VPI CORPORATE BOND POOL

ANNUAL FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022 AND 2021

MANAGER
VALUE PARTNERS INVESTMENTS INC.

PORTFOLIO MANAGER
CANSO INVESTMENT COUNSEL LTD.

MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by the management of Value Partners Investments Inc. (Value Partners), the Manager of the Value Partners Pools (the Pools), and approved by the Board of Directors of Value Partners.

Management is responsible for the information and representations contained in these financial statements. The Board of Directors of Value Partners is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit Committee comprised of two independent Directors is appointed by the Board of Directors to review the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and the external auditor. The Audit Committee reports to the Board of Directors prior to the approval of the audited financial statements.

Value Partners maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Pools, are described in note 3 of the financial statements.

KPMG LLP is the external auditor of the Pools. The external auditor has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out below.

On behalf of Value Partners Investments Inc.
Manager of the Pools

Paul Lawton Chief Operating Officer and Secretary	Dean Bjarnarson Chief Financial Officer

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of VPI Corporate Bond Pool

Opinion

We have audited the financial statements of VPI Corporate Bond Pool (the Entity), which comprise the:

- statements of financial position as at December 31, 2022 and December 31, 2021;
- statements of comprehensive income (loss) for the years ended December 31, 2022 and December 31, 2021;
- statements of changes in net assets attributable to holders of redeemable units for the years ended December 31, 2022 and December 31, 2021;
- statements of cash flows for the years ended December 31, 2022 and December 31, 2021, and
- notes to the financial statements, including a summary of significant accounting policies (hereinafter referred to as the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022 and December 31, 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and December 31, 2021 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the Management Report of Financial Performance to be filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Winnipeg, Canada

March 17, 2023

VPI CORPORATE BOND POOL

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

As at	December 31, 2022	December 31, 2021
Assets		
Financial assets at fair value through profit or loss	$ 390,733	$ 416,233
Cash and cash equivalents	4,974	6,446
Unrealized gain on foreign currency forward contract	88	316
Accrued dividends receivable	3	3
Accrued interest receivable for distribution purposes	4,253	3,532
Due from Manager (note 5)	7	2
Subscriptions receivable	1,675	16,571
	$ 401,733	$ 443,103
Liabilities		
Accounts payable and accrued liabilities	$ 64	$ 61
Redemptions payable	99	33
Management fees payable (notes 4 and 5)	197	184
Distributions payable	1,487	16,428
Due to broker	969	170
	2,816	16,876
Net assets attributable to holders of redeemable units	$ 398,917	$ 426,227
Net assets attributable to holders of redeemable units per series:		
Series A	$ 132,649	$ 122,753
Series F	37,039	31,758
Series I	229,067	271,716
Series O	162	–
Net assets attributable to holders of redeemable units per unit:		
Series A	$ 9.86	$ 10.88
Series F	9.87	10.84
Series I	9.89	10.87
Series O	9.89	–
Number of redeemable units outstanding:		
Series A	13,313	11,280
Series F	3,752	2,931
Series I	23,167	24,998
Series O	16	–

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

VPI CORPORATE BOND POOL

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

Years ended December 31, 2022, and December 31, 2021

	2022	2021
Income:		
Interest income for distribution purposes	$ 16,383	$ 17,003
Dividend income	89	34
Foreign exchange gain on cash	25	22
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	943	13,965
Net realized gain (loss) on currency forward contracts	(8,980)	1,885
Change in unrealized depreciation in value of investments	(30,466)	(1,120)
Change in unrealized depreciation in currency forward contracts	(228)	(883)
	(22,234)	30,906
Expenses:		
Administration	128	109
Audit fees	16	15
Independent review committee fees	7	6
Security holder reporting costs	83	46
Custodian fees	17	16
Filing fees	23	23
Legal fees	6	3
Management fees (notes 4 and 5)	2,304	1,627
Registered plan fees	3	2
Trustee fees	5	6
Transaction Costs	22	–
	2,614	1,853
Absorbed expenses (notes 4 and 5)	(118)	(157)
	2,496	1,696
Increase (decrease) in net assets attributable to holders of redeemable units	$ (24,730)	$ 29,210
Increase in net assets attributable to holders of redeemable units per series:		
Series A	$ (8,792)	$ 5,306
Series F	(2,095)	1,257
Series I	(13,843)	22,647
Series O	–	–
Increase in net assets attributable to holders of redeemable units per unit:		
Series A	(0.70)	0.64
Series F	(0.61)	0.66
Series I	(0.58)	0.96
Series O	–	–

