



**VALUE  
PARTNERS**  
INVESTMENTS

## **VPI FOREIGN EQUITY POOL**

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

### **MANAGER**

VALUE PARTNERS INVESTMENTS INC.

### **PORTFOLIO MANAGER**

PATIENT CAPITAL MANAGEMENT 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 17, 2020

### Investment Objective and Strategies

VPI Foreign Equity Pool's objective is to generate long-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. It invests in equity securities issued primarily by non-Canadian companies.

The Portfolio Manager's investment philosophy is based on the preservation of capital and long-term growth. The Portfolio Manager invests in companies with a long history of operation in stable businesses that are easy to understand. An emphasis is placed on seeking out equity securities of high-quality businesses that are trading at a substantial discount to intrinsic value and where there is an expectation of significant profit and dividend growth. In the absence of opportunities that meet its criteria, the Portfolio Manager may hold significant cash, cash equivalents and/or fixed income securities (generally no more than 25%) until appropriate investment opportunities become available. The Pool may also hold up to 20% in Canadian equity securities.

### Risk

Overall, the risks associated with investing in the Pool have not materially changed and remain as discussed in the prospectus. The Pool continues to be suitable for investors with a medium tolerance for risk. The external factors discussed last year continue to exist.

Canadian and American markets were strong in 2019; however, their robust returns mask the uncertainty that has been brewing below the surface. In Canada, despite anemic economic growth, households continue to hold significant levels of debt and non-financial sector corporate debt sits at 71% of GDP, which is 18 points above long term averages. The housing market, particularly in major metropolises, has rebounded. The energy sector continues to be under pressure due to the lack of infrastructure to move oil to market and calls to address climate change have heightened. Globally, weaker manufacturing output is a concern, major trade deals lack clarity (US-China and Brexit) and negative interest rates in Europe and Japan persist. In the US, the Federal Reserve lowered interest rates three times suggesting the US economy was not very strong. The overnight repo rate in the US has spiked a few times without a good explanation and 2020 is an election year, in a particularly polarized time. As such, the Portfolio Manager believes that valuations of equities in North American markets continue to be overextended and remain vulnerable to a significant correction should they revert to their long-term averages. To mitigate this market risk, the Pool has 19.8% allocated to cash and cash equivalents at December 31, 2019.

### Results of Operations

Net assets for the Pool increased by approximately \$5.3 million for the year ended December 31, 2019. This increase was due to net sales of \$0.5 million and by a \$20.9 million increase in net assets from operations. This was offset by distributions to unitholders of \$16.1 million. The increase in net assets from operations was due to \$12.0 million net realized gains on sale of investments, \$6.8 million of unrealized appreciation in the value of investments, \$6.4 million of dividend income and \$1.7 million of interest income. This was offset by \$6.0 million of management fees and operating expenses.

There were several changes made to the Pool's holdings which changed the allocation of the portfolio over the course of the year. The following table summarizes the businesses that were added or removed from the portfolio:

<i>Additions</i>	<i>Dispositions</i>
None	Kimco Realty Corp
	Speedway Motorsports
	Verizon Communications

Cash holdings and cash flows into the Pool from new unitholders and proceeds from dispositions allowed the Portfolio Manager to add to existing positions.



**Results of Operations (continued)**

As a result of these decisions, additions to existing holdings and changes in market value, there were some significant shifts in the portfolio allocation from the prior year as indicated in the following table:

<i>Sector</i>	<i>Allocation Increase</i>	<i>Sector</i>	<i>Allocation Decrease</i>
Cash & Equivalents	5.5%	Telecommunication Services	6.6%
Banks	2.0%	Diversified Financials	5.6%
Automobiles & Components	1.9%	Consumer Services	1.1%
Healthcare, Equipment & Services	1.0%		
Energy	1.0%		
Media & Entertainment	0.9%		
Capital Goods	0.5%		
Software & Services	0.5%		
Insurance	0.3%		
Retailing	0.2%		

From a geographic standpoint, the Pool's allocation to US equities has decreased 9.6% to 42.8% and its allocation to Canadian equities has increased by 3.2% to 21% as a result of trading activity and cash flows of the Pool during the year.

