



**VALUE
PARTNERS**
INVESTMENTS

VPI CORPORATE BOND POOL

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
FOR THE PERIOD ENDED DECEMBER 31, 2020

MANAGER

VALUE PARTNERS INVESTMENTS INC.

PORTFOLIO MANAGER

CANSO INVESTMENT COUNSEL LTD.

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Pool. If you have not received a copy of the annual financial statements with this annual management report of fund performance, you may obtain a copy at your request, and at no cost, by calling toll-free at 1-866-323-4235, by writing to us at 300-175 Hargrave Street, R3C 3R8, by visiting our website at www.valuepartnersinvestments.ca or by visiting the SEDAR website at www.sedar.com. You may also contact us using one of these methods to request a copy of the Pool's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



Annual Management Discussion of Fund Performance

March 22, 2021

Investment Objective and Strategies

VPI Corporate Bond Pool's objective is to preserve capital while providing a reasonable level of income and the potential for long-term capital growth by investing primarily in fixed income securities.

The Portfolio Manager will use a flexible approach to investing in fixed income securities with no geographic restrictions. Fixed income securities may include, but are not limited to corporate bonds, convertible bonds, government bonds, loans, notes and other evidences of indebtedness. In the event that the Portfolio Manager is unable to find fixed income securities that meet its investment criteria in terms of quality and value, the Portfolio Manager will choose to hold cash and/or cash equivalents until the right opportunity comes available. This approach is used to protect investor capital and avoid the potential for long-term capital losses.

Risk

The Pool is considered suitable for investors with a low tolerance for risk. The risks of investing in the Pool remain as discussed in the Prospectus and there were no significant changes to the Pool that materially affected its overall level of risk during the reporting period.

A gradual elevation in longer term government bond yields is underway. Since bottoming in March 2020, Canada and U.S. Treasury yields have moved higher and are currently at their highest levels since last March. While the Bank of Canada and the Federal Reserve control administered rates, ultimately the market determines rates further out the yield curve. With massive government bond supply and the risk of higher inflation, the market is suggesting the path for long term rates is higher, not lower.

The Portfolio Manager believes that companies may choose to run with higher levels of leverage, bankruptcies will remain elevated and not all companies will be able to live long and prosper. They also believe that credit markets may continue to overestimate – some providing money too cheaply with too few restrictions. The Portfolio Manager will continue to be driven by its bottom-up fundamental research process. Although, in the aggregate, credit spreads have tightened substantially, the Portfolio Manager does expect opportunities to continue to present themselves.

Results of Operations

The Pool began operations on June 29, 2020. Since that time, net assets for the Pool increased by approximately \$309.3 million for the period ended December 31, 2020. This increase was primarily due to net sales of \$288.5 million and a \$33.0 million increase in net assets from operations. This was offset by \$12.2 million of distributions to unitholders. Net sales included \$232.5 million relating to the transfer of fixed income securities from VPI Income Pool (see Recent Developments). The increase in net assets from operations resulted from \$18.5 million of unrealized appreciation in the value of investments and currency forward contracts, \$7.0 million of dividend and interest income, and \$7.6 million of realized net gains on the sale of investments and currency forward contracts offset by \$0.2 million of management fees and operating expenses.

Revenues and Expenses

Revenues of the Pool amounted to \$7.0 million for the period, which can be primarily attributed to interest income from its holdings. The Pool experienced \$18.5 million in unrealized appreciation in the value of its investments and currency forward contracts and realized net gains on the sale of investments and currency forward contracts of \$7.6 million. The Pool also incurred \$0.2 million in management fees and operating expenses net of \$77 thousand of expenses absorbed by the Manager.



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Recent Developments

Economic Conditions

The announcement of effective COVID-19 vaccines in November of 2020 lit a fire under markets in the fourth quarter. Equity and credit markets were both strong. This strength was more broadly supported by the Federal Reserve's plans to continue their low interest rate policy until their twin objectives of maximum employment and inflation of two per cent are reached. The Fed is prepared to allow moderately higher inflation in the short term so that inflation averages two per cent over time. The Fed maintained its pace of purchasing Treasury securities and agency mortgage-backed securities to sustain smooth market functioning.

