



**VALUE
PARTNERS**
INVESTMENTS

VPI MORTGAGE POOL

**ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2023**

MANAGER

VALUE PARTNERS INVESTMENTS INC.

PORTFOLIO MANAGER

HSBC GLOBAL ASSET MANAGEMENT (CANADA) LIMITED

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 or by visiting the SEDAR website at 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 14, 2024

Investment Objective and Strategies

VPI Mortgage Pool's objective is to seek to earn a high level of income while protecting invested capital primarily through investments with exposure to residential first mortgages on property in Canada and other debt obligations. To achieve this objective, the Pool currently invests in Institutional Series units of the HSBC Mortgage Fund (the "Underlying Fund").

The Underlying Fund invests primarily in uninsured Canadian-dollar-denominated mortgages. The Underlying Fund may also invest a portion of its assets in other debt obligations such as government bonds, corporate bonds, mortgage-backed securities, debentures and other fixed income securities and may hold cash and cash equivalents. The Underlying Fund may maintain a significant portion of its assets in Canadian and U.S. short-term fixed income securities during periods of high market volatility.

Risk

Overall, the risks associated with investing in the Pool have not materially changed and remain as discussed in the prospectus. During the year, there was no material change to the Underlying Fund that affected the overall risk level of the Underlying Fund. The Pool continues to be suitable for investors who want to earn interest income and protect their capital, have a short-term investment time horizon and have a low tolerance for risk in their returns.

Results of Operations

Net assets of the Pool decreased by approximately \$2.5 million for the year ended December 31, 2023 due largely to net redemptions of \$3.0 million and distributions to unitholders of \$1.1 million. This was offset by an increase in net assets from operations of \$1.6 million. The increase in net assets from operations was due to \$1.2 million of unrealized appreciation in value of investments and \$1.6 million in income distributions from the Underlying Fund. This was offset by \$0.7 million in net realized losses on the sale of investments and \$0.5 million of management fees and operating expenses, net of \$130 thousand of expenses absorbed by Value Partners Investments Inc. (the "Manager").

During the year, the Portfolio Manager purchased and disposed of units in the Underlying Fund as cash proceeds became available, or cash redemptions were required from unitholders. As per the Pool's objective, the only investment made during the year was in units of the Underlying Fund.

Each series of the Pool experienced a gain in the range of 2.1% to 4.3% over the past year relative to the 5.0% gain of the benchmark FTSE Canada Short Term Bond Index.

Revenues and Expenses

Revenues of the Pool amounted to \$1.6 million, representing income distributed from the Underlying Fund. The Pool also experienced \$0.7 million in net realized losses on the sale of investments and \$1.2 million of unrealized appreciation in the value of investments. As well, the Pool incurred \$0.5 million in management fees and operating expenses net of \$130 thousand of expenses absorbed by the Manager to maintain the Pool's MER at a competitive level.



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For the year ended December 31, 2023

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Recent Developments

Economic Conditions

With global economic growth exceeding expectations and inflation not falling as quickly as anticipated in 2023, developed markets had a more severe rate-tightening cycle than was envisioned 12 months ago. In Canada, the central bank rate was pushed to 5% by mid-year, with flat economic growth in the second half of 2023 revealing the weight of prior rate hikes. The heavily indebted Canadian consumer is sensitive to interest rates and this period of slow growth is likely to persist into 2024.

In the fourth quarter of 2023, slow growth data in Canada and an overtly dovish pivot from the U.S Federal Reserve caused a dramatic change in market expectations for Canadian interest rates. While the market had priced in one additional 25 basis-point hike in 2024, by year-end the expectation was for 125 basis points in cuts.

The Underlying Fund has an overweight position in residential mortgages given their extremely wide levels compared to government and high-grade corporate bonds. In late 2023, the Portfolio Manager trimmed the Underlying Fund's overweight in duration to harvest some profits on the more than 100-basis-point rally in five-year Government of Canada bond yields in the quarter.