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)

Years ended December 31, 2022 and December 31, 2021

	Series A		Series F		Series I		Series O		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net assets attributable to holders of redeemable units, beginning of year	$ 122,753	$ 52,057	$ 31,758	$ 8,446	$ 271,716	$ 248,796	$ –	$ –	$ 426,227	$ 309,299
Increase (decrease) in net assets attributable to holders of redeemable units per series	(8,792)	5,306	(2,095)	1,257	(13,843)	22,647	–	–	(24,730)	29,210
Redeemable unit transactions:										
Proceeds from redeemable units issued	48,180	80,671	15,550	25,988	11,903	598	162	–	75,795	107,257
Reinvestment of distributions to holders of redeemable units	2,765	6,785	1,018	1,727	10,255	22,019	1	–	14,039	30,531
Redemption of redeemable units	(29,724)	(15,373)	(8,052)	(3,709)	(40,590)	(324)	–	–	(78,366)	(19,406)
	21,221	72,083	8,516	24,006	(18,432)	22,293	163	–	11,468	118,382
Distributions to holders of redeemable shares:										
Net investment income	(2,533)	(2,313)	(1,140)	(813)	(10,374)	(12,329)	(1)	–	(14,048)	(15,455)
Net realized gains on investments	–	(4,380)	–	(1,138)	–	(9,691)	–	–	–	(15,209)
Total distributions paid to holders of redeemable units	(2,533)	(6,693)	(1,140)	(1,951)	(10,374)	(22,020)	(1)	–	(14,048)	(30,664)
Net increase (decrease) in net assets attributable to holders of redeemable units	9,896	70,696	5,281	23,312	(42,649)	22,920	162	–	(27,310)	116,928
Net assets attributable to holders of redeemable units, end of year	$ 132,649	$ 122,753	$ 37,039	$ 31,758	$ 229,067	$ 271,716	$ 162	$ –	$ 398,917	$ 426,227
Increase (decrease) in redeemable units outstanding:										
Beginning of year	11,280	4,829	2,931	784	24,998	22,984	–	–	39,209	28,597
Issued	4,655	7,204	1,518	2,319	1,190	52	16	–	7,379	9,575
Issued on reinvestment of distributions	271	617	101	157	1,010	1,990	–	–	1,382	2,764
Redeemed	(2,893)	(1,370)	(798)	(329)	(4,031)	(28)	–	–	(7,722)	(1,727)
Redeemable units outstanding, end of year	13,313	11,280	3,752	2,931	23,167	24,998	16	–	40,248	39,209
Weighted average units outstanding, during the year	12,592	8,232	3,423	1,899	23,940	23,491	2	–		

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

VPI CORPORATE BOND POOL

Statements of Cash Flows
(In thousands of dollars)

Years ended December 31, 2022, and December 31, 2021

	2022	2021
Cash flows from (used in) operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	$ (24,730)	$ 29,210
Adjustments for:		
Foreign exchange gain on cash	(25)	(22)
Net realized gain on sale of investments	(943)	(13,965)
Transaction costs	22	–
Change in unrealized depreciation in value of investments	30,466	1,120
Change in unrealized depreciation in currency forward contracts	228	883
Purchases of investments	(284,690)	(260,323)
Proceeds from sale of investments	280,645	156,824
Interest receivable for distribution purposes	(721)	(378)
Due from Manager	(5)	16
Due from broker	–	109
Due to broker	799	170
Accounts payable and accrued liabilities	3	11
Management fees payable	13	116
Net cash from (used in) operating activities	1,062	(86,229)
Cash flows from (used in) financing activities:		
Distributions paid to holders of redeemable units, net of reinvested distributions	(14,950)	9,638
Proceeds from redeemable units issued	89,863	96,394
Redemption of redeemable units	(77,472)	(18,114)
Net cash from (used in) financing activities	(2,559)	87,918
Foreign exchange gain on cash	25	22
Net increase (decrease) in cash and cash equivalents	(1,472)	1,711
Cash and cash equivalents, beginning of year	6,446	4,735
Cash and cash equivalents, end of year	$ 4,974	$ 6,446
Supplementary information:		
Dividends received, net of withholding tax	$ 89	$ 34
Interest received	15,662	16,625