The Bank of Canada has also acted decisively to cut interest rates to protect the Canadian economy that is reeling from the widespread impact of the pandemic. The central bank provided liquidity to Canadian banks as the Government urged the banks to support businesses and consumers through these difficult times. The central bank has expanded its balance sheet exponentially by purchasing mortgage bonds, corporate and provincial bonds and commercial paper.

The Portfolio Manager continues to believe that central banks will succeed in their goal of pushing inflation higher. This will lead to yield curve steepening as long yields rise.

Transaction activity was subdued at the end of the year as corporate credit spreads continued to normalize. The portfolio has begun to reintroduce high quality issues but will look to sustain its exposure to both high yield and long-term bonds as the Portfolio Manager believe spreads are likely to remain low in the near future. The emphasis remains on a bottom-up analysis such that the Portfolio Manager will look to take profits and pivot back into a more defensive positioning once appropriate valuations are reached.

Asset Transfer

The Pool began operations on June 29, 2020. During 2020, the Pool exchanged 23,183,117 Series O units in exchange for fixed income securities with a fair value of \$232,465,241 from VPI Income Pool. Value Partners Investments Inc. is the manager and the portfolio manager of VPI Income Pool. Canso Investment Counsel Ltd., the portfolio manager of VPI Corporate Bond Pool was the portfolio manager of VPI Income Pool until June 2020.



VPI CORPORATE BOND POOL

Portfolio Allocation

Corporate Bonds	87.6%	Equities	1.3%
Term Loans	5.5%	Forward currency contracts	0.4%
Mortgage-Backed Securities	4.8%	Other Net Assets	-1.2%
Cash	1.6%		

Top 25 Holdings

Issuer	Maturity Date	Coupon Rate	Percentage of Net Assets
Air Canada	22-Jun-24	9.0%	5.0%
Ford Credit Canada Co., FRN	21-Mar-24	3.6%	5.0%
American Airlines Inc.	15-Jul-25	11.8%	3.5%
Ford Credit Canada Co., FRN	07-Jan-22	3.4%	2.9%
SSL Robotics LLC	31-Dec-23	9.8%	2.9%
Trans Canada Pipelines Ltd., FRN	15-May-67	2.4%	2.6%
Bombardier Inc.	15-Apr-27	7.9%	2.3%
Continental Resources	15-Jan-31	5.8%	2.2%
Royal Bank of Canada, FRN	24-Nov-80	4.5%	2.2%
Avis-Budget Car Rental	15-May-25	10.5%	2.1%
Neptune Acquisition Inc.	08-Apr-27	10.0%	2.1%
Spirit AeroSystems Inc.	15-Apr-25	7.5%	2.0%
Occidental Petroleum Corporation	01-Sep-30	6.6%	1.8%
Royal Bank of Canada, FRN	24-Feb-81	4.0%	2.2%
Equitable Bank, NHA	01-Nov-25	0.8%	1.7%
First National, NHA	01-Dec-25	0.8%	1.7%
Hertz Corporation (Term-Loan)	30-Jun-23	3.5%	1.7%
Bank of Montreal, FRN	26-Nov-80	4.3%	1.6%
Cash			1.6%
BRP Inc. (Term-Loan)	24-May-27	6.0%	1.5%
Maxar Technologies Inc.	05-Oct-24	2.8%	1.5%
GE Capital Funding Canada, FRN	06-Feb-23	1.7%	1.4%
Air Canada	01-Jul-25	4.0%	1.3%
Spirit AeroSystems Inc.	15-Jun-28	4.6%	1.3%
Yellow Pages Digital & Media Solutions Ltd.	30-Nov-22	8.0%	1.3%
Total			55.4%

The above summary of investment portfolio may change due to ongoing portfolio transactions of the Pool. An update will be made available within 60 days of each subsequent quarter-end.



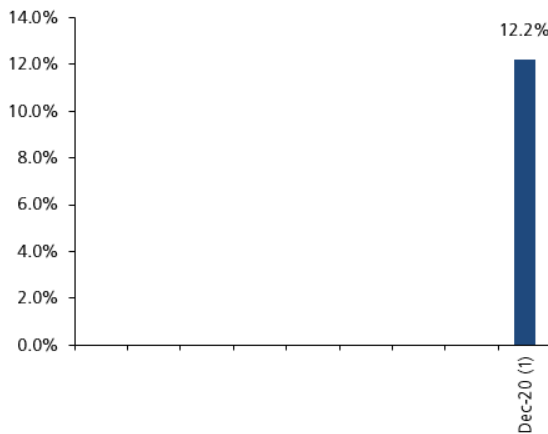
Past Performance

The historical performance information shown below assumes that all distributions were reinvested in the Pool and does not account for any sales, redemptions, distributions or optional charges or income taxes payable by an investor that would have reduced returns. Mutual fund returns are not guaranteed, their values change frequently and past performance may not be repeated.

