



**VALUE
PARTNERS**
INVESTMENTS

VPI INCOME POOL

INTERIM FINANCIAL STATEMENTS (UNAUDITED)
SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021

MANAGER

VALUE PARTNERS INVESTMENTS INC.

PORTFOLIO MANAGER

VALUE PARTNERS INVESTMENTS INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Value Partners Investments Inc., the Manager of the Pools, appoints independent auditors to audit the Pool's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice. The Pool's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants Canada.

VPI INCOME POOL

Statements of Financial Position

(In thousands of dollars and units, except for per unit amounts)

June 30, 2022 and December 31, 2021 (unaudited)

As at	June 30, 2022	December 31, 2021
Assets		
Financial assets at fair value through profit or loss	\$ 504,139	\$ 603,121
Cash and cash equivalents	21,330	2,245
Accrued dividends receivable	440	587
Accrued interest receivable for distribution purposes	661	10,676
Subscriptions receivable	838	716
Due from Manager (note 5)	4	–
	\$ 527,412	\$ 617,345
Liabilities		
Accounts payable and accrued liabilities	\$ 141	\$ 116
Redemptions payable	938	352
Management fees payable (notes 4 and 5)	773	894
Distributions payable	701	772
Due to Manager (note 5)	–	6
Due to broker	661	10,676
	3,214	12,816
Net assets attributable to holders of redeemable units	\$ 524,198	\$ 604,529
Net assets attributable to holders of redeemable units per series:		
Series A	\$ 454,397	\$ 520,129
Series F	55,989	66,907
Series I	13,812	17,493
Net assets attributable to holders of redeemable units per unit:		
Series A	\$ 10.74	\$ 12.07
Series F	10.51	11.83
Series I	9.31	10.51
Number of redeemable units outstanding:		
Series A	42,307	43,099
Series F	5,326	5,657
Series I	1,483	1,665

The accompanying notes form an integral part of these financial statements.

VPI INCOME POOL

Statements of Comprehensive Income (Loss)
(In thousands of dollars, except for per unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

	2022	2021
Income:		
Interest income for distribution purposes	\$ 2,227	\$ 2,893
Dividend income	7,331	7,906
Foreign exchange gain on cash	232	15
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on sale of investments	9,172	17,026
Change in unrealized appreciation (depreciation) in value of investments	(75,221)	41,729
	(56,259)	69,569
Expenses:		
Administration	86	86
Audit fees	7	8
Independent review committee fees	5	7
Security holder reporting costs	148	169
Custodian fees	14	14
Filing fees	10	13
Legal fees	3	3
Management fees (notes 4 and 5)	4,926	5,154
Registered plan fees	7	8
Trustee fees	3	3
Withholding taxes	531	548
Transaction costs	58	87
	5,798	6,100
Absorbed expenses (notes 4 and 5)	(8)	(10)
	5,790	6,090
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (62,049)	\$ 63,479
Increase (decrease) in net assets attributable to holders of redeemable units per series:		
Series A	\$ (53,920)	\$ 53,915
Series F	(6,637)	7,468
Series I	(1,492)	2,096
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Series A	\$ (1.26)	\$ 1.17
Series F	(1.18)	1.20
Series I	(0.99)	1.14

The accompanying notes form an integral part of these financial statements.

VPI INCOME POOL

Statements of Change in Net Assets Attributable to Holders of Redeemable Units
(In thousands of dollars and units)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

	Series A		Series F		Series I		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net assets attributable to holders of redeemable units, beginning of period	\$ 520,129	\$ 515,422	\$ 66,907	\$ 73,266	\$ 17,493	\$ 19,338	\$ 604,529	\$ 608,026
Increase (decrease) in net assets attributable to holders of redeemable units	(53,920)	53,915	(6,637)	7,468	(1,492)	2,096	(62,049)	63,479
Redeemable unit transactions:								
Proceeds from redeemable units issued	25,768	24,260	4,754	2,522	1,410	2,470	31,932	29,252
Reinvestment of distributions to holders of redeemable units	3,717	4,633	631	712	215	239	4,563	5,584
Redemption of redeemable units	(38,468)	(71,381)	(8,931)	(16,848)	(3,515)	(6,814)	(50,914)	(95,043)
	(8,983)	(42,488)	(3,546)	(13,614)	(1,890)	(4,105)	(14,419)	(60,207)
Distributions to holders of redeemable units:								
Net investment income	(2,829)	(3,896)	(735)	(868)	(299)	(375)	(3,863)	(5,139)
Net increase (decrease) in net assets attributable to holders of redeemable units	(65,732)	7,531	(10,918)	(7,014)	(3,681)	(2,384)	(80,331)	(1,867)
Net assets attributable to holders of redeemable units, end of period	\$ 454,397	\$ 522,953	\$ 55,989	\$ 66,252	\$ 13,812	\$ 16,954	\$ 524,198	\$ 606,159
Increase (decrease) in redeemable units outstanding:								
Beginning of period	43,099	48,650	5,657	7,029	1,665	2,062	50,421	57,741
Issued	2,218	2,181	416	228	138	251	2,772	2,660
Issued on reinvestment of distributions	325	415	56	65	22	24	403	504
Redeemed	(3,335)	(6,455)	(803)	(1,550)	(342)	(691)	(4,480)	(8,696)
Redeemable units outstanding, end of period	42,307	44,791	5,326	5,772	1,483	1,646	49,116	52,209
Weighted average units outstanding, during the period	42,785	46,205	5,643	6,204	1,506	1,845		

