



**VALUE  
PARTNERS**  
INVESTMENTS

## **VPI INCOME POOL**

**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

**MANAGER**  
VALUE PARTNERS INVESTMENTS INC.

**PORTFOLIO MANAGER**  
VALUE PARTNERS INVESTMENTS INC.

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**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, 2024 and December 31, 2023 (unaudited)

As at	June 30, 2024	December 31, 2023
<b>Assets</b>		
Financial assets at fair value through profit or loss (note 8)	\$ 480,326	\$ 513,504
Cash and cash equivalents	5,656	11,847
Accrued dividends receivable	388	395
Subscriptions receivable	1,336	1,459
	<b>\$ 487,706</b>	<b>\$ 527,205</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 89	\$ 110
Redemptions payable	1,011	457
Management fees payable (notes 4 and 5)	677	739
Distributions payable	868	1,190
	<b>2,645</b>	<b>2,496</b>
Net assets attributable to holders of redeemable units	<b>\$ 485,061</b>	<b>\$ 524,709</b>
Net assets attributable to holders of redeemable units per series:		
Series A	\$ 438,780	\$ 463,592
Series F	35,669	48,279
Series I	10,495	12,518
Series O	117	320
Net assets attributable to holders of redeemable units per unit:		
Series A	\$ 11.75	\$ 11.90
Series F	11.42	11.57
Series I	9.86	10.03
Series O	10.56	10.74
Number of redeemable units outstanding:		
Series A	37,346	38,949
Series F	3,124	4,171
Series I	1,064	1,248
Series O	11	30

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

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

	2024	2023
Income:		
Interest income for distribution purposes	\$ 4,192	\$ 3,760
Dividend income	7,363	7,898
Foreign exchange gain (loss) on cash	60	(488)
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	12,422	13,338
Net realized gain on foreign currency forward contracts	—	1
Change in unrealized appreciation (depreciation) in value of investments	(17,897)	6,526
	<u>6,140</u>	<u>31,035</u>
Expenses:		
Administration	101	94
Audit fees	13	8
Independent review committee fees	2	6
Security holder reporting costs	137	141
Custodian fees	10	17
Filing fees	10	10
Legal fees	3	3
Management fees (notes 4 and 5)	4,482	4,648
Registered plan fees	7	6
Trustee fees	4	3
Withholding taxes	516	559
Transaction costs	30	47
	<u>5,315</u>	<u>5,542</u>
Absorbed expenses (notes 4 and 5)	<u>(7)</u>	<u>(8)</u>
	<u>5,308</u>	<u>5,534</u>
Increase in net assets attributable to holders of redeemable units	\$ 832	\$ 25,501
Increase in net assets attributable to holders of redeemable units per series:		
Series A	\$ 453	\$ 21,907
Series F	246	2,712
Series I	131	882
Series O	2	—
Increase in net assets attributable to holders of redeemable units per unit:		
Series A	\$ 0.01	\$ 0.54
Series F	0.07	0.60
Series I	0.11	0.59
Series O	—	—

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, 2024 and 2023 (unaudited )

