



**VALUE  
PARTNERS**  
INVESTMENTS

# **VPI CORPORATE BOND POOL**

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

## **MANAGER**

VALUE PARTNERS INVESTMENTS INC.

## **PORTFOLIO MANAGER**

CANSO INVESTMENT COUNSEL LTD.

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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 CORPORATE BOND 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)	\$ 584,884	\$ 522,921
Cash and cash equivalents	2,898	658
Unrealized gain on foreign currency forward contracts	22	3,595
Accrued dividends receivable	4	3
Accrued interest receivable for distribution purposes	4,914	4,642
Due from Manager (note 5)	–	1
Subscriptions receivable	2,638	2,390
Due from broker	–	298
	<b>\$ 595,360</b>	<b>\$ 534,508</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 50	\$ 68
Redemptions payable	509	165
Management fees payable (notes 4 and 5)	258	247
Unrealized loss on foreign currency forward contracts	13	101
Due to Manager (notes 5)	8	–
Due to broker	1,798	–
Distributions payable	1,985	2,184
	<b>4,621</b>	<b>2,765</b>
Net assets attributable to holders of redeemable units	<b>\$ 590,739</b>	<b>\$ 531,743</b>
Net assets attributable to holders of redeemable units per series:		
Series A	\$ 188,540	\$ 171,608
Series F	60,535	46,109
Series I	308,639	297,442
Series O	33,025	16,584
Net assets attributable to holders of redeemable units per unit:		
Series A	\$ 10.50	\$ 10.41
Series F	10.33	10.26
Series I	10.32	10.25
Series O	10.32	10.24
Number of redeemable units outstanding:		
Series A	17,957	16,485
Series F	5,861	4,496
Series I	29,905	29,024
Series O	3,201	1,619

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

# VPI CORPORATE BOND 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	\$ 13,370	\$ 11,932
Dividend income	23	18
Foreign exchange gain (loss) on cash	68	(11)
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	3,974	2,853
Net realized gain (loss) on foreign currency forward contracts	(1,475)	1,301
Change in unrealized appreciation in value of investments	5,241	2,897
Change in unrealized appreciation (depreciation) in foreign currency forward contracts	(3,485)	1,799
	17,716	20,789
Expenses:		
Administration	77	69
Audit fees	13	8
Independent review committee fees	2	6
Security holder reporting costs	69	62
Custodian fees	13	10
Filing fees	12	16
Legal fees	3	3
Management fees (notes 4 and 5)	1,676	1,322
Registered plan fees	2	2
Trustee fees	4	3
Withholding taxes	-	246
	1,871	1,747
Absorbed expenses (notes 4 and 5)	(62)	(75)
	1,809	1,672
Increase in net assets attributable to holders of redeemable units		
	\$ 15,907	\$ 19,117
Increase in net assets attributable to holders of redeemable units per series:		
Series A	\$ 4,200	\$ 5,454
Series F	1,490	1,680
Series I	9,531	11,827
Series O	686	156
Increase in net assets attributable to holders of redeemable units per unit:		
Series A	\$ 0.24	\$ 0.38
Series F	0.28	0.42
Series I	0.32	0.46
Series O	0.31	0.31