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)

December 31, 2022

Number of units, shares or par value	Description	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
Government Bonds:						
8,700,000	Canadian Government Bond	1-Nov-23	0.500	$ 8,410	$ 8,419	
17,973,000	Canadian Government Bond	1-Apr-24	0.250	17,150	17,110	
3,738,000	Canadian Government Real Return Bond	1-Dec-26	7.444	7,261	7,220	
2,452,000	United States Treasury Inflation Indexed Bond	15-Jan-26	0.784	4,048	4,003	
671,000	United States Treasury Inflation Indexed Bond	15-Apr-26	0.142	963	972	
				37,832	37,724	9.46
Corporate bonds:						
3,594,000	Air Canada	1-Jul-25	4.000	5,583	5,828	
27,056,000	Air Canada	15-Aug-29	4.625	27,023	23,854	
6,655,000	AMC Entertainment Holdings Inc.	15-Feb-29	7.500	8,110	4,914	
7,273,000	American Airlines Inc.	15-Jul-25	11.750	9,340	10,591	
239,000	American Airlines Inc.	20-Apr-26	5.500	314	312	
3,043,000	American Airlines Inc.	20-Apr-29	5.750	3,805	3,769	
1,517,000	American Airlines Inc.^	15-Feb-26	10.750	2,207	2,173	
532,000	Avis Budget Car Rental LLC	15-Jul-27	5.750	701	655	
4,459,000	Avis Budget Car Rental LLC	15-Jul-27	5.750	5,672	5,475	
3,414,000	Avis Budget Car Rental LLC	1-Apr-28	4.750	4,289	3,903	
3,115,000	Avis Budget Car Rental LLC	1-Mar-29	5.375	3,973	3,616	
6,864,000	Bank of Nova Scotia	4-Aug-26	3.047	6,864	6,639	
2,452,000	Bank of Nova Scotia	27-Jul-81	3.700	2,451	1,856	
2,640,000	Bank of Nova Scotia	31-Aug-85	3.691	2,787	3,140	
1,755,490	Black Press Group Ltd.^	31-Mar-24	12.000	1,639	1,580	
2,098,000	Boeing Co.	4-Feb-26	2.196	2,657	2,589	
595,000	Boeing Co.	1-May-26	3.100	825	760	
400,000	Bombardier Inc.	15-Mar-25	7.500	398	538	
313,000	Bombardier Inc.	22-Dec-26	7.350	250	308	
2,626,000	Bombardier Inc.	15-Apr-27	7.875	2,676	3,459	
6,001,000	Bombardier Inc.	1-May-34	7.450	7,248	8,172	
1,541,000	Canadian Imperial Bank of Commerce	15-Jul-26	3.843	1,541	1,491	
610,000	Canadian Imperial Bank of Commerce	31-Aug-85	1.750	735	689	
67,709	Canadian Pacific Railway Co.	1-Oct-24	6.910	77	69	
878,000	Cineplex Inc.	26-Feb-26	7.500	883	867	
4,597,544	ClearStream Energy Services Inc.^	23-Mar-26	8.000	3,576	3,678	
20,000	Continental Resources Inc.	15-Apr-23	4.500	26	27	
708,000	Continental Resources Inc.	15-Jan-31	5.750	930	895	
4,075,000	Corus Entertainment Inc.	28-Feb-30	6.000	4,075	3,123	
337,000	Credit Suisse Group AG	5-Jun-26	2.193	394	391	
1,716,000	Credit Suisse Group AG	2-Feb-27	1.305	1,854	1,863	
265,000	Credit Suisse Group AG	9-Jan-28	4.282	302	299	
400,000	Credit Suisse Group AG	11-Aug-28	6.442	506	495	
1,719,000	Credit Suisse Group AG	1-Apr-31	4.194	1,809	1,817	
1,539,000	Credit Suisse Group AG	14-May-32	3.091	1,439	1,451	
1,350,000	Credit Suisse Group AG	12-Aug-33	6.537	1,613	1,614	
1,535,000	Credit Suisse Group AG	15-Nov-33	9.016	2,059	2,142	
24,000	Embraer Netherlands Finance BV	15-Jun-25	5.050	29	32	
201,000	Embraer Netherlands Finance BV	1-Feb-27	5.400	241	261	
4,165,000	Enbridge Inc.	9-Nov-27	5.700	4,163	4,274	
15,267,000	Ford Credit Canada Co.	21-Mar-24	7.263	13,864	15,567	
1,402,000	Gannett Holdings LLC	1-Nov-26	6.000	1,753	1,551	
1,951,000	General Electric Co.	5-May-26	4.912	2,304	2,540	
820,000	General Electric Co.	15-Aug-36	0.636	885	896	
4,712,000	Great-West Lifeco Inc.	31-Dec-81	3.600	4,712	3,535	
4,021,000	Hertz Corp.	15-Oct-24	0.000	–	204	

