



**VALUE  
PARTNERS**  
INVESTMENTS

## **VPI INCOME POOL**

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

### **MANAGER**

VALUE PARTNERS INVESTMENTS INC.

### **PORTFOLIO MANAGER**

VALUE PARTNERS INVESTMENTS INC.

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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](http://www.valuepartnersinvestments.ca) or by visiting the SEDAR website at [www.sedar.com](http://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

The investment objective is to place a strong emphasis on avoiding material or long-term capital losses while investing in securities that provide a reasonable level of income and the potential for long-term capital growth. The Pool invests primarily in fixed income and equity securities that pay income.

The strategy of the Pool is to use a flexible approach to investing in fixed income and equity securities with no geographic restrictions. The Pool will generally invest no less than 25% of its assets in fixed income securities and no less than 25% in equity securities. Allocations between asset classes will be based on economic conditions and/or the Portfolio Manager's assessment of investment opportunities.

### Risk

Overall, the risks associated with investing in the Pool remain as discussed in the prospectus. The Pool continues to be suitable for investors with a low to medium tolerance for risk.

In June 2020, Value Partners Investments Inc. assumed responsibility as Portfolio Manager of the Pool and made some significant changes to the Pool's holdings, which have impacted the Pool's risk profile. In particular, the portfolio is now much more diversified in terms of the number of equity holdings, industry sectors and geography. This diversification is expected to reduce sector and liquidity risk and therefore help to reduce volatility in the future. The exposure to new geographies, however, does introduce higher levels of political and currency risk to the Pool than previously.

The onset of the COVID-19 pandemic in March 2020 has since increased levels of uncertainty regarding Canadian, United States, and global macroeconomic factors. Unprecedented levels of economic stimulus in the form of government spending packages and record low interest rates have contributed enormously to the equity market recovery. The effects of these programs have led to widespread investor exuberance and higher levels of risk taking in a handful of market sectors. This has resulted in elevated equity valuations in select areas of the market and therefore increased levels of market risk.

Investor expectations for vaccine effectiveness and the economic recovery are high, however there still remains some uncertainty regarding when the pandemic will be brought under control and therefore when the global economy will fully recover. While the resolution of the US election has reduced political uncertainty, it has introduced legislative risks related to broader changes in tax, environmental and labour regulations. These factors in aggregate may cause heightened levels of volatility in equity and currency markets over the short-term.

A gradual elevation in longer term government bond yields is underway. Since bottoming in March of 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.

### Results of Operations

Net assets of the Pool decreased by approximately \$236.1 million for the year ended December 31, 2020. Contributing to this decrease was \$155.0 of net redemptions, a \$65.7 million decrease in net assets from operations and \$15.4 million in distributions paid to unitholders. The decrease in net assets from operations was due to \$125.2 million of net realized losses on the sale of investments and forward currency contracts and \$13.3 million of management fees and operating expenses. This was offset by \$41.2 million of unrealized appreciation in the value of investments and forward currency contracts, \$10.4 million of interest income, \$16.9 million of dividend income and \$4.3 million of income distributions from investments.



VPI INCOME POOL

**Results of Operations (continued)**

In July 2020, the Pool exchanged its fixed income securities for units of VPI Corporate Bond Pool. Canso Investment Counsel, the former portfolio manager of the fixed income securities of the Pool is the portfolio manager of VPI Corporate Bond Pool. As a result of this change as well as the change in portfolio manager during the year, there were some notable shifts in the asset allocation of securities from the beginning of the year as indicated in the following table:

Sector	Allocation Increase	Sector	Allocation Decrease
Mutual Funds	40.1%	Corporate Bonds	-41.3%
Equities	9.5%	Mortgage-backed Securities	-8.6%
		Cash	-1.7%

There were also some notable shifts in the sector allocation of the Pool from the prior year as indicated in the following table:

Sector	Allocation Increase	Sector	Allocation Decrease
Mutual Funds	40.1%	Corporate Bonds	-41.3%
Telecommunication Services	6.3%	Mortgage-backed securities	-8.6%
Software and Services	4.6%	Energy	-7.1%
Food, Beverage & Tobacco	4.2%	Automobiles & Components	-6.7%
Technology Hardware & Equipment	3.3%	Media & Entertainment	-5.6%
Food and Staples Retailing	3.1%	Banks	-5.0%
Pharmaceuticals & Biotechnology	3.0%	Retailing	-2.9%
Capital Goods	2.8%	Cash	-1.7%
Insurance	2.7%	Healthcare, Equipment & Services	-0.9%
Other Net Assets	2.3%	Real Estate	-0.4%
Semiconductors & Equipment	1.7%	Warrants	-0.3%
Materials	1.6%		
Commercial and Professional Services	1.5%		
Consumer Services	1.5%		
Diversified Financials	1.4%		
Utilities	0.4%		

