VPI CANADIAN EQUITY POOL

INTERIM FINANCIAL STATEMENTS (UNAUDITED)
SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022

MANAGER
VALUE PARTNERS INVESTMENTS INC.

PORTFOLIO MANAGER
VALUE PARTNERS INVESTMENTS INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS
Value Partners Investments Inc., the Manager of the Pools, appoints independent auditors to audit the Pool's Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, this must be disclosed in an accompanying notice.
The Pool's independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants Canada.

VPI CANADIAN EQUITY POOL

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

June 30, 2023 and December 31, 2022 (unaudited)

As at		June 30, 2023		December 31, 2022
Assets				
Financial assets at fair value through profit or loss	$	1,283,297	$	1,198,336
Cash and cash equivalents		98,649		73,571
Accrued dividends receivable		2,048		1,871
Subscriptions receivable		1,100		532
	$	1,385,094	$	1,274,310
Liabilities				
Accounts payable and accrued liabilities	$	150	$	151
Redemptions payable		1,358		653
Management fees payable (notes 4 and 5)		1,747		1,665
Due to Manager (note 5)		9		9
		3,264		2,478
Net assets attributable to holders of redeemable units	$	1,381,830	$	1,271,832
Net assets attributable to holders of redeemable units per series:				
Series A	$	1,020,893	$	943,130
Series F		233,351		216,242
Series I		121,103		112,166
Series O		6,483		294
Net assets attributable to holders of redeemable units per unit:				
Series A	$	22.96	$	21.19
Series F		19.09		17.54
Series I		13.00		11.88
Series O		10.61		9.70
Number of redeemable units outstanding:				
Series A		44,469		44,504
Series F		12,223		12,329
Series I		9,318		9,441
Series O		611		30

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

VPI CANADIAN EQUITY POOL

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

For the six-month periods ended June 30, 2023 and 2022 (unaudited)

	2023	2022
Income:		
Interest income for distribution purposes	$ 1,632	$ 15
Dividend income	20,038	16,100
Foreign exchange gain (loss) on cash	(430)	174
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on sale of investments	32,713	40,257
Change in unrealized appreciation (depreciation) in value of investments	66,203	(137,163)
	120,156	(80,617)
Expenses:		
Administration	134	98
Audit fees	8	7
Independent review committee fees	6	5
Security holder reporting costs	254	238
Custodian fees	28	27
Filing fees	15	29
Interest expense	–	51
Legal fees	3	3
Management fees (notes 4 and 5)	10,414	10,266
Registered plan fees	9	10
Trustee fees	3	3
Withholding taxes	970	923
Transaction costs	27	76
	11,871	11,736
Absorbed expenses (notes 4 and 5)	(40)	(30)
	11,831	11,706
Increase (decrease) in net assets attributable to holders of redeemable units	$ 108,325	$ (92,323)
Increase (decrease) in net assets attributable to holders of redeemable units per series:		
Series A	$ 78,554	$ (70,522)
Series F	19,065	(15,628)
Series I	10,491	(6,173)
Series O	215	–
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Series A	$ 1.76	$ (1.65)
Series F	1.56	(1.29)
Series I	1.12	(0.87)
Series O	0.68	–

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

VPI CANADIAN EQUITY POOL

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units
(In thousands of dollars and units)

For the six-month periods ended June 30, 2023 and 2022 (unaudited)