VPI CORPORATE BOND POOL

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

December 31, 2022

Number of units, shares or par value	Description	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
Corporate bonds (continued):						
1,390,000	Hertz Corp.	1-Aug-26	0.000	$ –	$ 179	
2,482,000	Hertz Corp.	15-Jan-28	0.000	–	303	
2,915,000	Hertz Corp.	1-Dec-29	5.000	3,673	3,001	
125,000	Kruger Packaging Holdings LP	1-Jun-26	6.000	125	120	
5,751,000	Latam Airlines Group SA	15-Oct-29	13.375	7,366	7,944	
750,000	Loblaw Co., Ltd.	10-Jun-24	3.918	746	738	
15,332,000	Manulife Financial Corp.	19-Jun-81	3.375	14,399	11,536	
12,533,000	Manulife Financial Corp.	19-Mar-82	4.100	11,851	9,488	
2,686,000	Maxar Technologies Inc.^	31-Dec-27	7.540	3,590	3,456	
1,651,000	MPLX LP	31-Dec-49	6.875	1,909	2,215	
4,423,000	NatWest Group PLC	10-Nov-26	7.472	5,989	6,248	
340,000	Navient Corp.	1-Aug-33	5.625	365	329	
162,000	Occidental Petroleum Corp.	15-May-28	7.150	202	228	
242,000	Occidental Petroleum Corp.	15-Mar-29	7.200	306	342	
717,000	Occidental Petroleum Corp.	1-Sep-30	6.625	937	1,006	
1,225,000	Occidental Petroleum Corp.	15-Jun-39	7.950	1,568	1,803	
12,849,000	Pacific Life Global Funding II	1-Feb-27	1.100	12,849	12,524	
1,389,603	Postmedia Network Inc.	15-Jul-23	8.250	1,073	1,211	
10,152,000	Royal Bank of Canada	22-Dec-25	4.109	10,152	10,046	
5,350,000	Royal Bank of Canada	31-Dec-49	4.200	5,350	4,155	
5,343,000	Royal Bank of Canada	24-Feb-81	4.000	5,363	4,636	
930,000	Royal Bank of Canada	29-Jun-85	3.862	952	998	
1,055,000	SNC-Lavalin Group Inc.	2-Mar-23	3.235	1,056	1,051	
3,269,000	SNC-Lavalin Group Inc.	19-Aug-24	3.800	3,326	3,146	
1,689,000	SNC-Lavalin Group Inc.	12-Jun-26	7.000	1,689	1,714	
4,871,000	Spirit AeroSystems Inc.	15-Apr-25	7.500	6,631	6,536	
705,000	Spirit AeroSystems Inc.	15-Jun-26	3.850	900	866	
4,467,000	Spirit AeroSystems Inc.	15-Jun-28	4.600	5,057	4,895	
6,786,000	Sun Life Financial Inc.	30-Jun-81	3.600	6,791	5,118	
8,157,000	Toronto-Dominion Bank	31-Oct-81	3.600	7,785	6,186	
5,905,000	TransCanada PipeLines Ltd.	5-Apr-27	3.800	5,608	5,635	
7,821,000	TransCanada PipeLines Ltd.	15-May-67	5.115	7,175	8,346	
804,000	TWDC Enterprises 18 Corp.	7-Oct-24	2.758	770	774	
3,182,000	Videotron Ltd.	15-Jun-25	5.625	3,361	3,143	
2,155,000	Videotron Ltd.	15-Jan-26	5.750	2,235	2,117	
3,003,000	Videotron Ltd.	15-Jan-30	4.500	3,017	2,619	
				292,748	278,554	69.82
Term Loans:						
6,500,000	Delta Airlines SkyMiles	16-Sep-27	6,460	8,701	8,994	
2,028,325	Hertz Corp.	14-Jun-28	4,000	2,518	2,699	
387,000	Hertz Corp.	30-Jun-28	4,000	481	515	