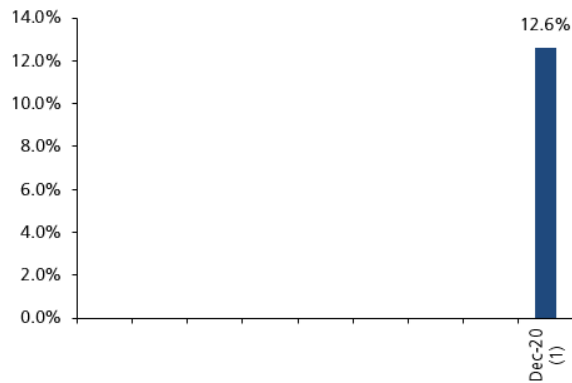
Year-by-Year Returns

The bar charts below show the performance of each series of the Pool (net of fees) for the period ended December 31, 2020. It shows in percentage terms, how an investment made on January 1 or on inception would have increased or decreased by the end of the respective periods.

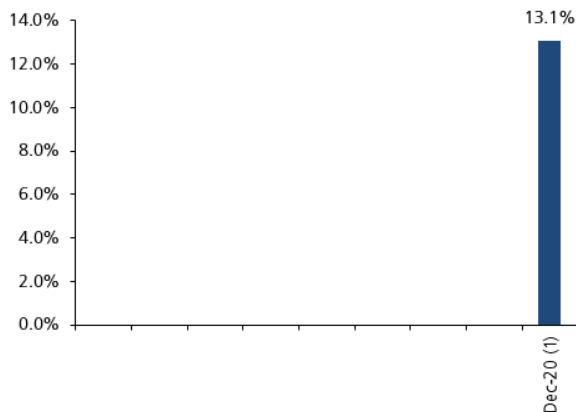
Series A



Series F



Series O



(1) 2020 return is since inception on June 29, 2020



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Management Fees

The Pool pays an annual management fee on each of its series (excluding Series O) to Value Partners Investments Inc. ("the Manager"). The management fee is calculated daily as a percentage of the net asset value of each series as of the close of business on each business day. In consideration for the management fees, the Manager may pay a percentage sales commission and/or trailing commission to registered dealers or brokers for units bought and held in the Pool depending on which series of units were purchased. The Manager also pays a portion of the management fee to the Portfolio Manager for its services in managing the investment portfolio.

For the period ended December 31, 2020, approximately 42% of the management fee revenues received by the Manager from the Pool were paid to registered dealers and brokers as sales and/or trailing commissions. Since each series may have a different commission structure, this percentage may vary by series. For unitholders eligible for the Management Fee Reduction Program, approximately 9.1% of the gross management fees were returned to unitholders as management fee rebates. The remainder of the management fee revenue, after payment of fees to the Portfolio Manager for its services, was retained by the Manager for corporate purposes.

Related Party Transactions

Value Partners Investments Inc. is the manager of the Pool and is responsible for the overall business and operations of the Pool. For the period ended December 31, 2019 the Pool paid \$169 thousand in management fees (excluding taxes) to the Manager. In addition, the Manager also held 1 Series A unit, 26,123 Series F units and 1 Series O unit as of December 31, 2020.



Financial Highlights

The following tables show selected key financial information about each series of the Pool and are intended to help you understand the Pool's financial performance for the period since inception on June 29, 2020 to December 31, 2020. This information is derived from the Pool's audited annual financial statements and is not intended to be a reconciliation of the net asset value per unit.

