



**VALUE
PARTNERS**
INVESTMENTS

VPI CANADIAN EQUITY POOL

**ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2019**

MANAGER

VALUE PARTNERS INVESTMENTS INC.

PORTFOLIO MANAGER

VALUE PARTNERS INVESTMENTS INC.

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 17, 2020

Investment Objective and Strategies

The investment objective of the Pool is to generate longer term growth in value through the increase in the value of its holdings, and through the receipt and reinvestment of dividend income from its holdings by investing primarily in equity securities of Canadian companies. The Pool may invest in securities outside of Canada, and has the flexibility to invest up to 49% of its assets in non-Canadian securities.

The Portfolio Manager strongly favours high quality common shares of very large and stable companies where profits and dividends are likely to grow significantly and, more importantly, have less chance of a significant decrease in value. This preservation of capital is pursued by focusing on companies with very strong balance sheet positions and strong competitive positions, such as being a leader in a particular market or industry. The Portfolio Manager utilizes fundamental analysis as the primary basis for security selection and makes every effort to avoid overpaying for selected stocks.

Risk

Overall, the risks associated with investing in the Pool have not materially changed and remain as discussed in the Prospectus. The Pool is considered suitable for investors with a medium tolerance for risk. Uncertainty in the United States' political environment and foreign policy may cause uncertainty regarding Canadian, United States, and global macroeconomic policy. These factors may cause increased volatility in the equity and currency markets over the short-term.

As of December 31, 2019, approximately 33.1% of the Pool's assets were invested in US equities compared to 30.7% as of December 31, 2018. The Portfolio Manager does not believe that there have been any material changes from the prior year with respect to risk.

Results of Operations

Net assets of the Pool increased by approximately \$253.0 million for the year ended December 31, 2019 due to \$155.5 million of net sales and a \$124.6 million increase in net assets from operations, offset by \$27.1 million of distributions to unit holders. The increase in net assets from operations was due to \$74.7 million of unrealized appreciation in the value of investments, \$37.5 million of net realized gains on the sale of investments, dividend income of \$32.1 million and \$1.3 million of interest income. This was offset by \$1 million of foreign exchange loss on cash and \$20.0 million of management fees and operating expenses.

There were a number of changes made to the Pool's equity holdings during the year. The following table summarizes the businesses that were added and/or removed from the portfolio:

<i>Additions</i>	<i>Dispositions</i>
FedEx Corporation	United Technologies Corporation
Intel Corporation	Johnson & Johnson
Cisco Systems	

The Portfolio Manager made the above equity additions and added to existing positions that they believed were attractively valued using cash available in the Pool.

As a result of these decisions, additions/trimming of existing holdings and changes in market values during the period, there were some notable shifts in the portfolio allocation from the beginning of the year as indicated in the following table

<i>Sector</i>	<i>Increase</i>	<i>Sector</i>	<i>Decrease</i>
Technology, H/W & Equipment	3.8%	Pharmaceuticals	5.8%
Transportation	3.8%	Utilities	3.6%
Semiconductors & Equipment	3.8%	Capital Goods	3.3%
Energy	3.7%	Cash	2.9%
Banks	1.0%	Automobiles & Components	0.2%
		Media & Entertainment	0.2%



Results of Operations (continued)

Each series of the Pool (excluding Series B) experienced a gain in the range of 13.0% to 15.2%, which was lower than the 22.9% gain of the S&P/TSX Composite Total Return Index (the "Index"). The Index returns were driven by stocks in the materials and technology sectors. The fundamentals of these businesses do not satisfy the Portfolio Manager's investment criteria as many are not profitable. Accordingly, since the Pool did not hold such investments in its portfolio and also had a significant cash position during the year, the Pool's performance was lower than the benchmark. In recent weeks, however, the cash position has served to protect client capital as markets have dropped and provided the opportunity for the Portfolio Manager to invest in some great businesses at very attractive prices and dividend yields.

Revenues and Expenses

Revenues of the Pool for the year included \$33.4 million of dividend and interest income. These were offset by \$1 million of foreign exchange loss on cash and management fees and operating expenses of \$20.0 million during the year.