	Series A		Series F		Series I		Series O		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Net assets attributable to holders of redeemable units, beginning of period	\$ 463,592	\$ 458,906	\$ 48,279	\$ 52,651	\$ 12,518	\$ 15,352	\$ 320	\$ –	\$ 524,709	\$ 526,909
Increase in net assets attributable to holders of redeemable units per series	453	21,907	246	2,712	131	882	2	–	832	25,501
Redeemable unit transactions:										
Proceeds from redeemable units issued	21,997	18,163	2,313	1,898	34	125	128	–	24,472	20,186
Reinvestment of distributions to holders of redeemable units	6,948	5,636	757	730	239	257	7	–	7,951	6,623
Redemption of redeemable units	(47,965)	(37,111)	(15,143)	(7,686)	(2,107)	(3,873)	(333)	–	(65,548)	(48,670)
	(19,020)	(13,312)	(12,073)	(5,058)	(1,834)	(3,491)	(198)	–	(33,125)	(21,861)
Distributions to holders of redeemable shares:										
Net investment income	(6,245)	(4,918)	(783)	(832)	(320)	(350)	(7)	–	(7,355)	(6,100)
Net increase (decrease) in net assets attributable to holders of redeemable units	(24,812)	3,677	(12,610)	(3,178)	(2,023)	(2,959)	(203)	–	(39,648)	(2,460)
Net assets attributable to holders of redeemable units, end of period	\$ 438,780	\$ 462,583	\$ 35,669	\$ 49,473	\$ 10,495	\$ 12,393	\$ 117	\$ –	\$ 485,061	\$ 524,449
Increase (decrease) in redeemable units outstanding:										
Beginning of period	38,949	41,172	4,171	4,833	1,248	1,605	30	–	44,398	47,610
Issued	1,851	1,576	201	169	3	13	12	–	2,067	1,758
Issued on reinvestment of distributions	587	488	66	65	24	26	1	–	678	579
Redeemed	(4,041)	(3,221)	(1,314)	(683)	(211)	(390)	(32)	–	(5,598)	(4,294)
Redeemable units outstanding, end of period	37,346	40,015	3,124	4,384	1,064	1,254	11	–	\$ 41,545	\$ 45,653
Weighted average units outstanding, during the period	38,300	40,529	3,630	4,548	1,163	1,492	25	–		

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, 2024 and 2023 (unaudited)

	2024	2023
Cash flows from (used in) operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 832	\$ 25,501
Adjustments for:		
Foreign exchange loss (gain) on cash	(60)	488
Net realized gain on sale of investments	(12,422)	(13,338)
Transaction costs	30	47
Change in unrealized depreciation (appreciation) in value of investments	17,897	(6,526)
Purchase of investments	(27,285)	(54,718)
Proceeds from sale of investments	54,958	67,829
Dividends receivable	7	(72)
Management fees payable	(62)	(9)
Accounts payable and accrued liabilities	(21)	(10)
Net cash from operating activities	33,874	19,192
Cash flows from (used in) financing activities:		
Distributions paid to holders of redeemable units, net of reinvested distributions	274	741
Proceeds from redeemable units issued	24,150	18,709
Redemption of redeemable units	(64,549)	(47,190)
Net cash used in financing activities	(40,125)	(27,740)
Foreign exchange gain (loss) on cash	60	(488)
Net decrease in cash and cash equivalents	(6,191)	(9,036)
Cash and cash equivalents, beginning of period	11,847	11,144
Cash and cash equivalents, end of period	\$ 5,656	\$ 2,108
Supplementary information:		
Dividends received, net of withholding tax	\$ 6,854	\$ 7,267
Interest received	4,192	3,760

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, 2024 (unaudited)