	Series A		Series F		Series I		Series O		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net assets attributable to holders of redeemable units, beginning of period	$ 943,130	$ 990,383	$ 216,242	$ 227,523	$ 112,166	$ 83,652	$ 294	$ –	$ 1,271,832	$ 1,301,558
Increase (decrease) in net assets attributable to holders of redeemable units	78,554	(70,522)	19,065	(15,628)	10,491	(6,173)	215	–	108,325	(92,323)
Redeemable unit transactions:										
Proceeds from redeemable units issued	47,666	61,643	14,359	18,468	5,482	22,347	6,036	–	73,543	102,458
Reinvestment of distributions to holders of redeemable units	1,540	1,759	253	299	–	–	–	–	1,793	2,058
Redemption of redeemable units	(49,997)	(59,292)	(16,568)	(11,363)	(7,036)	(6,084)	(62)	–	(73,663)	(76,739)
	(791)	4,110	(1,956)	7,404	(1,554)	16,263	5,974	–	1,673	27,777
Net increase (decrease) in net assets attributable to holders of redeemable units	77,763	(66,412)	17,109	(8,224)	8,937	10,090	6,189	–	109,998	(64,546)
Net assets attributable to holders of redeemable units, end of period	$ 1,020,893	$ 923,971	$ 233,351	$ 219,299	$ 121,103	$ 93,742	$ 6,483	$ –	$ 1,381,830	$ 1,237,012
Increase (decrease) in redeemable units outstanding:										
Beginning of period	44,504	42,746	12,329	11,859	9,441	6,432	30	–	66,304	61,037
Issued	2,138	2,675	777	967	438	1,716	587	–	3,940	5,358
Issued on reinvestment of distributions	69	77	14	16	–	–	–	–	83	93
Redeemed	(2,242)	(2,575)	(897)	(597)	(561)	(465)	(6)	–	(3,706)	(3,637)
Redeemable units outstanding, end of period	44,469	42,923	12,223	12,245	9,318	7,683	611	–	66,621	62,851
Weighted average units outstanding, during the period	44,573	42,843	12,252	12,087	9,389	7,115	314	–		

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

VPI CANADIAN EQUITY POOL

Statements of Cash Flows
(In thousands of dollars)

For the six-month periods ended June 30, 2023 and 2022 (unaudited)

	2023	2022
Cash flows from (used in) operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	$ 108,325	$ (92,323)
Adjustments for:		
Foreign exchange loss (gain) on cash	430	(174)
Net realized gain on sale of investments	(32,713)	(40,257)
Transaction costs	27	76
Change in unrealized depreciation (appreciation) in value of investments	(66,203)	137,163
Purchase of investments	(132,032)	(290,351)
Proceeds from sale of investments	145,960	271,385
Accrued dividends receivable	(177)	959
Management fees payable	82	(109)
Accounts payable and accrued liabilities	(1)	42
Due to Manager	–	7
Net cash from (used in) operating activities	23,698	(13,582)
Cash flows from (used in) financing activities:		
Distributions paid to holders of redeemable units, net of reinvested distributions	1,793	2,058
Proceeds from redeemable units issued	66,140	89,944
Redemption of redeemable units	(66,123)	(64,355)
Net cash from financing activities	1,810	27,647
Foreign exchange gain (loss) on cash	(430)	174
Net increase in cash and cash equivalents	25,078	14,239
Cash and cash equivalents, beginning of period	73,571	123,788
Cash and cash equivalents, end of period	$ 98,649	$ 138,027
Supplementary information:		
Dividends received, net of withholding tax	$ 18,891	$ 16,136
Interest received	1,632	15

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

VPI CANADIAN EQUITY POOL

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

June 30, 2023 (unaudited)

Number of units or shares	Description	Average cost	Fair value	% of net assets
Equities:				
Automobiles and Components:				
326,000	Magna International Inc.	$ 12,742	$ 24,382	1.76
Banks:				
454,000	Bank of Montreal	42,689	64,965	
812,000	Bank of Nova Scotia	68,109	73,041	
846,200	Canadian Imperial Bank of Commerce	61,499	69,354	
491,000	Royal Bank of Canada	38,525	69,333	
761,000	Toronto-Dominion Bank	55,755	79,072	
		266,577	355,765	25.75
Consumer Discretionary Distribution and Retail:				
121,000	Home Depot Inc.	44,955	49,737	3.60
Health Care Equipment and Services:				
650,000	CVS Health Corp.	55,692	59,459	4.30
Insurance:				
1,184,434	Sun Life Financial Inc.	60,741	81,797	5.92
Media and Entertainment:				
680,000	Activision Blizzard Inc	68,854	75,853	
395,000	Electronic Arts Inc.	49,524	50,629	
		118,378	126,482	9.15
Software and Services:				
93,000	Microsoft Corp.	30,334	41,907	
1,515,000	Open Text Corp.	71,440	83,477	
480,000	Oracle Corp.	39,791	75,641	
		141,565	201,025	14.55
Technology Hardware and Equipment:				
1,360,000	Cisco Systems Inc.	81,025	93,112	6.74
Telecommunication Services:				
1,172,290	Rogers Communications Inc., Class B.	66,385	70,853	5.13
Transportation:				
295,000	Canadian National Railway Co.	34,998	36,095	
295,000	Canadian Pacific Kansas City Ltd.	34,038	34,775	
295,000	FedEx Corp.	62,253	77,249	
305,937	United Parcel Service Inc., Class B	54,368	72,566	
		185,657	220,685	15.97