				11,700	12,208	3.06
Mortgage-backed Securities:						
19,600,000	Laurentian Bank, NHA	1-May-23	2.390	8,174	8,142	
1,000,000	First National, NHA	1-Jul-23	2.390	422	414	
2,377,000	MCAN Financial, NHA	1-Jan-26	0.700	1,931	1,771	
2,781,000	First National, NHA	1-May-26	4.320	1,857	1,849	
9,000,000	Merrill Lynch Canada, NHA	1-Jul-26	4.250	6,792	6,764	
2,385,000	Merrill Lynch Canada, NHA	1-Oct-26	4.280	1,679	1,671	
1,000,000	Scotia Capital Inc., NHA	1-Dec-26	4.350	782	779	
5,800,000	Merrill Lynch Canada, NHA	1-Jan-27	4.280	4,114	4,094	
7,470,000	C.P.A Lte., NHA	1-Jan-27	4.328	6,178	6,149	
1,700,000	First National, NHA	1-Jan-27	4.370	1,466	1,459	
1,200,000	Merrill Lynch Canada, NHA	1-Feb-27	4.280	1,106	1,101	
5,500,000	First National, NHA	1-Feb-27	4.330	4,853	4,832	

VPI CORPORATE BOND POOL

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

December 31, 2022

Number of units, shares or par value	Description	Maturity date	Coupon rate %	Average cost	Fair value	% of net assets
Mortgage-backed Securities:						
2,600,000	Caisse Populaire, NHA	1-Feb-27	4.339	$ 2,242	$ 2,232	
2,000,000	Merrill Lynch Canada, NHA	1-Apr-27	4.280	1,649	1,642	
2,700,000	Merrill Lynch Canada, NHA	1-Apr-27	4.340	2,349	2,340	
8,419,000	Scotia Capital Inc., NHA	1-Apr-27	4.360	7,157	7,120	
6,797,000	Scotia Capital Inc., NHA	1-Jun-27	0.000	5,911	5,912	
Total Mortgages				58,662	58,271	14.61
Equities:						
Capital Goods:						
87,421	Bird Construction Inc.			570	710	0.18
Energy:						
4,360	ClearStream Energy Services Inc., Series 1 Preferred (Private Placement)^			3,052	2,785	
314	ClearStream Energy Services Inc., Series 2 Preferred (Private Placement)^			314	200	
25,909	FLINT Corp			1	1	
				3,367	2,986	0.75
Media & Entertainment:						
26,373	Postmedia Network Canada Corp.^			55	55	0.01
Telecommunication Services:						
61,069	Xplore Mobile Inc.^			–	–	
46,016	Xplornet Wireless Inc.^			–	225	
				–	225	0.06
Total equities				3,992	3,976	1.00
Summary:						
Government Bonds				37,832	37,724	9.46
Corporate Bonds				292,748	278,554	69.82
Term loans				11,700	12,208	3.06
Mortgage-backed securities				58,662	58,271	14.61
Equities				3,992	3,976	1.00
				404,934	390,733	97.95
Transaction costs				–		
Total financial assets at FVTPL				404,934	390,733	97.95
Cash:						
Domestic				4,055	4,054	
Foreign				905	920	
Total Cash				4,960	4,974	1.25
Forward currency forward contract					88	0.02
Other assets less liabilities					3,122	0.78
Total net assets attributable to holders of redeemable units				409,894	$ 398,917	100.00

