



**VALUE  
PARTNERS**  
INVESTMENTS

# **VPI CORPORATE BOND POOL**

**ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

## **MANAGER**

VALUE PARTNERS INVESTMENTS INC.

## **PORTFOLIO MANAGER**

CANSO INVESTMENT COUNSEL LTD.

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This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Pool. If you have not received a copy of the annual financial statements with this annual 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.



## Annual Management Discussion of Fund Performance

March 13, 2025

### Investment Objective and Strategies

VPI Corporate Bond 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.

The Portfolio Manager will use a flexible approach to investing in fixed income securities with no geographic restrictions. Fixed income securities may include, but are not limited to corporate bonds, convertible bonds, government bonds, loans, notes and other evidence of indebtedness. In the event that the Portfolio Manager is unable to find fixed income securities that meet its investment criteria in terms of quality and value, the Portfolio Manager will choose to hold cash and/or cash equivalents until the right opportunity comes available. This approach is used to protect investor capital and avoid the potential for long-term capital losses.

### Risk

The Pool is considered suitable for investors with a low tolerance for risk. The risks of investing in the Pool remain as discussed in the Prospectus and there were no significant changes to the Pool that materially affected its overall level of risk during the reporting period.

### Results of Operations

The net assets for the Pool increased by approximately \$103.2 million for the year ended December 31, 2024. This increase was primarily due to a \$39.6 million increase in net assets from operations and net sales of \$87.1 million. This was offset by \$23.5 million of distributions to unitholders. The increase in net assets from operations resulted from \$16.7 million of unrealized appreciation on the value of investments and currency forward contracts and \$27.2 million of interest and dividend income. This was offset by \$3.9 million of management fees and operating expenses, net of \$0.1 million of absorbed expenses, and \$0.3 million of realized net losses on the sale of investments and currency forward contracts.

Each series of the Pool experienced a gain in the range of 6.0% to 7.8% relative to the 4.2% gain of the FTSE Canada Universe Bond Index.

Limited recourse capital notes, including issues of Manulife, BNS and TD Bank, continued to lead performance higher. These securities outperformed in each quarter of 2024. Furthermore, high yield holdings of Air Canada and Hertz continued to benefit from favorable sentiment in the market.

The Pool continues to find better relative value in high quality issues. The Pool participated in a new A rated senior unsecured issue of BNS at a spread of 80 basis points. The Pool allocation in National Housing Act mortgage-backed securities increased by 1.3% through purchases of fixed rate pools. The AAA rated pools trade at attractive spreads and offer strong liquidity. Additionally, the Pool added to its weights in Government of Canada real return bonds. The Pool participated in the re-opening of the Hertz 12.625% first lien notes due in 2029, adding to its existing position. Weights in Bombardier and American Airlines were reduced while a Delta Airlines SkyMiles term loan was fully exited in the period. Videotron also called its 2026 maturity bond in November.

### Revenues and Expenses

Revenues of the Pool amounted to \$27.2 million for the year, which can be primarily attributed to interest income from its holdings. The Pool experienced \$0.3 million in realized net losses on the sale of investments and currency forward contracts and \$16.7 million of unrealized appreciation in the value of investments and currency forward contracts. The Pool also incurred \$4.0 million in management fees and operating expenses net of \$135 thousand of expenses absorbed by Value Partners Investments Inc. ("the Manager").



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## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended December 31, 2024

### VPI CORPORATE BOND POOL

#### **Recent Developments**

##### *Economic Conditions*

The U.S. Federal Reserve (“the Fed”) made two additional quarter-point interest rate cuts during the fourth quarter of 2024. While acknowledging strong economic activity and a stable labor market, the central bank noted that inflation, despite moderating, remains above the 2% target. Investors were surprised when the Fed cautioned about continued aggressive rate cuts into the future. Inflation numbers going forward may be muddled with the President of the United States imposing tariffs and deporting unauthorized immigrants. His other election promises of tax cuts and looser regulation may also prove inflationary.

The Bank of Canada reduced its overnight interest rate as economic activity softened due to lower business investment and exports. However, consumer spending and housing activity picked up following lower interest rates. Employment growth has slowed, but wage growth remains elevated. Lower immigration and tariffs from the incoming U.S. administration are expected to weaken Canadian economic growth. The Canadian dollar has depreciated significantly against the U.S. dollar, which may affect consumer sentiment and increase import prices.

