



**VALUE  
PARTNERS**  
INVESTMENTS

## **VPI VALUE POOL**

**INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021**

### **MANAGER**

VALUE PARTNERS INVESTMENTS INC.

### **PORTFOLIO MANAGER**

VALUE PARTNERS INVESTMENTS INC.

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This interim management report of fund performance contains financial highlights but does not contain either interim or annual financial statements of the Pool. If you have not received a copy of the interim financial statements with this interim 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.



## Interim Management Discussion of Fund Performance

August 23, 2021

The Interim Management Report of Fund Performance presents management's view of the significant factors and developments affecting the Pool's performance and outlook since December 31, 2020, the Pool's most recent fiscal year-end. This report should be read in conjunction with the Annual Management Report of Fund Performance for the year ended December 31, 2020.

### Results of Operations

Net assets of the Pool decreased by approximately \$2.9 million for the six-month period ended June 30, 2021. This decrease consisted of \$7.5 million of net redemptions, offset by a \$4.6 million increase in net assets from operations. The increase in net assets from operations can be attributed to \$3.5 million of unrealized appreciation in the value of investments, \$1.8 million of realized gains on the sale of investments, and \$0.3 million of income from dividends. This was offset by \$0.6 million of management fees and operating expenses and a \$0.4 million foreign exchange loss on cash.

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

<i>Additions</i>	<i>Dispositions</i>
Altria Group	LKQ Corporation
Philip Morris International	
Swedish Match	

As a result of these changes, there were some shifts in the portfolio allocation from the beginning of the year as indicated in the following table:

<i>Sector</i>	<i>Allocation Increase</i>	<i>Sector</i>	<i>Allocation Decrease</i>
Food, Beverage and Tobacco	13.4%	Cash & Equivalents	8.0%
Consumer Services	1.8%	Retailing	4.3%
Insurance	0.2%	Diversified Financials	2.1%
Other Net Assets	0.2%	Media & Entertainment	1.2%

Each series of the Pool generated returns between 8.4% and 9.6% for the period as compared to 12.0% for the S&P 500 Total Return Index (C\$). The Pool trailed the S&P 500 Total Return Index (C\$) due to its large cash balances. For the period ended June 30, 2021, the S&P 500's performance continued to be largely driven by a small number of large technology stocks, a few large banks and the recovery in oil stocks driven by higher petroleum prices. As noted previously, the technology stocks since the last review, have become even more expensive. The Portfolio Manager considers these extraordinarily elevated valuations combined with exceedingly expensive overall total market levels to present a high-risk environment. By some measures, (Shiller PE, the Buffett Indicator), the market is at or nearing the highest valuations ever recorded.

As a result, the Portfolio Manager continued during the period to carry relatively high levels of cash. Given the excessive valuations, it is likely the Pool will carry elevated levels of cash unless valuations of the market or individual stocks the Portfolio Manager finds attractive in terms of quality and valuations were to appear. As a result, the probability of the permanent loss of capital for the Pool is expected to be substantially less than its relevant benchmark in the event of a severe market correction.



### Revenues and Expenses

Revenues of the Pool amounted to \$0.3 million from interest and dividend income from its holdings, realized gains of \$1.8 million on the disposal of investments, and experienced \$3.5 million in unrealized appreciation in the value of its investments during the period. The Pool also incurred \$0.6 million in management fees and operating expenses and a \$0.4 million foreign exchange loss of cash.

Realized gains on the sale of investments during the period are attributable to the following dispositions in the portfolio:

Holding	Approximate Holding Period	Proceeds (millions)	Cost (millions)	Realized Gains (Losses) (millions)
LKQ Corporation	0.5 years	\$ 3.1	\$ 2.4	\$ 0.7
Partial Dispositions	n/a	7.6	6.5	1.1
		\$ 10.7	\$ 8.9	\$ 1.8

### Recent Developments

#### *Economic Conditions*

During the period, business and consumer activity in the US and the world as a whole increased significantly. A large component of this recovery can be attributed to the rapid drop-off in COVID cases because of a national drive to vaccinate the population of both the US and Canada. Case numbers peaked in January of this year and have dropped off significantly. The first quarter GDP in the US saw a jump of 6.3% while the second quarter is estimated to grow another 6.5%. With people beginning to emerge from their home workplaces and return to work, the huge economic stimulus created by the US federal government in 2020, began to flow into the economy, helping drive business activity upwards across the board. Companies began hiring again and consumer and industrial spending moved higher.