The accompanying notes form an integral part of these financial statements.

VPI INCOME POOL

Statements of Cash Flows
(In thousands of dollars)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

	2022	2021
Cash flows from (used in) operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (62,049)	\$ 63,479
Adjustments for:		
Foreign exchange gain on cash	(232)	(15)
Net realized gain on sale of investments	(9,172)	(17,026)
Transaction costs	58	87
Change in unrealized depreciation (appreciation) in value of investments	75,221	(41,729)
Purchase of investments	(40,168)	(27,978)
Proceeds from sale of investments	73,042	105,177
Dividends receivable	147	132
Interest receivable for distribution purposes	10,015	4,365
Management fees payable	(121)	(4,385)
Other payables and accrued expenses	25	(34)
Due to broker	(10,015)	–
Due to Manager	(10)	–
Net cash from operating activities	36,741	82,073
Cash flows from (used in) financing activities:		
Distributions paid to holders of redeemable units, net of reinvested distributions	629	541
Proceeds from redeemable units issued	30,134	26,639
Redemption of redeemable units	(48,651)	(92,532)
Net cash used in financing activities	(17,888)	(65,352)
Foreign exchange gain on cash	232	15
Net increase in cash and cash equivalents	19,085	16,736
Cash and cash equivalents, beginning of period	2,245	1,864
Cash and cash equivalents, end of period	\$ 21,330	\$ 18,600
Supplementary information:		
Dividends received, net of withholding tax	\$ 6,947	\$ 7,490
Interest received, net of withholding tax	12,242	7,258

The accompanying notes form an integral part of these financial statements.

VPI INCOME POOL

Schedule of Investment Portfolio
(In thousands of dollars, except for unit amounts)

June 30, 2022 (unaudited)

Number of units, shares or par value	Description	Average cost	Fair value	% of net assets
Mutual Funds:				
23,461,747	VPI Corporate Bond Pool - Series I	\$ 237,829	\$ 232,968	44.44
Equities:				
Automobiles and Components:				
211,800	Honda Motor Limited ADR	7,106	6,598	
35,500	Magna International Inc.	2,231	2,509	
		9,337	9,107	1.74
Banks:				
53,200	Bank of Montreal	4,447	6,585	
95,100	Bank of Nova Scotia	5,732	7,245	
115,550	Canadian Imperial Bank of Commerce	5,500	7,223	
64,865	Royal Bank of Canada	5,275	8,085	
88,330	Toronto-Dominion Bank	5,566	7,456	
		26,520	36,594	6.98
Capital Goods:				
41,000	3M Company	9,183	6,844	
8,000	Lockheed Martin Corp.	3,456	4,437	
90,000	Siemens AG	7,498	5,930	
		20,137	17,211	3.28
Commercial and Professional Services:				
57,600	Wolters Kluwer NV	6,283	7,190	1.37
Communication Services:				
150,000	Rogers Communications Inc., Class B	8,877	9,252	1.76
Consumer Services:				
75,000	Starbucks Corp.	7,714	7,390	1.41
Diversified Financials:				
15,000	S&P Global Inc.	6,864	6,522	1.24
Energy:				
500,000	Energy Transfer LP	7,484	6,437	1.24
Food, Beverage and Tobacco:				
150,000	Asahi Group Holdings Ltd.	8,941	6,331	
31,000	Diageo PLC ADR	5,235	6,963	
50,000	Nestle S.A. ADR	7,659	7,507	
		21,835	20,801	3.97
Food and Staples Retailing:				
350,000	Carrefour S.A.	7,759	7,970	
65,000	Loblaw Companies Ltd.	4,088	7,546	
155,000	Seven & I Holdings Co., Ltd.	6,853	7,752	
		18,700	23,268	4.44

