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INVESTMENTS

## **VPI INCOME POOL**

**INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022**

### **MANAGER**

VALUE PARTNERS INVESTMENTS INC.

### **PORTFOLIO MANAGER**

VALUE PARTNERS INVESTMENTS INC.

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This interim management report of fund performance contains financial highlights but does not contain either interim or annual financial statements of the Pool. If you have not received a copy of the interim financial statements with this interim management report of fund performance, you may obtain a copy at your request, and at no cost, by calling toll-free at 1-866-323-4235, by writing to us at 300-175 Hargrave Street, R3C 3R8, by visiting our website at [www.valuepartnersinvestments.ca](http://www.valuepartnersinvestments.ca) or by visiting the SEDAR website at [www.sedar.com](http://www.sedar.com). You may also contact us using one of these methods to request a copy of the Pool's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



## Interim Management Discussion of Fund Performance

August 18, 2022

The Interim Management Report of Fund Performance presents management's view of the significant factors and developments affecting the Pool's performance and outlook since December 31, 2021, the Pool's most recent fiscal year-end. This report should be read in conjunction with the Annual Management Report of Fund Performance for the year ended December 31, 2021.

### Results of Operations

Net assets of the Pool decreased by approximately \$80.3 million for the six-month period ended June 30, 2022. Contributing to this decrease was \$14.4 million of net redemptions, \$3.8 million of distributions paid to unitholders and a \$62.1 million decrease in net assets from operations. The decrease in net assets from operations was due to unrealized depreciation in the value of investments of \$75.2 million and \$5.8 million of management fees and operating expenses. This was offset by net realized gains on the sale of investments of \$9.1 million, dividend and interest income of \$9.6 million and foreign exchange gain on cash of \$0.2 million.

The following table summarizes the businesses that were added or removed from the portfolio during the period:

<i>Additions</i>	<i>Dispositions</i>
Energy Transfer LP	BCE Inc.
United Parcel Service, Inc.	Broadridge Financial Solutions
	Intel
	J.M. Smucker Company

The Pool gains exposure to fixed income securities through its investment in units of VPI Corporate Bond Pool (Underlying Fund), a mutual fund managed by the Manager.

As a result of these changes, there were some shifts in the sector allocation of securities from the beginning of the year, the most notable of which are highlighted in the following table:

<i>Sector</i>	<i>Allocation Increase</i>	<i>Sector</i>	<i>Allocation Decrease</i>
Cash	3.7%	Other Net Assets	1.8%
Transportation	1.6%	Food, Beverage & Tobacco	1.6%
Energy	1.3%	Banks	1.6%
Mutual Fund	1.1%	Semiconductors and Equipment	0.9%
Food and Staples Retailing	0.4%	Capital Goods	0.7%
		Telecommunication Services	0.7%
		Healthcare, Equipment & Services	0.3%
		Insurance	0.3%

The portfolio has also changed from a geographic standpoint during the period. The most notable changes are highlighted in the following table:

<i>Country</i>	<i>Allocation Increase</i>	<i>Country</i>	<i>Allocation Decrease</i>
Japan	0.5%	Canada	0.6%
Germany	0.2%	Great Britain	0.3%
France	0.2%	India	0.2%



**Results of Operations (continued)**

Each series of the Pool experienced losses in the range of -10.5% to -9.6% for the period as compared to a -13.2% loss of the Blended Index (50% FTSE Canada Universe Bond Index, 20% S&P TSX Total Return Index, 15% S&P 500 Total Return Index (CAD\$) and 15% MSCI EAFE Total Return Index (CAD\$)). The equity component of the Pool outperformed the equity components of the Blended Index primarily due to higher exposure to Consumer Staples and strong performance of holdings in the Communication Services sector. The effects of this outperformance were partially offset by lower exposure to the Energy sector.

