



POOL RETURNS

	1 Year	3 Year	5 Year
VPI Corporate Bond Pool - Series A	2.8%	5.5%	3.3%
FTSE Canada Universe Bond Index*	4.5%	6.6%	1.5%
Value Added	-1.7%	-1.1%	1.8%

*Please see disclaimer on the last page for more information on the benchmark comparison. Returns as of December 31, 2025.

MARKET OVERVIEW

Bond markets welcomed a third interest rate cut by the U.S. Federal Reserve and their intention to continue the same in 2026. The Fed announced that it would expand its balance sheet again by purchasing treasuries. During the past quarter in the U.S., short-term government yields fell while longer-term yields rose, resulting in a steepening of the yield curve. The U.S. President is trying to nominate a next Fed chair who will lower rates. If the move is successful, then there is a risk that investors lose faith in the Fed's independence and commitment to maintain price stability.

We believe that the low-risk premiums for corporate debt are ignoring excesses in the market and not compensating investors for taking credit risk. When an alleged fraud in U.S. auto supplier First Brands spooked investors, JP Morgan Chase chief warned about more credit "cockroaches" lurking. Auto loan delinquencies are also at worrying levels.

After four interest rate cuts in 2025, the Bank of Canada (BoC) maintained its overnight interest rate at 2.25% as trade tensions remained heightened with the U.S. Inflation is expected to creep higher as the low base effect of the GST/HST holiday from last year wears off.

POOL ACTIVITY

The portfolio remains focused on high-quality securities, which continue to offer superior relative value. During the quarter, government bond exposure was reduced, and the portfolio added several new high-quality corporate positions.

The portfolio participated in the following new issues: 10-year 407 International (+93 bps), 8-year Hydro One (+76 bps), 6NC5 Royal Bank senior unsecured (+77 bps), and 6NC5 Bank of Nova Scotia senior unsecured (+82 bps).

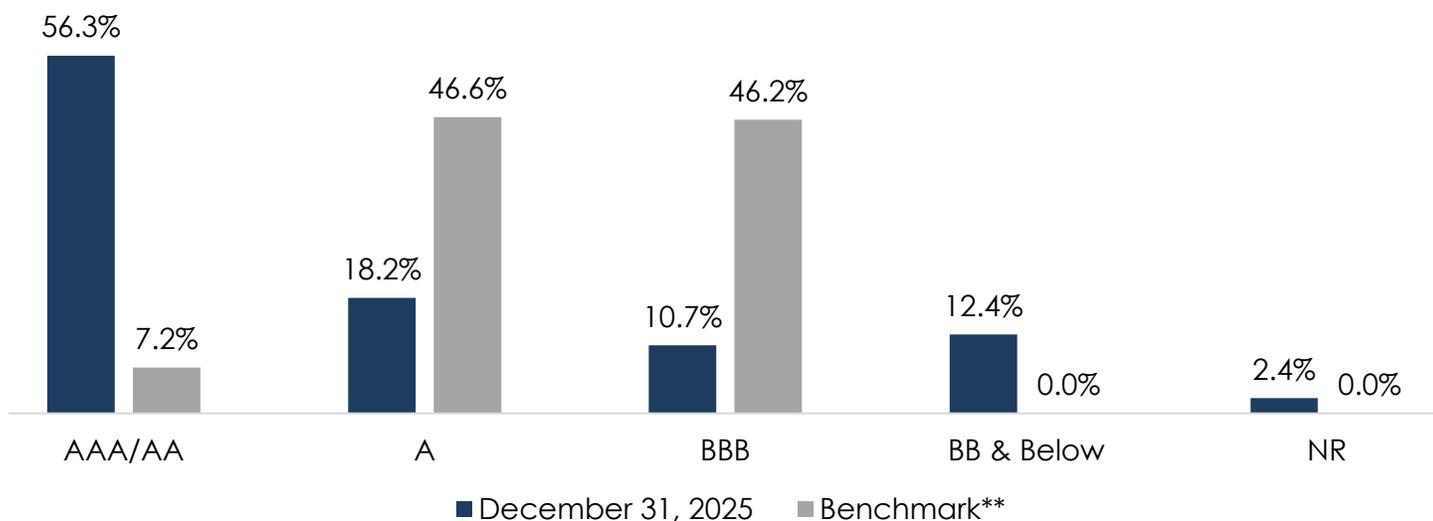
These purchases were funded primarily through sales of Government of Canada bonds. The quarter also saw several full calls, including American Airlines IP Notes, Kruger Packaging following the successful completion of a refinancing transaction, and Spirit AeroSystems after the closing of its merger with Boeing in December.