VPI INCOME POOL

Schedule of Investment Portfolio (continued)
(In thousands of dollars, except for unit amounts)

June 30, 2022 (unaudited)

Number of units, shares or par value	Description	Average cost	Fair value	% of net assets
Healthcare Equipment and Services:				
65,000	CVS Health Corp.	\$ 4,656	\$ 7,769	
13,000	UnitedHealth Group Inc.	5,192	8,613	
		9,848	16,382	3.13
Insurance:				
226,000	Great-West Lifeco Inc.	5,711	7,103	
118,000	Sun Life Financial Inc.	5,909	6,960	
		11,620	14,063	2.68
Materials:				
56,500	Symrise AG	9,309	7,913	
		9,309	7,913	1.51
Pharmaceuticals, Biotechnology and Life Sciences:				
59,000	Merck & Co., Inc.	5,609	6,939	
140,500	Roche Holding AG ADR	8,352	7,559	
		13,961	14,498	2.77
Real Estate:				
1,162,000	Firm Capital Property Trust	4,515	7,483	1.43
Software and Services:				
300,000	Infosys Ltd.	6,063	7,163	
86,000	Oracle Corp.	6,101	7,751	
		12,164	14,914	2.85
Technology Hardware and Equipment:				
133,500	Cisco Systems Inc.	7,145	7,343	
95,000	Logitech International S.A.	9,702	6,384	
		16,847	13,727	2.62
Telecommunication Services:				
314,200	Deutsche Telekom AG ADR	7,243	8,074	
131,400	Nippon Telegraph & Telephone Corp.	4,225	4,861	
75,000	Nippon Telegraph & Telephone Corp. ADR	2,371	2,783	
		13,831	15,718	3.00
Transportation:				
35,500	United Parcel Services Inc.	8,621	8,359	1.59
Utilities:				
1,000,000	Enel SpA	11,199	7,040	
120,000	Fortis Inc.	6,304	7,302	
		17,503	14,342	2.74
Summary:				
Mutual Funds		237,829	232,968	44.44
Equities		251,978	271,171	51.74
		489,807	504,139	96.18

VPI INCOME POOL

Schedule of Investment Portfolio (continued)
(In thousands of dollars, except for unit amounts)

June 30, 2022 (unaudited)

Number of units, shares or par value	Description	Average cost	Fair value	% of net assets
Transaction costs		\$ (226)	\$	
Total financial assets at FVTPL		489,581	504,139	96.18
Cash:				
Domestic		11,181	11,180	
Foreign		10,117	10,150	
Total cash		21,298	21,330	4.07
Liabilities, net of other assets			(1,271)	(0.25)
Total net assets attributable to holders of redeemable units			\$ 524,198	100.00

The accompanying notes form an integral part of these financial statements.

VPI INCOME POOL

Notes to Financial Statements
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

1. Reporting entity:

- (a) VPI Income Pool (the Pool) is an open-ended mutual fund trust, established on September 26, 2005 by declaration of trust under the laws of the Province of Ontario. As of March 2017, the registered office of the Pool is located at 300-175 Hargrave St., Winnipeg, Manitoba. The trustee of the Pool is RBC Investor Services Trust and the Manager of the Pool is Value Partners Investments Inc. (VPI or the Manager).

The Pool commenced operations on October 20, 2005 with one series of units: Series A. On July 3, 2007, the Pool began offering Series B, Series F and Cardinal Series units. Effective January 5, 2015, the Pool no longer offers Cardinal Series units. On July 5, 2017, the Pool began offering Series O units and effective June 15, 2022 were renamed as Series I units. Effective June 28, 2022, Series O units of the Pool were qualified for distribution. The Pool no longer offers Series B or Cardinal Series units.

The Pool's objective 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.

- (b) Redeemable units issued and outstanding are considered to be capital of the Pool. The Pool's authorized capital consists of an unlimited number of units and series without par value. The number of outstanding units of each series is disclosed in the statements of financial position.

Series A units are subject to a negotiated sales commission payable by the investor at the time of purchase. Series F units are only available to investors that have a fee-based account with a dealer that has signed a Series F agreement with the Manager. Series I units are available to investors who have, or whose dealer has, entered into an agreement directly with the Manager to purchase Series I units and who make the required minimum investment and minimum additional investment as set out by the Manager from time to time. Such investors may include investors who opened a discretionary investment management account with the Manager prior to on or about September 30, 2022, certain institutional investors as approved by the Manager and other mutual funds managed by the Manager. Series O units of the Pool are available to investors who have entered into a discretionary investment management account with the Manager.