^Level 3 Securities

VPI CORPORATE BOND POOL

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

December 31, 2022

Forward currency contract:

The Pool has the following forward currency contract outstanding as at December 31, 2022:

Currency to purchase	Amount	Fair value to purchase	Currency to deliver	Amount	Fair value to deliver	Unrealized gain	Expiry date
CAD	$ 146,477	$ 146,477	USD	$ 108,098	$ 146,389	$ 88	March 2023

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

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, 2022 all Series O units were renamed as Series I units. Effective June 28, 2022, Series O 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.

(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, 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 International Financial Reporting Standards (IFRS).

The financial statements were authorized for issue by the Manager on behalf of the board of directors on March 17, 2023.

(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.

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.

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.

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 December 31, 2022 and 2021, no amounts have been offset in the statements of financial position.

3. Significant accounting policies (continued):

(ii) FVTPL:

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

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

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

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

(iii) Amortized cost:

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

3. Significant accounting policies (continued):

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

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

(iv) Impairment:

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

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

(v) Foreign currency forward contracts:

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

3. Significant accounting policies (continued):

(b) Redeemable units:

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

(c) Foreign currency:

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

(d) Investment transactions and revenue recognition:

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

3. Significant accounting policies (continued):

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

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

(f) Income taxes:

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

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

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

4. Management fees and expenses:

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

Series A	1.50%
Series F	0.75%

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.

(In thousands of dollars, except for unit amounts)

4. Management fees and expenses (continued):

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. 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 years ended December 31, 2022 and 2021.

5. Related party transactions:

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

	2022	2021
Management fees payable	$ 197	$ 184
Due from Manager	7	2

(In thousands of dollars, except for unit amounts)

5. Related party transactions (continued):

Related party transactions of the Pool for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Management fees	$ 2,304	$ 1,627
Absorbed expenses	(118)	(157)

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

	2022	2021
Series A	1	1
Series F	29,096	28,135
Series I	1	1
Series O	1	–

At December 31, 2022, the VPI Income Pool holds 22,003,418 (2021 - 24,971,864) 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 years ended December 31, 2022 and 2021 is disclosed in the statements of comprehensive income (loss).

There were no soft dollar commissions paid during the years ended December 31, 2022 and 2021.

7. Income taxes:

As of December 31, 2022 and 2021, there were no non-capital losses available for carry forward.

Capital losses available for carry forward as of December 31, 2022 and 2021 are as follows:

	2022	2021
Capital losses	$ 8,542	$ –

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.

(In thousands of dollars, except for unit amounts)

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 December 31, 2022	$ 3,976	1.00%	$ 199	0.05%
As at December 31, 2021	$ 4,138	0.97%	$ 207	0.05%

(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 December 31, 2022	Less than 1 year	1 - 3 years	3 - 5 years	Greater than 5 years	Non-interest bearing	Total
Financial assets at FVTPL	$ 19,265	$ 75,901	$ 143,048	$ 148,543	$ 3,976	$ 390,733

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	$ 29,976	$ 67,002	$ 113,838	$ 201,278	$ 4,139	$ 416,233

At December 31, 2022 and 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.