##### *Qualification of Series P Units*

Series P units of the Pool were qualified on June 27, 2024 and are available to investors who have discretionary investment management accounts with dealers and whose dealer has executed a Series P agreement with the Manager.



**VPI CORPORATE BOND POOL**

**Portfolio Allocation**

Corporate Bonds	52.6%	Equities	0.9%
Government Bonds	31.9%	Cash	0.3%
Mortgage-backed Securities	12.6%	Other Net Assets	0.3%
Term Loans	1.8%	Forwards	-0.4%

**Sector Allocation**

Corporate Bonds	52.6%	Energy	0.4%
Government Bonds	31.9%	Other Net Assets	0.4%
Mortgage-backed Securities	12.6%	Cash	0.3%
Term Loans	1.8%	Forwards	-0.4%
Capital Goods	0.4%		

**Top 25 Holdings**

Issuer	Maturity Date	Coupon Rate	Percentage of Net Assets
Canadian Government Bond	1-Dec-31	1.5%	17.6%
Canadian Government Bond	1-Dec-30	0.5%	10.8%
Air Canada	15-Aug-29	4.6%	4.5%
Toronto-Dominion Bank	18-Jan-28	4.5%	2.9%
Hertz Corp	15-Jul-29	12.6%	2.5%
Manulife Financial Corp, FRN	19-Jun-81	3.4%	2.2%
Metropolitan Life Global Funding	1-Apr-27	4.6%	2.0%
Manulife Financial Corp, FRN	19-Mar-82	4.1%	1.9%
Canada Government Real Return Bond	1-Dec-26	4.3%	1.9%
Bank of Nova Scotia	15-Nov-28	3.8%	1.8%
Toyota Credit Canada Inc	2-Oct-29	3.7%	1.8%
TransCanada Pipelines Ltd FRN	15-May-67	7.0%	1.7%
Scotia Capital, NHA MBS	1-Sep-29	3.9%	1.6%
Toronto-Dominion Bank	2-Apr-29	4.2%	1.5%
Royal Bank of Canada	21-Dec-26	4.3%	1.5%
RBC, NHA MBS	1-Nov-26	1.3%	1.4%
Toronto-Dominion Bank FRN	31-Oct-81	3.6%	1.4%
Scotia Capital, NHA MBS	1-Mar-29	3.7%	1.4%
Latam Airlines	15-Oct-29	13.4%	1.3%
Bank of Nova Scotia FRN	27-Jul-81	3.7%	1.3%
BMO, NHA MBS	1-Sep-29	3.6%	1.2%
Hertz Corp	1-Dec-29	5.0%	1.2%
Royal Bank of Canada	17-Jan-28	4.6%	1.2%
Scotia Capital, NHA MBS	1-Jun-29	4.1%	1.1%
MCAP Service, NHA MBS	1-Feb-28	4.0%	1.0%
<b>Total</b>			<b>68.7%</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.*



**VPI CORPORATE BOND POOL**

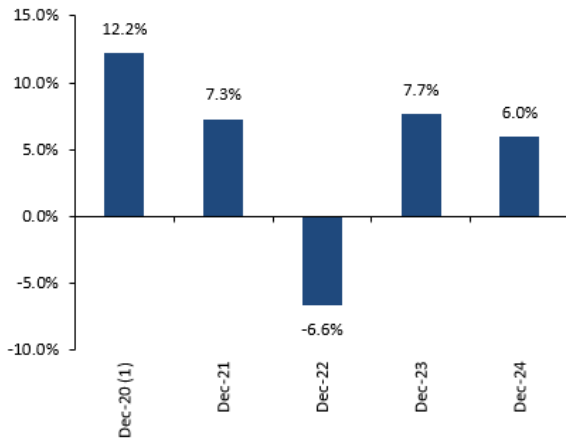
**Past Performance**

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.