VPI CANADIAN EQUITY POOL

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

June 30, 2023 (unaudited)

Number of units or shares	Description		Average cost		Fair value	% of net assets
Total equities		$	1,033,717	$	1,283,297	92.87
Transaction costs			(197)		–	
Total financial assets at FVTPL			1,033,520		1,283,297	92.87
Cash:						
Domestic			20,539		20,539	
Foreign			79,664		78,110	
Total cash			100,203		98,649	7.14
Liabilities, net of other assets					(116)	(0.01)
Total net assets attributable to holders of redeemable units				$	1,381,830	100.00

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

1. Reporting entity:

(a) VPI Canadian Equity Pool (the Pool) is an open-ended mutual fund trust, established on September 26, 2005 by declaration of trust under the laws of the Province of Ontario. As of March 2017, the registered office of the Pool is located at 300-175 Hargrave St., Winnipeg, Manitoba. The trustee of the Pool is RBC Investor Services Trust and the Manager of the Pool is Value Partners Investments Inc. (VPI or the Manager).

The Pool commenced operations on October 20, 2005 with one series of units: Series A. On July 3, 2007, the Pool began offering Series F units. On July 5, 2017, the Pool began offering Series O units and effective June 15, 2022 were renamed as Series I units. Effective June 28, 2022, Series O units of the Pool were qualified for distribution.

The Pool's objective is to generate longer term growth in value through the increase in the value of its holdings, and through the receipt and reinvestment of dividend income from its holdings. It invests primarily in equity securities of Canadian companies.

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.

(b) Redeemable units issued and outstanding are considered to be capital of the Pool. The Pool's authorized capital consists of an unlimited number of units and series without par value. The number of outstanding units of each series is disclosed in the statements of financial position.

Series A units are subject to a negotiated sales commission payable by the investor at the time of purchase. Series F units are only available to investors that have a fee-based account with a dealer that has signed a Series F agreement with the Manager. Series I units are available to investors who have, or whose dealer has, entered into an agreement directly with the Manager to purchase Series I units and who make the required minimum investment and minimum additional investment as set out by the Manager from time to time.

1. Reporting entity (continued):

Such investors may include investors who opened a discretionary investment management account with the Manager prior to on or about September 30, 2022, certain institutional investors as approved by the Manager and other mutual funds managed by the Manager. Series O units of the Pool are available to investors who have entered into a discretionary investment management account with the Manager.

Except for Series I units, each series of units pays its proportionate share of common expenses of the Pool, in addition to expenses that are unique to that series. Proportionate fund expenses for Series I, both common fund expenses, as well as expenses unique to Series I, are paid by the Manager. Distributions of each series may vary due to the differences in expenses between the series.

(c) Unitholders may redeem all or part of their units by delivering a written request to do so to the Manager or Trustee or to an investment dealer, securities dealer or mutual fund dealer for delivery to the Manager or Trustee. Units will be redeemed at the net asset value per unit as determined on the next valuation date. Requests for redemption received after 4:00 p.m., Toronto time, on any day are deemed to be received on the first business day following the date of the actual receipt.

2. Basis of preparation:

These financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS).

The financial statements were authorized for issue by the Manager on behalf of the board of directors on August 22, 2023.

(a) Basis of measurement:

The financial statements have been prepared on an historical cost basis except for investments at fair value through profit or loss, which are measured at fair value.

(b) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Pool's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

2. Basis of preparation (continued):

(c) Use of estimates and judgments:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The most significant judgments made by the Manager in preparing these financial statements is in determining the fair value of financial instruments not traded in an active market, if any, under IFRS 13 - *Fair Value Measurement* (IFRS 13).

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Classification and measurement:

Financial assets are required to be classified into one of the following categories: fair value through profit or loss (FVTPL), amortized cost or fair value through other comprehensive income (FVOCI) based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is derivative or it is designated as such on initial recognition.

Assessment and decision on the business model approach used is an accounting judgement.

All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL, in which case transaction costs are expensed as incurred.

3. Significant accounting policies (continued):

Financial instruments at FVTPL are recognized initially on the trade date, which is the date on which the Pool becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Pool derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statements of financial position only when the Pool has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

At June 30, 2023 and December 31, 2022, no amounts have been offset in the statements of financial position.