Except for Series I and O units, each series of units pays its proportionate share of common expenses of the Pool, in addition to expenses that are unique to that series. Proportionate fund expenses for Series I and Series O, both common fund expenses, as well as expenses unique to Series I and Series O, are paid by the Manager. Distributions of each series may vary due to the differences in expenses between the series.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

1. Reporting entity (continued):

- (c) Unitholders may redeem all or part of their units by delivering a written request to do so to the Manager or Trustee or to an investment dealer, securities dealer or mutual fund dealer for delivery to the Manager or Trustee. Units will be redeemed at the net asset value per unit as determined on the next valuation date. Requests for redemption received after 4:00 p.m., Toronto time, on any day are deemed to be received on the first business day following the date of the actual receipt.

2. Basis of preparation:

These financial statements have been prepared in compliance with International Accounting Standard 34 Interim Financial Reporting (IAS 34), as published by the International Accounting Standards Board (IASB) and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

The financial statements were authorized for issue by the Manager on behalf of the board of directors on August 18, 2022.

(a) Basis of measurement:

The financial statements have been prepared on an historical cost basis except for investments at fair value through profit or loss, which are measured at fair value.

(b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Pool's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(c) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

2. Basis of preparation (continued):

The most significant judgments made by the Manager in preparing these financial statements is in determining the fair value of financial instruments not traded in an active market, if any, under IFRS 13 - *Fair Value Measurement* (IFRS 13).

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Classification and measurement:

Financial assets are required to be classified into one of the following categories: fair value through profit or loss (FVTPL), amortized cost or fair value through other comprehensive income (FVOCI) based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition.

Assessment and decision on the business model approach used is an accounting judgement.

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL, in which case transaction costs are expensed as incurred.

Financial instruments at FVTPL are recognized initially on the trade date, which is the date on which the Pool becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Pool derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position only when the Pool has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

3. Significant accounting policies (continued):

At June 30, 2022 and 2021, no amounts have been offset in the statements of financial position.

(ii) FVTPL:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statements of comprehensive income (loss) in the period in which they occur. The Pool has classified its investments in securities, derivative financial assets and derivative financial liabilities as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Pool uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Pool's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

The Pool's accounting policies for measuring the fair value of investments are consistent with those used for measuring its net asset value for transactions with unitholders.

(iii) Amortized cost:

Financial instruments classified under amortized cost include financial assets that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest and financial liabilities not classified as FVTPL.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

3. Significant accounting policies (continued):

Such financial assets and liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of these financial assets and financial liabilities is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The Pool classifies cash, accrued dividends receivable, accrued interest receivable for distribution purposes, subscriptions receivable, due from broker, accounts payable and accrued liabilities, redemptions payable, management fees payable, distributions payable, due to Manager and due to brokers as amortized cost. Cash includes cash on deposit with the custodian.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(iv) Impairment:

For financial assets measured at amortized cost, the Pool uses an expected credit loss (ECL) impairment model. The ECL model uses an allowance for expected credit losses being recorded regardless of whether or not there has been an actual loss event.

The Pool measures the loss allowance at an amount equal to lifetime ECL for trade and other receivables. Lifetime ECL's are the ECL's that result from all possible default events over the expected life of the trade and other receivables. ECL's are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that being the difference between the cash flows due to the Pool in accordance with the contract and the cash flows that the Pool expects to receive). ECL's are discounted at the effective interest rate of the financial asset.

(v) Foreign currency forward contracts:

The value of a foreign currency forward contract is the gain or loss that would be realized if, on the date that valuation is made, the positions were closed out. It is reflected in the statements of financial position as part of "foreign currency forward contracts" and the change in value over the period is reflected in the statements of comprehensive income (loss) as part of "change in unrealized appreciation (depreciation) in foreign currency forward contracts". When the foreign currency forward contracts are closed out, gains and losses are realized and are included in the "net realized gain (loss) on foreign currency forward contracts" in the statements of comprehensive income (loss).

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

3. Significant accounting policies (continued):

(b) Redeemable units:

The Pool classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Pool has multiple classes of redeemable units that do not have identical features and therefore, does not qualify as equity under International Accounting Standard (IAS) 32, *Financial Instruments - presentation* (IAS 32). The redeemable units, which are measured at the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Pool's valuation policies at each redemption date.

(c) Foreign currency:

The Pool's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign exchange gains and losses relating to cash are presented as 'Foreign exchange gain (loss) on cash' and those relating to other financial assets and liabilities are presented within 'Net realized gain' and Change in unrealized appreciation (depreciation)' in the statements of comprehensive income (loss).