(In thousands of dollars, except for unit amounts)

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 December 31, 2022	$ 2,342	0.59%
As at December 31, 2021	$ 6,903	1.62%

(iii) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Pool. The Pool's greatest concentration of credit risk is in debt securities such as Canada Treasury Bills. 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 December 31, 2022 and 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 December 31, 2022	% of debt securities	% of net assets
AAA	25.88%	25.10%
AA	3.26%	3.16%
A	4.34%	4.21%
BBB	24.70%	23.95%
BB	21.75%	21.09%
B	11.33%	10.99%
CCC	3.38%	3.28%
N/R	5.36%	5.19%
	100.00%	96.97%

(In thousands of dollars, except for unit amounts)

8. Financial risk management (continued):

As at December 31, 2021	% of debt securities	% of net assets
AAA	12.20%	11.80%
AA	1.89%	1.83%
A	4.40%	4.26%
BBB	31.00%	30.00%
BB	24.93%	24.12%
B	15.22%	14.72%
CCC	5.89%	5.70%
N/R	4.47%	4.33%
	100.00%	96.76%

(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 December 31, 2022 and 2021 was the U.S. dollar.

(In thousands of dollars, except for unit amounts)

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 December 31, 2022	Foreign currencies ($)	Foreign currency forward contracts	Net exposure	Impact on net assets ($)	Impact on net assets (%)
Financial assets at FVTPL	$ 142,939	$ (146,467)	$ (3,528)	$ (176)	(0.04)%
Cash	920	–	920	46	0.01%
Other assets less liabilities	2,503	–	2,503	125	0.03%
	$ 146,362	$ (146,467)	$ (105)	$ (5)	(0.00)%

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

(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 Long	December 31, 2022	December 31, 2021
	%	%
Short-term investments	–	4.97
Government bonds	9.65	0.77
Corporate bonds	71.30	81.45
Term loans	3.12	4.14
Mortgage backed securities	14.92	7.67
Capital goods	0.18	0.21
Energy	0.76	0.72
Media and entertainment	0.01	–
Telecommunication services	0.06	0.07
	100.00	100.00

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 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.

(In thousands of dollars, except for unit amounts)

9. Fair value disclosure (continued):

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

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

Financial assets at fair value as at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Equities - long	$ 710	$ 1	$ 3,265	$ 3,976
Bonds	–	317,599	10,887	328,486
Mortgage-backed securities	–	58,271	–	58,271
Foreign currency forward contracts	–	88	–	88
	$ 710	$ 375,959	$ 14,152	$ 390,821

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

	Level 1	Level 2	Level 3	Total
Equities - long	$ 859	$ –	$ 3,279	$ 4,138
Bonds	–	348,190	11,303	359,493
Mortgage-backed securities	–	31,909	–	31,909
Short term investments	–	20,693	–	20,693
Foreign currency forward contracts	–	316	–	316
	$ 859	$ 401,108	$ 14,582	$ 416,549

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

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

(In thousands of dollars, except for unit amounts)

9. Fair value disclosure (continued):

Reconciliation of Level 3:

For the year ended December 31, 2022:

	Balance at December 31, 2021	Purchases	Sales	Net transfers In (out)	Realized gain (loss)	Unrealized gain (loss)	Balance at December 31, 2022
Corporate bonds	$ 11,303	$ 347	$ (547)	$ –	$ 36	$ (252)	$ 10,887
Equities	3,279	55	–	–	–	(69)	3,265
	$ 14,582	$ 402	$ (547)	$ –	$ 36	$ (321)	$ 14,152

For the year ended December 31, 2021:

	Balance at December 31, 2020	Purchases	Sales	Net transfers In (out)	Realized gain (loss)	Unrealized gain (loss)	Balance at December 31, 2021
Corporate bonds	$ 15,290	$ 2,541	$ (510)	$ (6,218)	$ 35	$ 165	$ 11,303
Equities	3,272	–	(101)	–	101	7	3,279
	$ 18,562	$ 2,541	$ (611)	$ (6,218)	$ 136	$ 172	$ 14,582

The change in unrealized loss related to Level 3 investments held at December 31, 2022 was ($479) (2021 - change in unrealized gain of $162).