The realized gain on sale of investments of \$37.5 million is attributable to two completed dispositions as well as several partial dispositions of shares from the portfolio during the year. Dividends received from each of these holdings while in the Pool are in addition to these gains.

Holding	Approximate Holding Period	Proceeds (millions)	Cost (millions)	Realized Gain (millions)
Johnson & Johnson	5.0 years	\$ 53.8	\$ 41.4	\$ 12.4
United Technologies Corporation	4.4 years	37.5	24.6	12.9
Partial Dispositions	n/a	40.5	28.3	12.2
		\$ 131.8	\$ 94.3	\$ 37.5

Further to these realized gains, the Pool also experienced \$74.7 million of unrealized appreciation in the value of its investments.

Recent Developments

Economic Conditions

In January 2020, the World Health Organization declared the coronavirus a global health emergency and on March 11, 2020, they declared it as a global pandemic. This has presented many uncertainties and the stock market hates uncertainty. In order to contain the virus, countries have implemented quarantines and companies have shut down manufacturing and have disrupted supply chains at an alarming speed. Meanwhile, Russia and Saudi Arabia were unable to agree on curtailing crude oil production and Saudi Arabia responded by reducing their prices and plans to increase production. The result was an unprecedented drop in the price of crude oil of over 30%. Equity markets have reacted with the biggest decline experienced in more than a decade. In response, both the US Federal Reserve and the Bank of Canada quickly reduced their key interest rates by 50 basis points. At this time, governments and businesses around the world are introducing significant new measures to contain and control the spread of the virus.

The full impact of these circumstances on global growth and businesses will not be fully known or understood until time has passed. Exactly how long that will be is unknown, but it is possible that it could be prolonged given the current situation. The markets are not waiting to see what happens. Investors are choosing to sell good businesses at any price. The Portfolio Manager believes that buying stocks in great businesses when the market is down is critical for successful investing. However, when the markets act suddenly, unexpectedly, or violently it can be difficult for most investors to follow through and remain disciplined. The catalyst for each market downturn is often different, the outcome has always been the same. The best time to invest is when others are fearful.

The Portfolio Manager has taken this opportunity to invest in great businesses that are durable and have the financial capacity to succeed. Since February 26, 2020, well over \$100 million of shares have been purchased in the Pool's existing holdings as well as two new holdings.

Series B Units

Effective August 15, 2019, the Pool discontinued sales of its Series B (low load deferred sales charge) units. Subsequently, under a Declaration of Trust, all outstanding Series B units were converted to Series A units on December 2, 2019 at the closing net asset value. There were no costs to unitholders as a result of this change.



Portfolio Allocation

Canadian Equities	54.4%	Cash	12.4%
US Equities	33.1%	Other Net Assets	0.1%

Sector Allocation

Banks	31.9%	Media & Entertainment	5.7%
Energy	18.1%	Automobiles & Components	4.5%
Transportation	13.9%	Technology, H/W & Equipment	3.8%
Cash	12.4%	Semiconductors & Equipment	3.8%
Utilities	5.8%	Other Net Assets	0.1%

Top 25 Holdings

Issuer	Percentage of Net Assets
Cash	12.4%
Canadian Natural Resources	7.4%
Suncor Energy Inc.	6.3%
United Parcel Service Inc.; Class B	6.2%
Wells Fargo & Company	5.9%
Bank of Nova Scotia	5.8%
Walt Disney Company	5.7%
Canadian Imperial Bank of Commerce	5.5%
Bank of Montreal	5.1%
Toronto Dominion Bank	5.0%
Royal Bank of Canada	4.6%
Magna International Inc.	4.5%
Husky Energy Inc.	4.4%
FedEx Corporation	4.1%
Cisco Systems Inc.	3.8%
Intel Corporation	3.8%
Union Pacific Corporation	3.6%
Canadian Utilities Limited	3.2%
Fortis Inc.	2.6%
Other Net Assets	0.1%
Total	100.0%

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.