Each series of the Pool (excluding Series B) experienced gains in the range of 7.9% to 10.1% for the year as compared a 24.8% return for the S&P 500 Total Return Index (C\$). Index returns were largely driven by a select few technology companies for which the valuations did not satisfy the Portfolio Manager's investment criteria. Accordingly, the Pool did not hold such investments in its portfolio. The Pool did, however, have exposure to the Energy and Retail sectors which underperformed the indices. The Pool also had a significant cash position during the year. Each of these factors contributed to the Pool's underperformance relative to the index during 2019. In recent weeks, however, the cash position has served to protect client capital as markets have dropped and provided the opportunity for the new Portfolio Manager to invest in some great businesses at very attractive prices.

**Revenues and Expenses**

Revenues of the Pool amounted to \$8.1 million for the year, which can be attributed primarily to dividend and interest income from its holdings. The Pool experienced \$6.8 million in unrealized appreciation in the value of its investments and realized gains on the sale of investments of \$12.0 million. The Pool also incurred \$6.0 million in management fees and operating expenses

Realized gains on the sale of investments during the year are attributable to the following dispositions in the portfolio as noted previously:

<b>Holding</b>	<b>Approximate Holding Period</b>	<b>Proceeds (millions)</b>	<b>Cost (millions)</b>	<b>Realized Gain (millions)</b>
Kimco Realty Corporation	1.6 years	\$ 19.6	\$ 13.8	\$ 5.8
Speedway Motorsports	7.7 years	3.5	2.1	1.4
Verizon Communications	1.8 years	18.4	13.6	4.8
Canada T-Bills	n/a	257.2	257.2	-
		\$ 298.7	\$ 286.7	\$ 12.0



## 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 understood until time has passed. History suggests that the long term economic and financial impact of such exogenous events is not as severe as initially feared and that markets rebound relatively quickly. The 1987 stock market crash, the Russian debt crisis, the dotcom bubble, the World Trade Centre attacks and the 2008 financial debt crisis all come to mind. In addition, history suggests that commodity price shocks have proved to be temporary.

The businesses held in the Pool have long operating histories and are led by experienced and capable management teams. They have navigated and survived through past external shocks and the Portfolio Manager is confident that they will do so in the current environment.

Share price volatility is not the same as economic risk. The Portfolio Manager believes that true risk is determined by the quality of the business and the price at which the business was purchased at. The Portfolio Manager is comfortable with the businesses owned by the Pool. They were purchased at very attractive valuations on both an absolute basis and relative to the markets. Just as importantly, all have very attractive fundamental characteristics. The portfolios have a collection of businesses that have and are:

- Industry leaders with very long operating histories;
- Very strong competitive advantages;
- Low cost operators;
- Sound balance sheets;
- Improving business fundamentals;
- Strong and sustainable cash flows that support stable and growing dividends.

The market volatility does not change these attractive characteristics, but it does give the Portfolio Manager the opportunity to purchase additional shares in the businesses currently owned and to purchase shares of new companies at attractive prices providing very high and sustainable yields. During the current market decline the Portfolio Manager has been actively investing in equities.

### *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.



VPI FOREIGN EQUITY POOL

**Portfolio Allocation**

US Equities	42.8%	Offshore Equities	16.4%
Canadian Equities	21.0%		
Cash & Equivalents	19.8%		

**Sector Allocation**

Cash & Equivalents	19.8%	Capital Goods	6.6%
Banks	17.1%	Software & Services	6.3%
Energy	14.4%	Healthcare Equipment & Services	5.9%
Automobiles & Components	12.1%	Media & Entertainment	5.7%
Retailing	7.1%	Insurance	5.0%

**Top 25 Holdings**

<b>Issuer</b>	<b>Maturity Date</b>	<b>Percentage of Net Assets</b>
Canada Treasury Bills	18-Feb-20	8.2%
Canada Treasury Bills	07-Jan-20	7.2%
Linamar Corporation		6.6%
Snap-On Inc.		6.6%
Oracle Corporation		6.3%
Wells Fargo & Company		6.2%
CVS Health Corporation		5.9%
WPP PLC		5.7%
Honda Motor Limited		5.5%
Bank of Nova Scotia		5.5%
Canadian Imperial Bank of Commerce		5.4%
Total S.A.		5.2%
Loews Corporation		5.0%
Cash		4.4%
Macy's Inc.		4.1%
Cenovus Energy Inc.		3.5%
Devon Energy Corporation		3.4%
Bed Bath & Beyond Inc.		3.0%
National Oilwell Varco Inc.		2.3%
<b>Total</b>		<b>100.0%</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.*