The fixed income holdings outperformed the FTSE Canada Universe Bond Index as the Underlying Fund had a higher weight in high yield bonds and a lower duration than the bond market index. The Underlying Fund also had a significant allocation to floating rate notes which also benefited relative performance of fixed income holdings for the first half of 2022 as interest rates rose significantly. During the period, the Pool's asset mix ranged from approximately 45-50% fixed income and 50-55% equities.

**Revenues and Expenses**

Revenues of the Pool amounted to \$9.6 million, which can be attributed to a combination of dividend income from its equity holdings and interest income from the Underlying Fund. The Pool also incurred \$5.8 million in management fees and operating expenses, net of absorbed expenses.

The realized gain on sale of investments of \$9.1 million is attributable to four full dispositions as well as partial dispositions of shares from the portfolio during the period.

Holding	Approximate Holding Period	Proceeds (millions)	Cost (millions)	Realized Gain/(Loss) (millions)
BCE Inc.	1.9 years	\$ 9.1	\$ 7.3	\$ 1.8
Broadridge Financial	1.9 years	\$ 7.0	\$ 6.5	\$ 0.5
Intel	1.8 years	\$ 4.3	\$ 5.8	\$ (1.5)
J.M. Smucker Company	1.9 years	\$ 8.4	\$ 7.3	\$ 1.1
Partial Dispositions	n/a	\$ 44.4	\$ 37.2	\$ 7.2
		\$ 73.2	\$ 64.1	\$ 9.1

**Recent Developments**

*Economic Conditions*

The first half of 2022 was dominated by an increasingly severe inflationary environment following the first shooting war in Europe since the second world war. The war between Russia and Ukraine impacted supply of key commodities which drove up costs across numerous goods. Central banks have attempted to contain this inflation by increasing the speed of interest rate hikes.

The rapid increase in interest rates has compressed market valuations. As intended, rising rates are resulting in a slowdown in global growth. This along with rapid changes in consumer behavior and continued supply chain disruptions as the world exits the pandemic has led to increasing uncertainty regarding the direction of corporate profits. While the economic environment has become more uncertain, the decline in equity valuations has likely put equity markets on more solid footing going forward.

The Federal Reserve admitted that inflation remains elevated, reflecting supply and demand imbalances related to the pandemic, higher energy prices and broader price pressures. They have raised interest rates three times this year. The most recent increase was by 0.75% in June, which was the biggest such move since 1994. The central bank is also starting to reduce its holdings of Treasury securities, agency debt and mortgage-backed securities. Investors concede that the current economic environment in which inflation is high, borrowing costs are rising and growth is expected to slow, makes it difficult to be enthusiastic about many parts of the market.

The Portfolio Manager believes there are good opportunities available in several industries; however, caution is essential given volatile economic and market conditions. The Portfolio Manager continues to seek opportunities that meet the Pool's investment criteria.



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## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the six-month period ended June 30, 2022

### VPI INCOME POOL

#### *Series Name Change*

Series I units of the Pool were formerly known as Series O units and were renamed as Series I units on June 15, 2022. 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 were qualified on June 28, 2022 and are available to investors who have entered into a discretionary investment management account with the Manager.



**VPI INCOME POOL**

**Portfolio Allocation**

Mutual Fund	44.3%	US Equities	15.0%
Offshore Equities	20.6%	Cash	4.1%
Canadian Equities	16.2%	Other Net Assets	-0.2%

**Geographic Allocation**

Canada	62.5%	France	1.5%
United States	16.9%	Netherlands	1.4%
Japan	5.4%	India	1.4%
Germany	4.2%	Italy	1.3%
Switzerland	4.1%	Great Britain	1.3%

**Sector Allocation**

Mutual Fund	44.4%	Insurance	2.7%
Banks	7.0%	Technology Hardware and Equipment	2.6%
Food and Staples Retailing	4.4%	Automobiles and Components	1.8%
Cash	4.1%	Transportation	1.7%
Food, Beverage and Tobacco	4.0%	Materials	1.6%
Capital Goods	3.3%	Real Estate	1.5%
Health Care Equipment and Services	3.1%	Consumer Services	1.4%
Telecommunication Services	3.0%	Commercial and Professional Services	1.4%
Software and Services	2.9%	Diversified Financials	1.4%
Pharmaceuticals, Biotechnology and Life Sciences	2.8%	Energy	1.2%
Insurance	2.7%	Other Net Assets	1.2%