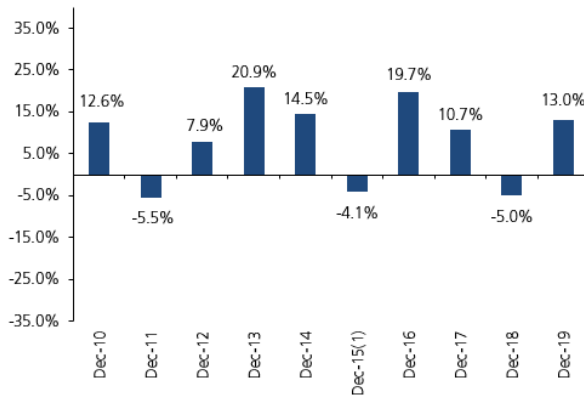
Past Performance

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.

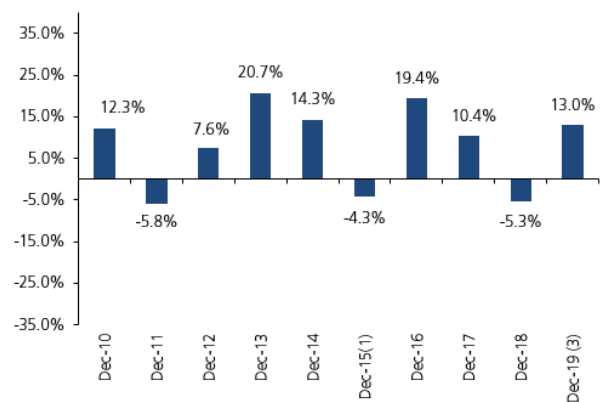
Year-by-Year Returns

The bar charts below show the performance of each series of the Pool (net of fees) for the year ended December 31, 2019, and for 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.

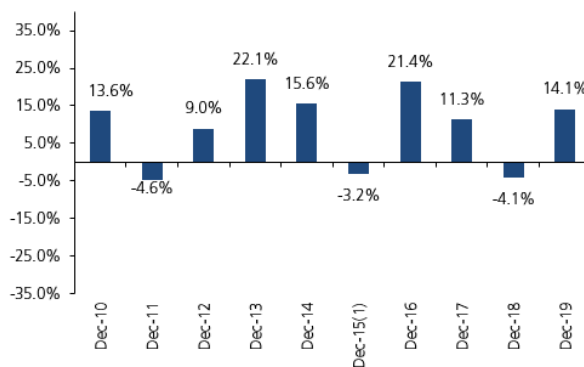
Series A



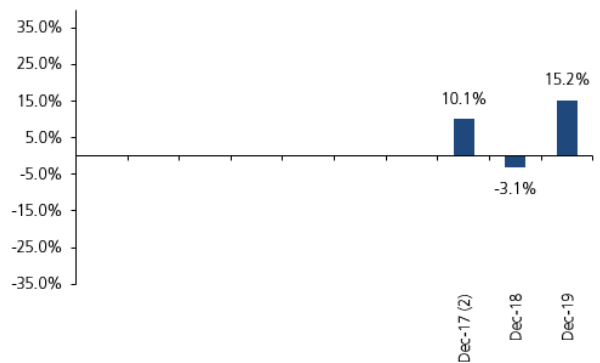
Series B



Series F



Series O



- (1) Value Partners Investments Inc. assumed the portfolio management responsibilities of the Pool on January 5, 2015.
- (2) 2017 return is since inception on July 5, 2017.
- (3) 2019 return is for the period ending December 2, 2019, the date all Series B units were converted to Series A units.



Annual Compound Returns

The following table shows the annual compound total return of each series of the Pool compared to the S&P/TSX Composite Index for the periods shown ended December 31, 2019. 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 ⁽²⁾
Series A ⁽¹⁾⁽³⁾ (Inception: October 20, 2005)	8.1%	6.4%	5.9%	13.0%	6.6%
S&P/TSX Composite Index	6.9%	6.3%	6.9%	22.9%	6.7%
Series B ⁽¹⁾⁽³⁾⁽⁴⁾ (Inception: July 3, 2007)	7.8%	6.2%	5.7%	13.0%	5.3%
S&P/TSX Composite Index	6.9%	6.3%	6.9%	22.9%	4.6%
Series F ⁽¹⁾⁽³⁾ (Inception: July 3, 2007)	9.1%	7.4%	6.8%	14.1%	6.5%
S&P/TSX Composite Index	6.9%	6.3%	6.9%	22.9%	4.6%
Series O ⁽¹⁾⁽³⁾ (Inception: July 5, 2017)	n/a	n/a	n/a	15.2%	8.6%
S&P/TSX Composite Index	n/a	n/a	n/a	22.9%	8.0%

(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) Value Partners Investments Inc. assumed the portfolio management responsibilities of the Pool on January 5, 2015.