Information About Portfolio Manager

On November 29, 2022, HSBC Overseas Holdings (UK) Limited, a wholly owned subsidiary of HSBC Holdings plc, entered into an agreement to sell its banking business in Canada, HSBC Bank Canada, to Royal Bank of Canada (the "Transaction"). The Government of Canada's Minister of Finance has provided approval of the sale which is expected to close on March 28, 2024, subject to the satisfaction of customary closing conditions. The Portfolio Manager is a wholly owned subsidiary of HSBC Bank Canada and the Transaction will result in an indirect change of control of the Portfolio Manager, of the Pool, as well as the manager, trustee and primary investment advisor for the Underlying Fund.

Change in Ownership

On September 8, 2023, Great-West Lifeco Inc. and a wholly owned subsidiary of The Canada Life Assurance Company, 14894821 Canada Inc. acquired all the issued and outstanding shares of Value Partners Group Inc. ("VPGI"), the parent company of Value Partners Investments Inc. (the "Manager"), from the previous shareholders of VPGI ("the acquisition"). As a result of the acquisition, there was a change in control of the Manager of the Pool.



Portfolio Allocation

Mutual Funds	97.7%	Other Net Assets	0.6%
Cash	1.7%		

Top 25 Holdings

Issuer	Percentage of Net Assets
HSBC Mortgage Fund, Institutional Series	97.7%
Cash	1.7%
Other Net Assets	0.6%
Total	100.0%

As of December 31, 2023, the net assets of the Pool were invested primarily in the Underlying Fund. As a result, the top 25 holdings of the Underlying Fund at the end of the period and the major asset classes in which the Underlying Fund was invested are indicated below.

Portfolio Allocation – Underlying Fund

Residential Mortgages	84.0%	Cash & Equivalents	0.2%
Mortgage-backed Securities	9.8%		
Bonds	6.0%		

Top 25 Holdings – Underlying Fund

Issuer	Maturity Date	Coupon Rate	Percentage of Net Assets
Residential Mortgages			84.0%
Government of Canada T-Bill	01-Feb-24	0.0%	2.6%
Canada Housing Trust	15-Jun-30	1.8%	2.1%
Canada Housing Trust	15-Mar-31	0.0%	1.9%
Royal Bank of Canada	02-Jan-24	5.0%	1.2%
Government of Canada T-Bill	05-Dec-24	0.0%	0.9%
Government of Canada T-Bill	15-Feb-24	0.0%	0.9%
Canada Housing Trust	15-Jun-33	3.7%	0.8%
National Bank of Canada	02-Jan-24	5.0%	0.6%
Royal Bank of Canada	01-Feb-33	5.0%	0.6%
National Bank of Canada	04-Mar-24	3.0%	0.5%
Toronto Dominion Bank	08-Mar-24	2.9%	0.5%
Royal Bank of Canada	24-Nov-80	4.5%	0.4%
Toronto Dominion Bank	22-Apr-30	3.1%	0.4%
Dream Industrial REIT	01-Jun-24		0.4%
Rogers Communication Inc	21-Sep-30	5.8%	0.3%
MCAP Commercial LP	17-Jun-24	4.2%	0.3%
First National Financial LP	25-Nov-24	2.6%	0.2%
CARDS II TRUST	15-Jan-25	2.8%	0.2%
Choice Properties REIT	01-Mar-33	5.4%	0.2%
First West Credit Union	09-Aug-33	9.2%	0.2%
First National Financial LP	17-Nov-25	3.0%	0.1%
Dream Industrial REIT	22-Mar-28	5.4%	0.1%
MCAP Commercial LP	26-Nov-27	3.4%	0.1%
First National Financial LP	08-Sep-26	7.3%	0.1%
Total			99.6%

The above summary of investment portfolio may change due to ongoing portfolio transactions of the Pool and the Underlying Fund. An update will be made available within 60 days of each subsequent quarter-end. Additional information about the Underlying Fund, including its prospectus, is available at www.sedarplus.ca.



