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## **VPI TOTAL EQUITY POOL**

**INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE  
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023**

### **MANAGER**

VALUE PARTNERS INVESTMENTS INC.

### **PORTFOLIO MANAGER**

DIXON MITCHELL INVESTMENT COUNSEL 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 22, 2023

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, 2022, 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, 2022.

**Results of Operations**

Net assets of the Pool increased by approximately \$20.5 million for the six-month period ended June 30, 2023 due to \$16.2 million of net sales and a \$4.3 million increase in net assets from operations. The increase in net assets from operations was primarily due to \$4.3 million of unrealized appreciation in the value of investments and \$0.5 million in dividend and interest income. This was offset by \$0.1 million of unrealized depreciation in the value of investments and \$0.4 million in management fees and operating expenses, net of absorbed expenses.

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

<i>Additions</i>	<i>Dispositions</i>
Aritzia Inc.	Gildan Activewear Inc.

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>
Financial Services	7.3%	Software and Services	4.1%
Consumer Discretionary & Retail	1.9%	Short-Term Notes	3.8%
Consumer Staples & Retail	0.9%	Banks	1.4%
Health Care Equipment	0.8%	Consumer Durables and Apparel	1.4%
Commercial Services	0.6%	Semiconductors and Equipment	0.6%
		Telecommunication Services	0.5%

During the first half of 2023, the VPI Total Equity Pool saw each of its underlying asset classes outperform their respective indices. Each series of the Pool experienced gains in the range of 9.0% to 10.3%, which was better than the 8.7% gain of the blended benchmark (comprised of 65% S&P/TSX Composite Total Return Index and 35% S&P 500 Total Return Index (C\$)). The Portfolio Manager had roughly 56% of the Pool's capital allocated to Canadian Equities over the course of the first half of 2023, which gained 7.8% for the first half of the year, well ahead of the S&P/TSX, which gained 5.7%. Likewise, the Pool's US equities also did better than the broader market, with a 16.0% gain in the Pool's US holdings coming in better than the 14.2% gain in the S&P 500 (CAD).

The year-to-date basis performance of Canadian Equities has been driven by the Pool's holdings in Stella Jones, Dollarama, and Alimentation Couche Tard, up 42%, 14% and 14% respectively. Canadian National Railway Company (up 4%) and not owning Constellation Software (up 33%) were drags on relative performance on a year-to-date basis.

US Equities continued their strong performance in the quarter and on a year-to-date basis. Oracle, Alphabet, Microsoft, and Visa were all positive contributors with returns of 43%, 32%, 39%, and 12% respectively. Thermo Fisher and CVS were the largest drags in the portfolio, while not having exposure to Amazon, Telsa, Meta Platforms and Nvidia hurt the Pool's relative performance.

Considering where the economy was a year ago, when a sharp spike in inflation had imparted substantial pain across asset classes, the Portfolio Manager is pleased with the absolute and relative performance since that point in time. Nevertheless, the Portfolio Manager reiterates the commitment to process over emotion, both at the individual asset class level as well as in asset mix decisions. However, the Portfolio Manager is mindful that the long run includes many interim periods that may see unfavorable relative performance and believes the true markers of success come from staying true to the investment philosophy and process during challenging periods such as the first half of 2022.



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## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

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### VPI TOTAL EQUITY POOL

#### Revenues and Expenses

Revenues of the Pool for the year included \$0.5 million of dividend and interest income. Management fees and operating expenses incurred during the period, net of absorbed expenses were \$0.4 million.

The realized loss on sale of investments of \$0.1 million is attributable to one full disposition as well as 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.

Holding	Approximate Holding Period	Proceeds (millions)	Cost (millions)	Realized Gain (Loss) (millions)
Gildan Activewear Inc.	1.8 years	\$ 0.6	\$ 0.7	\$ (0.1)
Partial Dispositions	n/a	1.1	1.0	0.1
Treasury Bills	n/a	3.4	3.5	(0.1)
		\$ 5.1	\$ 5.2	\$ (0.1)

The Portfolio Manager recently made select equity trades to reallocate some gains toward better valued areas.

#### Recent Developments

##### *Economic Conditions*

As 2023 began, there were plenty of reasons to be pessimistic: inflation was still uncomfortably high, with central bankers promising no end to their rate-hiking campaigns; almost all asset prices were being bludgeoned by the spike in rates; the economically important US housing sector was in a deep freeze; the long predicted recession was to arrive at any moment; stocks were limping out of a plunge that had passed the bear market threshold just weeks before; and, for good measure, the year began with a banking crisis in the United States.

