



VPI CANADIAN EQUITY POOL

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2017

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, Winnipeg, Manitoba, 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 REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

VPI CANADIAN EQUITY POOL

Annual Management Discussion of Fund Performance

March 1, 2018

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. The uncertainty in the United States political environment as well as the Tax Cuts and Jobs Act of 2017 may cause uncertainty regarding macroeconomic policy, which may increase volatility in the equity and currency markets over the short-term.

As of June 2017, the Portfolio Manager may invest up to 49% of the Pool in non-Canadian securities; an increase from the 30% limit that was established in December 2013. This change was made to increase the flexibility of investment options available to the Portfolio Manager should a situation arise where the Portfolio Manager is able to identify attractive investment opportunities outside of Canada. As of December 31, 2017, approximately 31.6% of the Pool's assets were invested in non-Canadian equities and currency, compared to 29.9% as of December 31, 2016. As a result of these developments, the Political Risk, Geographic Risk, and Foreign Currency Risk have all increased slightly from the prior year, while the Market Risk has been reduced slightly with the potential for greater diversification.

Results of Operations

Net assets of the Pool increased by approximately \$155.8 million for the year ended December 31, 2017 due to a \$76.8 million increase in net assets from operations and \$81.6 million of net sales, offset by \$2.6 million of distributions to unit holders. The increase in net assets was due to dividend income of \$18.1 million, \$19.9 million of net realized gains on the sale of investments, and \$56.4 million of unrealized appreciation in the value of investments offset by \$14.5 million of operating expenses and \$3.1 million of foreign exchange losses on cash.

During the year, the Portfolio Manager began to sell shares and realize gains on certain holdings such as Microsoft, Wells Fargo and Johnson & Johnson whose valuations had increased significantly. As a result of these and other partial additions/dispositions to existing holdings, 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	11.7%	Banks	6.0%
		Software & Services	4.3%
		Utilities	1.0%

Each series of the Pool (excluding Series O), experienced a return in the range of 10.4% to 11.3% over the past year, which was above the 9.1% return of the S&P/TSX Composite Total Return Index (the "Index"). The Pool's active exposure to non-Canadian securities was a source of positive return, offset slightly by the depreciation of the U.S. dollar relative to the Canadian dollar during the year. The Pool maintained an underweight allocation to the Energy sector relative to the Index, which declined 7% loss during the year. The Pools energy holdings, however, provided a positive contribution to the Pool's return, experiencing a 6.4% weighted average gain during the period. The Portfolio Manager maintained a cash position throughout the year which had a negative effect on relative performance. The financials, utilities and industrials sectors remain important sectors for the Pool, each outperforming the index and benefitting the Pool's relative performance during the year.



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

VPI CANADIAN EQUITY POOL

Revenues and Expenses

Revenues of the Pool for the period amounted to \$18.1 million, the majority of which can be attributed to dividend income from its holdings. Total management fees and operating expenses charged to the Pool were \$14.5 million, increasing slightly from the previous year.

The realized gain on sale of investments of \$19.9 million is primarily attributable to several partial dispositions of shares from the portfolio during the year, as noted previously. 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 (Loss) (millions)
Partial Dispositions	n/a	\$ 71.9	\$ 52.0	\$ 19.9

Further to these realized gains, the Pool also experienced \$56.4 million in unrealized appreciation in the value of its investments during the year.

Recent Developments

Economic Conditions

Increases to global oil prices relative to 2016 were a source of improvement to the Canadian economy and contributed to improvements in Canada's employment rates, which decreased from approximately 7% to just under 6%. The strength of the Canadian economy resulted in the Bank of Canada reducing monetary stimulus by increasing the target overnight rate by 50 basis points to 1.0% at year end. The Canadian dollar strengthened during 2017 relative to the U.S. dollar, moving from 0.74 USD to 0.80 USD as interest rates and oil prices increased. In the United States, equity markets continued to perform well, and ended the year on a strong note due to higher corporate earnings and beneficial corporate tax legislation. The Portfolio Manager continues to monitor the discussions regarding potential changes to the North American Free Trade Agreement with caution but does not expect material implications to the Pool's current holdings. The Portfolio Manager believes that there are good investment opportunities available in a number of industries, and that over the long term, businesses with higher earnings and strong balance sheets will continue to excel amidst changing economic and political conditions.

Change to Foreign Content Limit

Effective June 22, 2017, the Manager increased the foreign content restriction from 30% to 49%. It is expected that increasing the foreign content will provide the Portfolio Manager with greater flexibility to capitalize on investment opportunities as they arise, to the benefit of all unitholders. The Portfolio Manager does not expect to make any immediate changes to the portfolio as a result of this change.