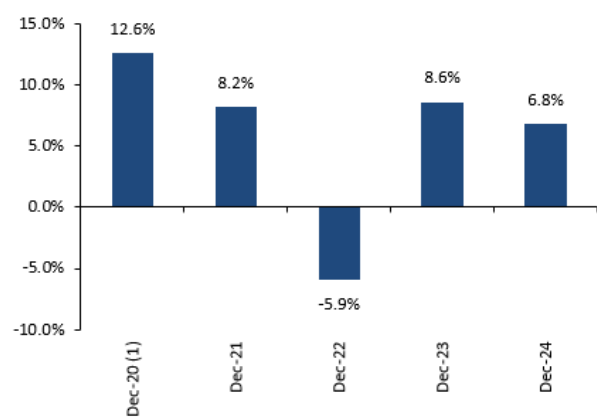
**Year-by-Year Returns**

The bar charts below show the performance of each series of the Pool (net of fees) for the year ended December 31, 2024, and for 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.

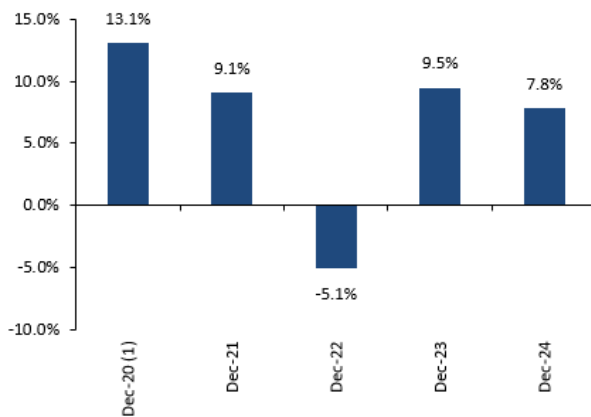
**Series A**



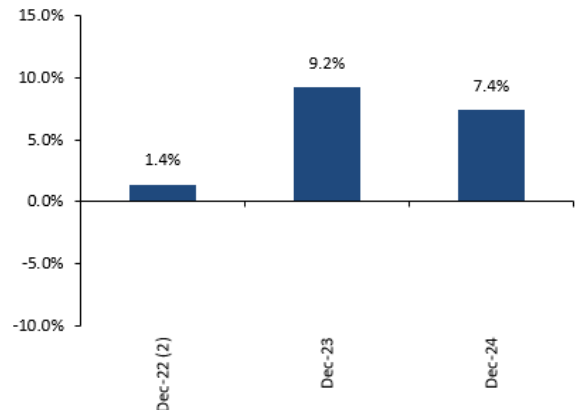
**Series F**



**Series I**



**Series O**



(1) 2020 return is since inception on June 29, 2020  
 (2) 2022 return is since inception on June 28, 2022.



VPI CORPORATE BOND POOL

**Annual Compound Returns**

The following table shows the annual compound total return of each series of the Pool compared to the FTSE Canada Universe Bond Index for the periods shown ended December 31, 2024. All index returns are calculated on a total return basis, meaning that performance was calculated under the assumption that all distributions were reinvested.

	<b>3 Year</b>	<b>1 Year</b>	<b>Since Inception</b>
<b>Series A<sup>(1)</sup> (Inception: July 2, 2020)</b>	2.1%	6.0%	5.7%
FTSE Canada Universe Bond Index	-0.6%	4.2%	-0.7%
<b>Series F<sup>(1)</sup> (Inception: July 2, 2020)</b>	3.0%	6.8%	6.5%
FTSE Canada Universe Bond Index	-0.6%	4.2%	-0.7%
<b>Series I<sup>(1)</sup> (Inception: July 2, 2020)</b>	3.9%	7.8%	7.5%
FTSE Canada Universe Bond Index	-0.6%	4.2%	-0.7%
<b>Series O<sup>(1)</sup> (Inception: June 28, 2022)</b>	n/a	7.4%	7.2%
FTSE Canada Universe Bond Index	n/a	4.2%	4.6%

(1) The percentage return differs for each series because the management fee rate and expenses differ for each series.

The FTSE Canada Universe Bond Index is a broad market indicator of activity for the Canadian fixed income market. It measures the total return of Canadian bonds with terms to maturity greater than one year, and it includes approximately 1,000 federal, provincial, municipal, and corporate bonds rated BBB or higher.



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For the period ended December 31, 2024

### VPI CORPORATE BOND POOL

#### **Management Fees**

The Pool pays an annual management fee on each of its series (excluding Series I, Series O and Series P) to 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. 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.