However, many of the predictions on which the bearish case was built have failed to materialize as job growth, housing, and overall GDP have come in stronger than expected.

Additionally, the introduction of artificial intelligence into the public consciousness in the first quarter led to talk of potential productivity gains similar to or in excess of those that followed the adoption of the mainframe computer, the desktop PC, the internet, and the mobile telephone.

Looking ahead to the balance of the year, the Portfolio Manager believes the operating businesses exhibit the same characteristics as identified in the Portfolio Manager's initial underwriting and that the Pool is positioned for a wide range of economic outcomes.

##### *Change in Ownership*

On June 13, 2023, it was announced that Value Partners Group Inc. ("VPGI"), the parent company of the Manager, had reached an agreement with The Canada Life Assurance Company ("Canada Life") for Canada Life to acquire VPGI ("the Transaction"). The Transaction is expected to close by the end of 2023 and will result in the indirect acquisition of the Manager of the Pool. The completion of the Transaction is subject to receipt of all required regulatory approvals, as well as satisfaction of customary closing conditions.



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**VPI TOTAL EQUITY POOL**

**Portfolio Allocation**

Canadian Equities	55.3%	Cash	5.2%
US Equities	39.6%	Liabilities, Net of Other Assets	-0.1%

**Sector Allocation**

Financial Services	21.5%	Energy	3.7%
Banks	12.3%	Health Care Equipment & Services	3.2%
Software & Services	10.0%	Commercial & Professional Services	3.0%
Consumer Discretionary	8.9%	Semiconductor & Semiconductor Equipment	2.0%
Transportation	7.3%	Consumer Services	2.0%
Materials	6.6%	Pharmaceuticals & Biotechnology	1.8%
Cash	5.2%	Technology Hardware & Equipment	1.8%
Media & Entertainment	4.6%	Telecommunication Services	1.1%
Consumer Staples Distribution	4.5%	Capital Goods	0.6%
		Liabilities, Net of Other Assets	-0.1%

**Top 25 Holdings**

<b>Issuer</b>	<b>Percentage of Net Assets</b>
Dollarama Inc.	5.6%
Berkshire Hathaway, Class B	5.4%
Visa Inc., Class A	5.4%
Brookfield Corporation	5.4%
Cash	5.2%
Alphabet Inc., Class A	4.8%
Toronto-Dominion Bank	4.7%
Alimentation Couche Tard Inc.	4.5%
Canadian National Railway Co.	4.3%
Oracle Corporation	4.2%
Royal Bank of Canada	4.2%
Microsoft Corp.	3.5%
Intercontinental Exchange Inc.	3.2%
CVS Health Corp.	3.2%
TFI International Inc.	3.0%
Thomson Reuters Corporation	3.0%
Wheaton Precious Metals Corporation	2.9%
Canadian Natural Resources Ltd.	2.9%
Stella-Jones Inc.	2.7%
Roper Technologies Inc.	2.5%
Bank of Nova Scotia	2.4%
Element Fleet Management Corporation	2.1%
Texas Instruments Inc.	2.1%
MTY Food Group Inc.	2.0%
Lowe's Companies Inc.	2.0%
<b>Total</b>	<b>91.2%</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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## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

