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## **VPI CANADIAN EQUITY 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.



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**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 \$64.5 million for the six-month period ended June 30, 2022, due to a \$92.3 million decrease in net assets from operations, offset by \$27.8 million of net sales. The decrease in net assets from operations was due to \$137.2 million of unrealized depreciation in the value of investments and \$11.7 million in management fees and operating expenses. This was offset by \$16.1 million in dividend and interest income, \$40.3 million of net realized gains on the sale of investments and a \$0.2 million foreign exchange gain on cash.

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

<i>Additions</i>	<i>Dispositions</i>
Activision Blizzard, Inc.	Becton, Dickinson and Company
Home Depot, Inc.	Fortis, Inc.
Microsoft Corporation	Intel Corporation
Open Text Corporation	Merck & Company.

The Portfolio Manager made the above equity additions and added to existing positions that they believed were attractively valued using cash available in the Pool.

As a result of these decisions, changes in market values and cashflows during the period, there were some notable shifts in the portfolio allocation from the beginning of the year as indicated in the following table.

<i>Sector</i>	<i>Allocation Increase</i>	<i>Sector</i>	<i>Allocation Decrease</i>
Software & Services	9.8%	Pharmaceuticals and Biotechnology	4.9%
Media & Entertainment	4.8%	Health Care Equipment and Services	3.9%
Transportation	3.3%	Utilities	3.8%
Retailing	2.1%	Banks	3.2%
Cash	1.7%	Capital Goods	2.4%
Telecommunication Services	0.4%	Semiconductors & Semiconductor Equipment	1.8%
		Automobiles and Components	0.8%
		Insurance	0.7%
		Technology, Hardware & Equipment	0.6%

Each series of the Pool experienced a loss in the range of -6.2% to -7.1% relative to the -9.9% loss of the S&P/TSX Composite Total Return Index (the "Index"). The markets negative return has been driven by uncertainty in the macro environment in both Canada and the U.S., with high inflation rates, raising interest rates, lower GDP growth in Canada and negative GDP growth in the U.S. Investor concerns are also heightened by, but not limited to, the ongoing conflict between Russia and Ukraine, global supply chain issues, high energy prices, as well as China's economic downturn.

Lockheed Martin and Merck were the largest contributors to the Pool's performance, while Cisco Systems and Sun Life Financial were the largest detractors. The Pool's cash position helped reduce volatility and had a positive impact on relative performance. During the period, the Portfolio Manager established new positions in Open Text, Microsoft, Home Depot, and Activision Blizzard and good returns were realized on dispositions.



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#### Revenues and Expenses

Revenues of the Pool for the year included \$16.1 million of dividend and interest income, along with a \$0.2 million foreign exchange gain on cash. These were offset by management fees and operating expenses of \$11.7 million during the period.

The realized gain on sale of investments of \$40.3 million is attributable to four full dispositions as well as several partial dispositions of shares from the portfolio during the period. Dividends received from each of these holdings while in the Pool are in addition to these gains/(losses).

<b>Holding</b>	<b>Approximate Holding Period</b>	<b>Proceeds (millions)</b>	<b>Cost (millions)</b>	<b>Realized Gain/Losses (millions)</b>
Becton, Dickinson and Company	1.4 years	\$ 51.1	\$ 46.1	\$ 5.0
Fortis, Inc.	8.5 years	\$ 50.8	\$ 42.1	\$ 8.7
Intel Corporation	3.0 years	\$ 19.0	\$ 23.0	(\$4.0)
Merck & Company.	1.5 years	\$ 82.4	\$ 69.0	\$ 13.4
Partial Dispositions	n/a	\$ 68.1	\$ 50.9	\$ 17.2
		\$ 271.4	\$ 231.1	\$ 40.3