(d) Investment transactions and revenue recognition:

Interest income for distribution purposes from investments in bonds and short-term investments represents the coupon interest received by the Pool accounted for on an accrual basis. The Pool does not use the effective interest method to amortize premiums paid or discounts received on the purchase of fixed-income securities. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

3. Significant accounting policies (continued):

(e) Increase (decrease) in net assets attributable to holders of redeemable units, per unit:

Increase (decrease) in net assets attributable to holders of redeemable units, per unit in the statements of comprehensive income (loss) represents the net increase (decrease) in the net assets from operations for each series for the period divided by the weighted average units outstanding for each series for the period.

(f) Income taxes:

The Pool qualifies as a Mutual Fund Trust as defined in the *Income Tax Act* (Canada). Pursuant to the terms of the Declaration of Trust establishing the Pool, it is considered to distribute annually to the unitholders all of the net taxable income, including net realized gains on sale of investments, and such distributions are immediately reinvested in units of the Pool.

In general, the Pool is subject to income tax, however no income tax is payable on net income and/or net realized capital gains which are distributed to unitholders. In addition, income taxes payable on net realized capital gains is refundable on a formula basis when units of the Pool are redeemed.

Capital losses are available to be carried forward indefinitely and applied against future capital gains. Any non-capital losses that are realized in the taxation year 2006 and after may be carried forward for 20 years and applied against future income and capital gains.

4. Management fees and expenses:

Except for Series I and Series O units, the Manager of each series of units is entitled to a monthly management fee from the Pool based on a percentage of the net asset value of each series of units as of the close of business on each business day calculated at the following annual rates:

Series A	1.80%
Series F	0.90%

The Manager offers a management fee reduction program to qualified investors in Series A and Series F units. If the unitholder qualifies under this program, the management fee charged to the Pool is reduced and the Pool distributes the amount of the reduction to the investor by way of a management fee distribution. Management fee distributions are automatically reinvested in additional units of a particular series of the Pool unless negotiated otherwise with the Manager.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

4. Management fees and expenses (continued):

No management fee is charged to the Pool with respect to Series I and Series O units. Instead, each investor negotiates a separate fee that is paid directly to the Manager.

Except for Series I and Series O units, in addition to the management fee, each series of units pays its proportionate share of common operating expenses of the Pool, in addition to expenses that are unique to that series. These expenses include, but are not limited to audit, legal and filing fees, custodial, recordkeeping and trustee fees, transfer agent fees, investor servicing costs, taxes, compensation and expenses of the Independent Review Committee, and costs of unitholder reports, financial reporting, prospectuses, regulatory filings, and other communications. Brokerage commissions and transaction costs for buying and selling investments for the Pool's portfolio are also paid by the Pool, as well as the costs and expenses related to holding any meeting convened by unitholders.

Proportionate fund expenses for Series I and Series O units, both common fund expenses, as well as expenses unique to Series I and Series O, are paid by the Manager.

The Manager absorbed a portion of the operating expenses (note 5) of the Pool during the six-month periods ended June 30, 2022 and 2021.

5. Related party transactions:

Related party balances of the Pool as at June 30, 2022 and December 31, 2021 are as follows:

	2022	2021
Management fees payable	\$ 773	\$ 894
Due to Manager	–	6
Due from Manager	4	–

Related party transactions of the Pool for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Management fees	\$ 4,926	\$ 5,154
Absorbed expenses	(8)	(10)

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

5. Related party transactions (continued):

As of June 30, 2022 and December 31, 2021, the Manager held the following number of units in the Pool:

	2022	2021
Series F	48,044	47,360

At June 30, 2022, the Pool holds 23,461,747 (2021 - 23,501,499) units of the VPI Corporate Bond Pool (note 10) with a fair value at June 30, 2022 of \$232,968 (2021 - \$267,057). The VPI Corporate Bond Pool is managed by the same Manager as the Pool.

6. Brokerage commissions:

Commissions paid to brokers for portfolio transactions for the six-month periods ended June 30, 2022 and 2021 are disclosed in the statements of comprehensive income (loss).

There were \$9 of soft dollar commissions paid during the period ended June 30, 2022 (2021 - \$nil)

7. Income taxes:

Capital losses available for carry forward as of December 31, 2021 and 2020 are as follows:

	2021	2020
Capital losses	\$ 109,667	\$ 124,225

8. Financial risk management:

The investment activities of the Pool expose the Pool to various types of financial risks. The Manager seeks to minimize potential adverse effects of these risks on the Pool by contracting professional, experienced portfolio managers, by monitoring the Pool and market events on a daily basis, and by diversifying the investment portfolio within the parameters of the investment objective and strategy.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

8. Financial risk management (continued):

The most significant risks include market risk (other price risk, interest rate risk and currency risk), credit risk and liquidity risk. These risks and related risk management practices employed by the Pool are discussed below:

(i) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The maximum risk resulting from financial instruments held by the Pool is determined by the fair value of the financial instruments. The portfolio manager moderates this risk through a careful selection of securities within specified parameters established for the Pool.