Number of shares or units	Description	Average cost	Fair value	% of net assets
<b>Mutual Funds:</b>				
27,042,164	VPI Corporate Bond Pool - Series I	\$ 273,823	\$ 279,097	57.53
<b>Equities:</b>				
<b>Automobiles and Components:</b>				
80,500	Magna International Inc.	5,542	4,616	0.95
<b>Banks:</b>				
48,600	Bank of Montreal	4,402	5,581	
90,400	Bank of Nova Scotia	5,591	5,657	
91,850	Canadian Imperial Bank of Commerce	4,500	5,975	
45,865	Royal Bank of Canada	3,730	6,680	
84,930	Toronto-Dominion Bank	5,516	6,387	
		23,739	30,280	6.24
<b>Capital Goods:</b>				
41,500	Siemens AG ADR	3,515	5,295	1.09
<b>Commercial and Professional Services:</b>				
23,000	Wolters Kluwer NV	2,509	5,221	1.08
<b>Consumer Discretionary Distribution and Retail:</b>				
40,000	Canadian Tire Corp., Ltd.	5,487	5,430	1.12
<b>Consumer Staples Distribution and Retail:</b>				
237,000	Carrefour S.A.	5,292	4,588	
300,000	Seven & I Holdings Co., Ltd.	4,421	5,002	
		9,713	9,590	1.98
<b>Consumer Services:</b>				
45,000	Starbucks Corp.	4,728	4,794	0.99
<b>Equity REITs:</b>				
22,500	American Tower Corp.	6,565	5,985	
1,163,100	Firm Capital Property Trust	3,479	5,920	
		10,044	11,905	2.45
<b>Financial Services:</b>				
8,800	S&P Global Inc.	4,027	5,370	1.11
<b>Food, Beverage and Tobacco:</b>				
106,000	Asahi Group Holdings Ltd.	6,156	5,117	
27,000	Diageo PLC ADR	4,706	4,658	
35,000	Nestle S.A. ADR	5,361	4,907	
20,000	PepsiCo Inc.	4,821	4,514	
23,500	The Hershey Co.	6,108	5,911	
		27,152	25,107	5.18

# VPI INCOME POOL

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

June 30, 2024 (unaudited)

Number of shares or units	Description	Average cost	Fair value	% of net assets
<b>Healthcare Equipment and Services:</b>				
74,000	CVS Health Corp.	\$ 5,343	\$ 5,980	
7,700	UnitedHealth Group Inc.	3,075	5,366	
		8,418	11,346	2.34
<b>Insurance:</b>				
176,300	Great-West Lifeco Inc.*	4,569	7,036	
82,500	Sun Life Financial Inc.	4,224	5,534	
		8,793	12,570	2.59
<b>Media and Entertainment:</b>				
97,000	Comcast Corporation, Class A	4,337	5,198	1.07
<b>Pharmaceuticals, Biotechnology and Life Sciences:</b>				
110,000	Roche Holding AG ADR	6,502	5,218	1.08
<b>Software and Services:</b>				
212,000	Infosys Ltd.	4,284	5,401	
108,000	Open Text Corp.	4,313	4,437	
		8,597	9,838	2.03
<b>Technology Hardware and Equipment:</b>				
105,500	Cisco Systems Inc.	5,647	6,858	
38,500	Logitech International S.A.	3,932	5,096	
		9,579	11,954	2.46
<b>Telecommunication Services:</b>				
156,000	Deutsche Telekom AG ADR	3,680	5,377	
3,670,000	Nippon Telegraph & Telephone Corp.	4,883	4,739	
95,000	Rogers Communications Inc., Class B	5,622	4,807	
96,000	Verizon Communications Inc.	4,552	5,417	
		18,737	20,340	4.19
<b>Transportation:</b>				
28,500	United Parcel Service Inc.	6,921	5,337	1.10
<b>Utilities:</b>				
560,000	Enel SpA	5,596	5,333	
122,000	Fortis Inc.	6,484	6,487	
		12,080	11,820	2.44
<b>Summary:</b>				
	Mutual Funds	273,823	279,097	57.53
	Equities	180,420	201,229	41.49
		454,243	480,326	99.02

# VPI INCOME POOL

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

June 30, 2024 (unaudited)

Number of units, shares or par value	Description	Average cost	Fair value	% of net assets
Transaction costs		\$ (132)	\$	
Total financial assets at FVTPL		454,243	480,326	99.02
<b>Cash:</b>				
Domestic		5,605	5,605	
Foreign		51	51	
Total cash		5,656	5,656	1.16
Liabilities, net of other assets			(921)	(0.18)
Total net assets attributable to holders of redeemable units			\$ 485,061	100.00

## Schedule 1 - Asset Composition of Underlying Fund June 30, 2024

As at June 30, 2024, 57.5 percent of the net assets of the Pool were invested in VPI Corporate Bond Pool Series I (the Underlying Fund). As a result, the major asset classes in which the Underlying Fund was invested at the end of the period are indicated below.