From a geographic standpoint, the most significant changes are shown in the following table:

Country	Allocation Increase	Country	Allocation Decrease
Germany	4.6%	Canada	-5.7%
Switzerland	4.6%	Jersey	-5.6%
Indonesia	1.6%	Great Britain	-1.7%
US	1.6%	Italy	-1.5%
Netherlands	1.5%	France	-0.6%
Japan	1.2%		



## VPI INCOME POOL

### Results of Operations (continued)

Each series of the Pool experienced a loss in the range of -6.5% to -4.6% relative to the 7.8% gain of the Pool's blended benchmark (50% S&P/TSX Total Return Index and 50% FTSE Canada Universe Bond Index). The Pool underperformed the blended benchmark, particularly in the first two quarters, due to greater equity exposure to energy, retail and bank holdings which were significantly impacted at the onset of the COVID-19 pandemic. As noted previously, the new portfolio manager has since created a more diversified portfolio of holdings for the Pool going forward.

The Pool's lack of exposure to technology companies and the appreciation of the Canadian dollar relative to the US dollar also contributed to the Pool's underperformance. The S&P 500's positive performance was largely driven by a handful of technology and technology-related stocks. During the year, approximately 9.6% of the S&P500 Index return was attributed to the 5 FAANG stocks (Facebook, Amazon, Apple, Netflix, Google). The Pool did not hold any of these stocks during the period due to their high valuations.

The fixed income securities in the Pool performed well over the course of the year, significantly outperforming the FTSE Canada Universe Bond Index. In March of 2020, as markets began to sell off and corporate spreads widened significantly, the fixed income portfolio manager quickly deployed a portion of its large liquidity position to take advantage of attractive investment opportunities. Floating rate notes and mortgage-backed securities were liquidated and replaced with higher yielding undervalued securities. Within a short period of time, the composition of the fixed income portfolio changed significantly. The duration increased from 1.2 to 2.8 years and the yield increased from 2.9% to 7.9% by the end of the first quarter. These actions served well to the benefit of the Pool for the rest of the year, producing double-digit returns on fixed income securities over the remaining 3 quarters of 2020. On December 31, 2020, the fixed income securities remain well-positioned with a duration of 4 years and a yield of 4.8% relative to the FTSE Canada Universe Bond Index with a duration of 7 years and yield of 1.7%.

### Revenues and Expenses

Revenues of the Pool amounted to \$27.4 million, which can be attributed to a combination of dividend income from its equity holdings and interest income from its fixed income holdings.

The Pool also incurred \$13.3 million in management fees and operating expenses, realized a \$125.2 million loss on the sale of investments and forward currency contracts and experienced \$41.2 million of unrealized appreciation in the value of its investments and forward currency contracts. The realized loss on sale of investments of \$125.2 million is attributable to the following dispositions in the portfolio during the year, as referred to previously. Dividends and interest received from each of these holdings while in the Pool are in addition to these gains (losses).



VPI INCOME POOL

Revenues and Expenses (continued)

Holding	Holding Period	Proceeds (millions \$)	Cost (millions \$)	Realized Gain (Loss) (millions)
American Tower REIT	0.1 years	\$ 7.0	\$ 7.0	\$ 0.0
Bed Bath & Beyond Inc.	3.9 years	4.2	28.3	(24.1)
Canadian Natural Resources	1.4 years	5.2	18.4	(13.2)
Cenovus Energy Inc.	5.1 years	5.0	33.2	(28.2)
Ensign Energy Services	5.2 years	1.1	29.4	(28.3)
Fomento Economico Mexicano	0.4 years	12.9	12.5	0.4
General Dynamics Corporation	0.6 years	10.9	11.7	(0.8)
IBM Corporation	0.2 years	6.3	6.1	0.2
iShares MSCI Japan ETF	0.1 years	11.5	11.5	0.0
Linamar Corporation	1.8 years	38.6	50.3	(11.7)
Macy's Inc.	4.2 years	8.4	27.5	(19.1)
Taiwan Semiconductor Mftg Co.	0.4 years	13.9	9.6	4.3
TOTAL S.A	5.5 years	7.8	16.5	(8.7)
United Parcel Service Inc	0.4 years	6.6	4.2	2.4
Bonds	n/a	535.0	522.4	12.6
Mortgage-backed securities	n/a	78.3	78.3	0.0
Mutual funds	n/a	13.0	12.0	1.0
Treasury Bills	n/a	28.1	28.1	0.0
Partial Dispositions	n/a	316.0	328.0	(12.0)
		\$ 1,109.8	\$ 1,235.0	\$ (125.2)

