



**VALUE  
PARTNERS**  
INVESTMENTS

# **VPI CANADIAN BALANCED POOL**

**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**

SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021

## **MANAGER**

VALUE PARTNERS INVESTMENTS INC.

## **PORTFOLIO MANAGER**

DIXON MITCHELL INVESTMENT COUNSEL 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 CANADIAN BALANCED 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
<b>Assets</b>		
Financial assets at fair value through profit or loss	\$ 785,997	\$ 850,486
Cash and cash equivalents	32,561	26,194
Accrued dividends receivable	486	844
Accrued interest receivable for distribution purposes	760	742
Subscriptions receivable	1,472	372
Due from broker	1,132	–
	<b>\$ 822,408</b>	<b>\$ 878,638</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 147	\$ 124
Redemptions payable	838	56
Management fees payable (notes 4 and 5)	1,172	1,264
Due to Manager (note 5)	23	8
Due to broker	3,227	–
	<b>5,407</b>	<b>1,452</b>
Net assets attributable to holders of redeemable units	<b>\$ 817,001</b>	<b>\$ 877,186</b>
Net assets attributable to holders of redeemable units per series:		
Series A	\$ 675,253	\$ 725,564
Series F	122,774	133,027
Series I	18,974	18,595
Net assets attributable to holders of redeemable units per unit:		
Series A	\$ 18.21	\$ 20.62
Series F	18.79	21.17
Series I	13.90	15.58
Number of redeemable units outstanding:		
Series A	37,088	35,190
Series F	6,536	6,282
Series I	1,365	1,193

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

# VPI CANADIAN BALANCED 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	\$ 2,288	\$ 1,906
Dividend income	5,213	4,250
Foreign exchange gain (loss) on cash	4	(484)
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	6,901	13,527
Change in unrealized appreciation (depreciation) in value of investments	(112,470)	50,343
	(98,064)	69,542
Expenses:		
Administration	77	82
Audit fees	7	8
Independent review committee fees	5	4
Security holder reporting costs	161	133
Custodian fees	18	15
Filing fees	26	16
Legal fees	3	3
Management fees (notes 4 and 5)	7,302	6,282
Registered plan fees	8	7
Trustee fees	3	3
Withholding taxes	140	129
Transaction costs	38	45
	7,788	6,727
Absorbed expenses (notes 4 and 5)	(7)	(6)
	7,781	6,721
Increase (decrease) in net assets attributable to holders of redeemable units		
	\$ (105,845)	\$ 62,821
Increase (decrease) in net assets attributable to holders of redeemable units per series:		
Series A	\$ (88,184)	\$ 53,035
Series F	(15,451)	8,383
Series I	(2,210)	1,403
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Series A	\$ (2.44)	\$ 1.54
Series F	(2.41)	1.66
Series I	(1.74)	1.29

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

# VPI CANADIAN BALANCED POOL

Statements of Changes 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	\$ 725,564	\$ 583,455	\$ 133,027	\$ 87,261	\$ 18,595	\$ 12,898	\$ 877,186	\$ 683,614
Increase (decrease) in net assets attributable to holders of redeemable units	(88,184)	53,035	(15,451)	8,383	(2,210)	1,403	(105,845)	62,821
Redeemable unit transactions:								
Proceeds from redeemable units issued	69,788	55,739	15,460	9,903	3,207	3,321	88,455	68,963
Reinvestment of distributions to holders of redeemable units	1,184	826	145	75	–	–	1,329	901
Redemption of redeemable units	(33,099)	(32,260)	(10,407)	(5,195)	(618)	(857)	(44,124)	(38,312)
	37,873	24,305	5,198	4,783	2,589	2,464	45,660	31,552
Net increase (decrease) in net assets attributable to holders of redeemable units	(50,311)	77,340	(10,253)	13,166	379	3,867	(60,185)	94,373
Net assets attributable to holders of redeemable units, end of period	\$ 675,253	\$ 660,795	\$ 122,774	\$ 100,427	\$ 18,974	\$ 16,765	\$ 817,001	\$ 777,987
Increase (decrease) in redeemable units outstanding:								
Beginning of year	35,190	33,498	6,282	4,925	1,193	999	42,665	39,422
Issued	3,512	3,098	759	537	213	245	4,484	3,880
Issued on reinvestment of distributions	60	46	7	4	–	–	67	50
Redeemed	(1,674)	(1,777)	(512)	(282)	(41)	(62)	(2,227)	(2,121)
Redeemable units outstanding, end of period	37,088	34,865	6,536	5,184	1,365	1,182	44,989	41,231
Weighted average units outstanding, during the period	36,215	34,432	6,424	5,049	1,269	1,091		