**Top 25 Holdings**

<b>Issuer</b>	<b>Percentage of Net Assets</b>
VPI Corporate Bond - Series I	44.3%
Cash	4.1%
Rogers Communications Inc.	1.8%
UnitedHealth Group Incorporated	1.6%
United Parcel Service, Inc.	1.6%
Royal Bank of Canada	1.5%
Deutsche Telekom AG	1.5%
Carrefour SA	1.5%
Symrise AG	1.5%
CVS Health Corporation	1.5%
Seven & i Holdings Co., Ltd.	1.5%
Oracle Corporation	1.5%
Roche Holding AG	1.4%
Loblaw Companies Limited	1.4%
Nestlé S.A.	1.4%
Firm Capital Property Trust	1.4%
The Toronto-Dominion Bank	1.4%
Starbucks Corporation	1.4%
Cisco Systems, Inc.	1.4%
Fortis Inc.	1.4%
The Bank of Nova Scotia	1.4%
Canadian Imperial Bank of Commerce	1.4%
Wolters Kluwer N.V.	1.4%
Infosys Limited	1.4%
Great-West Lifeco Inc.	1.4%
<b>Total</b>	<b>82.1%</b>

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

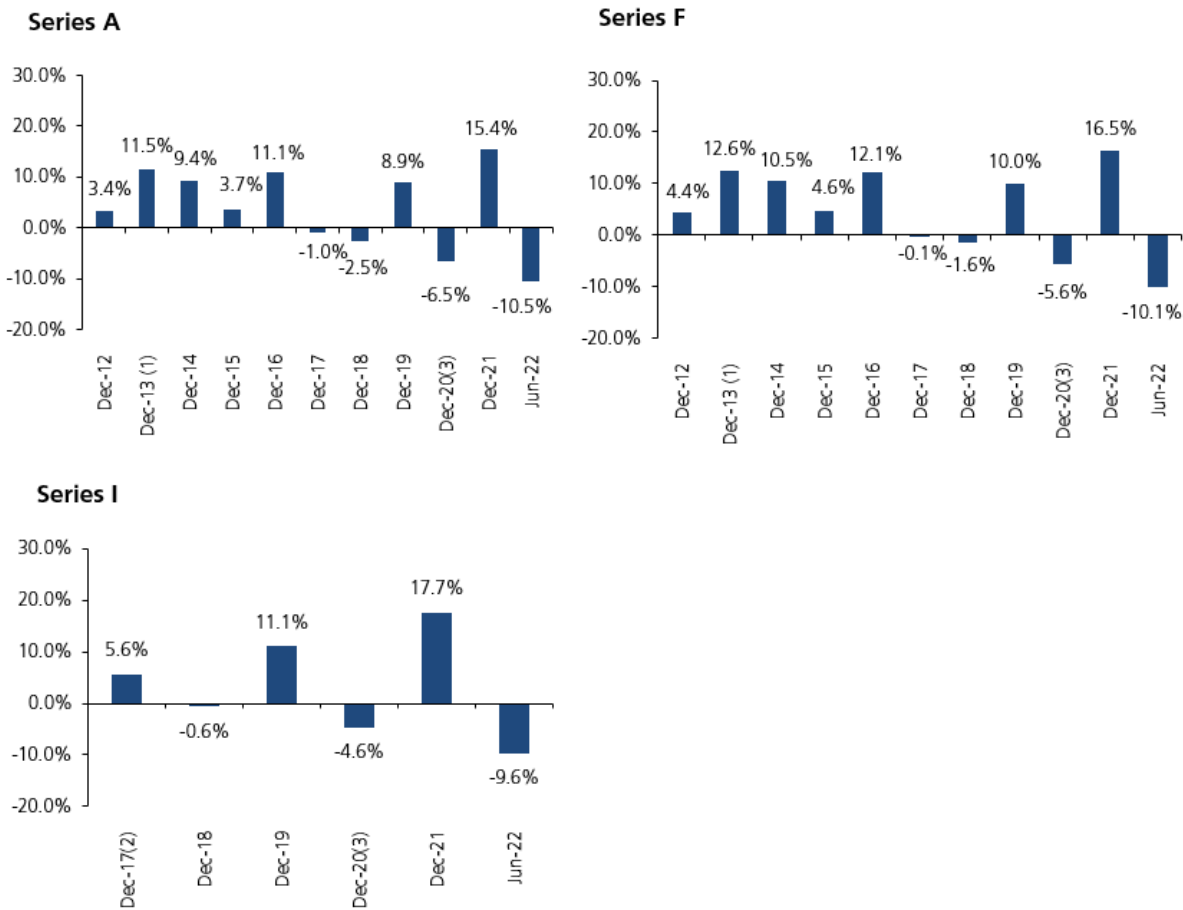


**Past Performance**

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

**Year-by-Year Returns**

The bar charts below show the performance of each series of the Pool (net of fees) for the six-month period ended June 30, 2022, and the previous years ended December 31 or since inception to December 31. It shows in percentage terms, how an investment made on January 1 or on inception would have increased or decreased by the end of the respective periods.



- (1) Patient Capital Management Inc. and Canso Investment Counsel Ltd. were appointed portfolio managers of the Pool on December 1, 2013.
- (2) 2017 return is since inception on July 5, 2017.
- (3) Value Partners Investments Inc. assumed portfolio management responsibility for the Pool in June 2020.



### Management Fees

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

For the six-months ended June 30, 2022, approximately 42% of the management fee revenues received by the Manager from the Pool were paid to registered dealers and brokers as sales and/or trailing commissions. Since each series may have a different commission structure, this percentage may vary by series. For unitholders eligible for the Management Fee Reduction Program, approximately 18% of the gross management fees were returned to unitholders as management fee rebates. The remainder of the management fee revenue, after payment of fees to the Portfolio Manager for its services, was retained by the Manager for corporate purposes.