#### Recent Developments

##### *Economic Conditions*

Inflation rates in Canada and the United States continued to accelerate above expectations at 8.1% and 9.1% respectively during the first half of 2022. The Bank of Canada and the U.S. Federal Reserve raised their policy rates from 0.25% to 2.50%. There are expectations for further increases until such time inflation rates are lowered to their targeted levels. The growth in the Canadian economy is slowing, while the United States has entered a technical recession. Unemployment rates remain low; however, are expected to increase with economic growth trending lower. Geopolitical risks continue to increase with the Russian invasion of Ukraine and escalating tensions between China, Taiwan, and the United States. These economic and geopolitical headwinds are causing uncertainty in stock markets around the world. The S&P 500 and the Nasdaq Composite indices in the United States had their worst performance for the first two quarters of any year over the last 50 years, while the TSX Index in Canada declined by over 10%. This has led the Portfolio Manager to believe there are good opportunities available in several industries, however caution is essential at this time given the uncertainty in corporate profits over the short-term and areas of valuation risks that remain. The Portfolio Manager continues to seek opportunities that meet the Pool's investment criteria.

##### *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.



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**Portfolio Allocation**

US Equities	48.5%	Cash	11.1%
Canadian Equities	40.4%		

**Sector Allocation**

Banks	24.0%	Technology Hardware and Equipment	5.4%
Software and Services	13.9%	Insurance	5.1%
Transportation	12.8%	Telecommunication Services	5.0%
Cash	11.2%	Capital Goods	3.0%
Media and Entertainment	9.9%	Retailing	2.1%
Health Care Equipment and Services	5.8%	Automobiles and Components	1.8%

**Top 25 Holdings**

<b>Issuer</b>	<b>Percentage of Net Assets</b>
Cash	11.2%
FedEx Corporation	7.0%
Oracle Corporation	6.8%
United Parcel Service, Inc.	5.8%
CVS Health Corporation	5.8%
Cisco Systems, Inc.	5.4%
The Toronto-Dominion Bank	5.2%
Sun Life Financial Inc.	5.1%
Electronic Arts Inc.	5.0%
The Bank of Nova Scotia	5.0%
Rogers Communications Inc., Class B	5.0%
Royal Bank of Canada	4.9%
Activision Blizzard, Inc.	4.9%
Bank of Montreal	4.5%
Open Text Corporation	4.4%
Canadian Imperial Bank of Commerce	4.3%
Lockheed Martin Corporation	3.0%
Microsoft Corporation	2.7%
The Home Depot, Inc.	2.1%
Magna International Inc.	1.9%
<b>Total</b>	<b>100.0%</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.



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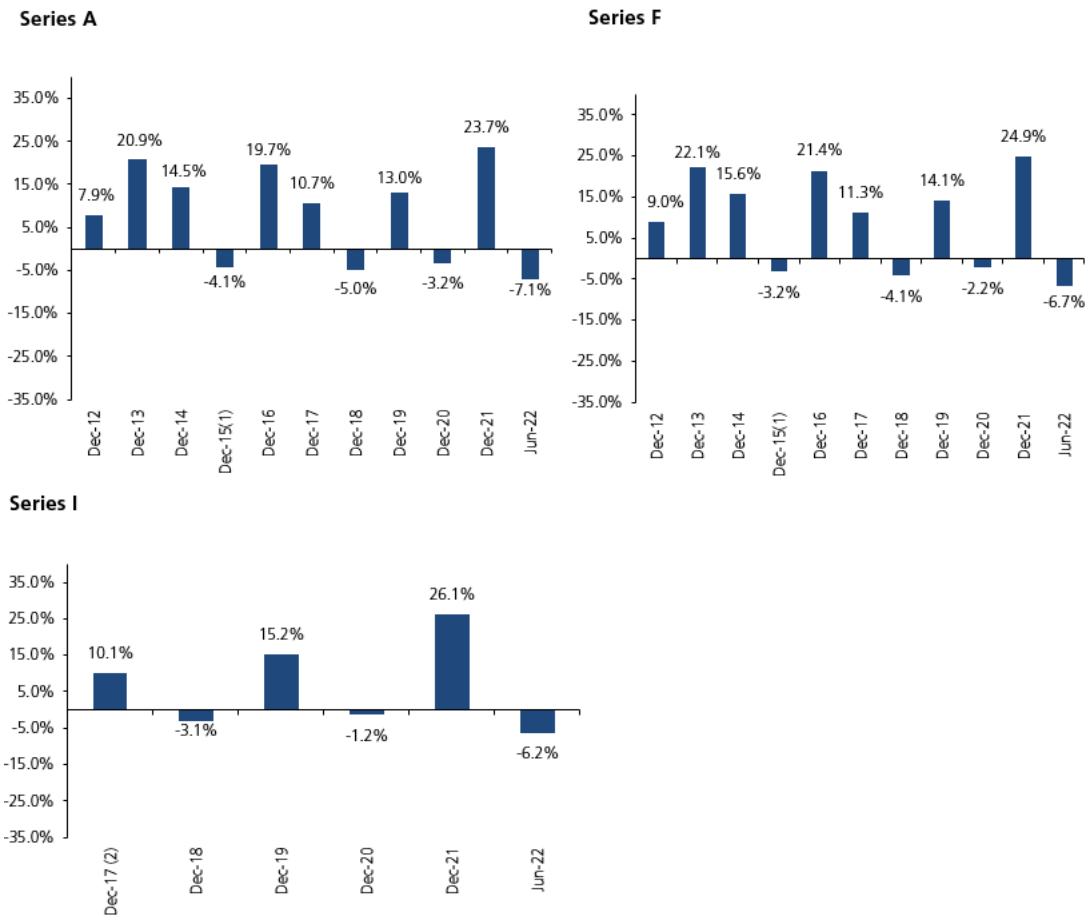
### VPI CANADIAN EQUITY POOL