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

# VPI CANADIAN BALANCED 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	\$ (105,845)	\$ 62,821
Adjustments for:		
Foreign exchange loss (gain) on cash	(4)	484
Net realized gain on sale of investments	(6,901)	(13,527)
Transaction costs	38	45
Change in unrealized depreciation (appreciation) in value of investments	112,470	(50,343)
Purchase of investments	(97,143)	(104,564)
Proceeds from sale of investments	56,025	70,740
Dividends receivable	358	82
Interest receivable for distribution purposes	(18)	2
Accounts payable and accrued liabilities	(92)	100
Due to Manager	2,118	14,449
Management fees payable	15	(64)
Net cash used in operating activities	(38,979)	(19,775)
Cash flows from (used in) financing activities:		
Distributions paid to holders of redeemable units, net of reinvested distributions	1,329	901
Proceeds from redeemable units issued	82,962	65,244
Redemption of redeemable units	(38,949)	(34,120)
Net cash from financing activities	45,342	32,025
Foreign exchange gain (loss) on cash	4	(484)
Net increase in cash and cash equivalents	6,367	11,766
Cash and cash equivalents, beginning of year	26,194	21,766
Cash and cash equivalents, end of year	\$ 32,561	\$ 33,532
Supplementary information:		
Dividends received, net of withholding tax	\$ 5,431	\$ 4,203
Interest received, net of withholding tax	2,270	1,908

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

# VPI CANADIAN BALANCED 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	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
<b>Bonds:</b>						
<b>Federal:</b>						
2,400,000	Canada Housing Trust No 1	15-Jun-24	2.900	\$ 2,430	\$ 2,384	
9,206,000	Canada Housing Trust No 1	15-Sep-24	2.375	9,245	9,244	
3,510,000	Canada Housing Trust No 1	15-Mar-25	2.550	3,744	3,439	
7,215,000	Canada Housing Trust No 1	15-Dec-25	1.950	7,667	6,889	
4,555,000	Canada Housing Trust No 1	15-Jun-27	2.350	4,997	4,328	
1,689,000	Canada Housing Trust No 1	15-Mar-31	1.400	1,688	1,407	
4,000,000	Canada Housing Trust No 1	15-Dec-31	1.600	3,978	3,340	
4,000,000	Canada Housing Trust No 1	15-Dec-31	2.150	3,996	3,514	
970,000	Canadian Government Bond	1-Dec-64	2.750	1,519	876	
4,250,000	Canadian Government Real Return Bond	1-Dec-36	4.371	7,144	7,555	
3,438,000	PSP Capital Inc.	5-Nov-25	3.000	3,488	3,389	
3,000,000	PSP Capital Inc.	15-Jun-26	0.900	2,997	2,714	
				52,893	49,079	6.01
<b>Provincial:</b>						
3,180,000	Municipal Finance Authority of British Columbia	2-Oct-25	2.650	3,474	3,101	
6,200,000	Municipal Finance Authority of British Columbia	30-Jun-26	1.350	6,168	5,697	
2,400,000	OPB Finance Trust	2-Feb-26	2.950	2,534	2,336	
3,100,000	Province of Alberta	1-Jun-24	3.100	3,243	3,088	
5,000,000	Province of Alberta	1-Jun-30	2.050	5,198	4,384	
3,500,000	Province of Alberta Canada	1-Jun-26	2.200	3,599	3,334	
1,520,000	Province of British Columbia	18-Jun-37	4.700	1,953	1,607	
5,000,000	Province of British Columbia	18-Jun-32	3.200	4,988	4,681	
1,000,000	Province of Manitoba	2-Jun-23	2.550	925	995	
1,500,000	Province of Manitoba	5-Mar-37	5.700	2,102	1,731	
2,100,000	Province of Ontario	2-Jun-26	2.400	2,035	2,015	
1,700,000	Province of Ontario	2-Dec-26	8.000	2,673	2,004	
1,570,000	Province of Ontario	2-Jun-37	4.700	1,988	1,654	
2,500,000	Province of Ontario	2-Jun-39	4.600	3,435	2,607	
5,177,000	Province of Ontario	2-Jun-41	4.650	7,513	5,449	
2,000,000	Province of Ontario	2-Dec-52	2.550	1,959	1,446	
900,000	Province of Quebec	1-Sep-23	3.000	888	898	
2,000,000	Province of Quebec	1-Sep-26	2.500	1,954	1,923	
1,900,000	Province of Saskatchewan	3-Jun-24	3.200	1,967	1,896	
				58,596	50,846	6.22
<b>Corporate:</b>						
5,400,000	407 International Inc.	25-May-32	2.590	5,574	4,519	
2,000,000	AltaGas Ltd.	30-May-28	2.075	2,008	1,695	
3,061,000	Apple Inc.	19-Aug-24	2.513	3,163	2,985	
9,360,000	Bank of Nova Scotia	1-May-23	2.380	9,660	9,244	
2,000,000	Brookfield Asset Management Inc.	16-Mar-27	3.800	2,118	1,922	
1,000,000	Canadian Western Bank	14-Sep-23	1.570	1,000	968	
3,500,000	Canadian Western Bank	16-Apr-26	1.926	3,309	3,161	
2,919,000	Canadian Western Bank	16-Dec-27	1.818	2,876	2,489	
3,750,000	Central 1 Credit Union	29-Jan-26	1.323	3,722	3,349	
1,435,000	Enbridge Gas Inc.	1-Apr-30	2.900	1,525	1,280	
2,000,000	Federation des Caisses Desjardins du Quebec	21-Jan-26	1.093	2,000	1,775	
4,000,000	Hydro One Inc.	17-Sep-31	2.230	4,013	3,313	
2,500,000	Hydro-Quebec	15-Feb-60	2.100	2,013	1,529	
1,938,000	Intact Financial Corp.	21-May-24	1.207	1,940	1,836	
2,000,000	Rogers Communications Inc.	15-Apr-29	3.750	1,994	1,863	
1,250,000	Royal Bank of Canada	5-Dec-23	2.333	1,225	1,224	

