



**VALUE  
PARTNERS**  
INVESTMENTS

# VPI INCOME POOL

## **ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2018**

### **MANAGER**

VALUE PARTNERS INVESTMENTS INC.

### **PORTFOLIO MANAGERS**

PATIENT CAPITAL MANAGEMENT INC.  
CANISO INVESTMENT COUNSEL LTD.

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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, Winnipeg, Manitoba, 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 15, 2019

### Investment Objective and Strategies

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

The strategy of the Pool is to use a flexible approach to investing in fixed income and equity securities with no geographic restrictions. The Pool generally invests no less than 25% of its assets in fixed income securities and no less than 25% in equity securities. Allocations between asset classes are based on economic conditions and/or the Portfolio Managers' assessment of valuations.

### 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 low to medium tolerance for risk. During the year, however, there have been external factors at play that have changed the prevalence of certain risks relative to others.

Despite the decline in North American equity markets during the fourth quarter of 2018, Patient Capital views North American markets as vulnerable. Patient Capital believes that U.S. and Canadian equity market valuations are substantially above long-term averages and thus vulnerable to a significant correction should valuations revert to their long-term averages. The Canadian economy struggled during the second half of 2018. Two key drivers of the Canadian economy slowed in the last six months of 2018. The housing and energy sectors were under pressure. The housing market slowed as rising interest rates and new mortgage "stress tests" made home ownership more difficult. As well, historically high rates of household debt led to lower consumer spending. The energy sector experienced a significant slowdown as the oil price received by Canadian producers was substantially below global benchmark prices due to a lack of pipeline capacity. Continued high housing prices, historically high levels of consumer debt and increasing government deficits and disagreement over future resource development are all reducing confidence in the Canadian economy. While the North American Free Trade Agreement was renegotiated global trade tensions still remain as President Donald Trump attempts to renegotiate trade agreements.

Long-term interest rates remain an important factor in considering the Pool's returns and risk profile. As such, the Pool continues to be positioned to reduce interest rate risk by maintaining a shorter than average duration in the fixed income component of the Pool. In addition, the fixed income portfolio manager, Canso Investment Counsel Ltd. ("Canso"), continues to invest a significant portion of the fixed income securities of the Pool in floating rate securities to mitigate against the possibility of rising interest rates. Canso has also allocated a significant part of the fixed income portfolio into investment grade bonds.

### Results of Operations

Net assets of the Pool increased by approximately \$18.1 million for the year ended December 31, 2018. Contributing to this increase was \$56.2 million of net sales to unitholders. The increase was offset by \$18.7 million of distributions paid to unitholders and \$19.4 million from a decrease in net assets from operations. The decrease in net assets from operations was due to \$38.7 million of unrealized depreciation in the value of investments and forward currency contracts, \$15.4 million of operating expenses and \$2.6 million of net realized losses on forward currency contracts offset by dividend and interest income of \$25.8 million, and \$11.6 million of net realized gains on the sale of investments.

At the beginning of the year, Patient Capital had positioned the portfolio such that equity securities represented less than 30% of the Pool's holdings. This had been due to increases in equity valuations in recent years that had made it difficult for Patient Capital to identify businesses for the portfolio that were trading at attractive valuations. In December, however, equity valuations dropped quickly and Patient Capital was able to seize the opportunity to increase the equity holdings of the Pool to greater than 40%.



**Results of Operations (continued)**

The following table shows the changes to the allocation of the overall portfolio during the year:

Sector	Allocation Increase	Sector	Allocation Decrease
Equities	12.0%	Corporate bonds	6.0%
		Cash	3.1%
		Mortgage Backed Securities	2.6%

The most significant shift was in the equity securities of the portfolio, which increased by 12.0%. Patient Capital increased the overall equity position in the fund taking advantage of low market prices towards the end of the year.

There were also several 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>
Canadian Natural Resources	Royal Dutch Shell
Canadian Utilities	
Honda Motor Co.	
Kimco Realty	
Linamar	
WPP PLC	

Cash flows into the Pool from new unitholders as well as proceeds from the disposition of fixed income securities allowed the Portfolio Manager to make the above equity additions. It also allowed them to add to existing positions that they believed were attractively valued for further investment.