VPI FOREIGN EQUITY POOL

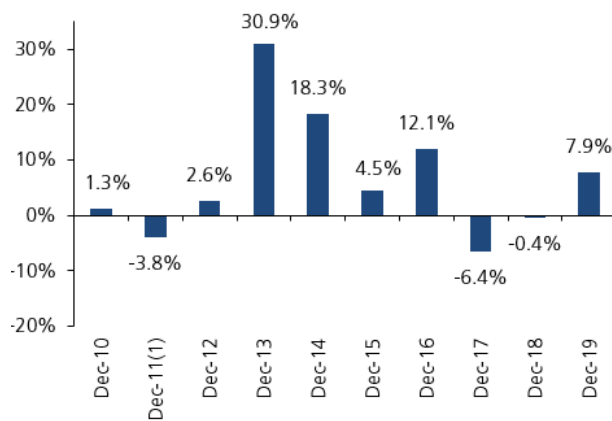
**Past Performance**

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.

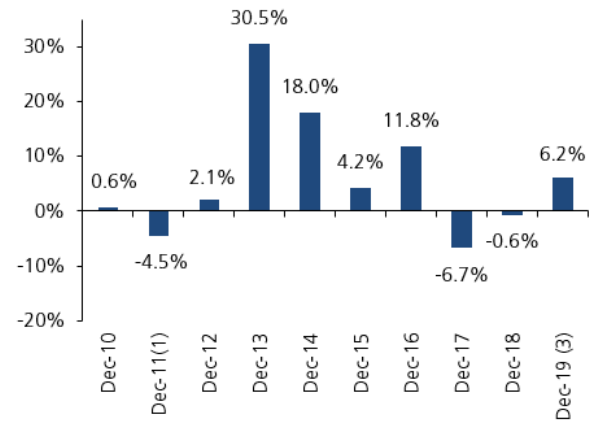
**Year-by-Year Returns**

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

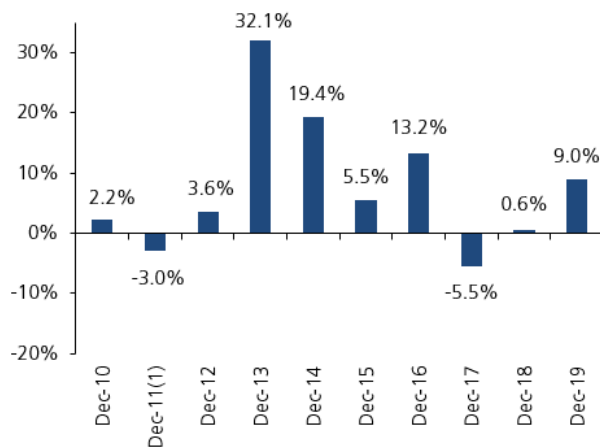
**Series A**



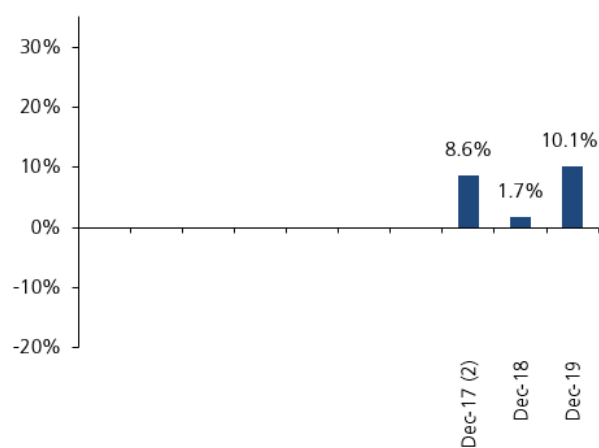
**Series B**



**Series F**



**Series O**



(1) Patient Capital Management Inc. was appointed portfolio manager of the Pool on November 1, 2011.