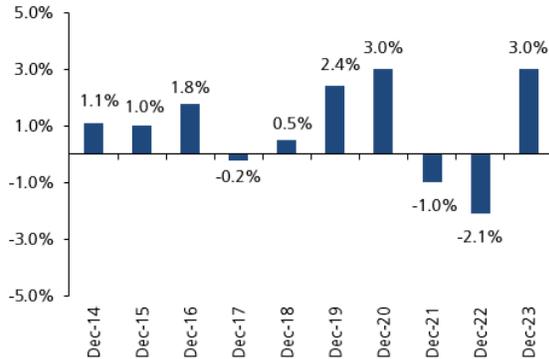
Past Performance

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.

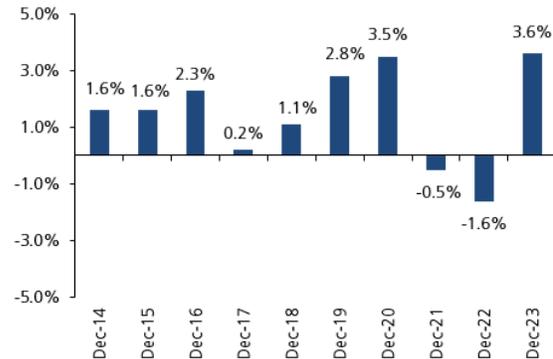
Year-by-Year Returns

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

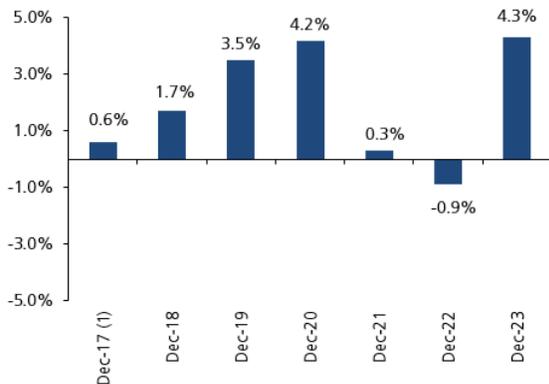
Series A



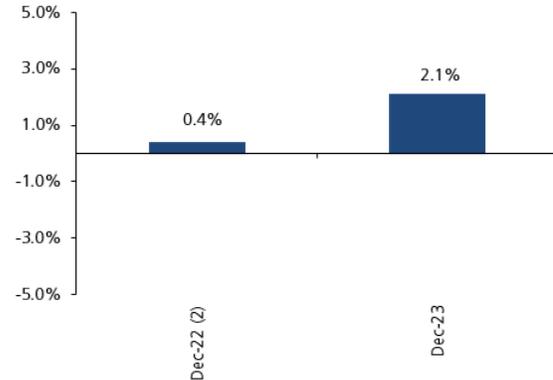
Series F



Series I



Series O



(1) 2017 return is since inception on July 5, 2017.
(2) 2022 return is since inception on June 28, 2022.

The past performance for the Underlying Fund is available in the Underlying Fund’s annual and interim management report of fund performance and its annual and interim financial statements, all available on www.sedarplus.ca



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Annual Compound Returns

The following table shows the annual compound total return of each series of the Pool compared to the FTSE Canada Short Term Bond Index for the periods shown ended December 31, 2023. All index returns are calculated on a total return basis, meaning that performance was calculated under the assumption that all distributions were reinvested.