Series O units

Effective July 2017, the Pool introduced a new Series of units; Series O. Series O units are available to investors who have, or whose dealers have, entered into an agreement directly with the Manager to purchase Series O units or who have opened a discretionary investment management account with the Manager.



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

VPI CANADIAN EQUITY POOL

Summary of Investment Portfolio

As at December 31, 2017

Portfolio Allocation

Canadian Equities	55.3%	Cash	22.7%
US Equities	18.3%	Offshore Equities	3.7%

Sector Allocation

Banks	30.8%	Transportation	5.7%
Cash	22.7%	Automobiles & Components	5.1%
Energy	15.4%	Capital Goods	3.9%
Utilities	7.5%	Software & Services	2.0%
Pharmaceuticals	6.9%		

Top 25 Holdings

Issuer	Percentage of Net Assets
Cash	22.7%
Royal Bank of Canada	6.1%
Bank of Nova Scotia	6.1%
Bank of Montreal	6.0%
Husky Energy Inc.	5.9%
Union Pacific Corporation	5.7%
Suncor Energy Inc.	5.2%
Magna International Inc.	5.1%
Toronto Dominion Bank	5.0%
Fortis Inc.	4.5%
Canadian Natural Resources Ltd.	4.3%
Canadian Imperial Bank of Commerce	4.1%
United Technologies Corporation	3.9%
Novo Nordisk	3.7%
Wells Fargo & Company	3.5%
Johnson & Johnson	3.2%
Canadian Utilities Ltd.	3.0%
Microsoft Corporation	2.0%
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.



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

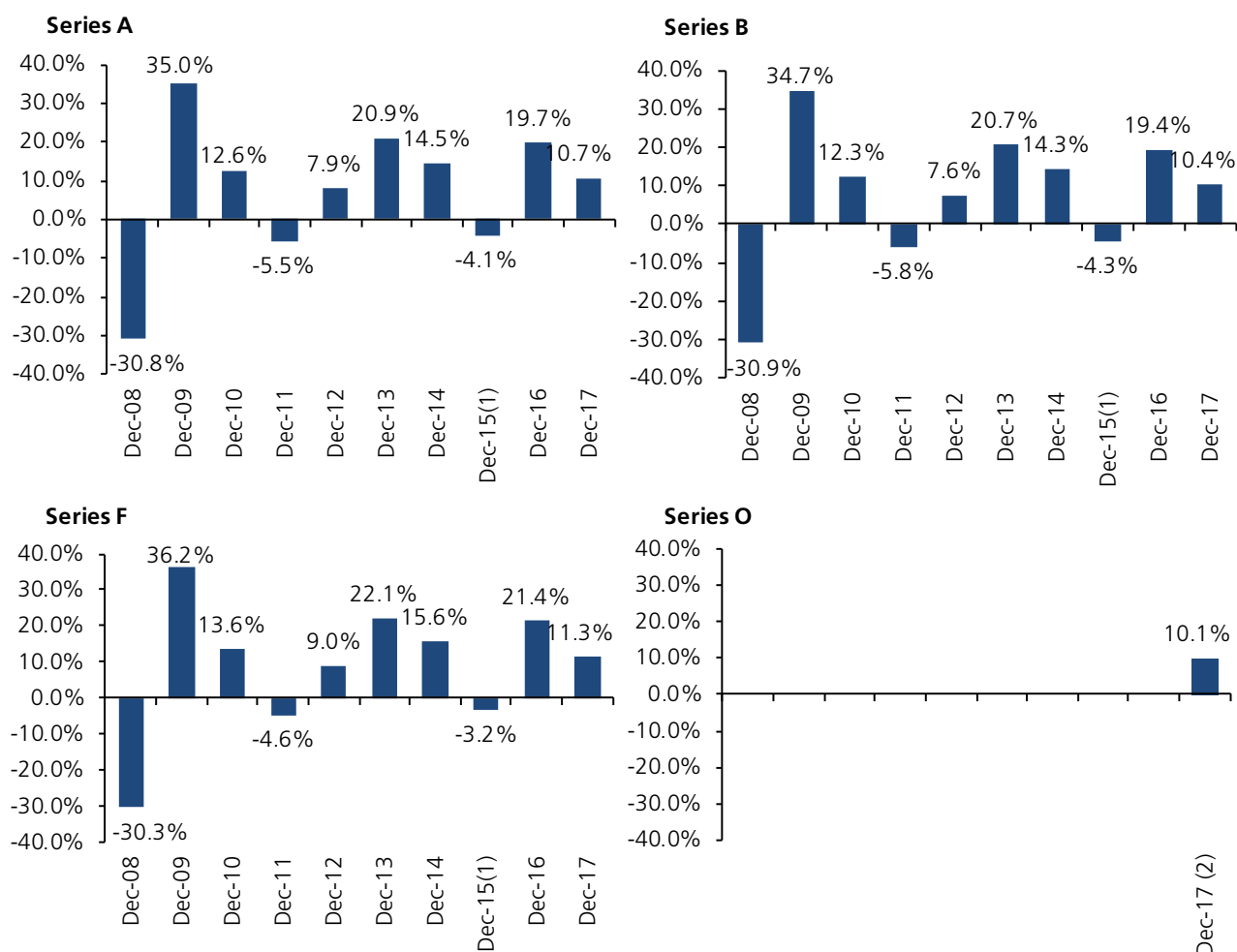
VPI CANADIAN EQUITY POOL

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, 2017, 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) 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.



