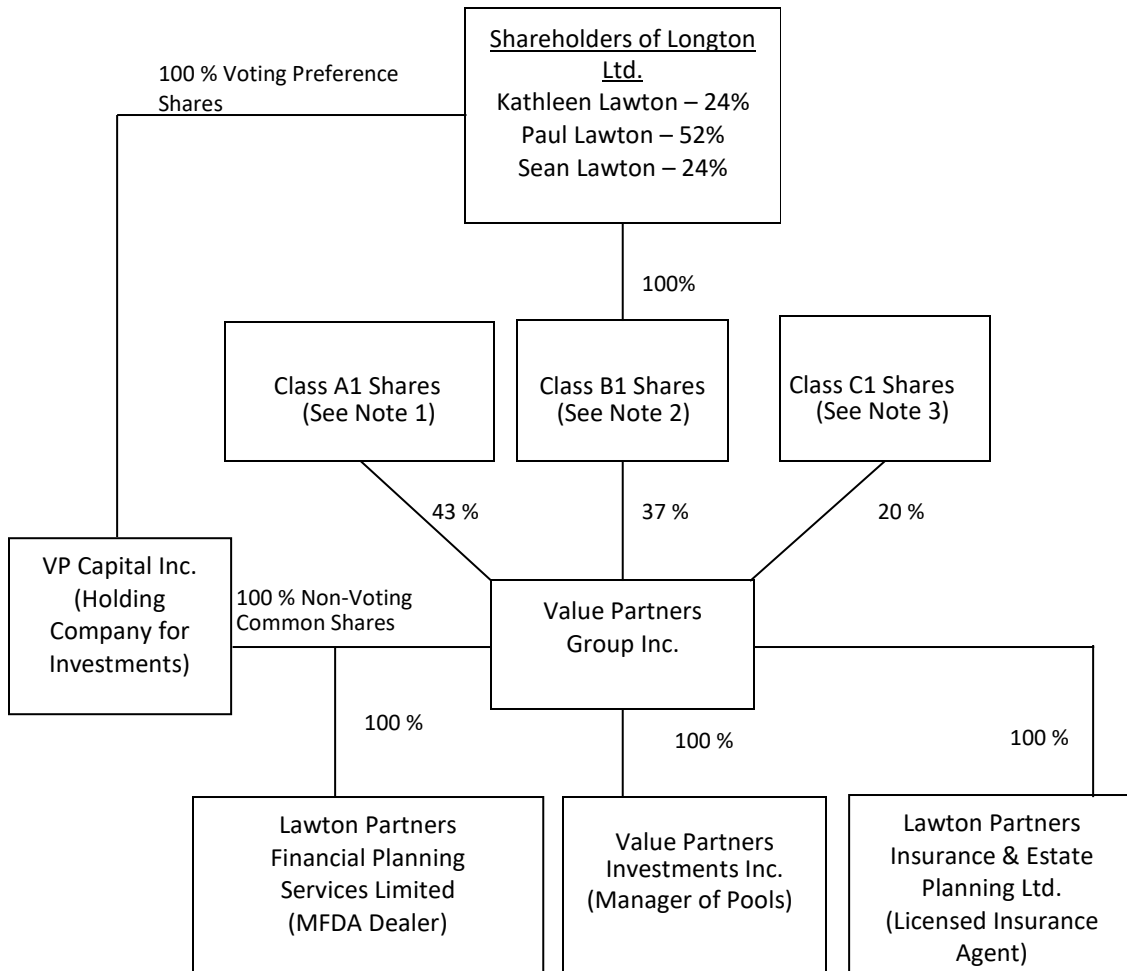
Although sales representatives in aggregate will not hold a controlling interest in VPGI, typically they hold approximately 40 percent of the common equity of VPGI. No individual sales representative is expected to hold more than 5 percent of the common equity of VPGI. Sales representatives that hold shares of VPGI may be located in any jurisdiction of Canada, and will stand to benefit from the inflow of client money to the Pools.

No sales representative or applicable dealer firm has any obligation because of the sales representative's investment in VPGI to recommend that you invest in a Value Partners Pool. An investment in VPGI is made by a sales representative personally and should not

be considered a recommendation or endorsement of the Value Partners Pools by that sales representative's dealer firm

**Affiliated Entities**

The following diagram shows the persons responsible for providing important services to the Pools and how they are related.