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

# VPI CORPORATE BOND 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, 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	\$ 171,608	\$ 132,649	\$ 46,109	\$ 37,039	\$ 297,442	\$ 229,067	\$ 16,584	\$ 162	\$ 531,743	\$ 398,917
Increase in net assets attributable to holders of redeemable units	4,200	5,454	1,490	1,680	9,531	11,827	686	156	15,907	19,117
Redeemable unit transactions:										
Proceeds from redeemable units issued	33,839	32,021	19,145	6,519	3,705	51,946	18,473	9,260	75,162	99,746
Reinvestment of distributions to holders of redeemable units	2,759	2,554	1,064	783	7,384	6,566	530	15	11,737	9,918
Redemption of redeemable units	(21,250)	(14,407)	(6,182)	(2,946)	(2,035)	(250)	(2,718)	(484)	(32,185)	(18,087)
	15,348	20,168	14,027	4,356	9,054	58,262	16,285	8,791	54,714	91,577
Distributions to holders of redeemable shares:										
Net investment income	(2,616)	(2,441)	(1,091)	(884)	(7,388)	(6,991)	(530)	(144)	(11,625)	(10,460)
Net increase in net assets attributable to holders of redeemable units	16,932	23,181	14,426	5,152	11,197	63,098	16,441	8,803	58,996	100,234
Net assets attributable to holders of redeemable units, end of period	\$ 188,540	\$ 155,830	\$ 60,535	\$ 42,191	\$ 308,639	\$ 292,165	\$ 33,025	\$ 8,965	\$ 590,739	\$ 499,151
Increase (decrease) in redeemable units outstanding:										
Beginning of period	16,485	13,313	4,496	3,752	29,024	23,167	1,619	16	51,624	40,248
Issued	3,243	3,154	1,861	649	360	5,153	1,795	919	7,259	9,875
Issued on reinvestment of distributions	264	252	103	78	718	652	52	2	1,137	984
Redeemed	(2,035)	(1,420)	(599)	(293)	(197)	(25)	(265)	(48)	(3,096)	(1,786)
Redeemable units outstanding, end of period	17,957	15,299	5,861	4,186	29,905	28,947	3,201	889	56,924	49,321
Weighted average units outstanding, during the period	17,313	14,414	5,235	4,017	29,433	25,984	2,202	507		

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

# VPI CORPORATE BOND 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 from operations	\$ 15,907	\$ 19,117
Adjustments for:		
Foreign exchange loss (gain) on cash	(68)	11
Net realized gain on sale of investments	(3,974)	(2,853)
Change in unrealized appreciation in value of investments	(5,241)	(2,897)
Change in unrealized depreciation (appreciation) in foreign currency forward contracts	3,485	(1,799)
Purchases of investments	(169,936)	(185,522)
Proceeds from sale of investments	117,189	88,703
Dividends receivable	(1)	–
Interest receivable for distribution purposes	(273)	79
Due from Manager	1	(7)
Due to Manager	8	–
Due from broker	298	–
Due to broker	1,798	1,064
Accounts payable and accrued liabilities	(18)	3
Management fees payable	11	35
Net cash used in operating activities	(40,814)	(84,066)
Cash flows from (used in) financing activities:		
Distributions paid to holders of redeemable units, net of reinvested distributions	(87)	(185)
Proceeds from redeemable units issued	73,106	98,908
Redemption of redeemable units	(30,033)	(17,138)
Net cash from financing activities	42,986	81,585
Foreign exchange gain (loss) on cash	68	(11)
Net increase (decrease) in cash and cash equivalents	2,240	(2,492)
Cash and cash equivalents, beginning of period	658	4,974
Cash and cash equivalents, end of period	\$ 2,898	\$ 2,482
Supplementary information:		
Dividends received	\$ 22	\$ 18
Interest received	13,098	11,765

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

# VPI CORPORATE BOND POOL

Schedule of Investment Portfolio

(In thousands of dollars, except for unit amounts)

June 30, 2024 (unaudited)