Recent Developments

*Economic Conditions*

The World Health Organization declared COVID-19 a global pandemic on March 11, 2020. The onset of the virus led to extreme declines in global economic activity, the effects of which were widespread, leading to precipitous declines in broad stock indices, corporate earnings, and global oil and other commodity prices. Unemployment rates in Canada peaked at 13.7% in May of 2020 and ended the year at 8.8%. Central banks and government bodies acted early and dramatically to reduce policy rates and enact some of the largest stimulus plans seen in history to maintain economic support. These monetary and fiscal actions made enormous contributions to a strong market rebound, with stock market indices reaching all-time highs at year end. This resulted in increasing equity valuations boosted by low interest rates and increased risk taking by investors.

There remains widespread uncertainty regarding when the pandemic can be brought under full control and therefore when the recovery of the global economy can take place. Government spending programs have been effective at containing the effects of the economic calamity, however the consequences of issuing record levels of debt to support unprecedented levels of economic stimulus will likely lead to higher levels of inflation and interest rates.

*Change in Portfolio Manager*

In June 2020, Value Partners Investments Inc. assumed portfolio management responsibilities for the Pool.

*Asset Transfer*

During 2020, the Pool exchanged its fixed income securities valued at \$232,465,241 for 23,183,117 Series O units of VPI Corporate Bond Pool. Value Partners Investments Inc. is the manager of VPI Corporate Bond Pool. Canso Investment Counsel, the former portfolio manager of the fixed income securities of the Pool, is the portfolio manager of the VPI Corporate Bond Pool. On a go-forward basis, the Portfolio Manager intends to invest the fixed income component of the Pool in Series O units of VPI Corporate Bond Pool.



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE  
For the year ended December 31, 2020

VPI INCOME POOL

**Portfolio Allocation**

Mutual Funds	40.1%	US Equities	17.8%
Canadian Equities	21.4%	Other Net Assets	0.6%
Offshore Equities	19.8%	Cash	0.3%

**Geographic Allocation**

Canada	62.0%	India	1.6%
United States	18.0%	France	1.5%
Germany	4.7%	Great Britain	1.5%
Japan	4.6%	Netherlands	1.5%
Switzerland	4.6%		

**Sector Allocation**

Mutual Funds	40.1%	Energy	2.7%
Banks	7.9%	Real Estate	2.2%
Telecommunication Services	6.3%	Semiconductors & Equipment	1.7%
Software and Services	4.6%	Materials	1.6%
Food, Beverage and Tobacco	4.2%	Consumer Services	1.5%
Technology Hardware & Equipment	3.3%	Commercial & Professional Services	1.5%
Food and Staples Retailing	3.1%	Diversified Financials	1.4%
Health Care Equipment and Services	3.0%	Retailing	1.4%
Pharmaceuticals & Biotechnology	3.0%	Utilities	1.3%
Capital Goods	2.8%	Other Net Assets	0.6%
Automobiles and Components	2.8%	Cash	0.3%
Insurance	2.7%		

**Top 25 Holdings**

Issuer	Percentage of Net Assets
VPI Corporate Bond Pool, Series O	40.1%
Firm Capital Property Trust	2.2%
Cisco Systems, Inc.	1.8%
Intel Corporation	1.7%
CVS Health Corporation	1.6%
Deutsche Telekom AG	1.6%
Infosys Limited	1.6%
Johnson & Johnson	1.6%
Royal Bank of Canada	1.6%
The Bank of Nova Scotia	1.6%
The Toronto-Dominion Bank	1.6%
Bank of Montreal	1.5%
BCE Inc.	1.5%
Broadridge Financial Solutions, Inc.	1.5%
Canadian Imperial Bank of Commerce	1.5%
Carrefour SA	1.5%
Diageo plc	1.5%
Logitech International S.A.	1.5%
Nestlé S.A.	1.5%
Oracle Corporation	1.5%
Rogers Communications Inc., Class B	1.5%
Starbucks Corporation	1.5%
Sun Life Financial Inc.	1.5%
Wolters Kluwer N.V.	1.5%
Magna International Inc.	1.4%
<b>Total</b>	<b>77.9%</b>

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.