Description	Percentage
Corporate bonds	69.28%
Mortgage-backed securities	14.24%
Government bonds	13.20%
Term loans	2.45%
Equities	0.83%
	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, 2024 and 2023 (unaudited)

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## 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 F 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. Effective June 27, 2024, Series P units of the Pool were qualified for distribution.

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.

On September 8, 2023, Great-West Lifeco Inc. ("Lifeco") and a wholly owned subsidiary of The Canada Life Assurance Company, 14894821 Canada Inc. ("Newco") acquired all the issued and outstanding shares of Value Partners Group Inc. ("VPGI"), the parent company of the Manager, from the previous shareholders of VPGI ("the acquisition"). As a result of the acquisition, there was a change in control of the Manager of the Pool.

- (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.

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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## 1. Reporting entity (continued):

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. Series P units are available to investors who have a discretionary investment management account with a dealer who has signed a Series P agreement with the Manager.

Except for Series I, 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, both common fund expenses, as well as expenses unique to Series I, are paid by the Manager. Distributions of each series may vary due to the differences in expenses between the series.

- (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 IFRS Accounting Standards (IFRS).

The financial statements were authorized for issue by the Manager on behalf of the board of directors on August 16, 2024.

- (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.

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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## 2. Basis of preparation (continued):

### (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.

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. Material 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.

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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### 3. Material accounting policies (continued):

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.

At June 30, 2024 and December 31, 2023, 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 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.

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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### 3. Material accounting policies (continued):

#### (ii) FVTPL

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.

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, subscriptions receivable, accounts payable and accrued liabilities, redemptions payable, management fees payable and distributions payable 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.

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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### 3. Material accounting policies (continued):

(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 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.

(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.

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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### 3. Material accounting policies (continued):

(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.

(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.

(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 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.

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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### 3. Material accounting policies (continued):

(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, Series O and Series P 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:

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Series A	1.80%
Series F	0.90%

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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.

No management fee is charged to the Pool with respect to Series I and Series P units. For Series I units, each investor negotiates a separate fee that is paid directly to the Manager. For Series P units, the dealer pays a fee directly to the Manager on behalf of its discretionary investment management accounts. Series O units of the Pool pay a portfolio management fee based on a percentage of the net asset value of Series O units as of the close of business on each business day calculated at a rate of 0.15% annually.



# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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## 4. Management fees and expenses (continued):

Except for Series I 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. The Manager may, at its own discretion, absorb a portion of the operating expenses of Series A, Series F or Series O units from time to time.

Proportionate fund expenses for Series I units, both common fund expenses, as well as expenses unique to Series I, are fully absorbed 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, 2024 and December 31, 2023.

## 5. Related party transactions:

Related party balances of the Pool as at June 30, 2024 and December 31, 2023 is as follows:

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	2024	2023
Management fees payable	\$ 677	\$ 739

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Related party transactions of the Pool for the six-month periods ended June 30, 2024 and 2023 is as follows:

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	2024	2023
Management fees	\$ 4,482	\$ 4,648
Absorbed expenses	(7)	(8)

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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, 2024 and 2023 (unaudited)

## 5. Related party transactions (continued):

As of June 30, 2024 and December 31, 2023, the Manager or parent company of the Manager held the following number of units in the Pool:

	2024	2023
Series O	1	1

At June 30, 2024, the Pool holds 27,042,164 (2023 – 26,614,451) Series I units of the VPI Corporate Bond Pool (note 10) with a fair value at June 30, 2024 of \$279,097 (2023 - \$268,625). 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, 2024 and 2023 is disclosed in the statements of comprehensive income.

There were \$6 of soft dollar commissions paid during the period ended June 30, 2024 (2023 - \$11)

## 7. Income taxes:

As of December 31, 2023 and 2022, there were no non-capital losses available for carry forward.