Number of units, shares or par value	Description	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
<b>Bonds:</b>						
<b>Government Bonds:</b>						
22,909,000	Canadian Government Bond	1-Mar-26	0.250	\$ 21,090	\$ 21,541	
46,049,000	Canadian Government Bond	1-Dec-30	0.500	37,426	38,270	
6,218,000	Canadian Government Real Return Bond	1-Dec-26	7.773	11,985	12,049	
2,452,000	United States Treasury Inflation Indexed Bond	15-Jan-26	0.825	4,048	4,282	
671,000	United States Treasury Inflation Indexed Bond	15-Apr-26	0.149	963	1,048	
				75,512	77,190	13.07
<b>Corporate:</b>						
3,594,000	Air Canada	1-Jul-25	4.000	5,583	5,197	
28,836,000	Air Canada	15-Aug-29	4.625	28,622	27,953	
8,174,000	AMC Entertainment Holdings Inc.	15-Feb-29	7.500	9,530	7,588	
1,811,000	American Airlines Inc.	20-Apr-29	5.750	2,264	2,413	
348,000	American Airlines Inc.	15-May-29	8.500	478	495	
1,517,000	American Airlines Inc. ^	15-Feb-26	10.750	2,207	2,174	
532,000	Avis Budget Car Rental LLC	15-Jul-27	5.750	701	707	
4,459,000	Avis Budget Car Rental LLC	15-Jul-27	5.750	5,672	5,867	
3,414,000	Avis Budget Car Rental LLC	1-Apr-28	4.750	4,289	4,291	
3,115,000	Avis Budget Car Rental LLC	1-Mar-29	5.375	3,973	3,905	
1,661,000	Avis Budget Rental Car Funding AESOP LLC	20-Oct-28	5.130	2,253	2,258	
1,907,000	Bank of America Corp.	16-Mar-26	6.013	1,911	1,916	
3,300,000	Bank of America Corp.	24-Mar-26	3.515	3,233	3,263	
4,185,000	Bank of America Corp.	15-Sep-27	5.563	4,172	4,187	
6,864,000	Bank of Nova Scotia	4-Aug-26	5.480	6,864	6,827	
16,760,000	Bank of Nova Scotia	8-Sep-26	5.385	16,760	16,812	
11,500,000	Bank of Nova Scotia	3-May-27	5.845	11,500	11,512	
9,262,000	Bank of Nova Scotia	27-Jul-81	3.700	7,682	7,601	
2,500,000	Bank of Nova Scotia	27-Jul-82	7.023	2,474	2,518	
1,550,860	Black Press Group Ltd. ^	22-Mar-29	10.000	1,431	1,291	
3,882,000	BMW Canada Auto Trust	20-Apr-26	5.025	3,882	3,907	
1,312,000	Boeing Co.	4-Feb-26	2.196	1,661	1,688	
595,000	Boeing Co.	1-May-26	3.100	825	773	
313,000	Bombardier Inc.	22-Dec-26	7.350	250	321	
6,001,000	Bombardier Inc.	1-May-34	7.450	7,248	9,244	
1,541,000	Canadian Imperial Bank of Commerce	15-Jul-26	5.551	1,541	1,536	
5,275,000	Canadian Imperial Bank of Commerce	2-Apr-27	4.900	5,272	5,282	
610,000	Canadian Imperial Bank of Commerce	31-Aug-85	1.750	735	764	
17,799	Canadian Pacific Railway Co.	1-Oct-24	6.910	20	18	
350,000	Cineplex Inc.	30-Sep-25	5.750	364	381	
4,314,000	Cineplex Inc.	31-Mar-29	7.625	4,314	4,406	
5,171,612	ClearStream Energy Services Inc.	23-Mar-26	8.000	4,150	4,529	
4,075,000	Corus Entertainment Inc.	28-Feb-30	6.000	4,075	1,533	
337,000	Credit Suisse Group AG	5-Jun-26	2.193	394	446	
4,359,000	Credit Suisse Group AG	2-Feb-27	1.305	4,757	5,566	
4,165,000	Enbridge Inc.	9-Nov-27	5.700	4,163	4,301	
1,005,000	Gannett Holdings LLC	1-Nov-26	6.000	1,256	1,317	
1,951,000	General Electric Co.	5-May-26	5.969	2,304	2,680	
820,000	General Electric Co.	15-Aug-36	6.064	885	1,065	
4,712,000	Great-West Lifeco Inc. *	31-Dec-81	3.600	4,712	3,938	
4,021,000	Hertz Corp.	15-Oct-24	0.000	-	234	
1,390,000	Hertz Corp.	1-Aug-26	0.000	-	190	
2,482,000	Hertz Corp.	15-Jan-28	0.000	-	340	
7,458,000	Hertz Corp.	15-Jul-29	12.625	10,212	10,561	
3,862,000	Hertz Corp.	15-Jul-29	8.000	5,292	5,314	
7,485,000	Hertz Corp.	1-Dec-29	5.000	8,288	6,301	

# VPI CORPORATE BOND POOL

Schedule of Investment Portfolio

(In thousands of dollars, except for unit amounts)

June 30, 2024 (unaudited)