The Pool's Net Assets Per Unit (\$) ⁽¹⁾

Series A	December 31 2020
Net assets, beginning of period ⁽⁴⁾	10.00
Increase (decrease) from operations:	
Total revenue	0.28
Total expenses	(0.09)
Realized gains (losses) for the period	0.32
Unrealized gains (losses) for the period	1.04
Total increase (decrease) from operations ⁽²⁾	1.55
Distributions:	
From net investment income (excluding dividends)	(0.23)
From dividends	-
From capital gains	(0.19)
Return of capital	-
Total annual distributions ⁽³⁾	(0.42)
Net assets, end of period	10.78

Series F	December 31 2020
Net assets, beginning of period ⁽⁴⁾	10.00
Increase (decrease) from operations:	
Total revenue	0.28
Total expenses	(0.05)
Realized gains (losses) for the period	0.30
Unrealized gains (losses) for the period	0.98
Total increase (decrease) from operations ⁽²⁾	1.51
Distributions:	
From net investment income (excluding dividends)	(0.27)
From dividends	-
From capital gains	(0.19)
Return of capital	-
Total annual distributions ⁽³⁾	(0.46)
Net assets, end of period	10.78



Financial Highlights (continued)

Series O	December 31 2020
Net assets, beginning of period⁽⁴⁾	10.00
Increase (decrease) from operations:	
Total revenue	0.29
Total expenses	-
Realized gains (losses) for the period	0.24
Unrealized gains (losses) for the period	0.81
Total increase (decrease) from operations⁽²⁾	1.33
Distributions:	
From net investment income (excluding dividends)	(0.27)
From dividends	-
From capital gains	(0.19)
Return of capital	-
Total annual distributions⁽³⁾	(0.46)
Net assets, end of period	10.82

(1) This information is derived from the Pool's audited annual financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional units of the Pool, or both.

(4) Inception date: June 29, 2020



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Ratios and Supplemental Data

Series A	December 31 2020
Total net asset value (000's) ⁽¹⁾	\$52,057
Number of units outstanding (000's) ⁽¹⁾	4,829
Management expense ratio ⁽²⁾	1.65%
Management expense ratio before waivers or absorptions	1.65%
Trading expense ratio ⁽³⁾	0.00%
Portfolio turnover rate ⁽⁴⁾	8.36%
Net asset value per unit ⁽¹⁾	\$10.78

Series F	December 31 2020
Total net asset value (000's) ⁽¹⁾	\$8,446
Number of units outstanding (000's) ⁽¹⁾	784
Management expense ratio ⁽²⁾	0.90%
Management expense ratio before waivers or absorptions	0.90%
Trading expense ratio ⁽³⁾	0.00%
Portfolio turnover rate ⁽⁴⁾	8.36%
Net asset value per unit ⁽¹⁾	\$10.78

Series O	December 31 2020
Total net asset value (000's) ⁽¹⁾	\$248,796
Number of units outstanding (000's) ⁽¹⁾	22,984
Management expense ratio ⁽²⁾	0.00%
Management expense ratio before waivers or absorptions	0.07%
Trading expense ratio ⁽³⁾	0.00%
Portfolio turnover rate ⁽⁴⁾	8.36%
Net asset value per unit ⁽¹⁾	\$10.82

(1) This information is provided as at the date shown.

(2) Management expense ratio is based on total expenses for the stated period (excluding distributions, commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net assets during the period. In the period a series is established, the management expense ratio is annualized from the date of inception to December 31.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Pool's portfolio turnover rate indicates how actively the Pool's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Pool buying and selling all of the securities in its portfolio once in the course of the year. The higher the Pool's portfolio turnover rate in a year, the greater the trading costs payable by the Pool in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Pool.



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Other Information

Value Partners Group Inc. (VPGI) owns 100% of Value Partners Investments Inc. (VPI) and LP Financial Planning Services Ltd. (LP Financial), formerly Lawton Partners Financial Planning Services Limited, a mutual fund dealer. VPGI is 37.3% owned by Longton Ltd., whose shareholders include specified members of the Lawton family, including Paul and Sean Lawton. Paul Lawton is an officer of VPGI as well as a director and officer of both VPI and LP Financial. Sean Lawton is a director and sales representative of LP Financial.

As of December 31, 2020, sales representatives of LP Financial held, in aggregate, Class A1 shares representing 18.7% and Class C1 shares representing 6.2% of the common equity of VPGI. The remaining common equity of VPGI was held by sales representatives of other dealer firms and employees of VPGI, VPI and LP Financial. No other sales representative held more than 5 percent of the common equity of VPGI. Additional information regarding equity interests may be obtained from the Pool's annual information form or from the Manager's website at <http://www.valuepartnersinvestments.ca>.

Forward-Looking Statements

This report may contain forward-looking statements about the Pool, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Pool action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Pool and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Pool. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Pool has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.