As a result of these changes, there were some notable shifts in the sector allocation of equities from the prior year as indicated in the following table:

<i>Sector</i>	<i>Allocation Increase</i>	<i>Sector</i>	<i>Allocation Decrease</i>
Automobiles & Components	6.0%	Corporate bonds	6.0%
Media	4.3%	Cash	3.1%
Diversified Financials	2.2%	Mortgage Backed Securities	2.6%
Utilities	0.8%	Retailing	1.2%
Telecommunication Services	0.3%	Energy	0.8%
Banks	0.3%		

The portfolio has also changed from a geographic standpoint during the year as indicated by the most significant changes shown in the following table:

<i>Country</i>	<i>Allocation Increase</i>	<i>Country</i>	<i>Allocation Decrease</i>
Jersey	4.4%	Canada	11.6%
United States	3.1%	Germany	0.2%
Netherlands	2.0%		
Japan	1.0%		
Italy	0.9%		

Each series of the Pool experienced a loss ranging from -2.8% to -0.6% for the year as compared to a -3.7% loss for the blended index which is comprised of 50% S&P/TSX Composite Total Return Index and 50% FTSE TMX Universe Bond Index (the "Blended Index"). The Pool outperformed the blended index due to substantially lower weighting in equities than the blended index. In addition, the Pool's U.S. holdings were helped impacted by the appreciation of the U.S. dollar relative to the Canadian dollar. The performance of the Fixed Income portion of the portfolio continued to have a substantially lower duration than the benchmark while providing a higher yield than the FTSE TMX Universal Bond Index.



### Revenues and Expenses

Revenues of the Pool amounted to \$25.8 million, which can be attributed to a combination of dividend income from its equity holdings and interest income from its fixed income holdings. Despite an increase in fixed income assets, interest income decreased by approximately \$1.5 million as the fixed income portfolio shifted from higher to lower yielding securities. Dividend income increased by \$1.5 million as more equity securities were added to the portfolio during the year.

The Pool also incurred \$15.4 million in management fees and operating expenses, realized an \$11.6 million gain on the sale of investments and experienced \$38.7 million of unrealized depreciation in the value of its investments and forward currency contracts. The realized gain on sale of investments of \$11.6 million is attributable to the following dispositions in the portfolio during the year as referred to previously. Dividends and interest received from each of these holdings while in the Pool are in addition to these gains.

Holding	Approximate Holding Period	Proceeds (millions)	Cost (millions)	Realized Gain (Loss) (millions)
Royal Dutch Shell	4.1 years	\$ 17.9	\$ 14.3	\$ 3.6
Fixed income securities	n/a	\$ 376.2	\$ 371.5	\$ 4.7
Partial Dispositions	n/a	\$ 15.8	\$ 12.5	\$ 3.3
Canada T-Bills	n/a	\$ 262.5	\$ 262.5	-
		\$ 672.4	\$ 660.8	\$ 11.6

### Recent Developments

#### *Economic Conditions*

The U.S. economy was very strong during 2018. GDP growth for the year is expected to top three per cent. As well, employment levels continue to reach record levels with the unemployment rate dropping to record lows and participation rates the highest in many years. The benefit of President Trump's tax cuts lead to higher corporate profits and increased spending. Despite the strong performance in 2018 several concerns materialized at the end of the year. The Federal Reserve's interest rate increases were thought to be slowing down the economy in 2019 and reducing consumer and investment spending. Global trade disputes, particularly between the United States and China alarmed investors. Global economic growth in Europe, Asia and emerging markets also started to show signs of weakness. Political uncertainty in the U.S. also started to take its toll. Deep divisions between Democrats and Republicans, the ongoing Russian Collusion investigation and prolonged government shutdown all made for an uncertain start to 2019. The Canadian economy slowed significantly during the second half of 2018. A slowing housing market, lower manufacturing due to trade uncertainty and lower commodity prices all contributed to the slowdown.



**Portfolio Allocation**

Corporate Bonds	50.1%	Cash & Equivalents	3.7%
Equities	40.6%	Warrants	0.3%
Mortgage-Backed Securities	5.0%	Other Net Assets	0.3%

**Geographic Allocation**

Canada	67.9%	Netherlands	2.0%
United States	17.4%	Japan	1.0%
Jersey	4.8%	Italy	0.9%
Great Britain	3.4%	Germany	0.4%
France	2.2%		

**Sector Allocation**

Corporate Bonds	50.1%	Telecommunication Services	3.2%
Banks	10.3%	Retailing	2.8%
Energy	9.2%	Diversified Financials	2.2%
Automobiles & Components	6.0%	Real Estate	1.8%
Mortgage-Backed Securities	5.0%	Utilities	0.8%
Media	4.3%	Warrants	0.3%
Cash & Equivalents	3.7%	Other Net Assets	0.3%