Capital losses available for carry forward as of December 31, 2023 and 2022 are as follows:

	2023	2022
Capital losses	\$ 88,554	\$ 102,968

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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## 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.

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, 2024	\$ 201,229	41.49%	\$ 10,061	2.07%
As at December 31, 2023	\$ 243,032	46.32%	\$ 12,152	2.32%

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# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

## 8. Financial risk management (continued):

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, 2024	\$ 4,865	1.00%	\$ 243	0.05%
As at December 31, 2023	\$ 4,178	0.80%	\$ 209	0.04%

### (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.

As of June 30, 2024 and December 31, 2023, 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.

	Less than 1 year	1 - 3 years	3 - 5 years	Greater than 5 years	Non- interest bearing	Total
As at June 30, 2024						
Financial assets at FVTPL	\$ 7,338	\$ 121,341	\$ 58,476	\$ 89,620	\$ 2,322	\$ 279,097

	Less than 1 year	1 - 3 years	3 - 5 years	Greater than 5 years	Non- interest bearing	Total
As at December 31, 2023						
Financial assets at FVTPL	\$ 25,214	\$ 101,155	\$ 60,678	\$ 81,264	\$ 2,161	\$ 270,472

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

## 8. Financial risk management (continued):

### (ii) Interest rate risk (continued):

At June 30, 2024 and December 31, 2023, 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, 2024	\$ 1,580	0.33%
As at December 31, 2023	\$ 1,408	0.27%

### (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 these investments represents the maximum credit risk exposures as of June 30, 2024 and December 31, 2023.

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, 2024 and 2023 (unaudited)

## 8. Financial risk management (continued):

### (iii) Credit risk (continued):

As at June 30, 2024 and December 31, 2023, 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. 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's exposure to debt securities by credit rating are as follows:

As at June 30, 2024	% of debt securities	% of net assets
AAA	34.69%	19.60%
AA	6.28%	3.55%
A	13.87%	7.84%
BBB	21.36%	12.07%
BB	9.44%	5.33%
B	6.43%	3.63%
CCC	0.99%	0.56%
N/R	6.94%	3.92%
	100.00%	56.50%

As at December 31, 2023	% of debt securities	% of net assets
AAA	34.61%	17.52%
AA	5.31%	2.69%
A	10.88%	5.51%
BBB	21.67%	10.97%
BB	15.11%	7.65%
B	5.86%	2.97%
CCC	1.00%	0.51%
N/R	5.56%	2.81%
	100.00%	56.63%

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (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, 2024 and December 31, 2023 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, 2024	Foreign currencies (\$)	Net exposure	Impact on net assets (\$)	Impact on net assets (%)
United States dollar	\$ 91,794	\$ 91,794	\$ 4,590	0.95%
Euro	15,143	15,143	757	0.16%
Japanese yen	14,908	14,908	745	0.15%
Swiss franc	5,096	5,096	255	0.05%
	\$ 126,941	\$ 126,941	\$ 6,347	1.31%

As at December 31, 2023	Foreign currencies (\$)	Net exposure	Impact on net assets (\$)	Impact on net assets (%)
United States dollar	\$ 118,036	\$ 118,036	\$ 5,902	1.12%
Euro	18,325	18,325	916	0.17%
Japanese yen	17,624	17,624	881	0.17%
Swiss franc	6,873	6,873	344	0.07%
	\$ 160,858	\$ 160,858	\$ 8,043	1.53%

The Pool was indirectly exposed to foreign currencies held by the Underlying Fund. The only foreign currencies held by the Underlying Fund June 30, 2024 and December 31, 2023 was the U.S. dollar.