Number of units, shares or par value	Description	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
<b>Corporate bonds (continued):</b>						
125,000	Kruger Packaging Holdings LP	1-Jun-26	6.000	\$ 125	\$ 123	
5,477,000	Latam Airlines Group SA	15-Oct-29	13.375	7,152	8,620	
15,332,000	Manulife Financial Corp.	19-Jun-81	3.375	14,401	12,830	
13,733,000	Manulife Financial Corp.	19-Mar-82	4.100	12,801	11,318	
3,300,000	Metropolitan Life Global Funding	15-Jun-26	5.844	3,300	3,325	
12,246,000	Metropolitan Life Global Funding	1-Apr-27	4.642	12,246	12,296	
4,423,000	NatWest Group PLC	10-Nov-26	7.472	5,989	6,187	
7,160,000	New York Life Global Funding	30-Jun-26	5.690	7,161	7,209	
13,510,000	Pacific Life Global Funding II	1-Feb-27	5.655	13,494	13,602	
10,152,000	Royal Bank of Canada	22-Dec-25	4.109	10,152	10,093	
9,000,000	Royal Bank of Canada	21-Dec-26	4.256	9,000	8,987	
7,129,000	Royal Bank of Canada	17-Jan-28	4.642	7,129	7,166	
5,350,000	Royal Bank of Canada	31-Dec-49	4.200	5,350	4,478	
5,343,000	Royal Bank of Canada	24-Feb-81	4.000	5,363	5,125	
930,000	Royal Bank of Canada	29-Jun-85	3.862	952	1,171	
1,169,000	SNC-Lavalin Group Inc.	19-Aug-24	3.800	1,189	1,166	
789,000	SNC-Lavalin Group Inc.	12-Jun-26	7.000	789	816	
705,000	Spirit AeroSystems Inc.	15-Jun-26	3.850	900	930	
4,467,000	Spirit AeroSystems Inc.	15-Jun-28	4.600	5,057	5,731	
32,000	Spirit AeroSystems Inc.	30-Nov-29	9.375	44	47	
3,742,000	Spirit AeroSystems Inc.	15-Nov-30	9.750	5,146	5,655	
6,786,000	Sun Life Financial Inc.	30-Jun-81	3.600	6,791	5,672	
9,000,000	The Toronto-Dominion Bank	2-Apr-29	4.232	9,000	9,010	
4,200,000	Toronto-Dominion Bank	31-Jan-25	5.525	4,190	4,204	
13,086,000	Toronto-Dominion Bank	8-Jun-26	5.446	13,089	13,143	
18,130,000	Toronto-Dominion Bank	18-Jan-28	4.477	18,117	18,108	
9,657,000	Toronto-Dominion Bank	31-Oct-81	3.600	8,942	8,045	
1,681,000	TransCanada PipeLines Ltd.	10-Mar-26	6.184	1,681	1,702	
5,905,000	TransCanada PipeLines Ltd.	5-Apr-27	3.800	5,608	5,797	
7,821,000	TransCanada PipeLines Ltd.	15-May-67	7.794	7,175	9,788	
804,000	TWDC Enterprises 18 Corp.	7-Oct-24	2.758	770	799	
2,287,000	Videotron Ltd.	15-Jun-25	5.625	2,416	2,294	
1,915,000	Videotron Ltd.	15-Jan-26	5.750	1,986	1,917	
2,390,000	WTH Car Rental ULC	20-Feb-27	6.028	2,390	2,434	
				408,094	405,198	68.59
<b>Term Loans:</b>						
2,790,290	Delta Airlines SkyMiles	16-Sep-27	6.460	3,735	3,915	
4,366,319	Hertz Corp.	30-Jun-28	8.680	5,510	5,421	
3,164,685	Hertz Corp.	30-Jun-28	3.750	4,246	3,938	
845,712	Hertz Corp.	30-Jun-28	8.680	1,067	1,050	
				14,558	14,324	2.42
<b>Total bonds</b>				<b>\$ 498,164</b>	<b>\$496,712</b>	<b>84.08</b>

# VPI CORPORATE BOND POOL

Schedule of Investment Portfolio

(In thousands of dollars, except for unit amounts)

June 30, 2024 (unaudited)