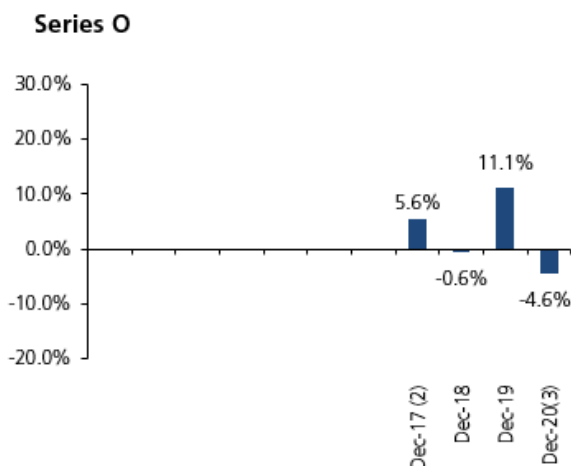
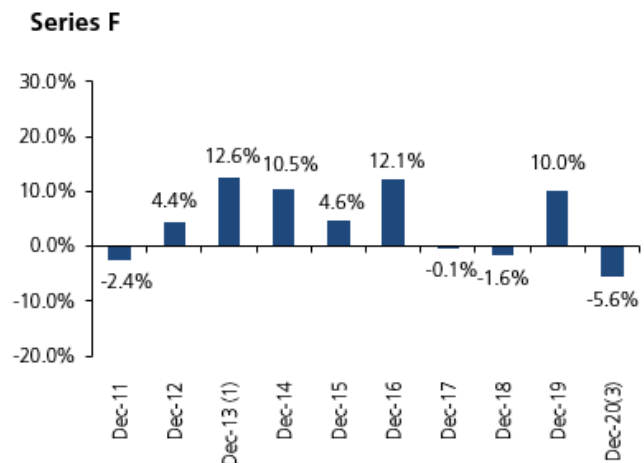
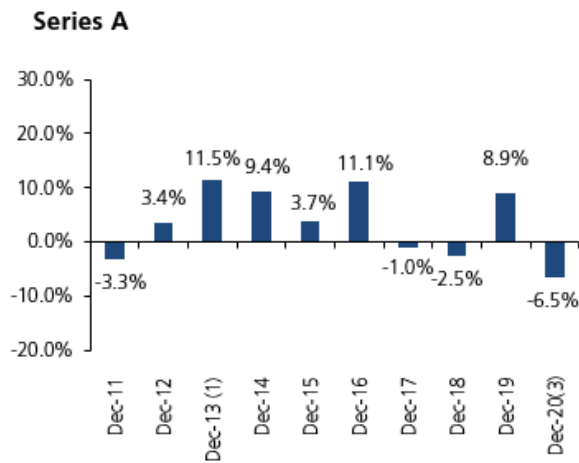


**Past Performance**

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 year ended December 31, 2020, and the previous years ended December 31 or since inception to December 31. 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.



- (1) Patient Capital Management Inc. and Canso Investment Counsel Ltd. were appointed as portfolio managers of the Pool on December 1, 2013.
- (2) 2017 return is since inception on July 5, 2017
- (3) Value Partners Investments Inc. assumed portfolio management responsibility for the Pool in June 2020.



### Annual Compound Returns

The following table shows the annual compound total return of each series of the Pool compared to the blended index, which is comprised of the S&P/TSX Composite Index and the FTSE Canada Universe Bond Index (the “Blended Index”) for the periods shown ended December 31, 2020. All Index returns are calculated on a total return basis, meaning that performance was calculated under the assumption that all distributions were reinvested.