Note 1: Class A1 Shares are primarily held by sales representatives of dealer firms.

Note 2: Class B1 Shares are held by Longton Ltd.

Note 3: Class C1 Shares are primarily held by employees, directors and consultants.

The amount of fees received from the Pools by each company described in the above chart is contained in the audited financial statements of the Pools.

## **Governance of the Value Partners Pools**

The Manager has responsibility for the governance of the Value Partners Pools. Specifically, the Manager is required to act honestly, in good faith and in the best interests of the Value Partners Pools and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

The Manager acts to ensure fair treatment of the unitholders of the Value Partners Pools and to ensure that at all times the interests of the Value Partners Pools and their unitholders are placed above personal interests of employees, officers and directors of the Manager, and each of its subsidiaries and affiliates and sub-advisers. The Manager applies the highest standards of integrity and ethical business conduct. The objective is not only to remove any potential for real conflict of interest, but also to avoid any perception of conflict. The Manager addresses any issues in the area of investments, which covers personal trading by employees, conflicts of interest, and confidentiality among departments and portfolio managers, and also addresses any issues relating to other conflicts of interest through written policies and procedures. Securities regulations require the Manager to adopt written policies and procedures describing how the Manager manages any conflicts of interest. As required by securities regulation, the Manager has referred its written policies and procedures which address the conflicts of interest it has identified within the meaning of applicable securities legislation to the Independent Review Committee for the Value Partners Pools (the IRC). The IRC has given the Manager standing instructions to follow those policies and procedures regarding conflicts of interest.

The members of the IRC are: Nestor Theodorou (Chair), Donna Janovcik, and Judy Wakefield, all of whom are independent of the Manager and reside in Manitoba.

Effective June 5, 2018, Peter Davey resigned from his position as a member of the IRC. On February 5, 2019, Donna Janovcik was appointed as a new member of the IRC for a term of 3 years.

The IRC's overall mandate is to provide impartial judgment on conflicts of interest referred to it by the Manager with a view to the best interests of the Value Partners Pools. The IRC operates in accordance with securities regulations that require that all publicly offered investment funds have independent review committees. The compensation payable to, and the expenses of, the IRC are paid by the Value Partners Pools.

The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions.

The compensation paid to the members of the IRC consists of an annual retainer of \$6,800 for each member and \$7,800 for the Chairman as well as a fee per meeting of \$1,000. The compensation of the IRC is allocated between the Pools in accordance with the Manager's fund expense policy.

For the year ended December 31, 2018, the aggregate compensation and expense reimbursements to the IRC was \$28,400 and was paid to each member of the IRC during



2018, in their capacity as the independent review committee for the Value Partners Pools, as set out below:

Nestor Theodorou: \$7,800 retainer and \$3,000 meeting fees and expense reimbursements

Peter Davey: \$6,800 retainer and \$1,000 meeting fees and expense reimbursements

Judy Wakefield: \$6,800 retainer and \$3,000 meeting fees and expense reimbursements.

### **Proxy Voting Policies**

The Portfolio Managers have the authority to consider whether to vote and to vote any proxies received by any of the Pools. The Portfolio Managers will make the decisions about voting proxies according to proxy voting guidelines they have adopted.

In respect of the VPI Mortgage Pool, matters requiring a vote of the units of its underlying fund, the HSBC Mortgage Fund, Value Partners (and not HSBC Global) will vote the units of the underlying fund held by the Pool in accordance with what is in the best interest of the investors in the Pool.

Under its proxy voting policy, the Manager will ensure that best interests of the applicable Pool and its unitholders are the primary considerations when voting proxies of companies held in the Pool's portfolio. The Manager believes in supporting management of companies in which it invests; therefore, on most issues votes will typically be in accordance with the recommendations of the company's board of directors. However, the Manager will generally vote against any actions that may reduce shareholder rights or shareholder value and will generally vote for any actions that are designed to protect shareholder rights if warranted. All proxies shall be reviewed and analyzed on a case by case basis by the portfolio manager(s).