#### 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) Value Partners Investments Inc. assumed the portfolio management responsibilities of the Pool on January 5, 2015.
- (2) 2017 return is since inception on July 5, 2017.



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### VPI CANADIAN EQUITY POOL

#### **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 Manager for its services in managing the investment portfolio.

For the six-months ended June 30, 2022, approximately 40% 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 \$9.8 million in management fees (excluding taxes) to the Manager. In addition, the parent company of the Manager also held 32,094 Series F units of the Pool as of June 30, 2022.



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### VPI CANADIAN EQUITY POOL

#### 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>23.17</b>	<b>19.11</b>	<b>19.95</b>	<b>18.04</b>	<b>19.44</b>	<b>17.61</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.29	0.62	0.55	0.60	0.64	0.38
Total expenses	(0.24)	(0.46)	(0.37)	(0.41)	(0.41)	(0.38)
Realized gains (losses) for the period	0.70	1.31	(0.17)	0.69	0.58	0.50
Unrealized gains (losses) for the period	(2.40)	3.08	(0.68)	1.39	(1.88)	1.42
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.65)</b>	<b>4.55</b>	<b>(0.67)</b>	<b>2.27</b>	<b>(1.07)</b>	<b>1.92</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	(0.05)	(0.21)	(0.15)	(0.05)	(0.05)
From capital gains	-	(0.41)	-	(0.29)	(0.38)	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>(0.46)</b>	<b>(0.21)</b>	<b>(0.44)</b>	<b>(0.43)</b>	<b>(0.05)</b>
<b>Net assets, end of period</b>	<b>21.53</b>	<b>23.17</b>	<b>19.11</b>	<b>19.95</b>	<b>18.04</b>	<b>19.44</b>

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>19.19</b>	<b>15.83</b>	<b>16.52</b>	<b>14.91</b>	<b>16.07</b>	<b>14.52</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.24	0.52	0.45	0.50	0.53	0.31
Total expenses	(0.11)	(0.21)	(0.17)	(0.19)	(0.18)	(0.17)
Realized gains for the period	0.59	1.07	(0.18)	0.58	0.47	0.43
Unrealized gains (losses) for the period	(2.01)	2.54	(0.43)	1.13	(1.62)	1.21
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>(1.29)</b>	<b>3.92</b>	<b>(0.33)</b>	<b>2.02</b>	<b>(0.80)</b>	<b>1.78</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	(0.23)	(0.32)	(0.26)	(0.18)	(0.17)
From capital gains	-	(0.34)	-	(0.24)	(0.32)	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>(0.57)</b>	<b>(0.32)</b>	<b>(0.50)</b>	<b>(0.50)</b>	<b>(0.17)</b>
<b>Net assets, end of period</b>	<b>17.91</b>	<b>19.19</b>	<b>15.83</b>	<b>16.52</b>	<b>14.91</b>	<b>16.07</b>