	10 Year	5 Year	3 Year	1 Year	Since Inception <sup>(2)</sup>
<b>Series A<sup>(1)(3)(4)</sup></b> ( <i>Inception: October 20, 2005</i> )	<b>3.3%</b>	<b>1.8%</b>	<b>-0.2%</b>	<b>-6.5%</b>	<b>3.3%</b>
<b>Blended Index</b>	<b>5.3%</b>	<b>6.9%</b>	<b>6.0%</b>	<b>7.8%</b>	<b>5.9%</b>
S&P/TSX Composite Index	5.8%	9.3%	5.7%	5.6%	6.6%
FTSE Canada Universe Bond Index	4.5%	4.2%	5.6%	8.7%	4.7%
<b>Series F<sup>(1)(3)(4)</sup></b> ( <i>Inception: July 3, 2007</i> )	<b>4.3%</b>	<b>2.7%</b>	<b>0.7%</b>	<b>-5.6%</b>	<b>4.1%</b>
<b>Blended Index</b>	<b>5.3%</b>	<b>6.9%</b>	<b>6.0%</b>	<b>7.8%</b>	<b>5.1%</b>
S&P/TSX Composite Total Return Index	5.8%	9.3%	5.7%	5.6%	4.7%
FTSE Canada Universe Bond Index	4.5%	4.2%	5.6%	8.7%	5.0%
<b>Series O<sup>(1)(3)(4)</sup></b> ( <i>Inception: July 5, 2017</i> )	<b>n/a</b>	<b>n/a</b>	<b>1.8%</b>	<b>-4.6%</b>	<b>3.1%</b>
<b>Blended Index</b>	<b>n/a</b>	<b>n/a</b>	<b>6.0%</b>	<b>7.8%</b>	<b>6.4%</b>
S&P/TSX Composite Total Return Index	n/a	n/a	5.7%	5.6%	7.3%
FTSE Canada Universe Bond Index	n/a	n/a	5.6%	8.7%	4.8%

(1) The percentage return differs for each series because the management fee rate and expenses differ for each series.

(2) The return since inception for each series will differ when the inception date differs.

(3) Patient Capital Management Inc. and Canso Investment Counsel Ltd. were appointed portfolio managers of the Pool on December 1, 2013.

(4) Value Partners Investments Inc. assumed portfolio management responsibility for the Pool in June 2020.

The Blended Index is comprised of 50% S&P/TSX Composite Total Return Index and 50% FTSE Canada Universe Bond Index. The S&P/TSX Composite Index is a broad market indicator of activity for the Canadian equity market. Size and liquidity are among the key criteria for inclusion in the Index, with size being assessed on a float market capitalization basis and liquidity being measured relative to liquidity thresholds. The FTSE Canada Universe Bond Index is a broad market indicator of activity for the Canadian fixed income market. It measures the total return of Canadian bonds with terms to maturity greater than one year, and it includes approximately 1,000 federal, provincial, municipal, and corporate bonds rated BBB or higher.

### 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 Managers for their services in managing the investment portfolio.





VPI INCOME POOL

**Management Fees (continued)**

For the year 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 17% 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 Managers for their 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 year ended December 31, 2020 the Pool paid \$10.9 million in management fees (excluding taxes) to the Manager. In addition, the parent company of the Manager also held 45,918 Series F units of the Pool 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 past five years ended December 31. 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 (\$) <sup>(1)</sup>**

Series A	December 31 2020	December 31 2019	December 31 2018	December 31 2017	December 31 2016
<b>Net assets, beginning of period</b>	<b>11.56</b>	<b>11.04</b>	<b>11.59</b>	<b>12.10</b>	<b>11.23</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.47	0.43	0.38	0.42	0.54
Total expenses	(0.22)	(0.24)	(0.24)	(0.24)	(0.24)
Realized gains (losses) for the period	(1.87)	0.24	0.13	0.23	0.18
Unrealized gains (losses) for the period	0.62	0.54	(0.57)	(0.52)	0.79
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.00</b>	<b>0.97</b>	<b>(0.30)</b>	<b>(0.11)</b>	<b>1.27</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.08)	(0.11)	(0.08)	(0.12)	(0.23)
From dividends	(0.13)	(0.11)	(0.07)	(0.07)	(0.07)
From capital gains	-	(0.23)	(0.11)	(0.20)	(0.06)
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.21)</b>	<b>(0.45)</b>	<b>(0.26)</b>	<b>(0.39)</b>	<b>(0.36)</b>
<b>Net assets, end of period</b>	<b>10.59</b>	<b>11.56</b>	<b>11.04</b>	<b>11.59</b>	<b>12.10</b>



VPI INCOME POOL

Financial Highlights (continued)