The proxy voting policy of PCM provides that PCM will exercise its authority in accordance with the best economic interests of the Pools that it manages and the Pools' investors. Generally, PCM will vote against actions that would reduce the alignment of interests between management and shareholders or reduce the value of shareholders interests. PCM believes in supporting management of companies in which the Pools invest and will accord proper weight to the positions of a company's board of directors. The policies of PCM include examples of circumstances where it will:

- withhold votes in respect of election of directors; PCM believes that boards must have at least a majority of independent members and key board committees must be completely independent;
- not support the reappointment of a company's auditors;
- support or not support enumerated compensation programs of companies;
- vote for merger and acquisition proposals that will result in financial and operating benefits;

- vote against proposals to increase the number of authorized shares of any class that has superior voting rights to another class;
- vote for stock splits, provided that the stock split does not result in excessive dilution; and
- vote for or against shareholder proposals.

Dixon Mitchell uses the proxy voting guidelines of ISS Institutional Shareholder Services (ISS). These proxy voting guidelines are consistent with the dual objectives of socially responsible shareholders. On matters of social and environmental importance, the guidelines seek to reflect a broad consensus of the socially responsible investing community. On matters of corporate governance, executive compensation and corporate structure, ISS Social Advisory Services guidelines are based on a commitment to create and preserve economic value and to advance principles of good corporate governance, consistent with responsibilities as a whole.

Dixon Mitchell uses the ISS Canadian Proxy Voting Guidelines when considering voting proxies. These guidelines deal with suggested voting procedures in respect of routine items, such as ratification of auditors and voting on director nominees in uncontested elections. The ISS Voting Guidelines also set out recommendations regarding voting on shareholder proposals designed to enhance corporate governance. The Guidelines deal with recommended voting procedures regarding poison pills, mergers and corporate restructurings, by-law amendments, changes to capital structure, executive and director compensation, management proposals needing approval to re-price options, employee stock purchase plans and social and environmental issues.

Under its proxy voting policy, Canso will ensure that proxies are voted upon in an informed and responsible manner and which are in the best interest of the Pool that it manages and the ultimate beneficiaries. Canso's proxy voting policy generally provides for voting in favour of management's recommendations unless there are specific circumstances for voting against and Canso believes the Pool's best interests would be better served by voting against such recommendations. Canso will also document the reasons for a decision to cast a proxy vote in a manner that deviates from its standing policy. The proxy voting policy of Canso includes policies and procedures for dealing with non-routine matters, including corporate restructurings, mergers and acquisitions, proposals affecting security holder rights and executive compensation. These matters will usually be addressed on a case-by-case basis with a focus on the best interests of the Pool and the potential impact of the vote on the value of the Pool.

The Portfolio Managers review each proxy to assess the extent, if any, to which there may be a material conflict between the Portfolio Managers' interests and those of their clients, including the Value Partners Pools. The Portfolio Managers will not take their relationship with a company into account and will vote the proxies in accordance with the best interests of their clients and in accordance with their proxy policies and procedures.

Annually, the Manager will review the proxy voting policies and procedures adopted by the Portfolio Managers, including the following:

- a standing policy for dealing with routine matters on which a Pool may vote;
- the circumstances under which a Pool will deviate from the standing policy for routine matters;
- the policies under which, and the procedures by which, a Pool will determine how to vote or refrain from voting on non-routine matters; and
- procedures to ensure that portfolio securities held by a Pool are voted in accordance with the instructions of the Portfolio Managers.

The policies and procedures that the Portfolio Managers use when voting proxies received by any of the Pools relating to portfolio securities are available on request, at no cost to you, by calling 1-866-323-4235 or by emailing [info@vpinvestments.ca](mailto:info@vpinvestments.ca).

Each Pool's proxy voting record for the most recent period ending June 30 of any year will be available free of charge to any securityholder of the Pools upon request at any time after August 31 of that year. The most recent proxy voting record for the Pools is available at [www.valuepartnersinvestments.ca](http://www.valuepartnersinvestments.ca).

## **Fees and Expenses**

### **Management Fee Reduction Program**

The Manager offers a Management Fee Reduction Program to qualified investors in Series A or Series F units. If an investor qualifies for this program, the management fee charged to the Pool is reduced and the Pool distributes the amount of the reduction to the investor by way of a management fee distribution. Management fee distributions are paid first out of net income and net realized capital gains and thereafter, out of capital. The tax consequences of management fee distributions made by a Pool will generally be borne by the qualifying investors receiving these distributions. Management fee distributions are automatically reinvested in additional units of the particular series of the Pool unless negotiated otherwise. Management fee distributions are calculated and accrued daily in arrears and distributed at least quarterly by the Pool to the relevant investor.