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

## 8. Financial risk management (continued):

(v) Currency risk (continued):

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, 2024	Foreign currencies (\$)	Foreign currency forward contracts	Net exposure	Impact on net assets (\$)	Impact on net assets (%)
Financial assets at FVTPL	\$ 139,159	\$ (142,861)	\$ (3,702)	\$ (186)	(0.03)%
Cash	(12,085)	–	(12,085)	(604)	(0.10)%
Other assets less liabilities	1,256	–	1,256	63	0.01%
	\$ 128,330	\$ (142,861)	\$ (14,531)	\$ (727)	(0.12)%

  

As at December 31, 2023	Foreign currencies (\$)	Foreign currency forward contracts	Net exposure	Impact on net assets (\$)	Impact on net assets (%)
Financial assets at FVTPL	\$ 122,485	\$ (126,240)	\$ (3,755)	\$ (188)	(0.04)%
Cash	2,190	–	2,190	110	0.02%
Other assets less liabilities	2,145	–	2,145	107	0.02%
	\$ 126,820	\$ (126,240)	\$ 580	\$ 29	0.00%



# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (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	2024	2023
	%	%
Automobiles and components	0.96	0.54
Banks	6.30	7.49
Capital goods	1.10	2.62
Commercial and professional services	1.09	1.10
Consumer discretionary distribution and retail:	1.13	–
Consumer staples distribution and retail	2.00	3.42
Consumer services	1.00	1.15
Equity REITs	2.48	2.47
Financial services	1.12	1.29
Food, beverage and tobacco	5.23	3.34
Health care equipment and services	2.36	2.47
Insurance	2.62	2.92
Media and entertainment	1.08	1.15
Mutual funds	58.10	52.65
Pharmaceuticals, biotechnology and life sciences	1.09	2.54
Software and services	2.05	3.28
Technology hardware and equipment	2.49	2.71
Telecommunication services	4.23	5.08
Transportation	1.11	1.15
Utilities	2.46	2.63
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, 2024 and 2023 (unaudited)

## 8. Financial risk management (continued):

(vi) Concentration risk (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	2024	2023
	%	%
Government bonds	7.60	9.24
Corporate bonds	39.85	35.63
Term loans	1.41	1.38
Mortgage backed securities	8.19	4.88
Capital goods	0.23	0.12
Energy	0.24	0.28
Media and entertainment	0.01	0.01
Total	57.53	51.54

(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, 2024 and 2023 (unaudited)

## 9. Fair value disclosure (continued):

### (i) Valuation models (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, 2024 and December 31, 2023:

Financial assets at fair value as at June 30, 2024:

Financial assets	Level 1	Level 2	Level 3	Total
Equities - long	\$ 201,229	\$ -	\$ -	\$ 201,229
Mutual funds	279,097	-	-	279,097
	\$ 480,326	\$ -	\$ -	\$ 480,326

Financial assets at fair value as at December 31, 2023:

Financial assets	Level 1	Level 2	Level 3	Total
Equities - long	\$ 243,032	\$ -	\$ -	\$ 243,032
Mutual funds	270,472	-	-	270,472
	\$ 513,504	\$ -	\$ -	\$ 513,504

# VPI INCOME POOL

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

For the six-month periods ended June 30, 2024 and 2023 (unaudited)

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## 9. Fair value disclosure (continued):

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

During the years June 30, 2024 and December 31, 2023, 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.

## 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	

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The change in fair value of the Underlying Fund is included in the statements of comprehensive income 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, 2024 and 2023 (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, 2024				
Fund	Number of underlying funds held	Total net assets of Underlying Fund		Carrying amount
VPI Income Pool	1	\$ 590,739		\$ 279,097
Underlying Fund	Principal place of business	Country of domicile		Carrying amount included in statement of financial position
VPI Corporate Bond Pool	Canada	Canada		\$ 279,097

December 31, 2023				
Fund	Number of underlying funds held	Total net assets of Underlying Fund		Carrying amount
VPI Income Pool	1	\$ 531,743		\$ 270,472
Underlying Fund	Principal place of business	Country of domicile		Carrying amount included in statement of financial position
VPI Corporate Bond Pool	Canada	Canada		\$ 270,472

For the six-month period ended June 30, 2024 and year ended December 31, 2023, 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.