**Top 25 Holdings**

Issuer	Maturity Date	Coupon Rate	Percentage of Net Assets
Bank of Montreal, FRN	1-Feb-23	1.93	5.1%
Linamar Corporation			5.0%
AT&T Inc, FRN	12-Jun-24	3.20	4.8%
Bank of Nova Scotia			4.6%
WPP PLC			4.3%
Canadian Imperial Bank of Commerce			4.2%
Verizon Communications			3.2%
Toronto Dominion Bank	8-Jun-21	1.68	3.1%
Royal Bank of Canada, FRN	23-Mar-20		3.0%
Lloyd's Bank PLC, FRN	11-Jul-23	2.30	2.9%
Canada Treasury Bill	10-Jan-19		2.5%
Cenovus Energy Inc			2.4%
Enbridge Inc, FRN	24-May-19		2.4%
Toronto Dominion Bank, FRN	28-Jun-23		2.3%
Kimco Realty Corporation			2.2%
Total S.A.			2.2%
Canadian Natural Resources Ltd.			2.1%
Ensign Energy Services Inc			2.1%
G.E Electric Canada Funding Company	26-Jan-22	4.60	2.0%
Honda Canada Finance Inc., FRN	18-Dec-20	1.98	1.6%
Macy's Inc.			1.6%
Wells Fargo & Company			1.5%
Teva Pharmaceutical Finance	1-Mar-28	6.75	1.3%
Bed Bath & Beyond Inc.			1.2%
Firm Capital Property Trust			1.2%
<b>Total</b>			<b>68.8%</b>

*The above summary of investment portfolio may change due to ongoing portfolio transactions of the Pool. An update will be made available within 60 days of each subsequent quarter-end.*

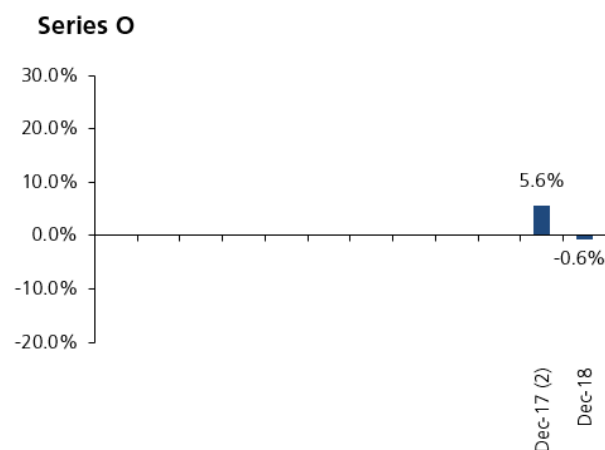
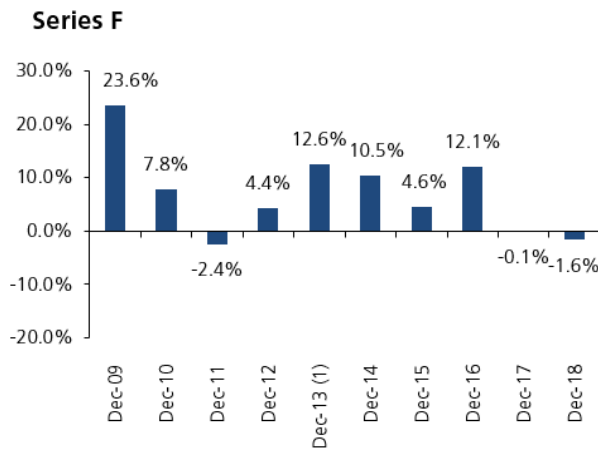
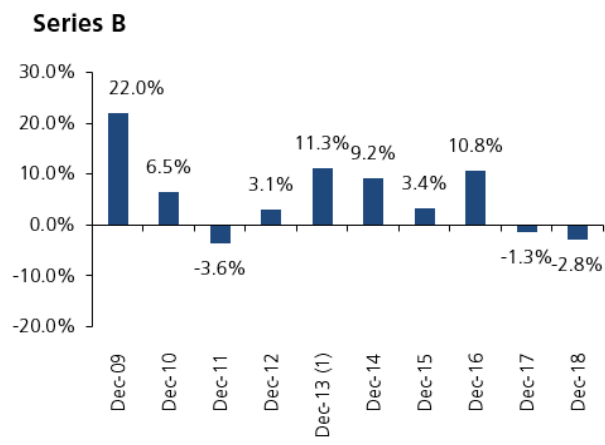
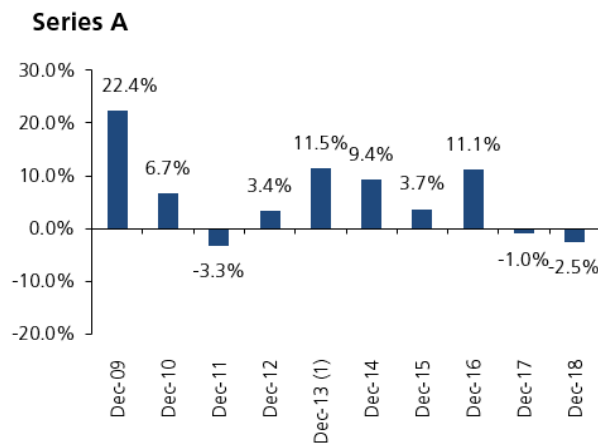