Number of units, shares or par value	Description	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
<b>Mortgage-backed securities:</b>						
3,595,000	RBC NHA	01-Sep-24	2.030	\$ 1,823	\$ 1,875	
8,800,000	Scotia Capital NHA, FRN	01-Oct-24	1.890	4,664	4,787	
2,377,000	MCAN NHA	01-Jan-26	0.700	1,719	1,632	
1,586,660	I.G Investment NHA*	01-Feb-26	3.350	1,433	1,421	
2,781,000	First National NHA, FRN	01-May-26	5.058	1,295	1,291	
9,000,000	Merrill Lynch NHA, FRN	01-Jul-26	4.988	5,057	5,052	
2,385,000	Merrill Lynch NHA, FRN	01-Oct-26	5.018	1,357	1,353	
11,700,000	RBC NHA	01-Nov-26	1.290	9,152	9,238	
3,185,000	Merrill Lynch NHA, FRN	01-Nov-26	5.018	1,966	1,967	
1,000,000	Scotia Capital NHA, FRN	01-Dec-26	5.088	591	589	
6,425,000	C.P.A Lte. NHA, FRN	01-Jan-27	5.066	4,128	4,112	
1,700,000	First National NHA, FRN	01-Jan-27	5.108	1,150	1,146	
1,200,000	Merrill Lynch NHA, FRN	01-Feb-27	5.018	948	945	
5,500,000	First National NHA, FRN	01-Feb-27	5.068	3,801	3,787	
2,600,000	Caisse Populaire NHA, FRN	01-Feb-27	5.077	1,812	1,805	
4,399,505	Caisse Acadienne NHA	01-Feb-27	5.155	2,772	2,777	
2,000,000	Merrill Lynch NHA, FRN	01-Apr-27	5.018	1,285	1,283	
8,419,000	Scotia Capital NHA, FRN	01-Apr-27	5.098	5,630	5,623	
6,797,000	Scotia Capital NHA, FRN	01-Jun-27	5.159	4,662	4,664	
5,642,000	RBC NHA	01-Sep-28	3.320	5,283	5,373	
1,363,000	TD Bank NHA, FRN	01-Feb-29	5.209	1,341	1,356	
5,000,000	Equitable Bank NHA	01-Mar-29	3.900	4,874	4,895	
6,270,000	Scotia Capital NHA, FRN	01-Mar-29	3.700	6,084	6,120	
1,500,000	First National NHA	01-Apr-29	4.190	1,489	1,495	
6,918,000	Scotia Capital NHA, FRN	01-Jun-29	4.100	6,951	6,918	
1,800,000	Scotia Capital NHA, FRN	01-Jun-27	4.300	1,803	1,803	
Total Mortgages				83,070	83,307	14.10
<b>Equities:</b>						
Capital Goods:						
87,421	Bird Construction Inc.			570	2,345	0.40
<b>Energy:</b>						
4,360	Flint Corp., Preferred <sup>^</sup>			3,052	2,311	
26,223	Flint Corp. <sup>^</sup>			315	167	
				3,367	2,478	0.42
<b>Media and Entertainment:</b>						
26,373	Postmedia Network Canada Corp.			55	32	0.01
<b>Private Placements:</b>						
37,277	X-Spectrum 1 Inc. <sup>^</sup>			–	10	
61,069	X-Spectrum 2 Inc. <sup>^</sup>			–	–	
				–	10	0.00
Total equities				\$ 3,992	\$ 4,865	0.83



# VPI CORPORATE BOND POOL

Schedule of Investment Portfolio

(In thousands of dollars, except for unit amounts)

June 30, 2024 (unaudited)

Number of units, shares or par value	Description	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
Summary:						
	Government Bonds			\$ 75,512	\$ 77,190	13.07
	Coporate Bonds			408,094	405,198	68.59
	Term loans			14,558	14,324	2.42
	Mortgage-backed securities			83,070	83,307	14.10
	Equities			3,992	4,865	0.83
				585,226	584,884	99.01
Transaction costs				—	—	
Total financial assets at FVTPL				585,226	584,884	99.01
<b>Cash:</b>						
	Domestic			14,983	14,983	
	Foreign			(12,085)	(12,085)	
	Total cash			2,898	2,898	0.49
	Forward currency forward contracts				9	0.00
	Other assets less liabilities				2,948	0.50
Total net assets attributable to holders of redeemable units					\$ 590,739	100.00

**^Level 3 Securities**

**\*The issuer of this security is related to the Manager (see Note 1)**

# VPI CORPORATE BOND POOL

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

June 30, 2024 (unaudited)

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## Forward currency contracts:

The Pool has the following forward currency contracts outstanding as at June 30, 2024