(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 <sup>(2)</sup>
Series A <sup>(1)(3)</sup> (Inception: October 20, 2005)	6.2%	3.3%	0.2%	7.9%	3.6%
S&P 500 Index (C\$)	16.0%	14.2%	14.0%	24.8%	10.1%
Series B <sup>(1)(3)(4)</sup> (Inception: July 3, 2007)	5.7%	2.8%	-0.5%	6.2%	2.3%
S&P 500 Index (C\$)	16.0%	14.2%	14.0%	24.8%	10.2%
Series F <sup>(1)(3)</sup> (Inception: July 3, 2007)	7.2%	4.3%	1.2%	9.0%	3.8%
S&P 500 Index (C\$)	16.0%	14.2%	14.0%	24.8%	10.2%
Series O <sup>(1)(3)</sup> (Inception: July 5, 2017)	n/a	n/a	n/a	10.1%	8.1%
S&P 500 Index (C\$)	n/a	n/a	n/a	24.8%	14.4%

(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. was appointed portfolio manager of the Pool on November 1, 2011.

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

The S&P 500 Index ("the Index") has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index includes 500 leading companies in leading industries of the U.S. economy, capturing approximately 80% coverage of available market capitalization.

### 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 year ended December 31, 2019, approximately 41% 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 16% 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 year ended December 31, 2019 the Pool paid \$4.5 million in management fees (excluding taxes) to the Manager.



**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>**

<b>Series A</b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>
<b>Net assets, beginning of period</b>	<b>12.54</b>	<b>12.66</b>	<b>14.09</b>	<b>12.90</b>	<b>13.02</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.38	0.62	0.13	0.30	0.41
Total expenses	(0.31)	(0.32)	(0.30)	(0.29)	(0.32)
Realized gains (losses) for the period	0.57	(0.14)	0.74	0.38	0.96
Unrealized gains (losses) for the period	0.34	(0.25)	(1.41)	1.23	(0.60)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.98</b>	<b>(0.09)</b>	<b>(0.84)</b>	<b>1.62</b>	<b>0.45</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.04)	(0.06)	-	-	-
From dividends	(0.05)	(0.02)	-	-	-
From capital gains	(0.70)	-	(0.53)	(0.38)	(0.71)
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.79)</b>	<b>(0.08)</b>	<b>(0.53)</b>	<b>(0.38)</b>	<b>(0.71)</b>
<b>Net assets, end of period</b>	<b>12.75</b>	<b>12.54</b>	<b>12.66</b>	<b>14.09</b>	<b>12.90</b>

<b>Series B <sup>(5)</sup></b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>
<b>Net assets, beginning of period</b>	<b>10.22</b>	<b>10.29</b>	<b>11.50</b>	<b>10.58</b>	<b>10.68</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.28	0.49	0.09	0.24	0.33
Total expenses	(0.26)	(0.29)	(0.27)	(0.26)	(0.29)
Realized gains (losses) for the period	0.46	0.00	0.62	0.31	0.80
Unrealized gains (losses) for the period	0.15	(0.19)	(1.28)	1.00	(0.52)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.63</b>	<b>0.01</b>	<b>(0.84)</b>	<b>1.29</b>	<b>0.32</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	(0.46)	(0.33)	(0.55)
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>(0.46)</b>	<b>(0.33)</b>	<b>(0.55)</b>
<b>Net assets, end of period</b>	<b>-</b>	<b>10.22</b>	<b>10.29</b>	<b>11.50</b>	<b>10.58</b>





**Financial Highlights (continued)**

<b>Series F</b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>
<b>Net assets, beginning of period</b>	<b>11.21</b>	<b>11.32</b>	<b>12.49</b>	<b>11.37</b>	<b>11.38</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.34	0.56	0.12	0.29	0.36
Total expenses	(0.16)	(0.17)	(0.16)	(0.15)	(0.17)
Realized gains (losses) for the period	0.52	(0.14)	0.65	0.34	0.79
Unrealized gains (losses) for the period	0.27	(0.25)	(1.09)	1.21	(0.65)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.97</b>	<b>0.00</b>	<b>(0.48)</b>	<b>1.69</b>	<b>0.33</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.07)	(0.14)	-	-	-
From dividends	(0.10)	(0.04)	-	(0.04)	-
From capital gains	(0.63)	-	(0.49)	(0.34)	(0.64)
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.80)</b>	<b>(0.18)</b>	<b>(0.49)</b>	<b>(0.38)</b>	<b>(0.64)</b>
<b>Net assets, end of period</b>	<b>11.41</b>	<b>11.21</b>	<b>11.32</b>	<b>12.49</b>	<b>11.37</b>