# VPI CANADIAN BALANCED 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	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
<b>Corporate (continued):</b>						
2,100,000	Royal Bank of Canada	16-Jul-25	4.930	\$ 2,443	\$ 2,153	
5,000,000	Shaw Communications Inc.	1-Mar-27	3.800	5,243	4,781	
200,000	SmartCentres Real Estate Investment Trust	16-Dec-25	1.740	200	180	
500,000	SmartCentres Real Estate Investment Trust	18-Dec-28	2.307	500	416	
1,500,000	SmartCentres Real Estate Investment Trust	11-Dec-30	3.648	1,613	1,292	
1,000,000	Sun Life Financial Inc.	18-Nov-31	2.460	1,000	907	
1,000,000	TMX Group Ltd.	3-Oct-23	4.461	1,072	1,004	
1,000,000	TMX Group Ltd.	12-Feb-31	2.016	1,000	799	
2,000,000	Toronto-Dominion Bank	18-Jul-23	1.909	2,044	1,962	
2,594,000	Toronto-Dominion Bank	11-Sep-28	1.896	2,593	2,195	
3,500,000	VW Credit Canada Inc.	25-Sep-23	1.200	3,507	3,374	
4,502,000	Walt Disney Co.	30-Mar-27	3.057	4,736	4,228	
2,300,000	Wells Fargo & Co.	19-May-26	2.975	2,305	2,159	
1,200,000	Wells Fargo Canada Corp.	24-Jan-23	3.460	1,274	1,202	
				77,670	69,804	8.54
<b>Total bonds</b>				189,159	169,729	20.77
<b>Equities:</b>						
<b>Banks:</b>						
391,665	Bank of Nova Scotia			25,941	29,837	
235,948	Canadian Western Bank			7,098	6,142	
233,942	Royal Bank of Canada			20,005	29,159	
395,477	Toronto-Dominion Bank			18,979	33,382	
				72,023	98,520	12.06
<b>Capital Goods:</b>						
294,035	Badger Infrastructure Solutions Ltd.			8,707	8,304	1.02
<b>Commercial and Professional Services:</b>						
130,282	Thomson Reuters Corp.			4,519	17,483	2.14
<b>Communication Services:</b>						
117,997	Rogers Communications Inc., Class B			4,427	7,278	0.89
<b>Consumer Durables and Apparel:</b>						
232,095	Gildan Activewear Inc.			6,946	8,599	1.05
<b>Consumer Services:</b>						
298,702	MTY Food Group Inc.			13,946	15,308	1.87
<b>Diversified Financials:</b>						
95,208	Berkshire Hathaway Inc., Class B			21,473	33,531	
386,202	Brookfield Asset Management Inc., Class A			17,894	22,114	
1,275,956	Element Fleet Management Corp.			16,662	17,123	
98,536	Intercontinental Exchange Inc.			13,669	11,953	
				69,698	84,721	10.37

