



VPI INCOME POOL

SUSTAINABLE INCOME

OUR BUSINESSES ARE SHOWING IMPROVEMENTS IN THEIR FUNDAMENTALS. THE OUTLOOK IS POSITIVE!

	Increased Dividend	Buy Back Shares	Reduced Debt	Opportunistic Acquisition/Sale	Operational Improvements
Scotiabank	✓	✓		✓	
CIBC	✓			✓	
Canadian Natural	✓	✓	✓	✓	✓
CANADIAN UTILITIES LIMITED An Company	✓		✓	✓	✓
cenovus ENERGY	✓		✓	✓	✓
ENSIGN			✓	✓	✓
LINAMAR Power to Perform			✓	✓	✓
BED BATH & BEYOND	✓	✓			✓
CVS Health			✓	✓	✓
HONDA	✓		✓		✓
macy's			✓		✓
TOTAL	✓	✓			✓
WPP		✓	✓	✓	✓

Chart covers the period beginning December 31, 2016 and ending December 12, 2019. Increased dividends, share buybacks and reduced long term debt for the nine months ending September 30, 2019. Sources: Patient Capital Management, S&P Capital IQ, Company Investor Relations.



IMPROVING FUNDAMENTALS = INCREASING SHARE PRICES

A closer look at the top five performing businesses in this pool in 2019.

2019 Return	Incr. Div.	Buy Back Shares	Reduced Debt	Opportunistic Acquisition/ Sale	Operational Improvements	Div. Yield
+44% 	cenovus ENERGY	+25%	-	Decreased long term debt by 31% since 2017	Acquired the rest of the Foster Creek, Christina Lake Partnership from ConocoPhillips in 2017	Set a new industry efficiency benchmark and is using rail to bridge the gap until pipelines are built in Canada
+40% 	BED BATH & BEYOND	+6%	Repurchased an average of 6% of shares outstanding per year over the past 3 years	-	-	Refreshed the board of directors, hired a new CEO and management team
+30% 	WPP	-	Will repurchase USD\$1.2 billion by the end of Q1 2020 (using proceeds from the sale of its Kantar division)	Will reduce debt by 30% in 2020 (using proceeds from the sale of its Kantar division)	Sold 60% of Kantar, its market research division, for USD\$3.1 billion	Improving North American market and smooth transition of a new management team
+25% 	CU CANADIAN UTILITIES LIMITED An AEROC Company	+7%	-	Decreased long term debt by 10% since 2017	Sold 2,100MW Canadian fossil fuel based electricity generation portfolio for CAD\$821 million	Cost efficiencies and rate-based growth are boosting earnings
+25% 	Canadian Natural	+12%	Repurchased CAD\$1.2 billion shares in 2018 and CAD\$900 million shares in 2019	Decreased debt by 10% since 2017	Acquired Athabasca Oil Sands from Shell (2019) and Marathon Oil properties from Devon Energy (2019)	Improving production per share growth, continually lowering GHG emissions

2019 return is the share price appreciation for the year ending December 31, 2019. Dividend increases based on announced dates in 2019 and represent increases in dividends per share. Share buybacks for the nine months ended September 30, 2019. Reduced debt amounts from December 31, 2017 to September 30, 2019. Dividend yields as of December 31, 2019. Sources: Company investor relations, S&P Capital IQ, Patient Capital Management.



CALENDAR YEAR PERFORMANCE (EXCLUDING FEES)

	2015	2016	2017	2018	2019	5 Year Annualized Growth ³
Equities ¹	12.4%	30.6%	-7.9%	-2.5%	17.5%	9.2%
Benchmark ²	-8.3%	21.1%	9.1%	-8.9%	22.9%	6.3%