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Currency to Purchase	Amount	Fair value to purchase	Currency to deliver	Amount	Fair value to deliver	Unrealized gain (loss)	Expiry date
CAD	\$ 14,671	\$ 14,671	USD	\$ 10,725	\$ 14,650	\$ 22	September 2024
CAD	\$ 127,945	\$ 127,945	USD	\$ 93,679	\$ 127,958	\$ (13)	September 2024

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

# VPI CORPORATE BOND 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 Corporate Bond Pool (the Pool) is an open-ended mutual fund trust, established on June 24, 2020 by declaration of trust under the laws of the Province of Ontario. As of June 24, 2020 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 June 24, 2020 with Series A, Series F and Series O. Effective June 15, 2023 all Series O units were renamed as Series I units. Effective June 28, 2023, 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 preserve capital while providing a reasonable level of income and the potential for long-term capital growth by investing primarily in fixed income securities.

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. Such investors may include investors who opened a discretionary investment management account with the Manager prior to on or about September 30, 2023, 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.

# VPI CORPORATE BOND 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 (continued):

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.

- (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.

# VPI CORPORATE BOND 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):

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.

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 held-for trading or 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.

# VPI CORPORATE BOND 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 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.

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 CORPORATE BOND 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):

#### (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, due from Manager, subscriptions receivable, due from broker, accounts payable and accrued liabilities, redemptions payable, management fees payable, due to Manager, due to broker 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.

#### (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 CORPORATE BOND 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):

### (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.

### (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.



# VPI CORPORATE BOND 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):

(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.

(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.

# VPI CORPORATE BOND 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:

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	1.50%
Series F	0.75%

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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 0.30% annually.

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.

# VPI CORPORATE BOND 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:

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

	2024	2023
Management fees payable	\$ 258	\$ 247
Due from Manager	–	1
Due to Manager	8	–

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

	2024	2023
Management fees	\$ 1,676	\$ 1,322
Absorbed expenses	(62)	(75)

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.

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 VPI Income Pool holds 27,042,164 (2023 - 26,614,451) Series I units of the Pool. The VPI Income 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 no soft dollar commissions paid during the six-month periods ended June 30, 2024 and 2023

# VPI CORPORATE BOND 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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## 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	2021
Capital losses	\$ 2,095	\$ 8,542

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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 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. 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.

# VPI CORPORATE BOND 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):

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	\$ 4,865	0.82%	\$ 243	0.04%
As at December 31, 2023	\$ 4,178	0.79%	\$ 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.

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.

	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	\$ 15,377	\$ 254,286	\$ 122,545	\$ 187,811	\$ 4,865	\$ 584,884

	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	\$ 48,747	\$ 195,572	\$ 117,312	\$ 157,112	\$ 4,178	\$ 522,921

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 the Pool would have approximately increased or decreased as indicated in the following table.

# VPI CORPORATE BOND 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):

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	\$ 3,310	0.57%
As at December 31, 2023	\$ 2,723	0.52%

### (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. 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.

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

As at June 30, 2024	% of debt securities	% of net assets
AAA	34.69%	34.07%
AA	6.28%	6.17%
A	13.86%	13.61%
BBB	21.37%	20.98%
BB	9.44%	9.27%
B	6.43%	6.31%
CCC	0.99%	0.97%
N/R	6.94%	6.81%
	100.00%	98.19%

# VPI CORPORATE BOND 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):

As at December 31, 2023	% of debt securities	% of net assets
AAA	34.61%	34.00%
AA	5.31%	5.21%
A	10.88%	10.68%
BBB	21.67%	21.28%
BB	15.11%	14.84%
B	5.86%	5.76%
CCC	1.00%	0.98%
N/R	5.56%	5.46%
	100.00%	98.21%

### (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 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, 2024 and December 31, 2023 was the U.S. dollar

# VPI CORPORATE BOND 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):

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.

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 contract	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%

### (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, 2024	December 31, 2023
Long	%	%
Government bonds	13.20	17.93
Corporate bonds	69.28	69.13
Term loans	2.45	2.68
Mortgage backed securities	14.24	9.46
Capital goods	0.40	0.24
Energy	0.42	0.55
Media and entertainment	0.01	0.01
	100.00	100.00



# VPI CORPORATE BOND 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):

(vii) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the statements of financial position where the Pool has a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously. The Pools has not offset any financial assets and financial liabilities in the statements of financial position.