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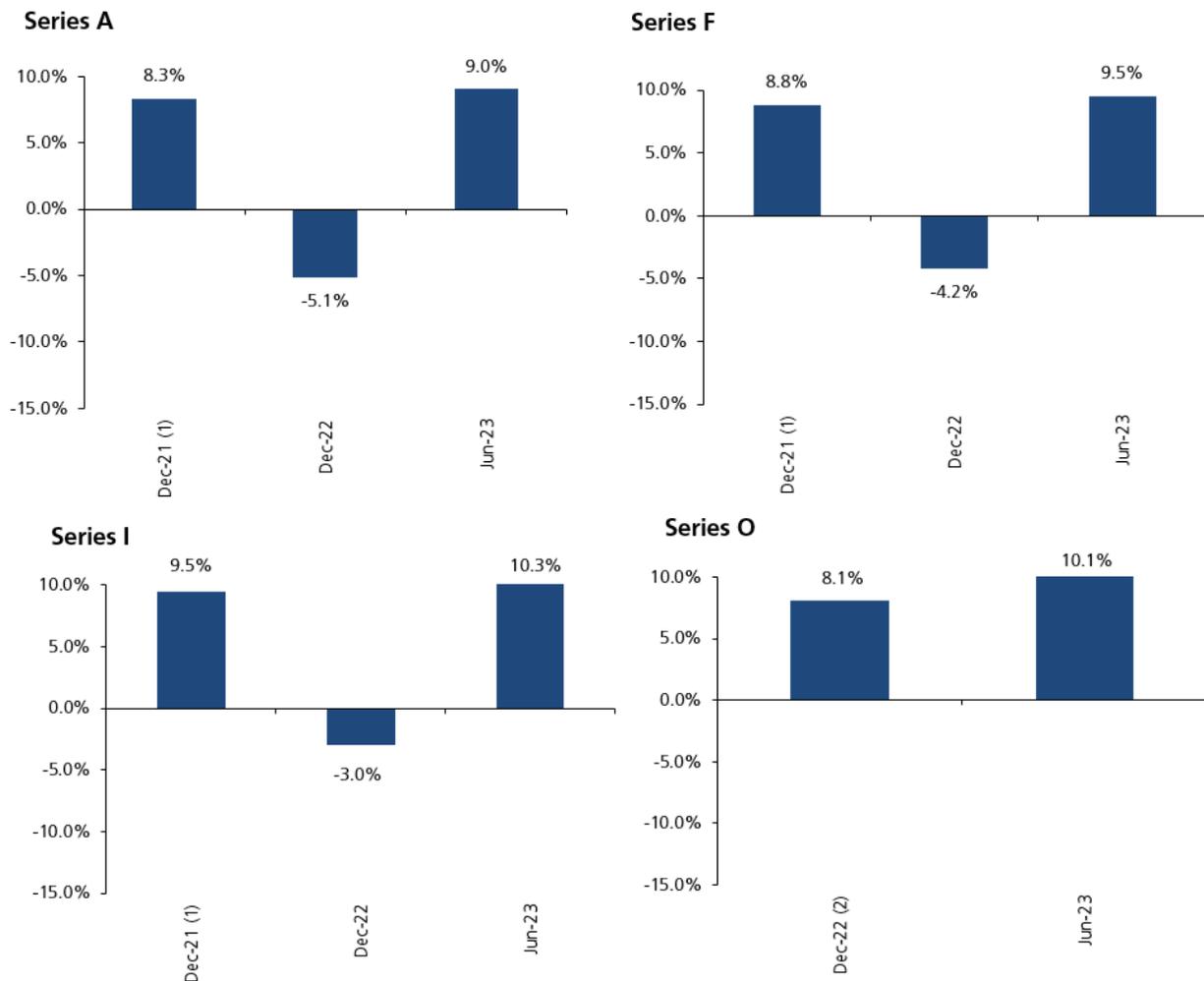
### VPI TOTAL EQUITY POOL

#### 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, 2023, 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) 2021 return is since inception on July 2, 2021

(2) 2022 return is since inception on June 28, 2022



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### VPI TOTAL EQUITY POOL

#### Management Fees

The Pool pays an annual management fee on each of its series (excluding Series I and Series O) 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 0.20% annually.

For the six-months ended June 30, 2023, approximately 39% 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 17% 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, 2023, the Pool paid \$329 thousand in management fees (excluding taxes) to the Manager. For the six-month period ended June 30, 2023, the Manager absorbed \$22 thousand of the Pool's operating expenses. In addition, the parent company of the Manager held 1 Series O unit of the Pool as of June 30, 2023.

#### 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 year-ended December 31, 2022, and the six-month period ended June 30, 2023. *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>

<b>Series A <sup>(4)</sup></b>	<b>June 30 2023</b>	<b>December 31 2022</b>	<b>December 31 2021</b>
<b>Net assets, beginning of period <sup>(4)</sup></b>	<b>10.28</b>	<b>10.83</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.11	0.18	0.07
Total expenses	(0.13)	(0.24)	(0.12)
Realized gains (losses) for the period	(0.02)	(0.03)	0.03
Unrealized gains (losses) for the period	0.95	(0.22)	0.95
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>0.91</b>	<b>(0.31)</b>	<b>0.93</b>
<b>Distributions:</b>			
From net investment income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total annual distributions <sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of period</b>	<b>11.21</b>	<b>10.28</b>	<b>10.83</b>



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Financial Highlights (continued)

