

# VPI CANADIAN EQUITY POOL

*GROWTH THROUGH BUSINESS OWNERSHIP*

## WHAT YOU OWN



- Highly diversified integrated energy company
- One of the highest quality balance sheets in the industry
- A low-cost operator; can survive lower oil prices
- Strong cash flows with capacity for dividends



2016

2018

### TRAILING TWELVE MONTHS AS OF

	Q3 2016	Q3 2017	% CHANGE
REVENUES	\$12,977	\$16,906	30%
CASH FROM OPERATIONS	\$2,618	\$2,972	14%
DIVIDENDS	\$292	-	-100%
SHARE PRICE	\$16.29	\$17.75	9%

Revenues, cash from operations and dividends stated in millions CDN\$; share price stated in CDN\$; share prices as of December 31, 2016 & 2017. Source: S&P Capital IQ.

**HIGHLY DIVERSIFIED** | **STRONG BALANCE SHEET** | **DIVIDENDS COMING SOON**

## WHAT YOU DON'T OWN



- A struggling industrial behemoth
- High degree of uncertainty of business future
- Spun off highly profitable financing division
- Recently cut dividend by 50%



2016

2018

### TRAILING TWELVE MONTHS AS OF

	Q3 2016	Q3 2017	% CHANGE
INDUSTRIAL REVENUES	\$112,984	\$115,432	2%
INDUSTRIAL CASH FLOWS	\$9,530	\$9,820	3%
DIVIDENDS	\$8,139	\$8,325	2%
SHARE PRICE	\$31.60	\$17.45	-45%

Revenues, cash flows and dividends stated in millions US\$; share price stated in US\$; share prices as of December 31, 2016 & 2017. Industrial cash flows excludes Appliances deal taxes & pension plan funding. Source: S&P Capital IQ, GE Financial Statements.

**WEAK GROWTH PROSPECTS** | **UNCERTAIN FUTURE** | **CUTTING DIVIDENDS**



## ACHIEVING GOOD RETURNS BY INVESTING CONSERVATIVELY

**10.7%**  
Total Return  
(net of fees)\*

**15.6%**  
Average Cash  
Balance

**17**  
Focused on  
the Best  
Investment  
Ideas

\*Series A units

## A PROCESS YOU CAN CONTINUE TO COUNT ON

**1**  
Determine  
the Best  
Businesses  
in the World

**2**  
Invest at  
Reasonable  
Prices

**3**  
Communicate  
& Be  
Accountable  
to You

Total return shown of 10.7% is for Series A units of the VPI Canadian Equity Pool, including reinvestment of distributions. Average Cash Balance represents simple average month-end cash balance as a percentage of AUM, in \$CAD, for calendar 2017. Capital Expenditure & Acquisition figures are combined totals of equity holdings in VPI Canadian Equity Pool, and represent the most recently available trailing 12-month data as of December 31, 2017, and are cash figures as listed on each company's Statement of Cash Flows. Capital Expenditures figure excludes all banks. Average Earnings & Cash Flow Growth (Energy) represent simple average change in diluted earnings per share & cash flow from operations per share (respectively) using most recently available trailing 12-month data as of December 31, 2017. Dividend growth represents average of geometric averages of quarter/quarter dividend per share increases for companies in the pool, in dividend payment currency, as at December 31, 2017. Source: S&P Capital IQ, Value Partners Investments.