# VPI CANADIAN BALANCED 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	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
<b>Energy:</b>						
250,440	Canadian Natural Resources Ltd.			\$ 9,401	\$ 17,323	
111,196	Enbridge Inc.			3,863	6,045	
				13,264	23,368	2.86
<b>Food and Staples Retailing:</b>						
523,376	Alimentation Couche-Tard Inc.			16,891	26,279	3.22
<b>Health Care, Equipment and Services:</b>						
98,269	CVS Health Corp.			11,541	11,746	1.44
<b>Insurance:</b>						
240,772	Manulife Financial Corp.			4,692	5,374	0.66
<b>Materials:</b>						
135,017	Methanex Corp.			6,953	6,639	
367,089	Stella Jones Inc.			14,887	11,930	
253,844	Wheaton Precious Metals Corp.			14,594	11,773	
				36,434	30,342	3.71
<b>Media and Entertainment:</b>						
12,974	Alphabet Inc., Class A			28,403	36,472	4.46
<b>Pharmaceuticals, Biotechnology and Life Sciences:</b>						
30,842	Thermo Fisher Scientific Inc.			7,575	21,614	2.65
<b>Retailing:</b>						
435,904	Dollarama Inc.			18,550	32,309	
58,715	Lowe's Cos Inc.			15,311	13,229	
				33,861	45,538	5.57
<b>Semiconductor and Semiconductor Equipment:</b>						
78,458	Texas Instruments Inc.			17,443	15,551	1.90
<b>Software and Services:</b>						
79,102	Microsoft Corp.			2,265	26,206	
189,991	Oracle Corp.			8,474	17,124	
22,067	Roper Technologies Inc.			9,565	11,234	
152,718	Visa Inc., Class A			14,967	38,786	
				35,271	93,350	11.43
<b>Technology Hardware and Equipment:</b>						
95,888	Apple Inc.			2,162	16,911	2.07
<b>Transportation:</b>						
188,693	Canadian National Railway Co.			10,914	27,321	
214,738	TFI International Inc.			8,496	22,189	
				19,410	49,510	6.06
<b>Total equities</b>				407,213	616,268	75.43



# VPI CANADIAN BALANCED 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	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
<b>Summary:</b>						
	Bonds			\$ 189,159	\$ 169,729	20.77
	Equities			407,213	616,268	75.43
				596,372	785,997	96.20
	Transaction costs			(206)		
	Total financial assets at FVTPL			596,166	785,997	96.20
	<b>Cash:</b>					
	Domestic			29,640	29,640	
	Foreign			2,910	2,921	
	Total cash			32,550	32,561	3.99
	Liabilities, net of other assets				(1,557)	(0.19)
	Total net assets attributable to holders of redeemable units				\$ 817,001	100.00

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

# VPI CANADIAN BALANCED 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)

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## 1. Reporting entity:

- (a) VPI Canadian Balanced Pool (the Pool) is an open-ended mutual fund trust, established on September 19, 2007 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 1, 2007 with four series of units: Series A, Series B, Cardinal Series and Series F. 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 generate long term growth in value and income by investing in a diversified portfolio of Canadian government and corporate bonds, Canadian and foreign equities, trust and limited partnership units, preferred shares and index or sector proxies, such as index participation units. It is designed to provide both moderate income and reasonable growth over the long term, while being sufficiently diversified to mitigate volatility.

- (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 CANADIAN BALANCED 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)

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## 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 CANADIAN BALANCED 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)

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## 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 CANADIAN BALANCED 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)

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

At June 30, 2022 and December 31, 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.

# VPI CANADIAN BALANCED 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)

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## 3. Significant accounting policies (continued):

### (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, accrued interest receivable for distribution purposes, subscriptions receivable, accounts payable and accrued liabilities, redemptions payable and management fees 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.

### (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.

# VPI CANADIAN BALANCED 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)

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## 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 currency gain (loss) on cash and other net assets' 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 CANADIAN BALANCED 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)

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### 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:

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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 units. Instead, each investor negotiates a separate fee that is paid directly to the Manager.