Series F <sup>(4)</sup>	June 30 2023	December 31 2022	December 31 2021
<b>Net assets, beginning of period<sup>(4)</sup></b>	<b>10.42</b>	<b>10.89</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.12	0.19	0.05
Total expenses	(0.08)	(0.15)	(0.08)
Realized gains (losses) for the period	(0.02)	(0.03)	0.02
Unrealized gains (losses) for the period	0.94	(0.25)	0.93
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.96</b>	<b>(0.24)</b>	<b>0.92</b>
<b>Distributions:</b>			
From net investment income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of period</b>	<b>11.41</b>	<b>10.42</b>	<b>10.89</b>

Series I <sup>(4)</sup>	June 30 2023	December 31 2022	December 31 2021
<b>Net assets, beginning of period<sup>(4)</sup></b>	<b>10.63</b>	<b>10.95</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.11	0.17	0.06
Total expenses	-	-	-
Realized gains (losses) for the period	(0.02)	(0.03)	0.03
Unrealized gains (losses) for the period	0.97	(0.20)	1.06
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.06</b>	<b>(0.06)</b>	<b>1.15</b>
<b>Distributions:</b>			
From net investment income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net assets, end of period</b>	<b>11.71</b>	<b>10.63</b>	<b>10.95</b>



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Series O <sup>(5)</sup>	June 30 2023	December 31 2022
<b>Net assets, beginning of period<sup>(5)</sup></b>	<b>10.82</b>	<b>10.00</b>
<b>Increase (decrease) from operations:</b>		
Total revenue	0.13	0.07
Total expenses	(0.02)	(0.02)
Realized gains (losses) for the period	-	-
Unrealized gains (losses) for the period	0.84	0.20
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.95</b>	<b>0.25</b>
<b>Distributions:</b>		
From net investment income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>-</b>
<b>Net assets, end of period</b>	<b>11.91</b>	<b>10.82</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 2, 2021.

(5) Inception date: June 28, 2022.



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#### Ratios and Supplemental Data

Series A	June 30 2023	December 31 2022	December 31 2021
Total net asset value (000's) <sup>(1)</sup>	\$38,106	\$25,841	\$8,917
Number of units outstanding (000's) <sup>(1)</sup>	3,398	2,513	823
Management expense ratio <sup>(2)</sup>	2.25%	2.25%	2.25%
Management expense ratio before waivers or absorptions	2.28%	2.54%	3.67%
Trading expense ratio <sup>(3)</sup>	0.03%	0.04%	0.06%
Portfolio turnover rate <sup>(4)</sup>	4.97%	7.87%	7.18%
Net asset value per unit <sup>(1)</sup>	\$11.21	\$10.28	\$10.83

Series F	June 30 2023	December 31 2022	December 31 2021
Total net asset value (000's) <sup>(1)</sup>	\$10,625	\$7,501	\$1,928
Number of units outstanding (000's) <sup>(1)</sup>	931	720	177
Management expense ratio <sup>(2)</sup>	1.35%	1.35%	1.35%
Management expense ratio before waivers or absorptions	1.35%	1.63%	3.16%
Trading expense ratio <sup>(3)</sup>	0.03%	0.04%	0.06%
Portfolio turnover rate <sup>(4)</sup>	4.97%	7.87%	7.18%
Net asset value per unit <sup>(1)</sup>	\$11.41	\$10.42	\$10.89

Series I	June 30 2023	December 31 2022	December 31 2021
Total net asset value (000's) <sup>(1)</sup>	\$8,035	\$5,785	\$2,759
Number of units outstanding (000's) <sup>(1)</sup>	686	544	252
Management expense ratio <sup>(2)</sup>	0.00%	0.00%	0.00%
Management expense ratio before waivers or absorptions	0.41%	0.67%	2.04%
Trading expense ratio <sup>(3)</sup>	0.03%	0.04%	0.06%
Portfolio turnover rate <sup>(4)</sup>	4.97%	7.87%	7.18%
Net asset value per unit <sup>(1)</sup>	\$11.71	\$10.63	\$10.95

Series O	June 30 2023	December 31 2022
Total net asset value (000's) <sup>(1)</sup>	\$2,966	\$119
Number of units outstanding (000's) <sup>(1)</sup>	249	11
Management expense ratio <sup>(2)</sup>	0.30%	0.30%
Management expense ratio before waivers or absorptions	0.61%	0.70%
Trading expense ratio <sup>(3)</sup>	0.03%	0.04%
Portfolio turnover rate <sup>(4)</sup>	4.97%	7.87%
Net asset value per unit <sup>(1)</sup>	\$11.91	\$10.82

(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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#### **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.*