## YOUR INVESTMENTS GREW EARNINGS, CASH FLOW & DIVIDENDS

**+65.9%**  
Average Energy  
Company Cash Flow  
Growth

**+10.4%**  
Average Earnings  
Growth

**+8.2%**  
Average Dividend  
Growth

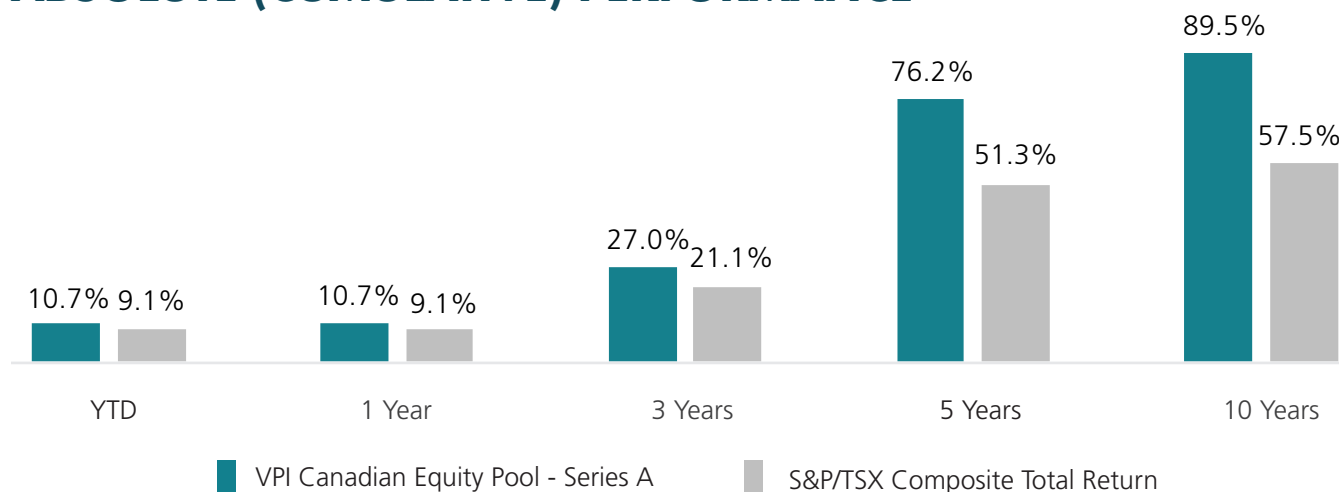
## YOUR INVESTMENTS ARE INVESTING FOR GROWTH

**\$40 B**  
Invested in Capital  
Expenditures

**\$96 B**  
Invested in Acquisitions

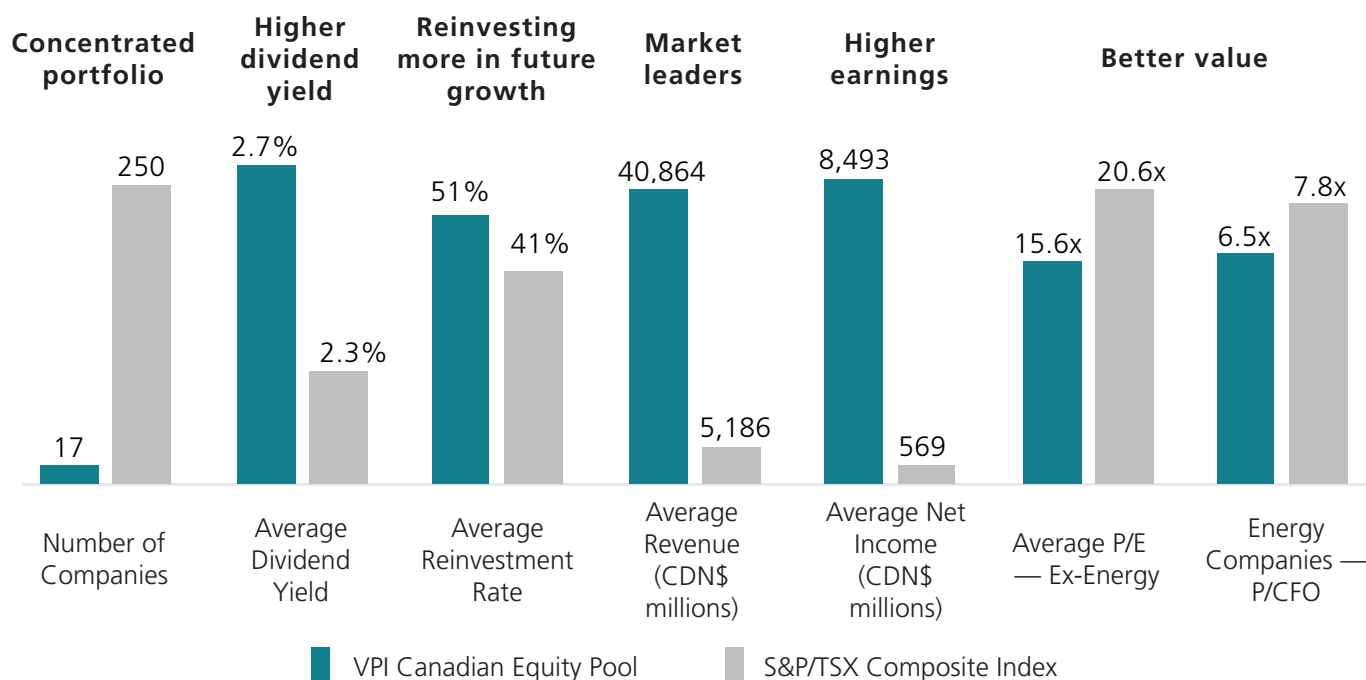


## ABSOLUTE (CUMULATIVE) PERFORMANCE



Source: S&P Capital IQ, Value Partners Investments Inc., Morningstar. Absolute (cumulative) performance ending December 31, 2017.

## OWN THE BEST, LEAVE THE REST



Average dividend yield pertains to equity holdings held by the pool. Average P/E & P/CFO reflect forward consensus estimates. Average P/E excludes companies classified as operating in the "Energy" industry by S&P, or with negative P/E, and P/E > 100. Average P/CFO excludes companies with negative P/CFO and P/CFO > 100. Average Reinvestment Rate excludes non-dividend paying companies, and for companies with DPS > EPS, payout set to 100%. CFO refers to Cash Flow from Operating Activities. Sources: S&P Capital IQ, Value Partners Investments Inc., as of December 31, 2017.

# STANDARD PERFORMANCE INFORMATION

## DECEMBER 31, 2017



	1 YEAR	3 YEARS	5 YEARS	10 YEARS
SERIES A	10.7%	8.3%	12.0%	6.6%

Note: Annualized returns as of December 31, 2017.

### DISCLAIMER

This brochure has been prepared based on information that is publicly available or that has been provided by Value Partners Investments Inc. (Value Partners). The information provided includes views or opinions of Value Partners, in its capacity as the portfolio manager of VPI Canadian Equity Pool (the Pool), and does not constitute individual, legal, investment, or tax advice about the Pool or the issuers discussed therein. Information about specific issuers of securities has been made available