As a result, the North American markets, after a wild ride in 2020, has posted double digit returns in the first half of 2021. The US market, as represented by the S&P 500 Total Return Index is trading at all-time highs while the S&P/TSX is near its all-time highs.

The biggest negative remains the coronavirus pandemic which appears to be making gains throughout the US population again, this time with a much more deadly strain of the virus (Delta) among the unvaccinated population. The question of how debilitating this newer version will be to the economy at this time, remains unknown.

Other potential negatives include the future actions of the new administration in Washington regarding higher taxes and increased spending among other negative business measures. Additionally, inflation, which has not been an issue for many years has begun to move upwards. What impact all these different economic currents will have on the stock prices remains undetermined.

The companies held by the Pool continue to perform well and are expected to do so through most economic circumstances. Generally, they are characterized by consistent demand for their products and/or services, pricing power and large defensive qualities against potential competitors.



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For the six-month period ended June 30, 2021

**VPI VALUE POOL**

**Portfolio Allocation**

US Equities	47.4%	Canadian Equities	4.8%
Cash	34.8%	Other Net Assets	-0.1%
Offshore Equities	13.1%		

**Sector Allocation**

Cash	34.8%	Insurance	8.9%
Media and Entertainment	18.1%	Consumer Services	8.5%
Food, Beverage and Tobacco	13.4%	Telecommunication Services	7.3%
Diversified Financials	9.1%	Other Net Assets	-0.1%

**Top 25 Holdings**

<b>Issuer</b>	<b>Percentage of Net Assets</b>
Cash	34.8%
Berkshire Hathaway Inc., Class B	9.1%
Domino's Pizza Group plc	8.5%
Liberty Broadband Corporation	7.7%
T-Mobile US, Inc.	7.3%
Alphabet Inc., Class A	6.1%
Fairfax Financial Holdings Limited	4.8%
Swedish Match AB	4.6%
Philip Morris International Inc	4.5%
The Liberty SiriusXM Group	4.3%
Altria Group, Inc.	4.2%
Markel Corporation	4.1%
Other Net Assets	-0.1%
<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.*



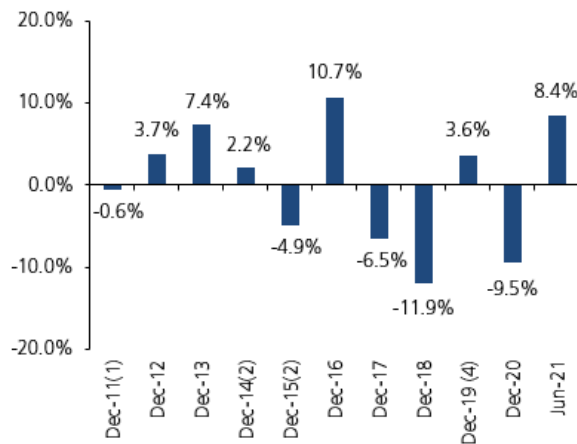
**Past Performance**

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.

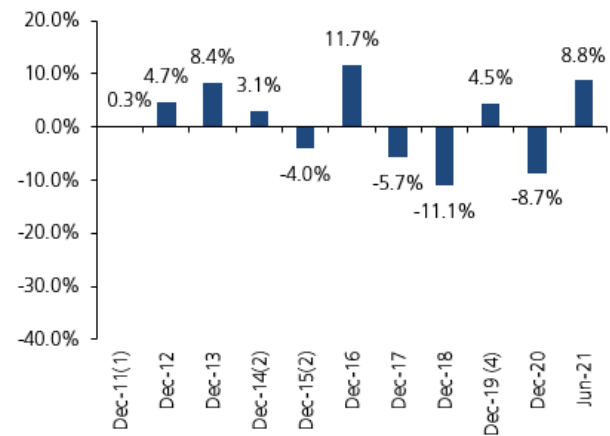
**Year-by-Year Return**

The bar charts below show the performance of each series of the Pool (net of fees) for the six-month period ended June 30, 2021, 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.