For the period ended December 31, 2024, approximately 35% 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 11% 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**

The Manager of the Pool and is responsible for the overall business and operations of the Pool. For the period ended December 31, 2024, the Pool paid \$3.4 million in management fees (excluding taxes) to the Manager. In addition, the Manager also held 1 Series O unit and 1 Series P unit as of December 31, 2024. As well, the Pool held 4,712,000 units of a corporate bond issued by Great-West Lifeco Inc., a controlling company of the Manager.



**VPI CORPORATE BOND 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 year ended December 31 or since inception to December 31. This information is derived from the Pool's audited annual 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	December 31 2024	December 31 2023	December 31 2022	December 31 2021
<b>Net assets, beginning of period<sup>(4)</sup></b>	<b>10.41</b>	<b>9.86</b>	<b>10.88</b>	<b>10.78</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.49	0.53	0.41	0.50
Total expenses	(0.18)	(0.18)	(0.17)	(0.18)
Realized gains (losses) for the period	(0.01)	0.15	(0.21)	0.44
Unrealized gains (losses) for the period	0.32	0.26	(0.73)	(0.12)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.62</b>	<b>0.76</b>	<b>(0.70)</b>	<b>0.64</b>
<b>Distributions:</b>				
From net investment income (excluding dividends)	(0.27)	(0.31)	(0.20)	(0.28)
From dividends	-	-	-	-
From capital gains	-	-	(0.43)	(0.40)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.27)</b>	<b>(0.31)</b>	<b>(0.63)</b>	<b>(0.68)</b>
<b>Net assets, end of period</b>	<b>10.76</b>	<b>10.41</b>	<b>9.86</b>	<b>10.88</b>



**VPI CORPORATE BOND POOL**

**Financial Highlights (continued)**

Series F	December 31 2024	December 31 2023	December 31 2022	December 31 2021
<b>Net assets, beginning of period <sup>(4)</sup></b>	<b>10.26</b>	<b>9.87</b>	<b>10.84</b>	<b>10.78</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.49	0.53	0.41	0.50
Total expenses	(0.09)	(0.09)	(0.09)	(0.10)
Realized gains (losses) for the period	(0.02)	0.13	(0.22)	0.42
Unrealized gains (losses) for the period	0.32	0.26	(0.71)	(0.18)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.70</b>	<b>0.83</b>	<b>(0.61)</b>	<b>0.64</b>
<b>Distributions:</b>				
From net investment income (excluding dividends)	(0.41)	(0.44)	(0.33)	(0.41)
From dividends	-	-	-	-
From capital gains	-	-	(0.43)	(0.40)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.41)</b>	<b>(0.44)</b>	<b>(0.76)</b>	<b>(0.81)</b>
<b>Net assets, end of period</b>	<b>10.53</b>	<b>10.26</b>	<b>9.87</b>	<b>10.84</b>

Series I	December 31 2024	December 31 2023	December 31 2022	December 31 2021
<b>Net assets, beginning of period<sup>(4)</sup></b>	<b>10.25</b>	<b>9.89</b>	<b>10.87</b>	<b>10.82</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.49	0.52	0.41	0.51
Total expenses	-	-	-	-
Realized gains (losses) for the period	-	0.14	(0.19)	0.48
Unrealized gains (losses) for the period	0.28	0.24	(0.80)	(0.03)
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.77</b>	<b>0.90</b>	<b>(0.58)</b>	<b>0.96</b>
<b>Distributions:</b>				
From net investment income (excluding dividends)	(0.52)	(0.56)	(0.43)	(0.52)
From dividends	-	-	-	-
From capital gains	-	-	(0.43)	(0.40)
Return of capital	-	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>(0.52)</b>	<b>(0.56)</b>	<b>(0.86)</b>	<b>(0.92)</b>
<b>Net assets, end of period</b>	<b>10.51</b>	<b>10.25</b>	<b>9.89</b>	<b>10.87</b>



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Financial Highlights (continued)

Series O	December 31 2024	December 31 2023	December 31 2022
<b>Net assets, beginning of period<sup>(5)</sup></b>	<b>10.24</b>	<b>9.89</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.48	0.52	0.25
Total expenses	(0.04)	(0.04)	(0.01)
Realized gains (losses) for the period	(0.03)	0.16	(0.29)
Unrealized gains (losses) for the period	0.36	0.24	0.05
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.77</b>	<b>0.88</b>	<b>-</b>
<b>Distributions:</b>			
From net investment income (excluding dividends)	(0.48)	(0.53)	(0.24)
From dividends	-	-	-
From capital gains	-	-	(0.18)
Return of capital	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.48)</b>	<b>(0.53)</b>	<b>(0.42)</b>
<b>Net assets, end of period</b>	<b>10.50</b>	<b>10.24</b>	<b>9.89</b>

(1) This information is derived from the Pool's audited annual financial statements.