by Value Partners for the sole purpose of providing additional background information on the holdings in the Pool, and is not intended to be investment advice about the merits of investing directly in these issuers. The comparison of specific stocks as "What You Own" and "What You Don't Own" is provided to illustrate the key characteristics that Value Partners uses in its investment process to identify great businesses at reasonable prices. Please consult your own legal, investment, and/or tax advisor prior to making a decision to invest in the Pools.

The complete holdings of the Pool are disclosed in its Statement of Investment Portfolio semi-annually. On a quarterly basis, the Pool discloses its top 25 holdings in its Summary of Investment Portfolio. Both these documents are available on our website at [www.valuepartnersinvestments.ca](http://www.valuepartnersinvestments.ca). Value Partners is a registered investment fund manager, portfolio manager, and exempt market dealer and is responsible for making decisions about the investments in the Pool.

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the fund facts document and the prospectus before investing. The indicated returns represent historical annual compounded total returns, including changes in share or unit value and reinvestment of all dividends, and do not take into account sales, redemption, distribution, or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance will not tell you how the Pool will perform in the future, particularly since the investment objectives of the Pool changed effective December 1, 2013 and the portfolio manager of the Pool changed effective January 5, 2015.

Date of Publication: January 2018



**VALUE  
PARTNERS**  
INVESTMENTS

300 - 175 Hargrave St, Winnipeg, Manitoba R3C 3R8  
TF: 866 323 4235 P: 204 949 0059 F: 204 949 1743

**VALUEPARTNERSINVESTMENTS.CA**