	10 Year	5 Year	3 Year	1 Year	Since Inception ⁽²⁾
Series A ⁽¹⁾⁽²⁾ (Inception: October 30, 2012)	0.9%	1.0%	0.0%	3.0%	0.9%
FTSE Canada Short-Term Bond Index	1.7%	1.6%	-0.1%	5.0%	1.7%
Series F ⁽¹⁾⁽²⁾ (Inception: October 30, 2012)	1.4%	1.5%	0.5%	3.6%	1.5%
FTSE Canada Short-Term Bond Index	1.7%	1.6%	-0.1%	5.0%	1.7%
Series I ⁽¹⁾⁽²⁾ (Inception: July 5, 2017)	n/a	2.3%	1.2%	4.3%	2.1%
FTSE Canada Short-Term Bond Index	n/a	1.6%	-0.1%	5.0%	1.5%
Series O ⁽¹⁾⁽²⁾ (Inception: June 28, 2022)	n/a	n/a	n/a	2.1%	1.7%
FTSE Canada Short-Term Bond Index	n/a	n/a	n/a	5.0%	3.6%

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

(2) The return since inception for each series will differ when the inception date differs.

The FTSE Canada Short-Term Bond Index is a broad measure of the total return for the Canadian short-term bond market, covering marketable Canadian bonds with a term-to-maturity between one and five years.

Management Fees

The Pool pays an annual management fee on each of its series (excluding Series I & 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 0.10% annually.

For the period ended December 31, 2023, approximately 38% 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 19% 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 year ended December 31, 2023, the Pool paid \$377 thousand in management fees (excluding taxes) to the Manager. For the year ended December 31, 2023, the Manager absorbed \$130 thousand of the Pool's operating expenses. In addition, the parent company of the Manager also held 1 Series I unit and 1 Series O unit of the Pool as of December 31, 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 past five years ended 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 (\$) ⁽¹⁾

Series A	December 31 2023	December 31 2022	December 31 2021	December 31 2020	December 31 2019
Net assets, beginning of period	9.69	9.97	10.13	9.93	9.82
Increase from operations:					
Total revenue	0.33	0.22	0.19	0.24	0.25
Total expenses	(0.12)	(0.12)	(0.13)	(0.13)	(0.12)
Realized gains (losses) for the period	(0.14)	(0.13)	0.02	0.03	(0.01)
Unrealized gains (losses) for the period	0.23	(0.21)	(0.18)	0.15	0.10
Total increase from operations ⁽²⁾	0.30	(0.24)	(0.10)	0.29	0.22
Distributions:					
From net investment income (excluding dividends)	(0.18)	(0.07)	(0.04)	(0.18)	(0.11)
From dividends	-	-	-	-	-
From capital gains	(0.21)	-	(0.22)	-	(0.01)
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	(0.39)	(0.07)	(0.26)	(0.18)	(0.12)
Net assets, end of period	9.80	9.69	9.97	10.13	9.93
Series F	December 31 2023	December 31 2022	December 31 2021	December 31 2020	December 31 2019
Net assets, beginning of period	9.28	9.61	9.82	9.68	9.61
Increase from operations:					
Total revenue	0.31	0.21	0.18	0.23	0.24
Total expenses	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Realized gains (losses) for the period	(0.13)	(0.13)	0.02	0.02	(0.02)
Unrealized gains (losses) for the period	0.22	(0.19)	(0.17)	0.16	0.13
Total increase from operations ⁽²⁾	0.33	(0.18)	(0.04)	0.34	0.28
Distributions:					
From net investment income (excluding dividends)	(0.27)	(0.17)	(0.14)	(0.27)	(0.20)
From dividends	-	-	-	-	-
From capital gains	(0.20)	-	(0.21)	-	(0.01)
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	(0.47)	(0.17)	(0.35)	(0.27)	(0.21)
Net assets, end of period	9.34	9.28	9.61	9.82	9.68



Financial Highlights (continued)

Series I	December 31 2023	December 31 2022	December 31 2021	December 31 2020	December 31 2019
Net assets, beginning of period	9.26	9.64	9.85	9.77	9.76
Increase from operations:					
Total revenue	0.25	0.21	0.18	0.23	0.20
Total expenses	-	-	-	-	-
Realized gains (losses) for the period	(0.14)	(0.13)	0.01	0.03	(0.03)
Unrealized gains (losses) for the period	0.27	(0.21)	(0.21)	0.14	0.17
Total increase from operations ⁽²⁾	0.38	(0.13)	(0.02)	0.40	0.34
Distributions:					
From net investment income (excluding dividends)	(0.39)	(0.30)	(0.24)	(0.38)	(0.34)
From dividends	-	-	-	-	-
From capital gains	(0.20)	-	(0.21)	-	(0.01)
Return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	(0.59)	(0.30)	(0.45)	(0.38)	(0.35)
Net assets, end of period	9.26	9.26	9.64	9.85	9.77