**Past Performance**

The historical performance information shown below assumes that all distributions were reinvested in the Pool and does not account for any sales, redemptions, distributions or optional charges or income taxes payable by an investor that would have reduced returns. Mutual fund returns are not guaranteed, their values change frequently and past performance may not be repeated.

**Year-by-Year Returns**

The bar charts below show the performance of each series of the Pool (net of fees) for the year ended December 31, 2018, and the previous years ended December 31 or since inception to December 31. It shows in percentage terms, how an investment made on January 1 or on inception would have increased or decreased by the end of the respective periods.



- (1) Patient Capital Management Inc. and Canso Investment Counsel Ltd. were appointed as portfolio managers of the Pool on December 1, 2013.
- (2) 2017 return is since inception on July 5, 2017



### Annual Compound Returns

The following table shows the annual compound total return of each series of the Pool compared to the Blended Index, the S&P/TSX Composite Index and the FTSE TMX Universe Bond Index for the periods shown ended December 31, 2018. All Index returns are calculated on a total return basis, meaning that performance was calculated under the assumption that all distributions were reinvested.

	10 Year	5 Year	3 Year	1 Year	Since Inception <sup>(2)</sup>
<b>Series A<sup>(1)(3)</sup></b> ( <i>Inception: October 20, 2005</i> )	<b>5.9%</b>	<b>4.0%</b>	<b>2.3%</b>	<b>-2.5%</b>	<b>3.7%</b>
<b>Blended Index</b>	<b>6.2%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>-3.7%</b>	<b>5.2%</b>
S&P/TSX Composite Index	7.9%	4.1%	6.4%	-8.9%	5.6%
FTSE TMX Universe Bond Index	4.2%	3.5%	1.9%	1.4%	4.3%
<b>Series B<sup>(1)(3)</sup></b> ( <i>Inception: July 3, 2007</i> )	<b>5.6%</b>	<b>3.7%</b>	<b>2.1%</b>	<b>-2.8%</b>	<b>3.2%</b>
<b>Blended Index</b>	<b>6.2%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>-3.7%</b>	<b>4.1%</b>
S&P/TSX Composite Index	7.9%	4.1%	6.4%	-8.9%	3.2%
FTSE TMX Universe Bond Index	4.2%	3.5%	1.9%	1.4%	4.6%
<b>Series F<sup>(1)(3)</sup></b> ( <i>Inception: July 3, 2007</i> )	<b>6.9%</b>	<b>5.0%</b>	<b>3.3%</b>	<b>-1.6%</b>	<b>4.5%</b>
<b>Blended Index</b>	<b>6.2%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>-3.7%</b>	<b>4.1%</b>
S&P/TSX Composite Total Return Index	7.9%	4.1%	6.4%	-8.9%	3.2%
FTSE TMX Universe Bond Index	4.2%	3.5%	1.9%	1.4%	4.6%
<b>Series O<sup>(1)(3)</sup></b> ( <i>Inception: July 5, 2017</i> )	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-0.6%</b>	<b>3.3%</b>
<b>Blended Index</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-3.7%</b>	<b>0.2%</b>
S&P/TSX Composite Total Return Index	n/a	n/a	n/a	-8.9%	-0.9%
FTSE TMX Universe Bond Index	n/a	n/a	n/a	1.4%	1.0%

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

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

### Management Fees

The Pool pays an annual management fee on each of its series (excluding Series O) to Value Partners Investments Inc. ("the Manager"). The management fee is calculated daily as a percentage of the net asset value of each series as of the close of business on each business day. In consideration for the management fees, the Manager may pay a percentage sales commission and/or trailing commission to registered dealers or brokers for units bought and held in the Pool depending on which series of units were purchased. The Manager also pays a portion of the management fee to the Portfolio Managers for their services in managing the investment portfolio.