The Management Fee Reduction Program will allow unitholders to benefit from management fee reductions of up to 0.60 percent annually. Based on the net asset value of a unitholder's units in the Value Partners Pools, management fee reductions may apply to all or portions of the unitholder's aggregate investment in the Value Partners Pools. The Management Fee Reduction Program is only available to investors who have an account having a NAV of units in the Value Partners Pools in excess of \$250,000 and remain invested in any of the Value Partners Pools for a minimum period of time as determined by Value Partners. No special instructions are required from unitholders to indicate their intent to participate in the Management Fee Reduction Program, but investments must be in Series A or Series F units to qualify. Any unitholder that meets the specified criteria will automatically receive the benefit of the applicable fee reduction.

The calculation of the average series NAV of units of the Value Partners Pools will be based on the daily aggregate of an investor's investment, on a per account basis, in the Value Partners Pools for each month of a calendar year.

The applicable fee reduction for a qualified investor with an account having a NAV of units in the Pools in excess of \$250,000, but less than \$500,000, will be calculated as follows:

- the qualified investor will receive no fee reduction for the first \$250,000 of the series NAV of the units of the Value Partners Pools;
- for Series A units, the qualified investor will receive a fee reduction of up to 0.30 percent annually on the portion of the series NAV of the units of the Value Partners Pools that is greater than \$250,000; for the VPI Mortgage Pool, the fee reduction will be up to 0.15 percent annually on the portion of the series NAV of the units of the VPI Mortgage Pool that is greater than \$250,000;
- for Series F units, the qualified investor will receive a fee reduction of up to 0.15 percent annually on the portion of the series NAV of the units of the Value Partners Pools that is greater than \$250,000; for the VPI Mortgage Pool, the fee reduction will be up to 0.05 percent annually on the portion of the series NAV of the units of the VPI Mortgage Pool that is greater than \$250,000; and
- Series B and Series O units are not eligible for the Management Fee Reduction Program.

The applicable fee reduction for a qualified investor with an account having a NAV of units in the Pools in excess of \$500,000, but less than \$1,000,000, will be calculated as follows:

- for Series A units, the qualified investor will receive a fee reduction of up to 0.50 percent annually of the series NAV of all units of the Value Partners Pools; for the VPI Mortgage Pool, the fee reduction will be up to 0.30 percent annually of the series NAV of all units of the VPI Mortgage Pool;
- for Series F units, the qualified investor will receive a fee reduction of up to 0.35 percent annually of the series NAV of all units of the Value Partners Pools; for the VPI Mortgage Pool, the fee reduction will be up to 0.10 percent annually of the series NAV of all units of the VPI Mortgage Pool; and
- Series B and Series O units are not eligible for the Management Fee Reduction Program.

The applicable fee reduction for a qualified investor with an account having a NAV of units in the Pools in excess of \$1,000,000, but less than \$2,500,000, will be calculated as follows:

- for Series A units, the qualified investor will receive a fee reduction of up to 0.55 percent annually of the series NAV of all units of the Value Partners Pools; for the

VPI Mortgage Pool, the fee reduction will be up to 0.30 percent annually of the series NAV of all units of the VPI Mortgage Pool;

- for Series F units, the qualified investor will receive a fee reduction of up to 0.40 percent annually of the series NAV of all units of the Value Partners Pools; for the VPI Mortgage Pool, the fee reduction will be up to 0.10 percent annually of the series NAV of all units of the VPI Mortgage Pool; and
- Series B units and Series O units are not eligible for the Management Fee Reduction Program.

The applicable fee reduction for a qualified investor with an account having a NAV of units in the Pools in excess of \$2,500,000, but less than \$5,000,000 will be calculated as follows:

- for Series A units, the qualified investor will receive a fee reduction of up to 0.60 percent annually of the series NAV of all units of the Value Partners Pools; for the VPI Mortgage Pool, the fee reduction will be up to 0.30 percent annually of the series NAV of all units of the VPI Mortgage Pool;
- for Series F units, the qualified investor will receive a fee reduction of up to 0.45 percent annually of the series NAV of all units of the Value Partners Pools; for the VPI Mortgage Pool, the fee reduction will be up to 0.10 percent annually of the series NAV of all units of the VPI Mortgage Pool; and
- Series B and Series O units are not eligible for the Management Fee Reduction Program.

For investments of \$5,000,000 or more, Value Partners will consider management fee reductions in excess of those outlined above.