### Related Party Transactions

Value Partners Investments Inc. is the manager of the Pool and is responsible for the overall business and operations of the Pool. For the six-month period ended June 30, 2022, the Pool paid \$4.7 million in management fees (excluding taxes) to the Manager. In addition, the parent company of the Manager also held 48,044 Series F units of the Pool as of June 30, 2022.

### Financial Highlights

The following tables show selected key financial information about each series of the Pool and are intended to help you understand the Pool’s financial performance for the past five years ended December 31 and the six-month period ended June 30, 2022. *This information is derived from the Pool’s audited annual financial statements and interim unaudited financial statements and is not intended to be a reconciliation of the net asset value per unit.*

#### The Pool’s Net Assets Per Unit (\$) <sup>(1)</sup>

Series A	June 30 2022	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
<b>Net assets, beginning of period</b>	<b>12.07</b>	<b>10.59</b>	<b>11.56</b>	<b>11.04</b>	<b>11.59</b>	<b>12.10</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.20	0.59	0.47	0.43	0.38	0.42
Total expenses	(0.13)	(0.25)	(0.22)	(0.24)	(0.24)	(0.24)
Realized gains (losses) for the period	0.19	0.48	(1.87)	0.24	0.13	0.23
Unrealized gains (losses) for the period	(1.52)	0.82	0.62	0.54	(0.57)	(0.52)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.26)</b>	<b>1.64</b>	<b>1.00</b>	<b>0.97</b>	<b>(0.30)</b>	<b>(0.11)</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	(0.04)	(0.08)	(0.08)	(0.11)	(0.08)	(0.12)
From dividends	(0.03)	(0.07)	(0.13)	(0.11)	(0.07)	(0.07)
From capital gains	-	-	-	(0.23)	(0.11)	(0.20)
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.07)</b>	<b>(0.15)</b>	<b>(0.21)</b>	<b>(0.45)</b>	<b>(0.26)</b>	<b>(0.39)</b>
<b>Net assets, end of period</b>	<b>10.74</b>	<b>12.07</b>	<b>10.59</b>	<b>11.56</b>	<b>11.04</b>	<b>11.59</b>