For the year ended December 31, 2018, 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 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 Managers for their services, was retained by the Manager for corporate purposes.



### Related Party Transactions

Value Partners Investments Inc. is the manager of the Pool and is responsible for the overall business and operations of the Pool. For the year ended December 31, 2018 the Pool paid \$13.2 million in management fees (excluding taxes) to the Manager. In addition, the Manager or parent company of the Manager also held 75,622 Series F units of the Pool as of December 31, 2018.

### 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 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>	<b>December 31 2014</b>
<b>Net assets, beginning of period</b>	<b>11.59</b>	<b>12.10</b>	<b>11.23</b>	<b>11.35</b>	<b>10.73</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.38	0.42	0.54	0.56	0.51
Total expenses	(0.24)	(0.24)	(0.24)	(0.25)	(0.24)
Realized gains (losses) for the period	0.13	0.23	0.18	0.30	0.20
Unrealized gains (losses) for the period	(0.57)	(0.52)	0.79	(0.25)	0.47
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.30)</b>	<b>(0.11)</b>	<b>1.27</b>	<b>0.36</b>	<b>0.94</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.08)	(0.12)	(0.23)	(0.26)	(0.24)
From dividends	(0.07)	(0.07)	(0.07)	(0.03)	(0.02)
From capital gains	(0.11)	(0.20)	(0.06)	(0.24)	(0.12)
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.26)</b>	<b>(0.39)</b>	<b>(0.36)</b>	<b>(0.53)</b>	<b>(0.38)</b>
<b>Net assets, end of period</b>	<b>11.04</b>	<b>11.59</b>	<b>12.10</b>	<b>11.23</b>	<b>11.35</b>
<b>Series B</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>	<b>December 31 2014</b>
<b>Net assets, beginning of period</b>	<b>10.56</b>	<b>11.08</b>	<b>10.37</b>	<b>10.55</b>	<b>10.01</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.34	0.38	0.50	0.51	0.48
Total expenses	(0.25)	(0.25)	(0.25)	(0.26)	(0.25)
Realized gains (losses) for the period	0.14	0.22	0.17	0.29	0.18
Unrealized gains (losses) for the period	(0.45)	(0.51)	0.69	(0.21)	0.46
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.22)</b>	<b>(0.16)</b>	<b>1.11</b>	<b>0.33</b>	<b>0.87</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.06)	(0.12)	(0.25)	(0.28)	(0.23)
From dividends	(0.07)	(0.07)	(0.08)	(0.04)	(0.02)
From capital gains	(0.10)	(0.20)	(0.06)	(0.22)	(0.11)
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.23)</b>	<b>(0.39)</b>	<b>(0.39)</b>	<b>(0.54)</b>	<b>(0.36)</b>
<b>Net assets, end of period</b>	<b>10.04</b>	<b>10.56</b>	<b>11.08</b>	<b>10.37</b>	<b>10.55</b>





**Financial Highlights (continued)**

<b>Series F</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>	<b>December 31 2014</b>
<b>Net assets, beginning of period</b>	<b>11.29</b>	<b>11.82</b>	<b>11.01</b>	<b>11.15</b>	<b>10.55</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.37	0.41	0.53	0.55	0.50
Total expenses	(0.13)	(0.13)	(0.13)	(0.14)	(0.13)
Realized gains (losses) for the period	0.13	0.23	0.16	0.26	0.21
Unrealized gains (losses) for the period	(0.57)	(0.48)	0.82	(0.30)	0.42
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.20)</b>	<b>0.03</b>	<b>1.38</b>	<b>0.37</b>	<b>1.00</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.10)	(0.20)	(0.33)	(0.37)	(0.34)
From dividends	(0.11)	(0.11)	(0.10)	(0.05)	(0.03)
From capital gains	(0.11)	(0.20)	(0.06)	(0.24)	(0.12)
Return of capital	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.32)</b>	<b>(0.52)</b>	<b>(0.49)</b>	<b>(0.66)</b>	<b>(0.49)</b>
<b>Net assets, end of period</b>	<b>10.80</b>	<b>11.29</b>	<b>11.82</b>	<b>11.01</b>	<b>11.15</b>

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

(1) This information is derived from the Pool's audited annual financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional units of the Pool, or both.