Series F	December 31 2020	December 31 2019	December 31 2018	December 31 2017	December 31 2016
<b>Net assets, beginning of period</b>	<b>11.42</b>	<b>10.80</b>	<b>11.29</b>	<b>11.82</b>	<b>11.01</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.47	0.42	0.37	0.41	0.53
Total expenses	(0.12)	(0.13)	(0.13)	(0.13)	(0.13)
Realized gains (losses) for the period	(1.92)	0.24	0.13	0.23	0.16
Unrealized gains (losses) for the period	0.53	0.52	(0.57)	(0.48)	0.82
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.04)</b>	<b>1.05</b>	<b>(0.20)</b>	<b>0.03</b>	<b>1.38</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.13)	(0.11)	(0.10)	(0.20)	(0.33)
From dividends	(0.20)	(0.11)	(0.11)	(0.11)	(0.10)
From capital gains	-	(0.23)	(0.11)	(0.20)	(0.06)
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.33)</b>	<b>(0.45)</b>	<b>(0.32)</b>	<b>(0.52)</b>	<b>(0.49)</b>
<b>Net assets, end of period</b>	<b>10.42</b>	<b>11.42</b>	<b>10.80</b>	<b>11.29</b>	<b>11.82</b>

Series O <sup>(4)</sup>	December 31 2020	December 31 2019	December 31 2018	December 31 2017
<b>Net assets, beginning of period<sup>(4)</sup></b>	<b>10.42</b>	<b>9.75</b>	<b>10.16</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.43	0.39	0.34	0.31
Total expenses	(0.02)	(0.01)	(0.01)	(0.03)
Realized gains (losses) for the period	(1.74)	0.25	0.09	(0.37)
Unrealized gains (losses) for the period	1.09	0.62	(0.61)	(0.04)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.24)</b>	<b>1.25</b>	<b>(0.19)</b>	<b>(0.13)</b>
<b>Distributions:</b>				
From net investment income (excluding dividends)	(0.21)	(0.10)	(0.13)	(0.13)
From dividends	(0.31)	(0.10)	(0.12)	(0.08)
From capital gains	-	(0.21)	(0.10)	(0.19)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.52)</b>	<b>(0.41)</b>	<b>(0.35)</b>	<b>(0.40)</b>
<b>Net assets, end of period</b>	<b>9.38</b>	<b>10.42</b>	<b>9.75</b>	<b>10.16</b>

(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: July 5, 2017.



**Ratios and Supplemental Data**

<b>Series A</b>	<b>December 31 2020</b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>
Total net asset value (000's) <sup>(1)</sup>	\$515,422	\$705,609	\$649,756	\$636,699	\$542,008
Number of units outstanding (000's) <sup>(1)</sup>	48,650	61,017	58,857	54,941	44,800
Management expense ratio <sup>(2)</sup>	2.00%	1.97%	1.98%	1.98%	1.98%
Management expense ratio before waivers or absorptions	2.00%	1.97%	1.98%	1.98%	1.98%
Trading expense ratio <sup>(3)</sup>	0.09%	0.01%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	346.15%	72.01%	81.51%	38.15%	43.82%
Net asset value per unit <sup>(1)</sup>	\$10.59	\$11.56	\$11.04	\$11.59	\$12.10

<b>Series F</b>	<b>December 31 2020</b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>
Total net asset value (000's) <sup>(1)</sup>	\$73,266	\$115,199	\$105,616	\$100,341	\$71,718
Number of units outstanding (000's) <sup>(1)</sup>	7,029	10,089	9,781	8,885	6,066
Management expense ratio <sup>(2)</sup>	1.05%	1.04%	1.04%	1.03%	1.03%
Management expense ratio before waivers or absorptions	1.05%	1.04%	1.04%	1.03%	1.03%
Trading expense ratio <sup>(3)</sup>	0.09%	0.01%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	346.15%	72.01%	81.51%	38.15%	43.82%
Net asset value per unit <sup>(1)</sup>	\$10.42	\$11.42	\$10.80	\$11.29	\$11.82

<b>Series O</b>	<b>December 31 2020</b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>
Total net asset value (000's) <sup>(1)</sup>	\$19,338	\$23,326	\$9,303	\$2,176
Number of units outstanding (000's) <sup>(1)</sup>	2,062	2,239	954	214
Management expense ratio <sup>(2)</sup>	0.00%	0.00%	0.00%	0.00%
Management expense ratio before waivers or absorptions	0.11%	0.08%	0.08%	0.10%
Trading expense ratio <sup>(3)</sup>	0.09%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	346.15%	72.01%	81.51%	38.15%
Net asset value per unit <sup>(1)</sup>	\$9.38	\$10.42	\$9.75	\$10.16

(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.



VALUE  
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INVESTMENTS

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2020

### VPI INCOME POOL

#### 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.*