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

VPI CANADIAN EQUITY POOL

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, 2017. 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)	6.6%	12.0%	8.3%	10.7%	7.0%
S&P/TSX Composite Index	4.7%	8.7%	6.6%	9.1%	6.9%
Series B ⁽¹⁾⁽³⁾ (Inception: July 3, 2007)	6.3%	11.7%	8.1%	10.4%	5.6%
S&P/TSX Composite Index	4.7%	8.7%	6.6%	9.1%	4.4%
Series F ⁽¹⁾⁽³⁾ (Inception: July 3, 2007)	7.6%	13.1%	9.4%	11.3%	6.9%
S&P/TSX Composite Index	4.7%	8.7%	6.6%	9.1%	4.4%
Series O ⁽¹⁾⁽³⁾ (Inception: July 5, 2017)	n/a	n/a	n/a	n/a	10.1%
S&P/TSX Composite Index	n/a	n/a	n/a	n/a	8.3%

(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.

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 to 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, 2017, approximately 44% 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 was retained by the Manager for corporate purposes.

Related Party Transactions

Value Partners Investments Inc. is the manager ("Manager") of the Pool and is responsible for the overall business and operations of the Pool. For the year ended December 31, 2017 the Pool paid \$12.4 million in management fees (excluding taxes) to the Manager. In addition, the Manager or parent company of the Manager also held 45,989 Series F units and 1 Series O unit of the Pool as of December 31, 2017.



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

VPI CANADIAN EQUITY POOL

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 2017	December 31 2016	December 31 2015	December 31 2014	December 31 2013
Net assets, beginning of period	17.61	15.10	15.86	15.32	12.77
Increase (decrease) from operations:					
Total revenue	0.38	0.47	0.55	0.52	0.46
Total expenses	(0.38)	(0.34)	(0.33)	(0.35)	(0.29)
Realized gains for the period	0.50	0.71	0.26	1.88	0.40
Unrealized gains (losses) for the period	1.42	2.17	(1.13)	0.19	2.11
Total increase (decrease) from operations ⁽²⁾	1.92	3.01	(0.65)	2.24	2.68
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	(0.05)	(0.09)	(0.12)	(0.11)	(0.13)
From capital gains	-	(0.38)	-	(1.54)	-
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	(0.05)	(0.47)	(0.12)	(1.65)	(0.13)
Net assets, end of period	19.44	17.61	15.10	15.86	15.32

Series B	December 31 2017	December 31 2016	December 31 2015	December 31 2014	December 31 2013
Net assets, beginning of period	13.85	11.86	12.42	12.01	10.01
Increase (decrease) from operations:					
Total revenue	0.30	0.37	0.43	0.40	0.36
Total expenses	(0.33)	(0.30)	(0.29)	(0.30)	(0.26)
Realized gains for the period	0.37	0.57	0.20	1.45	0.32
Unrealized gains (losses) for the period	1.07	1.61	(0.85)	0.18	1.65
Total increase (decrease) from operations ⁽²⁾	1.41	2.25	(0.51)	1.73	2.07
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	(0.02)	(0.06)	(0.06)
From capital gains	-	(0.31)	-	(1.22)	-
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	-	(0.31)	(0.02)	(1.28)	(0.06)
Net assets, end of period	15.29	13.85	11.86	12.42	12.01



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

VPI CANADIAN EQUITY POOL

Financial Highlights (continued)

Series F	December 31 2017	December 31 2016	December 31 2015	December 31 2014	December 31 2013
Net assets, beginning of period	14.52	12.46	13.12	12.62	10.53
Increase (decrease) from operations:					
Total revenue	0.31	0.39	0.45	0.43	0.38
Total expenses	(0.17)	(0.16)	(0.15)	(0.16)	(0.13)
Realized gains for the period	0.43	0.54	0.20	1.79	0.30
Unrealized gains (losses) for the period	1.21	2.00	(1.02)	(0.21)	1.86
Total increase (decrease) from operations ⁽²⁾	1.78	2.77	(0.52)	1.86	2.41
Distributions:					
From net investment income (excluding dividends)	-	-	-	-	-
From dividends	(0.17)	(0.22)	(0.24)	(0.18)	(0.23)
From capital gains	-	(0.31)	-	(1.27)	-
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	(0.17)	(0.53)	(0.24)	(1.45)	(0.23)
Net assets, end of period	16.07	14.52	12.46	13.12	12.62