2.9%
difference

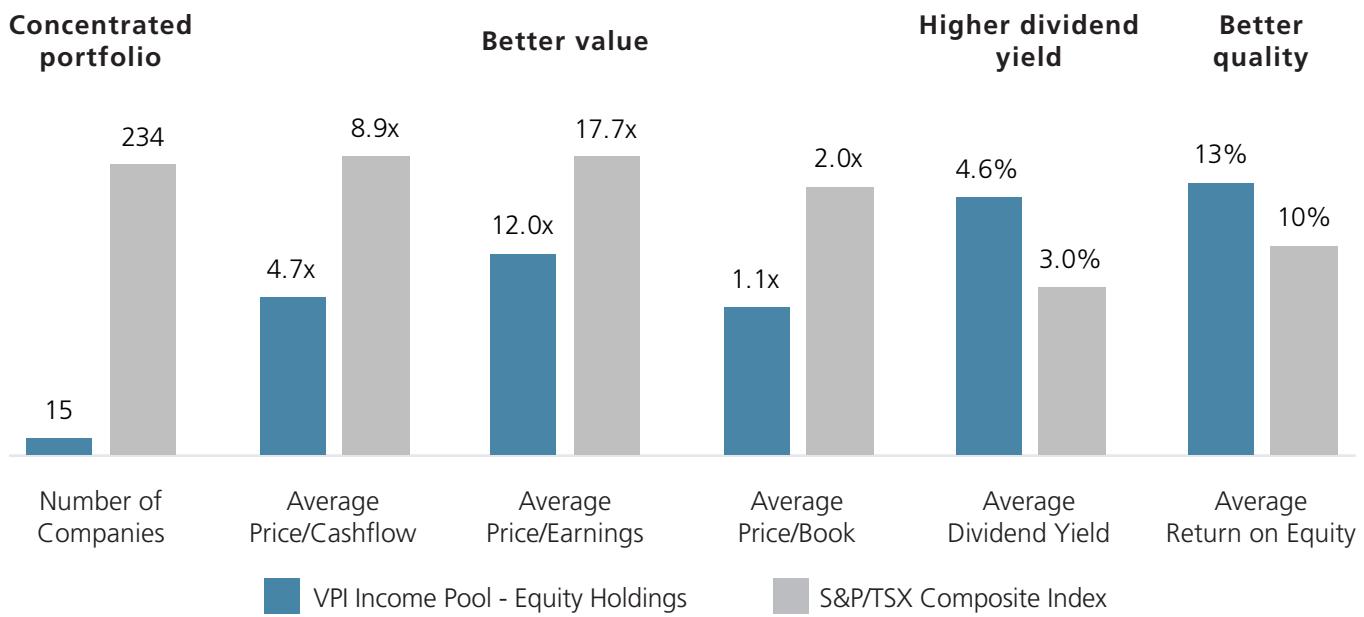
	2015	2016	2017	2018	2019	5 Year Annualized Growth ³
Bonds ⁴	4.9%	9.1%	3.9%	1.6%	6.3%	5.2%
Benchmark ⁵	2.7%	3.7%	3.4%	1.1%	8.1%	3.8%

1.4%
difference

¹Equity portion of the VPI Income Pool is managed by Patient Capital Management. ²S&P/TSX Total Return. ³Compound Annual Growth Rate.

⁴Canso Corporate Value Mandate is managed by Canso Investment Counsel. ⁵FTSE TMX Canada All Corporate. Returns for the years ending December 31. Source: Patient Capital Management, Canso Investment Counsel

OWN THE BEST, LEAVE THE REST



Average Price/Cashflow (P/CF), Price/Earnings (P/E), Price/Book (P/B), and Dividend Yield are weighted by portfolio value in Canadian dollars. Negative P/CF and P/E are not meaningful and have been excluded from the weighted average calculations. S&P/TSX Composite Index figures are weighted by market capitalization and are from S&P Dow Jones Indices, a division of S&P Global. Average Return on Equity (ROE) for the S&P/TSX Composite Index is the long term (>20 year) average return on equity. ROE for the Income Pool is the weighted average of the portfolio constituents' five year ROE. A negative five year average ROE is not meaningful and has been excluded from the weighted average calculation. Index and company data as of December 31, 2019. Source: Patient Capital Management, S&P Capital IQ.

STANDARD PERFORMANCE INFORMATION

Q4 2019



	1 YEAR	3 YEARS	5 YEARS	10 YEARS
SERIES A	8.9%	1.7%	3.9%	4.7%

Note: Annualized returns as of December 31, 2019.

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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. Value Partners has engaged two registered portfolio managers, Patient Capital Management Inc., the principal portfolio manager of the Pool, and Canso Investment Counsel Ltd, to make decisions about the investments made by the Pool – these investment decisions are not made by Value Partners.

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