(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: June 29, 2020

(5) Inception date: June 28, 2022



**VPI CORPORATE BOND POOL**

**Ratios and Supplemental Data**

<b>Series A</b>	<b>December 31 2024</b>	<b>December 31 2023</b>	<b>December 31 2022</b>	<b>December 31 2021</b>
Total net asset value (000's) <sup>(1)</sup>	\$219,802	\$171,608	\$132,649	\$122,753
Number of units outstanding (000's) <sup>(1)</sup>	20,437	16,485	13,313	11,280
Management expense ratio <sup>(2)</sup>	1.69%	1.69%	1.69%	1.64%
Management expense ratio before waivers or absorptions	1.69%	1.69%	1.69%	1.64%
Trading expense ratio <sup>(3)</sup>	0.00%	0.00%	0.01%	0.00%
Portfolio turnover rate <sup>(4)</sup>	63.00%	45.76%	67.59%	43.09%
Net asset value per unit <sup>(1)</sup>	\$10.76	\$10.41	\$9.86	\$10.88

<b>Series F</b>	<b>December 31 2024</b>	<b>December 31 2023</b>	<b>December 31 2022</b>	<b>December 31 2021</b>
Total net asset value (000's) <sup>(1)</sup>	\$74,766	\$46,109	\$37,039	\$31,758
Number of units outstanding (000's) <sup>(1)</sup>	7,098	4,496	3,752	2,931
Management expense ratio <sup>(2)</sup>	0.90%	0.90%	0.90%	0.86%
Management expense ratio before waivers or absorptions	0.90%	0.90%	0.90%	0.86%
Trading expense ratio <sup>(3)</sup>	0.00%	0.00%	0.01%	0.00%
Portfolio turnover rate <sup>(4)</sup>	63.00%	45.76%	67.59%	43.09%
Net asset value per unit <sup>(1)</sup>	\$10.53	\$10.26	\$9.87	\$10.84

<b>Series I</b>	<b>December 31 2024</b>	<b>December 31 2023</b>	<b>December 31 2022</b>	<b>December 31 2021</b>
Total net asset value (000's) <sup>(1)</sup>	\$295,845	\$297,442	\$229,067	\$271,716
Number of units outstanding (000's) <sup>(1)</sup>	28,150	29,024	23,167	24,998
Management expense ratio <sup>(2)</sup>	0.00%	0.00%	0.00%	0.00%
Management expense ratio before waivers or absorptions	0.05%	0.05%	0.05%	0.06%
Trading expense ratio <sup>(3)</sup>	0.00%	0.00%	0.01%	0.00%
Portfolio turnover rate <sup>(4)</sup>	63.00%	45.76%	67.59%	43.09%
Net asset value per unit <sup>(1)</sup>	\$10.51	\$10.25	\$9.89	\$10.87

<b>Series O</b>	<b>December 31 2024</b>	<b>December 31 2023</b>	<b>December 31 2022</b>
Total net asset value (000's) <sup>(1)</sup>	\$44,474	\$16,584	\$162
Number of units outstanding (000's) <sup>(1)</sup>	4,236	1,619	16
Management expense ratio <sup>(2)</sup>	0.36%	0.30%	0.30%
Management expense ratio before waivers or absorptions	0.36%	0.36%	0.35%
Trading expense ratio <sup>(3)</sup>	0.00%	0.00%	0.01%
Portfolio turnover rate <sup>(4)</sup>	63.00%	45.76%	67.59%
Net asset value per unit <sup>(1)</sup>	\$10.50	\$10.24	\$9.89



**Ratios and Supplemental Data (continued)**

*(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.*

*Series P data has not been included as at December 31, 2024 given the only unit issued was held by the Manager.*

**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.*