<b>Series O<sup>(4)</sup></b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>
<b>Net assets, beginning of period<sup>(4)</sup></b>	<b>9.75</b>	<b>9.85</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.28	0.49	0.30
Total expenses	(0.03)	-	-
Realized gains (losses) for the period	0.48	(0.24)	-
Unrealized gains (losses) for the period	0.34	0.23	1.70
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.07</b>	<b>0.48</b>	<b>2.00</b>
<b>Distributions:</b>			
From net investment income (excluding dividends)	(0.11)	(0.20)	-
From dividends	(0.16)	-	0.56
From capital gains	(0.55)	(0.01)	0.46
Return of capital	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.82)</b>	<b>(0.21)</b>	<b>1.02</b>
<b>Net assets, end of period</b>	<b>9.93</b>	<b>9.75</b>	<b>9.85</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

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



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE  
For the year ended December 31, 2019

VPI FOREIGN EQUITY POOL

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) <sup>(1)</sup>	\$225,082	\$211,303	\$197,108	\$184,946	\$151,563
Number of units outstanding (000's) <sup>(1)</sup>	17,657	16,852	15,567	13,127	11,748
Management expense ratio <sup>(2)</sup>	2.05%	2.05%	2.06%	2.06%	2.08%
Management expense ratio before waivers or absorptions	2.05%	2.05%	2.06%	2.06%	2.08%
Trading expense ratio <sup>(3)</sup>	0.01%	0.04%	0.02%	0.01%	0.04%
Portfolio turnover rate <sup>(4)</sup>	5.40%	32.85%	22.39%	18.05%	36.35%
Net asset value per unit <sup>(1)</sup>	\$12.75	\$12.54	\$12.66	\$14.09	\$12.90

Series B <sup>(5)</sup>	December 31 2019	December 31 2018	December 31 2017	December 31 2016	December 31 2015
Total net asset value (000's) <sup>(1)</sup>	-	\$10,483	\$12,603	\$16,168	\$13,619
Number of units outstanding (000's) <sup>(1)</sup>	-	1,026	1,225	1,406	1,287
Management expense ratio <sup>(2)(6)</sup>	2.32%	2.32%	2.32%	2.32%	2.34%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	2.32%	2.32%	2.32%	2.32%	2.34%
Trading expense ratio <sup>(3)(6)</sup>	0.02%	0.04%	0.02%	0.01%	0.04%
Portfolio turnover rate <sup>(4)(6)</sup>	5.39%	32.85%	22.39%	18.05%	36.35%
Net asset value per unit <sup>(1)</sup>	-	\$10.22	\$10.29	\$11.50	\$10.58

Series F	December 31 2019	December 31 2018	December 31 2017	December 31 2016	December 31 2015
Total net asset value (000's) <sup>(1)</sup>	\$42,631	\$40,472	\$34,974	\$25,464	\$17,100
Number of units outstanding (000's) <sup>(1)</sup>	3,736	3,612	3,089	2,038	1,504
Management expense ratio <sup>(2)</sup>	1.09%	1.10%	1.10%	1.10%	1.13%
Management expense ratio before waivers or absorptions	1.09%	1.10%	1.10%	1.10%	1.13%
Trading expense ratio <sup>(3)</sup>	0.01%	0.04%	0.02%	0.01%	0.04%
Portfolio turnover rate <sup>(4)</sup>	5.40%	32.85%	22.39%	18.05%	36.35%
Net asset value per unit <sup>(1)</sup>	\$11.41	\$11.21	\$11.32	\$12.49	\$11.37

Series O	December 31 2019	December 31 2018	December 31 2017
Total net asset value (000's) <sup>(1)</sup>	\$927	\$1,088	\$61
Number of units outstanding (000's) <sup>(1)</sup>	93	112	6
Management expense ratio <sup>(2)</sup>	0.00%	0.00%	0.00%
Management expense ratio before waivers or absorptions	0.16%	0.16%	0.14%
Trading expense ratio <sup>(3)</sup>	0.01%	0.04%	0.02%
Portfolio turnover rate <sup>(4)</sup>	5.40%	32.85%	22.39%
Net asset value per unit <sup>(1)</sup>	\$9.93	\$9.75	\$9.85

(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.



VALUE  
PARTNERS  
INVESTMENTS

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2019

### VPI FOREIGN EQUITY 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, 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](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.*