The disclosures set out in the tables below include financial assets and liabilities that are subject to master netting arrangements or similar agreement, including derivative clearing agreements, that covers similar financial instruments as at June 30, 2024 and December 31, 2023:

As at June 30, 2024:

Type of financial instrument	Gross amounts of recognized financial assets and liabilities	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
			Financial instruments	Cash collateral pledged	
Foreign exchange forward contracts - assets	\$ 22	\$ 22	\$ 9	\$ -	\$ 9
Foreign exchange forward contracts - liabilities	(13)	(13)	-	-	-
	\$ 9	\$ 9	\$ 9	\$ -	\$ 9

As at December 31, 2023:

Type of financial instrument	Gross amounts of recognized financial assets and liabilities	Net amounts presented in the statement of financial position	Related amounts not offset in the statement of financial position		Net amount
			Financial instruments	Cash collateral pledged	
Foreign exchange forward contracts - assets	\$ 3,595	\$ 3,595	\$ 3,494	\$ -	\$ 3,494
Foreign exchange forward contracts - liabilities	(101)	(101)	-	-	-
	\$ 3,494	\$ 3,494	\$ 3,494	\$ -	\$ 3,494

# VPI CORPORATE BOND 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 (continued):

(viii) 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). 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 CORPORATE BOND 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):

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:

	Level 1	Level 2	Level 3	Total
Equities	\$ 2,345	\$ 32	\$ 2,488	\$ 4,865
Bonds	—	478,923	3,465	482,388
Term Loans	—	14,324	—	14,324
Mortgage-backed securities	—	83,307	—	83,307
Foreign currency forward contracts	—	22	—	22
	\$ 2,345	\$ 576,608	\$ 5,953	\$ 584,906

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

	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ —	\$ (13)	\$ —	\$ (13)
	\$ —	\$ (13)	\$ —	\$ (13)

# VPI CORPORATE BOND 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):

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

	Level 1	Level 2	Level 3	Total
Equities	\$ 1,260	\$ 39	\$ 2,879	\$ 4,178
Bonds	–	451,651	3,573	455,224
Term Loans	–	14,039	–	14,039
Mortgage-backed securities	–	49,480	–	49,480
Foreign currency forward contracts	–	3,595	–	3,595
	\$ 1,260	\$ 518,804	\$ 6,452	\$ 526,516

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

	Level 1	Level 2	Level 3	Total
Foreign currency forward contracts	\$ –	\$ (101)	\$ –	\$ (101)
	\$ –	\$ (101)	\$ –	\$ (101)

During the six-month periods ended June 30, 2024, \$1 was transferred from level 1 to level 3. During the year ended December 31, 2023, \$4,340 was transferred from level 3 to level 2. The financial instruments not measured at FVTPL are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

Level 3 securities have been valued based upon third party broker quotes provided without a range, pricing services and valuation models.

# VPI CORPORATE BOND 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):

Reconciliation of Level 3:

For the period ended June 30, 2024:

	Balance at December 31, 2023	Purchases	Sales	Net transfers In (out)	Realized gain (loss)	Unrealized gain (loss)	Balance at June 30, 2024
Corporate bonds	\$ 3,573	\$ -	\$ (2)	\$ -	\$ -	\$ (106)	\$ 3,465
Equities	2,879	-	-	1	-	(392)	2,488
	\$ 6,452	\$ -	\$ (2)	\$ 1	\$ -	\$ (498)	\$ 5,953

For the year ended December 31, 2023:

	Balance at December 31, 2022	Purchases	Sales	Net transfers In (out)	Realized gain (loss)	Unrealized gain (loss)	Balance at June 30, 2023
Corporate bonds	\$ 10,887	\$ 375	\$ (4,159)	\$ (4,285)	\$ 363	\$ 392	\$ 3,573
Equities	3,265	-	-	(55)	-	(331)	2,879
	\$ 14,152	\$ 375	\$ (4,159)	\$ (4,340)	\$ 363	\$ 61	\$ 6,452

The change in unrealized loss related to Level 3 investments held at June 30, 2024 was (\$498) (2023 - change in unrealized gain of (\$273)).