(ii) FVTPL:

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

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

The fair value of financial assets and liabilities that are not traded in an active market, including derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs.

3. Significant accounting policies (continued):

Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

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

(iii) Amortized cost:

Financial instruments classified under amortized cost include financial assets that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest and financial liabilities not classified as FVTPL. Such financial assets and liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of these financial assets and financial liabilities is at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate. The Pool classifies cash, accrued dividends receivable, subscriptions receivable, accounts payable and accrued liabilities, redemptions payable, management fees payable and due to Manager as amortized cost. Cash includes cash on deposit with the custodian.

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

(iv) Impairment:

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

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

3. Significant accounting policies (continued):

(b) Redeemable units:

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

(c) Foreign currency:

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

(d) Investment transactions and revenue recognition:

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

3. Significant accounting policies (continued):

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

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

(f) Income taxes:

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

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

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

4. Management fees and expenses:

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

Series A	1.80%
Series F	0.90%

The Manager offers a management fee reduction program to qualified investors in Series A and Series F units. If the unitholder qualifies under this program, the management fee charged to the Pool is reduced and the Pool distributes the amount of the reduction to the investor by way of a management fee distribution. Management fee distributions are automatically reinvested in additional units of a particular series of the Pool unless negotiated otherwise with the Manager.

(In thousands of dollars, except for unit amounts)

4. Management fees and expenses (continued):

No management fee is charged to the Pool with respect to Series I units. Instead, each investor negotiates a separate fee that is paid directly to the Manager. Series O units of the Pool pay a portfolio management fee based on a percentage of the net asset value of Series O units as of the close of business on each business day calculated at a rate of 0.10% annually.

Except for Series I units, in addition to the management fee, each series of units pays its proportionate share of common operating expenses of the Pool, in addition to expenses that are unique to that series. These expenses include, but are not limited to audit, legal and filing fees, custodial, recordkeeping and trustee fees, transfer agent fees, investor servicing costs, taxes, compensation and expenses of the Independent Review Committee, and costs of unitholder reports, financial reporting, prospectuses, regulatory filings, and other communications. Brokerage commissions and transaction costs for buying and selling investments for the Pool's portfolio are also paid by the Pool, as well as the costs and expenses related to holding any meeting convened by unitholders. The Manager may, at its own discretion, absorb a portion of the operating expenses of Series A, Series F or Series O units from time to time.

Proportionate fund expenses for Series I units, both common fund expenses, as well as expenses unique to Series I, are fully absorbed by the Manager.

The Manager absorbed a portion of the operating expenses (note 5) of the Pool during the six-month periods ended June 30, 2023 and 2022.

5. Related party transactions:

Related party balances of the Pool as at June 30, 2023 and December 31, 2022 is as follows:

	2023	2022
Management fees payable	$ 1,747	$ 1,665
Due to Manager	9	9

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(In thousands of dollars, except for unit amounts)

5. Related party transactions (continued):

Related party transactions of the Pool for the six-month periods ended June 30, 2023 and 2022 is as follows:

	2023	2022
Management fees	$ 10,414	$ 10,266
Absorbed expenses	(40)	(30)

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

As of June 30, 2023 and December 31, 2022, the Manager or parent company of the Manager held the following number of units in the Pool:

	2023	2022
Series F	–	33,693
Series O	1	1

6. Brokerage commissions:

Commissions paid to brokers for portfolio transactions for the six-month periods ended June 30, 2023 and 2022 is disclosed in the statements of comprehensive income (loss).

There were no soft dollar commissions paid during the six-month periods ended June 30, 2023 and 2022.

7. Income taxes:

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

(In thousands of dollars, except for unit amounts)

8. Financial risk management:

The investment activities of the Pool expose the Pool to various types of financial risks. The Manager seeks to minimize potential adverse effects of these risks on the Pool by contracting a professional, experienced portfolio manager, by monitoring the Pool and market events on a daily basis, and by diversifying the investment portfolio within the parameters of the investment objective and strategy.

The most significant risks include market risk (other price risk, interest rate risk and currency risk), credit risk and liquidity risk. These risks and related risk management practices employed by the Pool are discussed below:

(i) Other price risk:

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The maximum risk resulting from financial instruments held by the Pool is determined by the fair value of the financial instruments. The portfolio manager moderates this risk through a careful selection of securities within specified parameters established for the Pool.