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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>13.01</b>	<b>10.72</b>	<b>11.18</b>	<b>10.07</b>	<b>10.84</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.15	0.33	0.29	0.35	0.38	0.09
Total expenses	-	-	-	(0.02)	-	-
Realized gains for the period	0.40	0.75	(0.15)	0.43	0.23	0.34
Unrealized gains (losses) for the period	(1.42)	1.80	(0.04)	0.76	(1.46)	0.95
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.87)</b>	<b>2.88</b>	<b>0.10</b>	<b>1.52</b>	<b>(0.85)</b>	<b>1.38</b>
<b>Distributions:</b>						
From net investment income (excluding dividends)	-	-	-	-	-	-
From dividends	-	(0.28)	(0.32)	(0.27)	(0.21)	(0.18)
From capital gains	-	(0.23)	-	(0.16)	(0.22)	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>(0.51)</b>	<b>(0.32)</b>	<b>(0.43)</b>	<b>(0.43)</b>	<b>(0.18)</b>
<b>Net assets, end of period</b>	<b>12.20</b>	<b>13.01</b>	<b>10.72</b>	<b>11.18</b>	<b>10.07</b>	<b>10.84</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.





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**Ratios and Supplemental Data**

<b>Series A</b>	<b>June 30 2022</b>	<b>December 31 2021</b>	<b>December 31 2020</b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>
Total net asset value (000's) <sup>(1)</sup>	\$923,971	\$990,383	\$852,391	\$916,248	\$713,221	\$650,134
Number of units outstanding (000's) <sup>(1)</sup>	42,923	42,746	44,604	45,925	39,530	33,437
Management expense ratio <sup>(2)</sup>	1.95%	1.96%	1.97%	1.97%	1.98%	1.99%
Management expense ratio before waivers or absorptions	1.95%	1.96%	1.97%	1.97%	1.98%	1.99%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.03%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	23.02%	23.30%	57.19%	14.60%	10.63%	6.33%
Net asset value per unit <sup>(1)</sup>	\$21.53	\$23.17	\$19.11	\$19.95	\$18.04	\$19.44

<b>Series F</b>	<b>June 30 2022</b>	<b>December 31 2021</b>	<b>December 31 2020</b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>
Total net asset value (000's) <sup>(1)</sup>	\$219,299	\$227,523	\$179,273	\$174,819	\$124,179	\$98,158
Number of units outstanding (000's) <sup>(1)</sup>	12,245	11,859	11,327	10,583	8,326	6,109
Management expense ratio <sup>(2)</sup>	1.00%	1.01%	1.03%	1.02%	1.03%	1.03%
Management expense ratio before waivers or absorptions	1.00%	1.01%	1.03%	1.02%	1.03%	1.03%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.03%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	23.02%	23.30%	57.19%	14.60%	10.63%	6.33%
Net asset value per unit <sup>(1)</sup>	\$17.91	\$19.19	\$15.83	\$16.52	\$14.91	\$16.07

<b>Series I</b>	<b>June 30 2022</b>	<b>December 31 2021</b>	<b>December 31 2020</b>	<b>December 31 2019</b>	<b>December 31 2018</b>	<b>December 31 2017</b>
Total net asset value (000's) <sup>(1)</sup>	\$93,742	\$83,652	\$71,386	\$56,173	\$12,360	\$428
Number of units outstanding (000's) <sup>(1)</sup>	7,683	6,432	6,659	5,024	1,227	40
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	0.06%	0.07%	0.08%	0.08%	0.08%	0.07%
Trading expense ratio <sup>(3)</sup>	0.01%	0.01%	0.03%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>(4)</sup>	23.02%	23.30%	57.19%	14.60%	10.63%	6.33%
Net asset value per unit <sup>(1)</sup>	\$12.20	\$13.01	\$10.72	\$11.18	\$10.07	\$10.84

*(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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#### **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.*