(4) Calculated to December 2, 2019, the date all Series B units were converted to Series A units.

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.

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.

For the year ended December 31, 2019, 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 15% of the gross management fees were returned to unitholders as management fee rebates. The remainder of the management fee revenue 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, 2019 the Pool paid \$17.0 million in management fees (excluding taxes) to the Manager. In addition, the Manager or parent company of the Manager also held 30,170 Series F units as of December 31, 2019.



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 (\$) ⁽¹⁾

Series A	December 31 2019	December 31 2018	December 31 2017	December 31 2016	December 31 2015
Net assets, beginning of period	18.04	19.44	17.61	15.10	15.86
Increase (decrease) from operations:					
Total revenue	0.60	0.64	0.38	0.47	0.55
Total expenses	(0.41)	(0.41)	(0.38)	(0.34)	(0.33)
Realized gains for the period	0.69	0.58	0.50	0.71	0.26
Unrealized gains (losses) for the period	1.39	(1.88)	1.42	2.17	(1.13)
Total increase (decrease) from operations ⁽²⁾	2.27	(1.07)	1.92	3.01	(0.65)
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	(0.15)	(0.05)	(0.05)	(0.09)	(0.12)
From capital gains	(0.29)	(0.38)	-	(0.38)	-
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	(0.44)	(0.43)	(0.05)	(0.47)	(0.12)
Net assets, end of period	19.95	18.04	19.44	17.61	15.10

Series B ⁽⁵⁾	December 31 2019	December 31 2018	December 31 2017	December 31 2016	December 31 2015
Net assets, beginning of period	14.19	15.29	13.85	11.86	12.42
Increase (decrease) from operations:					
Total revenue	0.45	0.49	0.30	0.37	0.43
Total expenses	(0.33)	(0.36)	(0.33)	(0.30)	(0.29)
Realized gains for the period	0.53	0.51	0.37	0.57	0.20
Unrealized gains (losses) for the period	1.23	(1.19)	1.07	1.61	(0.85)
Total increase (decrease) from operations ⁽²⁾	1.87	(0.55)	1.41	2.25	(0.51)
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	(0.02)
From capital gains	-	(0.30)	-	(0.31)	-
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	-	(0.30)	-	(0.31)	(0.02)
Net assets, end of period	-	14.19	15.29	13.85	11.86



Financial Highlights (continued)

Series F	December 31 2019	December 31 2018	December 31 2017	December 31 2016	December 31 2015
Net assets, beginning of period	14.91	16.07	14.52	12.46	13.12
Increase (decrease) from operations:					
Total revenue	0.50	0.53	0.31	0.39	0.45
Total expenses	(0.19)	(0.18)	(0.17)	(0.16)	(0.15)
Realized gains for the period	0.58	0.47	0.43	0.54	0.20
Unrealized gains (losses) for the period	1.13	(1.62)	1.21	2.00	(1.02)
Total increase (decrease) from operations⁽²⁾	2.02	(0.80)	1.78	2.77	(0.52)
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	(0.26)	(0.18)	(0.17)	(0.22)	(0.24)
From capital gains	(0.24)	(0.32)	-	(0.31)	-
Return of capital	-	-	-	-	-
Total annual distributions⁽³⁾	(0.50)	(0.50)	(0.17)	(0.53)	(0.24)
Net assets, end of period	16.52	14.91	16.07	14.52	12.46

Series O⁽⁴⁾	December 31 2019	December 31 2018	December 31 2017
Net assets, beginning of period⁽⁴⁾	10.07	10.84	10.00
Increase (decrease) from operations:			
Total revenue	0.35	0.38	0.09
Total expenses	(0.02)	-	-
Realized gains for the period	0.43	0.23	0.34
Unrealized gains (losses) for the period	0.76	(1.46)	0.95
Total increase (decrease) from operations⁽²⁾	1.52	(0.85)	1.38
Distributions:			
From net investment income (excluding dividends)	-	-	-
From dividends	(0.27)	(0.21)	(0.18)
From capital gains	(0.16)	(0.22)	-
Return of capital	-	-	-
Total annual distributions⁽³⁾	(0.43)	(0.43)	(0.18)
Net assets, end of period	11.18	10.07	10.84

(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.