For the Pool, the most significant exposure to other price risk arises from investments in equity securities. The following table shows the exposure of the Pool to equity securities and indicates the impact on net assets if the prices of the equity securities on the respective stock exchanges increased or decreased by 5 percent, with all other variables held constant.

	Fair value of equities ($)	% of net assets	Impact on net assets ($)	Impact on net assets (%)
As at June 30, 2023	$ 1,283,297	92.87%	$ 64,165	4.64%
As at December 31, 2022	$ 1,198,336	94.22%	$ 59,917	4.71%

(ii) Interest rate risk:

Interest rate risk arises on interest-bearing financial instruments such as bonds. The majority of the Pool’s financial assets and liabilities are non-interest bearing. As a result, the Pool is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

(In thousands of dollars, except for unit amounts)

8. Financial risk management (continued):

(iii) Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Pool.

As at June 30, 2023 and December 31, 2022, the Pool had no significant investments in debt instruments and/or derivatives.

(iv) Liquidity risk:

The Pool is exposed to liquidity risk to the extent that it is subject to daily cash redemptions of redeemable units. Therefore, the Pool invests the majority of its assets in investments that are traded in an active market and can be readily disposed. In addition, the Pool retains sufficient cash positions to maintain liquidity.

(v) Currency risk:

The Pool uses the Canadian dollar as its functional and reporting currency. Currency risk is the risk that the value of monetary assets and liabilities denominated in currencies other than the Canadian dollar (the functional currency of the Pool), will fluctuate due to changes in exchange rates.

The only foreign currency to which the Pool was exposed at June 30, 2023 and December 31, 2022 was the U.S. dollar. The following table illustrates the potential impact to the Pool's net assets, all other variables held constant, as a result of a 5 percent change in this currency relative to the Canadian dollar.

As at June 30, 2023	Foreign currencies ($)	Impact on net assets ($)	Impact on net assets (%)
United States dollar	$ 674,599	$ 33,730	2.44%

As at December 31, 2022	Foreign currencies ($)	Impact on net assets ($)	Impact on net assets (%)
United States dollar	$ 633,601	$ 31,680	2.49%

(In thousands of dollars, except for unit amounts)

8. Financial risk management (continued):

(vi) Concentration risk:

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The market segments are represented as a percentage of financial assets at FVTPL. The following is a summary of the Pool's concentration risk:

Market segment Long	June 30, 2023	December 31, 2022
	%	%
Automobiles and components	1.90	2.07
Banks	27.72	28.05
Consumer discretionary distribution and retail	3.88	–
Communication services	–	5.27
Health care equipment and services	4.63	4.74
Insurance	6.37	6.21
Media and entertainment	9.86	11.34
Retailing	–	3.61
Software and services	15.66	18.60
Technology hardware and equipment	7.26	7.33
Telecommunication services	5.52	–
Transportation	17.20	12.78
	100.00	100.00

(vii) Other risk:

Unexpected volatility or illiquidity could occur due to legal, political, regulatory, economic or other developments, such as public health emergencies, including an epidemic or pandemic, natural disasters, war and related geopolitical risks, and may impair the portfolio manager's ability to carry out the objectives of the Pool or cause the Pool to incur losses. Neither the duration nor ultimate effect of any such market conditions, nor the degree to which such conditions may worsen can be predicted.

9. Fair value disclosure:

(i) Valuation models:

Valuation models:

The Pool's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Pool's financial instruments are recorded at fair value or at amounts that approximate fair value in the financial statements. The Pool classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Changes in valuation methods may result in transfers into, or out of, a financial instrument's assigned level.

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

The following tables present information about the Pool's assets which are recorded at fair value on a recurring basis as of June 30, 2023 and December 31, 2022:

Financial assets at fair value as at June 30, 2023:

	Level 1	Level 2	Level 3	Total
Equities - long	$ 1,283,297	$ –	$ –	$ 1,283,297

9. Fair value disclosure (continued):

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

	Level 1	Level 2	Level 3	Total
Equities - long	$ 1,198,336	$ –	$ –	$ 1,198,336

During the six-month period ended June 30, 2023 and the year ended December 31, 2022, there were no transfers between levels. The financial instruments not measured at FVTPL are short-term financial assets and financial liabilities whose carrying amounts approximate fair value.