# VPI CANADIAN BALANCED 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)

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

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:

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	2022	2021
Management fees payable	\$ 1,172	\$ 1,264
Due to Manager	23	8

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Related party transactions of the Pool for the six-month periods ended June 30, 2022 and 2021 are as follows:

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	2022	2021
Management fees	\$ 7,302	\$ 6,282
Absorbed expenses	(7)	(6)

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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 CANADIAN BALANCED 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)

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## 5. Related party transactions (continued):

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

	2022	2021
Series F	31,784	31,701

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## 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 no soft dollar commissions paid during the six-month periods ended June 30, 2022 and 2021.

## 7. Income taxes:

There were no capital or non-capital losses available for carryforward as of December 31, 2021 and 2020.

## 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 a professional, experienced portfolio manager, 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.

# VPI CANADIAN BALANCED 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 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	\$ 616,268	75.43%	\$ 30,813	3.77%
As at December 31, 2021	\$ 670,174	76.42%	\$ 33,509	3.82%

### (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	\$ 11,440	\$ 34,303	\$ 61,436	\$ 62,550	\$ 616,268	\$ 785,997

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	\$ 16,299	\$ 34,270	\$ 48,333	\$ 81,410	\$ 670,174	\$ 850,486

At June 30, 2022 and December 31, 2021, 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 the Pool would have approximately increased or decreased as indicated in the following table.

# VPI CANADIAN BALANCED 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 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	\$ 2,100	0.26%
As at December 31, 2021	\$ 3,568	0.41%

### (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 bonds and debt securities such as Canada Treasury Bills. 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.

Debt securities in the Pool by credit rating are as follows:

As at June 30, 2022	% of debt securities	% of net assets
AAA	34.10%	7.08%
AA	13.67%	2.84%
A	38.66%	8.03%
BBB	13.57%	2.82%
	100.00%	20.77%

# VPI CANADIAN BALANCED 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	% of debt securities	% of net assets
AAA	30.32%	6.23%
AA	15.21%	3.13%
A	41.63%	8.55%
BBB	12.84%	2.64%
	100.00%	20.55%

### (iv) Liquidity risk:

The Pool is exposed to liquidity risk to the extent it is subject to daily cash redemptions of redeemable units. Therefore, the Pool invests the majority of its 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 the value of monetary assets and liabilities denominated in currencies other than the Canadian dollar (the functional currency of the Pool) will fluctuate due to changes in exchange rates.

The only foreign currency to which the Pool was exposed at June 30, 2022 and December 31, 2021 was the U.S. dollar. 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 this currency relative to the Canadian dollar.

As at June 30, 2022	Foreign currencies (\$)	Impact on net assets (\$)	Impact on net assets (%)
United States dollar	\$ 254,619	\$ 12,731	1.56%
	\$ 254,619	\$ 12,731	1.56%

As at December 31, 2021	Foreign currencies (\$)	Impact on net assets (\$)	Impact on net assets (%)
United States dollar	\$ 293,328	\$ 14,666	1.67%

# VPI CANADIAN BALANCED 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
	%	%
Short term investments	–	0.59
Corporate bonds	8.88	8.67
Federal bonds	6.24	4.87
Provincial bonds	6.47	7.08
Banks	12.52	13.23
Capital goods	1.06	2.83
Commercial and professional services	2.22	2.28
Communication services	0.93	0.82
Consumer durables and apparel	1.09	1.44
Consumer services	1.95	1.94
Diversified financials	10.79	10.57
Energy	2.97	2.20
Food, beverage and tobacco	–	1.03
Food and staples retailing	3.34	3.24
Health care equipment and services	1.49	3.19
Insurance	0.68	0.68
Materials	3.86	2.49
Media and entertainment	4.64	5.07
Pharmaceuticals, biotechnology and life sciences	2.75	3.05
Retailing	5.79	3.24
Semiconductor and semiconductor equipment	1.99	–
Software and services	11.89	11.45
Technology hardware and equipment	2.15	3.34
Transportation	6.30	6.70
	100.00	100.00

# VPI CANADIAN BALANCED 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)

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## 8. Financial risk management (continued):

(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 amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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).

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.

# VPI CANADIAN BALANCED 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):

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

The following table presents 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 at fair value as at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Equities - long	\$ 616,268	\$ –	\$ –	\$ 616,268
Bonds	–	169,729	–	169,729
	\$ 616,268	\$ 169,729	\$ –	\$ 785,997

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

	Level 1	Level 2	Level 3	Total
Equities - long	\$ 670,174	\$ –	\$ –	\$ 670,174
Bonds	–	175,313	–	175,313
Short term investments	–	4,999	–	4,999
	\$ 670,174	\$ 180,312	\$ –	\$ 850,486

During the 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.