Value Partners also offers an account linking service, where the management fee reduction applicable to accounts having a net asset value of units in the Pools in excess of \$500,000 noted above would apply across accounts in one Household Group that together meet the \$500,000 threshold for the reduction. Accounts that are eligible to be linked as a Household Group are those that meet one of the following conditions: (i) accounts that belong to the investor, his/her spouse and family members residing at the same address, or (ii) corporate accounts, where the investor, his/her spouse or family members residing at the same address own more than 50% of the equity of the corporation and more than 50% of the voting shares of the corporation. In order to link your eligible accounts into one Household Group, your dealer must complete certain account linking documentation and provide it to us. Once this has been completed, all accounts in the Household Group that together have a net asset value of units in the Pools in excess of \$500,000 will receive the management fee reduction noted above.

Value Partners may vary the terms, conditions and investor qualifications of the Management Fee Reduction Program from time to time or may discontinue the program in its sole discretion.

Please see the following section entitled “Income Tax Considerations” for information on the tax treatment of management fee distributions.

### **Income Tax Considerations**

The following summarizes fairly the principal Canadian federal income tax considerations as of the date hereof with respect to the acquisition, ownership and disposition of units of the Pools generally applicable to an individual unitholder, other than a trust, who for the purposes of the Tax Act, is resident in Canada, deals at arm’s length with the Pool and holds units as capital property.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (Regulations), proposals for specific amendments to the Tax Act and the Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof and the current administrative practices and assessing policies of the Canada Revenue Agency. This summary does not take into account or anticipate any other changes in law whether by legislative, regulatory, administrative or judicial action. This summary does not take into account provincial or foreign income tax legislation or considerations. Each of the Pools has qualified as a mutual fund trust under the Tax Act throughout its current taxation year and is expected to continue to so qualify at all times in the future. This summary is based on the assumption that each of the Pools will so qualify as mutual fund trusts under the Tax Act. If a Pool were not to so qualify as a mutual fund trust under the Tax Act, the income tax consequences would differ materially from those described below.

The following summary is of a general nature only and is not intended to constitute advice to any particular investor. Each investor should seek independent advice regarding the tax consequences of investing in units of a Pool, based upon the investor’s own particular circumstances.

### **Taxation of the Pools**

Each Pool intends to distribute to its unitholders in each year such amount of its net income and net realized capital gains that it should generally not be liable for tax in the Pool under Part I of the Tax Act, after taking into account any capital gains refunds. In certain circumstances losses realized by a Pool may be suspended or restricted, and therefore, would be unavailable to shelter capital gains or income.

All of a Pool’s deductible expenses, including expenses common to all series of the Pool and management fees and other expenses specific to a particular series of the Pool, will be taken into account in determining the income or loss of the Pool as a whole.

## **Taxation of Unitholders of the Pools**

A unitholder will generally be required to include in computing income for a taxation year that portion of the net income and the taxable portion of the net capital gains of a Pool as was paid or payable to them in the year, whether or not such amount has been reinvested in additional units. This may include amounts paid by way of management fee distributions.

Net taxable capital gains and foreign source income of a Pool and taxable dividends received by a Pool on shares of taxable Canadian corporations that are paid or payable to the unitholders (including such amounts reinvested in additional units) may be designated by the Pool as taxable capital gains, foreign source income, and taxable dividends and taxed as such in the hands of unitholders. Foreign source income received by a Pool will generally be net of any taxes withheld in the foreign jurisdiction. The taxes so withheld will be included in the determination of income under the Tax Act. To the extent that a Pool so designates in accordance with the Tax Act, unitholders will, for the purpose of computing foreign tax credits, be entitled to treat their share of such taxes withheld as foreign taxes paid by the unitholders.

If distributions (including management fee distributions) from a Pool (other than as proceeds of disposition) are greater than a unitholder's share of the Pool's net income and the net realized capital gains allocated by the Pool, the excess will be a return of capital. A return of capital is not taxable, but will reduce the adjusted cost base of the unitholder's units of the Pool.

The NAV of a unit may reflect income that has not yet been distributed and capital gains that have not yet been realized or distributed. If a unitholder purchases a unit before a distribution of net income or net realized capital gains, the unitholder will be taxable on such distribution even if the amount of that distribution was reflected in the purchase price of the units.

Unitholders should consult with their own tax advisors regarding the deductibility of fees paid by them in connection with Series O units.