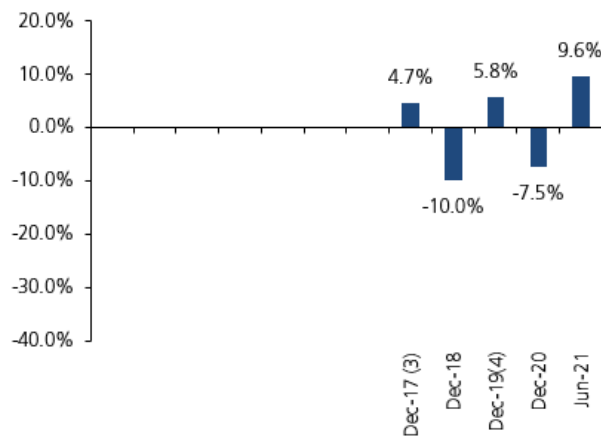
**Series A**



**Series F**



**Series O**



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

(2) The Pool was capped to new investments from June 30, 2014 to November 2, 2015.

(3) 2017 return since inception on July 5, 2017.

(4) Value Partners Investments Inc. assumed the portfolio management responsibilities of the Pool on November 6, 2019.



### 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 six-months ended June 30, 2021, approximately 38% 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 12% 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 six-month period ended June 30, 2021, the Pool paid \$0.4 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 and the six-month period ended June 30, 2021. *This information is derived from the Pool’s audited annual financial statements and interim unaudited 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>June 30 2021</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>
<b>Net assets, beginning of period</b>	<b>7.79</b>	<b>8.62</b>	<b>8.43</b>	<b>9.60</b>	<b>10.28</b>	<b>9.51</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	(0.01)	-	0.23	0.19	0.14	0.15
Total expenses	(0.09)	(0.19)	(0.21)	(0.20)	(0.20)	(0.20)
Realized gains (losses) for the period	0.24	(0.78)	(1.70)	0.04	0.08	0.45
Unrealized gains (losses) for the period	0.50	0.19	2.02	(1.09)	(0.72)	0.62
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.64</b>	<b>(0.78)</b>	<b>0.34</b>	<b>(1.06)</b>	<b>(0.70)</b>	<b>1.02</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	(0.11)	-	-	-
From capital gains	-	-	-	(0.04)	-	(0.26)
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>(0.11)</b>	<b>(0.04)</b>	<b>-</b>	<b>(0.26)</b>
<b>Net assets, end of period</b>	<b>8.44</b>	<b>7.79</b>	<b>8.62</b>	<b>8.43</b>	<b>9.60</b>	<b>10.28</b>



**Financial Highlights (continued)**

<b>Series F</b>	<b>June 30 2021</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>
<b>Net assets, beginning of period</b>	<b>8.41</b>	<b>9.21</b>	<b>9.04</b>	<b>10.22</b>	<b>10.83</b>	<b>9.97</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	(0.01)	-	0.25	0.20	0.15	0.17
Total expenses	(0.06)	(0.12)	(0.14)	(0.12)	(0.12)	(0.12)
Realized gains (losses) for the period	0.27	(0.84)	(1.80)	0.05	0.06	0.50
Unrealized gains (losses) for the period	0.53	0.14	2.12	(1.19)	(0.72)	0.72
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.73</b>	<b>(0.82)</b>	<b>0.43</b>	<b>(1.06)</b>	<b>(0.63)</b>	<b>1.27</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	(0.24)	-	-	-
From capital gains	-	-	-	(0.05)	-	(0.31)
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>(0.24)</b>	<b>(0.05)</b>	<b>-</b>	<b>(0.31)</b>
<b>Net assets, end of period</b>	<b>9.15</b>	<b>8.41</b>	<b>9.21</b>	<b>9.04</b>	<b>10.22</b>	<b>10.83</b>