For the Pool, the most significant exposure to other price risk arises from investments in equity securities. The following table shows the exposure of the Pool to equity securities and indicates the impact on net assets if the prices of the equity securities on the respective stock exchanges increased or decreased by 5 percent, with all other variables held constant.

	Fair value of equities	% of net assets	Impact on net assets (\$)	Impact on net assets (%)
As at June 30, 2022	\$ 271,171	51.74%	\$ 13,559	2.59%
As at December 31, 2021	\$ 331,656	54.85%	\$ 16,583	2.74%

For the Underlying Fund, the most significant exposure to other price risk arises from investments in equity securities. The following table shows the exposure of the Underlying Fund to equity securities and indicates the impact on net assets if the prices of the equity securities on the respective stock exchanges increased or decreased by 5 percent, with all other variables held constant.

	Fair value of equities	% of net assets	Impact on net assets (\$)	Impact on net assets (%)
As at June 30, 2022	\$ 3,989	0.76%	\$ 199	0.04%
As at December 31, 2021	\$ 4,139	0.68%	\$ 207	0.03%

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

8. Financial risk management (continued):

(ii) Interest rate risk:

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Pool is exposed to this risk to the extent that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

The tables below summarize the Pool's exposure to interest rate risk. They include the Pool's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

As at June 30, 2022	Less than 1 year	1 - 3 years	3 - 5 years	Greater than 5 years	Non- interest bearing	Total
Financial assets at FVTPL	\$ 29,628	\$ 39,509	\$ 67,582	\$ 93,892	\$ 2,357	\$ 232,968

As at December 31, 2021	Less than 1 year	1 - 3 years	3 - 5 years	Greater than 5 years	Non- interest bearing	Total
Financial assets at FVTPL	\$ 19,551	\$ 43,698	\$ 74,245	\$ 131,272	\$ 2,699	\$ 271,465

As of June 30, 2022 and December 31, 2021, the Pool does not directly hold any interest-bearing financial instruments such as bonds or mortgages. The Pool is indirectly exposed to interest rate risk to the extent that the value of interest-bearing financial instruments in the Underlying Fund will fluctuate due to changes in the prevailing levels of interest rates. The table below summarizes the Pool's indirect exposure to interest rate risk through its investment in the Underlying Fund, categorized by the earlier of contractual re-pricing or maturity dates.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

8. Financial risk management (continued):

At June 30, 2021 and December 31, 2020, should interest rates have increased or decreased by 25 basis points, excluding cash and treasury bills and assuming a parallel shift in the yield curve, with all other variables held constant, net assets for each Pool would have approximately increased or decreased as indicated in the following table. The Pool's sensitivity to interest rates was estimated using the weighted average duration of the bond portfolio.

	Impact on net assets (\$)	Impact on net assets (%)
As at June 30, 2022	\$ 1,211	0.23%
As at December 31, 2021	\$ 4,396	0.73%

(iii) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Pool. The Pool's greatest concentration of credit risk is in debt securities such as bonds. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of investments represents the maximum credit risk exposure as at June 30, 2022 and December 31, 2021.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

The Pool may enter into foreign currency forward contracts to buy and sell currencies for the purpose of settling foreign securities transactions. These are short-term spot settlements carried out with counterparties with a credit rating of at least "A." The exposure to credit risk on these contracts is considered minimal as there are few contracts outstanding at any one time and the transactions are settled and paid for upon delivery.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

8. Financial risk management (continued):

As at December 31, 2021, the Pool the Pool did not directly hold any debt securities. However, the Pool is indirectly exposed to credit risk to the extent that the value of debt securities in the Underlying Fund will fluctuate due to changes in the prevailing levels of the interest rates.

The Pool's exposure to debt securities by credit rating are as follows:

As at June 30, 2022	% of debt securities	% of net assets
AAA	27.34%	12.03%
AA	3.26%	1.44%
A	7.41%	3.26%
BBB	23.14%	10.19%
BB	21.80%	9.60%
B	8.16%	3.59%
CCC	3.94%	1.73%
N/R	4.95%	2.18%
	100.00%	44.02%

As at December 31, 2021	% of debt securities	% of net assets
AAA	12.20%	5.30%
AA	1.89%	0.82%
A	4.40%	1.91%
BBB	31.00%	13.47%
BB	24.93%	10.83%
B	15.22%	6.61%
CCC	5.89%	2.56%
N/R	4.47%	1.94%
	100.00%	43.44%

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

8. Financial risk management (continued):

(iv) Liquidity risk:

The Pool is exposed to liquidity risk to the extent that it is subject to daily cash redemptions of redeemable units. Therefore, the Pool invests the majority of their assets in investments that are traded in an active market and can be readily disposed. In addition, the Pool retains sufficient cash positions to maintain liquidity.