(5) Series B units were converted to Series A units on December 2, 2019.



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Ratios and Supplemental Data

Series A	December 31 2019	December 31 2018	December 31 2017	December 31 2016	December 31 2015
Total net asset value (000's) ⁽¹⁾	\$916,248	\$713,221	\$650,134	\$521,814	\$402,706
Number of units outstanding (000's) ⁽¹⁾	45,925	39,530	33,437	29,635	26,669
Management expense ratio ⁽²⁾	1.97%	1.98%	1.99%	1.99%	2.00%
Management expense ratio before waivers or absorptions	1.97%	1.98%	1.99%	1.99%	2.00%
Trading expense ratio ⁽³⁾	0.01%	0.01%	0.01%	0.03%	0.03%
Portfolio turnover rate ⁽⁴⁾	14.60%	10.63%	6.33%	13.85%	14.90%
Net asset value per unit ⁽¹⁾	\$19.95	\$18.04	\$19.44	\$17.61	\$15.10

Series B ⁽⁵⁾	December 31 2019	December 31 2018	December 31 2017	December 31 2016	December 31 2015
Total net asset value (000's) ⁽¹⁾	-	\$44,521	\$64,616	\$69,169	\$65,390
Number of units outstanding (000's) ⁽¹⁾	-	3,138	4,225	4,994	5,513
Management expense ratio ⁽²⁾⁽⁶⁾	2.22%	2.25%	2.24%	2.24%	2.25%
Management expense ratio before waivers or absorptions ⁽⁶⁾	2.22%	2.25%	2.24%	2.24%	2.25%
Trading expense ratio ⁽³⁾⁽⁶⁾	0.01%	0.01%	0.01%	0.03%	0.03%
Portfolio turnover rate ⁽⁴⁾⁽⁶⁾	8.71%	10.63%	6.33%	13.85%	14.90%
Net asset value per unit ⁽¹⁾	-	\$14.19	\$15.29	\$13.85	\$11.86

Series F	December 31 2019	December 31 2018	December 31 2017	December 31 2016	December 31 2015
Total net asset value (000's) ⁽¹⁾	\$174,819	\$124,179	\$98,158	\$66,590	\$34,186
Number of units outstanding (000's) ⁽¹⁾	10,583	8,326	6,109	4,585	2,744
Management expense ratio ⁽²⁾	1.02%	1.03%	1.03%	1.03%	1.05%
Management expense ratio before waivers or absorptions	1.02%	1.03%	1.03%	1.03%	1.05%
Trading expense ratio ⁽³⁾	0.01%	0.01%	0.01%	0.03%	0.03%
Portfolio turnover rate ⁽⁴⁾	14.60%	10.63%	6.33%	13.85%	14.90%
Net asset value per unit ⁽¹⁾	\$16.52	\$14.91	\$16.07	\$14.52	\$12.46

Series O	December 31 2019	December 31 2018	December 31 2017
Total net asset value (000's) ⁽¹⁾	\$56,173	\$12,360	\$428
Number of units outstanding (000's) ⁽¹⁾	5,024	1,227	40
Management expense ratio ⁽²⁾	0.00%	0.00%	0.00%
Management expense ratio before waivers or absorptions	0.08%	0.08%	0.07%
Trading expense ratio ⁽³⁾	0.01%	0.01%	0.01%
Portfolio turnover rate ⁽⁴⁾	14.60%	10.63%	6.33%
Net asset value per unit ⁽¹⁾	\$11.18	\$10.07	\$10.84

(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.

(5) Series B units were converted to Series A units on December 2, 2019.

(6) 2019 figures are annualized for the period ending December 2, 2019.



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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, 2019, sales representatives of LP Financial held, in aggregate, Class A1 shares representing 18.2% 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 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.