<b>Series O <sup>(4)</sup></b>	<b>June 30 2021</b>	<b>December 31 2020</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>8.17</b>	<b>9.60</b>	<b>9.36</b>	<b>10.47</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.05	0.02	0.25	0.22	0.35
Total expenses	-	-	-	-	-
Realized gains (losses) for the period	0.34	(1.00)	(0.15)	0.05	-
Unrealized gains (losses) for the period	0.61	(0.02)	1.40	(1.40)	(0.06)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>1.00</b>	<b>(1.00)</b>	<b>1.50</b>	<b>(1.13)</b>	<b>0.29</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	(0.81)	-	-
From capital gains	-	-	-	(0.06)	-
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>(0.81)</b>	<b>(0.06)</b>	<b>-</b>
<b>Net assets, end of period</b>	<b>9.23</b>	<b>8.17</b>	<b>9.60</b>	<b>9.36</b>	<b>10.47</b>

(1) This information is derived from the Pool's audited annual financial statements and from the interim unaudited financial statements for the current period ended June 30, 2021.

(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



INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE  
For the six-month period ended June 30, 2021

VPI VALUE POOL

**Ratios and Supplemental Data**

<b>Series A</b>	<b>June 30 2021</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>	\$38,126	\$42,225	\$61,583	\$91,514	\$138,250	\$158,171
Number of units outstanding (000's) <sup>(1)</sup>	4,515	5,418	7,147	10,860	14,394	15,391
Management expense ratio <sup>(2)</sup>	2.25%	2.25%	2.14%	2.10%	2.06%	2.05%
Management expense ratio before waivers or absorptions	2.35%	2.25%	2.14%	2.10%	2.06%	2.05%
Trading expense ratio <sup>(3)</sup>	0.03%	0.12%	0.12%	0.00%	0.00%	0.00%
Portfolio turnover rate <sup>(4)</sup>	21.77%	68.3%	90.40%	2.91%	2.54%	10.45%
Net asset value per unit <sup>(1)</sup>	\$8.44	\$7.79	\$8.62	\$8.43	\$9.60	\$10.28

<b>Series F</b>	<b>June 30 2021</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>	\$18,655	\$17,606	\$20,939	\$25,413	\$38,060	\$30,505
Number of units outstanding (000's) <sup>(1)</sup>	2,039	2,094	2,274	2,811	3,724	2,816
Management expense ratio <sup>(2)</sup>	1.35%	1.33%	1.23%	1.19%	1.14%	1.13%
Management expense ratio before waivers or absorptions	1.42%	1.33%	1.23%	1.19%	1.14%	1.13%
Trading expense ratio <sup>(3)</sup>	0.03%	0.12%	0.12%	0.00%	0.00%	0.00%
Portfolio turnover rate <sup>(4)</sup>	21.77%	68.3%	90.40%	2.91%	2.54%	10.45%
Net asset value per unit <sup>(1)</sup>	\$9.15	\$8.41	\$9.21	\$9.04	\$10.22	\$10.83

<b>Series O</b>	<b>June 30 2021</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>	\$247	\$49	\$48	\$1,864	\$785
Number of units outstanding (000's) <sup>(1)</sup>	27	6	5	199	75
Management expense ratio <sup>(2)</sup>	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before waivers or absorptions	0.42%	0.35%	0.29%	0.20%	0.16%
Trading expense ratio <sup>(3)</sup>	0.03%	0.12%	0.12%	0.00%	0.00%
Portfolio turnover rate <sup>(4)</sup>	21.77%	68.3%	90.40%	2.91%	2.54%
Net asset value per unit <sup>(1)</sup>	\$9.23	\$8.17	\$9.60	\$9.36	\$10.47

(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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## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the six-month period ended June 30, 2021

### VPI VALUE 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 and principal distributor of the Pool. VPGI is 37.4% 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 June 30, 2021, sales representatives of LP Financial held, in aggregate, Class A1 shares representing 18.8% and Class C1 shares representing 5.1% 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.*