PORTFOLIO MANAGER FAISAL AHAMED, CANISO INVESTMENT COUNSEL





POOL CREDIT QUALITY



POOL POSITIONING

The portfolio continues to be conservatively positioned with 56.3% invested in AAA/AA rated securities, 50.5% of which are Federal Government bonds. The AAA/AA weight also includes NHA MBS and high quality corporate issues. The BBB weight ended the period at 10.7%, well below the 46.2% weight of the index. The portfolio's duration ended the period at 4.8 years, which continues to be short of the 5.6 year benchmark duration. Foreign currency bonds continue to be fully hedged back to Canadian dollars.

POOL CHARACTERISTICS

	Current Quarter	Previous Quarter
Pool Duration	4.8 Years	4.1 Years
Benchmark Duration	5.6 Years	5.6 Years
Pool Yield	4.8%	4.5%
Benchmark Yield	3.9%	3.8%
Weight in Floating Rate	3.3%	4.4%
Weight in Foreign Issuers	13.1%	15.9%
Weight in Foreign Currency	11.5%	14.2%

Pool Characteristics table: Data as of December 31, 2025. Pool Yield is current yield. Pool yield is calculated as the weighted sum of the yields of all securities in the pool. **Benchmark: FTSE Canada All Corporate Bond Index. **Please refer to page 3 for further details on benchmark comparison. Source: Canso Investment Counsel Ltd.



STANDARD PERFORMANCE DATA

	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
SERIES A	2.8%	5.5%	3.3%	5.2%

Note: Annualized returns as of December 31, 2025. Source: Value Partners Investments.

DISCLAIMER

* The FTSE Canada Universe Bond Index ("the Benchmark") is the headline index for the Canadian bond market. This index is provided for information only and comparisons to the index has limitations. The Benchmark is an appropriate standard against which the performance of the VPI Corporate Bond Pool ("the Pool") can be measured over longer time periods as it represents the primary investment environment from which the Portfolio Manager selects securities based on the preservation of capital and long-term growth. The Portfolio Manager attempts to achieve this by purchasing fixed securities of high-quality and value. Although there are similarities, the Benchmark is a broad market index. Therefore, performance deviations relative to the Benchmark may be significant. The Pool also has concentrated investments in a limited number of companies compared to the Benchmark. As a result, a change in one security's value may have more effect on the Pool's value as compared to the Benchmark.

**The FTSE Canada All Corporate Bond Index ("the Benchmark") is a major index for the Canadian bond market. This index is provided for information only and comparisons to the index has limitations. The Benchmark is an appropriate standard against which the performance of the VPI Corporate Bond Pool ("the Pool") can be measured over longer time periods as it represents one of the investment environments from which the Portfolio Manager selects securities based on the preservation of capital and long-term growth. The Portfolio Manager attempts to achieve this by purchasing fixed income securities of high-quality and value. Although there are similarities, the Benchmark is a broad market index. Therefore, performance deviations relative to the Benchmark may be significant. The Pool also has concentrated investments in a limited number of companies compared to the Benchmark. As a result, a change in one security's value may have more effect on the Pool's value as compared to the Benchmark.

This material 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 fund manager of VPI Corporate Bond 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. If included 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 Pool.

The complete holdings of the Pool are disclosed in its Financial Statements semi-annually. On a quarterly basis, the Pool discloses its top 25 holdings in its Top 25 Holdings report. Both these documents are available on our website at www.valuepartnersinvestments.ca. Value Partners is a registered investment fund manager, portfolio manager, and exempt market dealer and has engaged Canso Investment Counsel Ltd., a registered portfolio manager, to make decisions about the investments made by the Pool – these investment decisions are not made by Value Partners.

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. If included, 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.

Date of Publication: January 2026



Click or Scan to
Watch our Latest
Update Video