Series O ⁽⁴⁾	December 31 2017
Net assets, beginning of period ⁽⁴⁾	10.00
Increase (decrease) from operations:	
Total revenue	0.10
Total expenses	(0.01)
Realized gains for the period	0.34
Unrealized gains (losses) for the period	0.95
Total increase (decrease) from operations ⁽²⁾	1.38
Distributions:	
From net investment income (excluding dividends)	-
From dividends	(0.18)
From capital gains	-
Return of capital	-
Total annual distributions ⁽³⁾	(0.18)
Net assets, end of period	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.



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

VPI CANADIAN EQUITY POOL

Ratios and Supplemental Data

Series A	December 31 2017	December 31 2016	December 31 2015	December 31 2014	December 31 2013
Total net asset value (000's) ⁽¹⁾	\$650,134	\$521,814	\$402,706	\$408,325	\$379,132
Number of units outstanding (000's) ⁽¹⁾	33,437	29,635	26,669	25,746	24,753
Management expense ratio ⁽²⁾	1.99%	1.99%	2.00%	2.00%	2.02%
Management expense ratio before waivers or absorptions	1.99%	1.99%	2.00%	2.00%	2.02%
Trading expense ratio ⁽³⁾	0.01%	0.03%	0.03%	0.05%	0.08%
Portfolio turnover rate ⁽⁴⁾	6.33%	13.85%	14.90%	26.81%	33.73%
Net asset value per unit ⁽¹⁾	\$19.44	\$17.61	\$15.10	\$15.86	\$15.32

Series B	December 31 2017	December 31 2016	December 31 2015	December 31 2014	December 31 2013
Total net asset value (000's) ⁽¹⁾	\$64,616	\$69,169	\$65,390	\$77,540	\$75,748
Number of units outstanding (000's) ⁽¹⁾	4,225	4,994	5,513	6,244	6,307
Management expense ratio ⁽²⁾	2.24%	2.24%	2.25%	2.25%	2.27%
Management expense ratio before waivers or absorptions	2.24%	2.24%	2.25%	2.25%	2.27%
Trading expense ratio ⁽³⁾	0.01%	0.03%	0.03%	0.05%	0.08%
Portfolio turnover rate ⁽⁴⁾	6.33%	13.85%	14.90%	26.81%	33.73%
Net asset value per unit ⁽¹⁾	\$15.29	\$13.85	\$11.86	\$12.42	\$12.01

Series F	December 31 2017	December 31 2016	December 31 2015	December 31 2014	December 31 2013
Total net asset value (000's) ⁽¹⁾	\$98,158	\$66,590	\$34,186	\$21,298	\$11,406
Number of units outstanding (000's) ⁽¹⁾	6,109	4,585	2,744	1,624	904
Management expense ratio ⁽²⁾	1.03%	1.03%	1.05%	1.05%	1.06%
Management expense ratio before waivers or absorptions	1.03%	1.03%	1.05%	1.05%	1.06%
Trading expense ratio ⁽³⁾	0.01%	0.03%	0.03%	0.05%	0.08%
Portfolio turnover rate ⁽⁴⁾	6.33%	13.85%	14.90%	26.81%	33.73%
Net asset value per unit ⁽¹⁾	\$16.07	\$14.52	\$12.46	\$13.12	\$12.62

Series O	December 31 2017
Total net asset value (000's) ⁽¹⁾	\$428
Number of units outstanding (000's) ⁽¹⁾	40
Management expense ratio ⁽²⁾	n/a
Management expense ratio before waivers or absorptions	n/a
Trading expense ratio ⁽³⁾	0.01%
Portfolio turnover rate ⁽⁴⁾	6.33%
Net asset value per unit ⁽¹⁾	\$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.



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

VPI CANADIAN EQUITY POOL

Other Information

As at December 31, 2017, Value Partners Group Inc. (VPGI) owns 100 percent of the Manager. VPGI is 37.9 percent beneficially owned by The Longton Trust II, a discretionary family trust established for the benefit of specified members of the Lawton family, including one director/officer of the Manager. Certain of the directors, officers and shareholders of VPGI are also shareholders and sales representatives of Lawton Partners Financial Planning Services Limited, a mutual fund dealer.

As of December 31, 2017, sales representatives of Lawton Partners Financial Planning Services Limited hold, in aggregate, Class A1 shares of VPGI representing 15.9 percent of the common equity and Class C1 shares representing 6.3 percent of the common equity. The remaining common equity of VPGI was held by sales representatives of other dealer firms and employees of the Manager. No sales representative held more than 5 percent of the common equity of the Manager. 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.