(v) Currency risk:

The Pool uses the Canadian dollar as its functional and reporting currency. Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, the Pool's reporting currency, will fluctuate due to changes in exchange rates. The Pool may enter into foreign currency forward contracts to reduce its foreign currency exposure.

The foreign currencies to which the Pool was exposed at June 30, 2022 and December 31, 2021 are included in following table.

The following tables illustrate the potential impact to the Pool's net assets, all other variables held constant, as a result of a 5 percent change in these currencies relative to the Canadian dollar and include the underlying principal of foreign currency forward contracts, if any.

As at June 30, 2022	Foreign currencies (\$)	Net exposure	Impact on net assets (\$)	Impact on net assets (%)
United States dollar	\$ 141,258	\$ 141,258	\$ 7,063	1.35%
Euro	30,112	30,112	1,506	0.29%
Japanese yen	19,010	19,010	951	0.18%
Swiss franc	6,384	6,384	319	0.06%
	\$ 196,764	\$ 196,764	\$ 9,838	1.88%

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

8. Financial risk management (continued):

As at December 31, 2021	Foreign currencies (\$)	Net exposure	Impact on net assets (\$)	Impact on net assets (%)
United States dollar	\$ 164,656	\$ 164,656	\$ 8,233	1.36%
Euro	32,495	32,495	1,625	0.27%
Japanese yen	18,811	18,811	941	0.16%
Swiss franc	6,446	6,446	322	0.05%
	\$ 222,408	\$ 222,408	\$ 11,121	1.84%

The Pool was indirectly exposed to foreign currencies held by the Underlying Fund. The only foreign currencies held by the Underlying Fund at June 30, 2022 and December 31, 2021 was the U.S. dollar.

The following table illustrates the potential impact to the Pool's net assets, all other variables held constant, as a result of a 5 percent change in these currencies relative to the Canadian dollar.

As at June 30, 2022	Foreign currencies (\$)	Foreign currency forward contracts	Net exposure	Impact on net assets (\$)	Impact on net assets (%)
Financial assets at FVTPL	\$ 119,976	\$ (122,840)	\$ (2,864)	\$ (143)	(0.04)%
Cash	184	–	184	9	0.00%
Other assets less liabilities	1,999	–	1,999	100	0.03%
	\$ 122,159	\$ (122,840)	\$ (681)	\$ (34)	(0.01)%

As at December 31, 2021	Foreign currencies (\$)	Foreign currency forward contract	Net exposure	Impact on net assets (\$)	Impact on net assets (%)
Financial assets at FVTPL	\$ 174,720	\$ (176,180)	\$ (1,460)	\$ (73)	(0.02)%
Cash	43	–	43	2	0.00%
Other assets less liabilities	2,288	–	2,288	114	0.03%
	\$ 177,051	\$ (176,180)	\$ 871	\$ 43	0.01%

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

8. Financial risk management (continued):

(vi) Concentration risk:

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The market segments are represented as a percentage of financial assets at FVTPL. The following is a summary of the Pool's concentration risk:

Market segment	June 30,	December 31,
Long	2022	2021
	%	%
Mutual funds	46.20	45.02
Automobiles and components	1.81	1.86
Banks	7.26	7.19
Capital goods	3.41	3.98
Commercial and professional services	1.43	1.42
Communication services	1.84	1.50
Consumer services	1.47	1.40
Diversified financials	1.29	1.43
Energy	1.28	—
Food, beverage and tobacco	4.13	5.62
Food and staples retailing	4.62	4.02
Health care equipment and services	3.25	3.43
Insurance	2.79	2.98
Materials	1.57	1.44
Pharmaceuticals, biotechnology and life sciences	2.88	2.85
Real estate	1.48	1.53
Semiconductors and semiconductor equipment	—	0.88
Software and services	2.96	4.22
Technology hardware and equipment	2.72	2.50
Telecommunication services	3.11	4.04
Transportation	1.66	—
Utilities	2.84	2.69
Total	100.00	100.00

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

8. Financial risk management (continued):

The Underlying Fund makes up a significant portion of the Pool, thus the concentration risk of the Underlying Fund as a percentage of the Pool's FVTPL is disclosed below:

Market segment	June 30,	December 31,
Long	2022	2021
	%	%
Short-term investments	–	2.23
Government bonds	6.12	0.35
Corporate bonds	29.67	36.81
Term loans	1.52	1.62
Mortgage backed securities	6.68	3.44
Capital goods	0.08	0.09
Energy	0.34	0.32
Media and entertainment	0.00	–
Telecommunication services	0.03	0.03
Total	44.44	44.89

(vii) Other risk:

Unexpected volatility or illiquidity could occur due to legal, political, regulatory, economic or other developments, such as public health emergencies, including an epidemic or pandemic, natural disasters, war and related geopolitical risks, and may impair the portfolio manager's ability to carry out the objectives of the Pool or cause the Pools to incur losses. Neither the duration nor ultimate effect of any such market conditions, nor the degree to which such conditions may worsen can be predicted.

9. Fair value disclosure:

(i) Valuation models:

The Pool's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pool's financial instruments are recorded at fair value or at amounts that approximate fair value in the financial statements.

The Pool classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

9. Fair value disclosure (continued):

The three levels of the fair value hierarchy are:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Changes in valuation methods may result in transfers into, or out of, a financial instrument's assigned level.

(ii) Fair value hierarchy - financial instruments measured at fair value:

The following tables present information about the Pool's assets which are recorded at fair value on a recurring basis as of June 30, 2022 and December 31, 2021:

Financial assets and liabilities at fair value as at June 30, 2022:

Financial assets	Level 1	Level 2	Level 3	Total
Equities - long	\$ 271,171	\$ -	\$ -	\$ 271,171
Mutual funds	232,968	-	-	232,968
	\$ 504,139	\$ -	\$ -	\$ 504,139

Financial assets and liabilities at fair value as at December 31, 2021:

Financial assets	Level 1	Level 2	Level 3	Total
Equities - long	\$ 331,656	\$ -	\$ -	\$ 331,656
Mutual funds	271,465	-	-	271,465
	\$ 603,121	\$ -	\$ -	\$ 603,121

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

9. Fair value disclosure (continued):

During six-month period ended June 30, 2022 and the year ended December 31, 2021 there were no transfers between levels. The financial instruments not measured at FVTPL are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

Level 3 securities have been valued based upon third party broker quotes provided without a range.

Reconciliation of Level 3:

For the year ended December 31, 2021:

	Balance at December 31, 2020	Purchases	Sales	Net transfers In (out)	Realized gain (loss)	Unrealized gain (loss)	Balance at December 31, 2021
Equities	387	—	—	—	—	(387)	—
	\$ 387	\$ —	\$ —	\$ —	\$ —	\$ (387)	\$ —

The change in unrealized gain related to Level 3 investments held at June 30, 2022 was \$nil (2021 - change in unrealized gain of (\$nil)).

10. Investments with structured entities:

The Pool has determined that the Underlying Fund in which it invests is an unconsolidated structured entity. This represents a significant judgment by the Pool as decision making about the Underlying Fund's investing activities are not governed by voting rights held by the Pool and other investors. The table below describes the types of structured entities that the Pool does not consolidate, but in which it holds an interest.

Entity	Nature and purpose	Interest held by the Pool
	To manage assets on behalf of third party investors and generate fees for the investment manager	Investment in units issued by the Underlying Fund
Investment fund	These vehicles are financed through the issue of units to investors	

The change in fair value of the Underlying Fund is included in the statements of comprehensive income (loss) in 'Change in unrealized appreciation (depreciation) in value of investments'.

VPI INCOME POOL

Notes to Financial Statements (continued)
(In thousands of dollars, except for unit amounts)

For the six-month periods ended June 30, 2022 and 2021 (unaudited)

10. Investments with structured entities (continued):

The table below sets out the interests held by the Pool in unconsolidated structured entities. The maximum exposure to loss is the carrying amounts of the financial assets held.

June 30, 2022				
Fund	Number of underlying funds held	Total net assets of Underlying Fund		Carrying amount
VPI Income Pool	1	\$ 393,985		\$ 232,968
Underlying Fund	Principal place of business	Country of domicile		Carrying amount included in statement of financial position
VPI Corporate Bond Pool	Canada	Canada		\$ 232,968

December 31, 2021				
Fund	Number of underlying funds held	Total net assets of Underlying Fund		Carrying amount
VPI Income Pool	1	\$ 426,227		\$ 271,465
Underlying Fund	Principal place of business	Country of domicile		Carrying amount included in statement of financial position
VPI Corporate Bond Pool	Canada	Canada		\$ 271,465

For the six-month period ended June 30, 2022 and the year ended December 31, 2021, the Pool did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support in the future. The Pool can redeem their units in the above Underlying Fund at any time, subject to sufficient liquidity.