(4) Inception date: July 5, 2017.



**Ratios and Supplemental Data**

<b>Series A</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>	<b>December 31 2014</b>
Total net asset value (000's) <sup>(1)</sup>	\$649,756	\$636,699	\$542,008	\$384,155	\$241,949
Number of units outstanding (000's) <sup>(1)</sup>	58,857	54,941	44,800	34,205	21,322
Management expense ratio <sup>(2)</sup>	1.98%	1.98%	1.98%	2.00%	2.05%
Management expense ratio before waivers or absorptions	1.98%	1.98%	1.98%	2.00%	2.05%
Trading expense ratio <sup>(3)</sup>	0.02%	0.01%	0.01%	0.02%	0.02%
Portfolio turnover rate <sup>(4)</sup>	81.51%	38.15%	43.82%	58.07%	66.79%
Net asset value per unit <sup>(1)</sup>	\$11.04	\$11.59	\$12.10	\$11.23	\$11.35
<b>Series B</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>	<b>December 31 2014</b>
Total net asset value <sup>(1)</sup>	\$21,022	\$28,358	\$30,802	\$27,851	\$23,199
Number of units outstanding (000's) <sup>(1)</sup>	2,094	2,686	2,779	2,685	2,198
Management expense ratio <sup>(2)</sup>	2.26%	2.24%	2.24%	2.26%	2.29%
Management expense ratio before waivers or absorptions	2.26%	2.24%	2.24%	2.26%	2.29%
Trading expense ratio <sup>(3)</sup>	0.02%	0.01%	0.01%	0.02%	0.02%
Portfolio turnover rate <sup>(4)</sup>	81.51%	38.15%	43.82%	58.07%	66.79%
Net asset value per unit <sup>(1)</sup>	\$10.04	\$10.56	\$11.08	\$10.37	\$10.55
<b>Series F</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>	<b>December 31 2014</b>
Total net asset value (000's) <sup>(1)</sup>	\$105,616	\$100,341	\$71,718	\$38,324	\$13,892
Number of units outstanding (000's) <sup>(1)</sup>	9,781	8,885	6,066	3,482	1,246
Management expense ratio <sup>(2)</sup>	1.04%	1.03%	1.03%	1.07%	1.08%
Management expense ratio before waivers or absorptions	1.04%	1.03%	1.03%	1.07%	1.08%
Trading expense ratio <sup>(3)</sup>	0.02%	0.01%	0.01%	0.02%	0.02%
Portfolio turnover rate <sup>(4)</sup>	81.51%	38.15%	43.82%	58.07%	66.79%
Net asset value per unit <sup>(1)</sup>	\$10.80	\$11.29	\$11.82	\$11.01	\$11.15
<b>Series O</b>	<b>December 31 2018</b>	<b>December 31 2017</b>	<b>December 31 2016</b>	<b>December 31 2015</b>	<b>December 31 2014</b>
Total net asset value (000's) <sup>(1)</sup>	\$9,303	\$2,176	n/a	n/a	n/a
Number of units outstanding (000's) <sup>(1)</sup>	954	214	n/a	n/a	n/a
Management expense ratio <sup>(2)</sup>	0.00%	0.00%	n/a	n/a	n/a
Management expense ratio before waivers or absorptions	0.08%	0.10%	n/a	n/a	n/a
Trading expense ratio <sup>(3)</sup>	0.02%	0.01%	n/a	n/a	n/a
Portfolio turnover rate <sup>(4)</sup>	81.51%	38.15%	n/a	n/a	n/a
Net asset value per unit <sup>(1)</sup>	\$9.75	\$10.16	n/a	n/a	n/a

(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.



### Other Information

As at December 31, 2018, Value Partners Group Inc. (VPGI) owns 100 percent of the Manager. VPGI is 37.5 percent owned by Longton Ltd., whose shareholders include 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. Effective December 30, 2018, VPGI acquired 100 percent of the shares of Lawton Partners Financial Planning Services Limited.

As of December 31, 2018, sales representatives of Lawton Partners Financial Planning Services Limited hold, in aggregate, Class A1 shares of VPGI representing 16.9 percent of the common equity and Class C1 shares representing 6.2 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](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.*