VPI INCOME POOL

Financial Highlights (continued)

Series F	June 30 2022	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
<b>Net assets, beginning of period</b>	<b>11.83</b>	<b>10.42</b>	<b>11.42</b>	<b>10.80</b>	<b>11.29</b>	<b>11.82</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.19	0.58	0.47	0.42	0.37	0.41
Total expenses	(0.07)	(0.14)	(0.12)	(0.13)	(0.13)	(0.13)
Realized gains (losses) for the period	0.18	0.48	(1.92)	0.24	0.13	0.23
Unrealized gains (losses) for the period	(1.48)	0.82	0.53	0.52	(0.57)	(0.48)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.18)</b>	<b>1.74</b>	<b>(1.04)</b>	<b>1.05</b>	<b>(0.20)</b>	<b>0.03</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	(0.07)	(0.17)	(0.13)	(0.11)	(0.10)	(0.20)
From dividends	(0.06)	(0.13)	(0.20)	(0.11)	(0.11)	(0.11)
From capital gains	-	-	-	(0.23)	(0.11)	(0.20)
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.13)</b>	<b>(0.30)</b>	<b>(0.33)</b>	<b>(0.45)</b>	<b>(0.32)</b>	<b>(0.52)</b>
<b>Net assets, end of period</b>	<b>10.51</b>	<b>11.83</b>	<b>10.42</b>	<b>11.42</b>	<b>10.80</b>	<b>11.29</b>

Series I <sup>(4)</sup>	June 30 2022	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
<b>Net assets, beginning of period<sup>(4)</sup></b>	<b>10.51</b>	<b>9.38</b>	<b>10.42</b>	<b>9.75</b>	<b>10.16</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.16	0.52	0.43	0.39	0.34	0.31
Total expenses	-	(0.02)	(0.02)	(0.01)	(0.01)	(0.03)
Realized gains (losses) for the period	0.16	0.44	(1.74)	0.25	0.09	(0.37)
Unrealized gains (losses) for the period	(1.31)	0.75	1.09	0.62	(0.61)	(0.04)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(0.99)</b>	<b>1.69</b>	<b>(0.24)</b>	<b>1.25</b>	<b>(0.19)</b>	<b>(0.13)</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	(0.10)	(0.29)	(0.21)	(0.10)	(0.13)	(0.13)
From dividends	(0.10)	(0.21)	(0.31)	(0.10)	(0.12)	(0.08)
From capital gains	-	-	-	(0.21)	(0.10)	(0.19)
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.20)</b>	<b>(0.50)</b>	<b>(0.52)</b>	<b>(0.41)</b>	<b>(0.35)</b>	<b>(0.40)</b>
<b>Net assets, end of period</b>	<b>9.31</b>	<b>10.51</b>	<b>9.38</b>	<b>10.42</b>	<b>9.75</b>	<b>10.16</b>

(1) This information is derived from the Pool's audited annual financial statements and from the interim unaudited financial statements for the current period ended June 30, 2022.

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

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

(4) Inception date: July 5, 2017.





INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE  
For the six-month period ended June 30, 2022

VPI INCOME POOL

Ratios and Supplemental Data

Series A	June 30 2022	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
Total net asset value (000's) <sup>(1)</sup>	\$454,397	\$520,129	\$515,422	\$705,609	\$649,756	\$636,699
Number of units outstanding (000's) <sup>(1)</sup>	42,307	43,099	48,650	61,017	58,857	54,941
Management expense ratio <sup>(2)</sup>	1.99%	2.00%	2.00%	1.97%	1.98%	1.98%
Management expense ratio before waivers or absorptions	1.99%	2.00%	2.00%	1.97%	1.98%	1.98%
Trading expense ratio <sup>(3)</sup>	0.02%	0.02%	0.09%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	19.95%	23.86%	346.15%	72.01%	81.51%	38.15%
Net asset value per unit <sup>(1)</sup>	\$10.74	\$12.07	\$10.59	\$11.56	\$11.04	\$11.59

Series F	June 30 2022	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
Total net asset value (000's) <sup>(1)</sup>	\$55,989	\$66,907	\$73,266	\$115,199	\$105,616	\$100,341
Number of units outstanding (000's) <sup>(1)</sup>	5,326	5,657	7,029	10,089	9,781	8,885
Management expense ratio <sup>(2)</sup>	1.05%	1.05%	1.05%	1.04%	1.04%	1.03%
Management expense ratio before waivers or absorptions	1.05%	1.05%	1.05%	1.04%	1.04%	1.03%
Trading expense ratio <sup>(3)</sup>	0.02%	0.02%	0.09%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	19.95%	23.86%	346.15%	72.01%	81.51%	38.15%
Net asset value per unit <sup>(1)</sup>	\$10.51	\$11.83	\$10.42	\$11.42	\$10.80	\$11.29

Series I	June 30 2022	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
Total net asset value (000's) <sup>(1)</sup>	\$13,812	\$17,493	\$19,338	\$23,326	\$9,303	\$2,176
Number of units outstanding (000's) <sup>(1)</sup>	1,483	1,665	2,062	2,239	954	214
Management expense ratio <sup>(2)</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before waivers or absorptions	0.10%	0.11%	0.11%	0.08%	0.08%	0.10%
Trading expense ratio <sup>(3)</sup>	0.02%	0.02%	0.09%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	19.95%	23.86%	346.15%	72.01%	81.51%	38.15%
Net asset value per unit <sup>(1)</sup>	\$9.31	\$10.51	\$9.38	\$10.42	\$9.75	\$10.16

(1) This information is provided as at the date shown.

(2) Management expense ratio is based on total expenses for the stated period (excluding distributions, commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net assets during the period. In the period a series is established, the management expense ratio is annualized from the date of inception to December 31.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

(4) The Pool's portfolio turnover rate indicates how actively the Pool's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Pool buying and selling all of the securities in its portfolio once in the course of the year. The higher the Pool's portfolio turnover rate in a year, the greater the trading costs payable by the Pool in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Pool.



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## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the six-month period ended June 30, 2022

### VPI INCOME POOL

#### Other Information

Value Partners Group Inc. (VPGI) owns 100% of Value Partners Investments Inc. (VPI) and LP Financial Planning Services Ltd. (LP Financial), a mutual fund dealer and principal distributor of the Pool. VPGI is 40.2% owned by Longton Ltd., whose shareholders include specified members of the Lawton family, including Paul and Sean Lawton. Paul Lawton is an officer of VPGI as well as a director and officer of both VPI and LP Financial. Sean Lawton is a director and sales representative of LP Financial.

As of June 30, 2022, sales representatives of LP Financial held, in aggregate, Class A1 shares representing 19.6% and Class C1 shares representing 3.7% of the common equity of VPGI. The remaining common equity of VPGI was held by sales representatives of other dealer firms and employees of VPGI, VPI and LP Financial. No other sales representative held more than 5 percent of the common equity of VPGI. Additional information regarding equity interests may be obtained from the Pool's annual information form or from the Manager's website at <http://www.valuepartnersinvestments.ca>

#### Forward-Looking Statements

*This report may contain forward-looking statements about the Pool, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Pool action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Pool and economic factors.*

*Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Pool. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.*

*We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Pool has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.*