Series O⁽⁴⁾	December 31 2023	December 31 2022
Net assets, beginning of period⁽⁴⁾	9.90	10.00
Increase from operations:		
Total revenue	0.03	0.11
Total expenses	-	-
Realized gains (losses) for the period	(0.01)	(0.05)
Unrealized gains (losses) for the period	(0.02)	(0.06)
Total increase from operations ⁽²⁾	-	-
Distributions:		
From net investment income (excluding dividends)	(0.38)	(0.14)
From dividends	-	-
From capital gains	(0.22)	-
Return of capital	-	-
Total annual distributions ⁽³⁾	(0.60)	(0.14)
Net assets, end of period	9.72	9.90

(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 28, 2022



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Ratios and Supplemental Data

Series A	December 31 2023	December 31 2022	December 31 2021	December 31 2020	December 31 2019
Total net asset value (000's) ⁽¹⁾	\$29,751	\$29,603	\$33,569	\$37,456	\$25,847
Number of units outstanding (000's) ⁽¹⁾	3,036	3,054	3,367	3,699	2,603
Management expense ratio ⁽²⁾	1.38%	1.38%	1.38%	1.38%	1.38%
Management expense ratio before waivers or absorptions	1.53%	1.43%	1.51%	1.53%	1.66%
Trading expense ratio ⁽³⁾	n/a	n/a	n/a	n/a	n/a
Portfolio turnover rate ⁽⁴⁾	64.20%	28.99%	54.13%	31.78%	53.31%
Net asset value per unit ⁽¹⁾	\$9.80	\$9.69	\$9.97	\$10.13	\$9.93

Series F	December 31 2023	December 31 2022	December 31 2021	December 31 2020	December 31 2019
Total net asset value (000's) ⁽¹⁾	\$19,018	\$21,488	\$30,339	\$21,743	\$13,451
Number of units outstanding (000's) ⁽¹⁾	2,037	2,315	3,156	2,215	1,390
Management expense ratio ⁽²⁾	0.88%	0.88%	0.88%	0.88%	0.88%
Management expense ratio before waivers or absorptions	1.00%	0.90%	0.98%	1.00%	1.14%
Trading expense ratio ⁽³⁾	n/a	n/a	n/a	n/a	n/a
Portfolio turnover rate ⁽⁴⁾	64.20%	28.99%	54.13%	31.78%	53.31%
Net asset value per unit ⁽¹⁾	\$9.34	\$9.28	\$9.61	\$9.82	\$9.68

Series I	December 31 2023	December 31 2022	December 31 2021	December 31 2020	December 31 2019
Total net asset value (000's) ⁽¹⁾	\$1,073	\$1,242	\$2,219	\$1,389	\$264
Number of units outstanding (000's) ⁽¹⁾	116	134	230	141	27
Management expense ratio ⁽²⁾	0.13%	0.13%	0.13%	0.13%	0.13%
Management expense ratio before waivers or absorptions	0.47%	0.50%	0.45%	0.46%	0.61%
Trading expense ratio ⁽³⁾	n/a	n/a	n/a	n/a	n/a
Portfolio turnover rate ⁽⁴⁾	64.20%	28.99%	54.13%	31.78%	53.31%
Net asset value per unit ⁽¹⁾	\$9.26	\$9.26	\$9.64	\$9.85	\$9.77

Series O has not been included given the only unit issued was held by the Manager as at December 31, 2023. Therefore, there is no applicable information to include in Ratios and Supplemental Data for Series O.



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.

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.