Upon the disposition or deemed disposition by a unitholder of a unit, whether by redemption, sale or otherwise, a capital gain (or capital loss) will be realized to the extent that the proceeds of disposition (less any associated costs of disposition) exceed (or are less than) the adjusted cost base of the unitholder of the unit. In particular, a disposition of a unit will occur if it is switched for units of another Pool. Such switch is completed by redeeming the units of a Pool and using the proceeds to purchase units of another Pool. Changing units of one series of a Pool into units of a different series of the same Pool is not processed as a redemption and will not trigger a capital gain or capital loss.

Generally, one-half of a capital gain (or capital loss) is included in determining a unitholder's taxable capital gain (or allowable capital loss).

## **Registered Plans**

Units of the Pools are qualified investments for registered retirement savings plans, registered retirement income plans, deferred profit savings plans, registered education savings plans, registered disability savings plans, and tax-free savings accounts (collectively “Registered Plans”). If units of a Pool are held in a Registered Plan, distributions from the Pool and capital gains from a disposition of the units are generally not subject to tax under the Tax Act until withdrawals are made from the plan (withdrawals from a tax-free savings account are generally not subject to tax and registered education savings plans and registered disability savings plans are subject to special rules). Annuitants of registered retirement savings plans and registered retirement income funds, holders of tax-free savings accounts and registered disability savings plans, and subscribers of registered education savings plans, should consult with their own tax advisers as to whether units of the Pools would be prohibited investments under the Tax Act in their particular circumstances.

## **Material Contracts**

The material contracts of each Value Partners Pool are as follows:

- Trust Agreement, as amended; and
- Portfolio Management Agreements, as amended.

Details of these contracts are provided in the section of this annual information form entitled “Responsibility for Operations of the Value Partners Pools”. Copies of the material contracts may be examined by prospective or existing Unitholders at the principal office of the Manager during normal business hours.

## **Exemptions and Approvals**

The Manager obtained an exemption on behalf of itself, the Pools and any participating dealer with sales representatives that hold equity interests in the parent company to the Manager from certain disclosure requirements of National Instrument 81-105 *Mutual Fund Sales Practices*. This exemption was granted on certain conditions, one of which is that the Pools and the Manager provide disclosure about the beneficial equity interests of sales representatives in the Manager in the simplified prospectus and update that disclosure on a monthly basis on the website of the Manager.

## **Legal and Administrative Proceedings**

There are currently no ongoing legal or administrative proceedings involving the Manager that may be material to the Pools nor are there any such proceedings known to be contemplated as of the date of this Annual Information Form.



**VPI Income Pool  
VPI Canadian Equity Pool  
VPI Foreign Equity Pool  
VPI Value Pool  
VPI Canadian Balanced Pool  
VPI Mortgage Pool  
(the “Pools”)**

**Certificate of the Pools, Manager and Promoter**

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, Yukon, Nunavut and the Northwest Territories and do not contain any misrepresentations.

Dated: June 21, 2019

(signed) “Gregg Filmon”

Gregg Filmon  
Signing in the capacity of  
Chief Executive Officer  
Value Partners Investments Inc.

(signed) “Dean Bjarnarson”

Dean Bjarnarson  
Chief Financial Officer  
Value Partners Investments Inc.

On Behalf of the Board of Directors of Value Partners Investments Inc. on behalf of the Pools and in its capacity as Manager and Promoter of the Pools.

(signed) “Paul Lawton”

Paul Lawton  
Director

(signed) “Cameron Thompson”

Cameron Thompson  
Director

## **Value Partners Pools**

VPI Income Pool  
VPI Canadian Equity Pool  
VPI Foreign Equity Pool  
VPI Value Pool  
VPI Canadian Balanced Pool  
VPI Mortgage Pool

Manager of the Pools:

Value Partners Investments Inc.  
Suite 300 - 175 Hargrave  
Winnipeg, Manitoba R3C 3J7

1-866-323-4235

Additional information about each Pool described in this Annual Information Form is available in the Pool's Fund Facts, management reports of fund performance and financial statements.

You can obtain a copy of a Pool's Fund Facts, management reports of fund performance and financial statements at no cost by calling toll-free at 1-866-323-4235 or from your dealer or by email at [info@vpinvestments.ca](mailto:info@vpinvestments.ca).

These documents and other information about the Pools, such as information circulars and material contracts are also available on the website of Value Partners Investments.