



Dear Fellow Investor:

There was no shortage of commentary about frothy markets in February, even as indices marked new all-time highs. With valuations continuing to climb, it also doesn't take much to rattle markets these days. Exhibit A is the rise in long bonds, which were up 45 bps last month, reminiscent of the beginnings of the 2013 Taper Tantrum, when U.S. 10-year treasuries rose 120 bps.

In 2013, the Fed triggered a sell-off by saying it would slow its bond-buying. This time it only took the Fed saying that it was happy with its current pace. And unlike 2013, when the Fed reacted to the tantrum by launching a new QE, this time around the Fed seems more reluctant to fuel the market's already-rampant speculation. As a result, equity investors remain on edge, particularly where valuations are stretched and growth faces a re-rating. With certain companies investing their cash balances in Bitcoin, we don't think analogies to March 2000 are too far fetched, at least in some corners of the market.

Most recently, we have highlighted Technology and Renewables as two areas of concern. These sectors now appear to be correcting. We also see pressures ahead for perceived 'work-from-home' stocks, as many valuations have raced ahead of fundamentals. With the pace of reopening likely to be uneven and many stocks already recovered to pre-pandemic levels, we think research and active stock-picking will be critical this year and next. We are proud to be backed by some of the best research on the street.

We are positioned for the market's change. Over the last six-months, Our Canadian Equity Fund is up 12.77%, 175 bps ahead of the S&P/TSX Index. Our Absolute Return Fund is up 6.77%.

Thank you for your continued support.

Your fellow investors,

Anthony Scilipoti  
Sam La Bell



## FUND DETAILS\*

Type	Fee based
Fund Code	VAM 201
Total Assets (All classes)	\$14.2 million
Category	Canadian Equity
Inception Date	May 1, 2018
Management Fee	0.95%
Number of Holdings	26
Minimum Investment	\$1,000 initial / \$500 subsequent
Firm AUM	\$34.1 million
Employee AUM <sup>1</sup>	\$2.9 million
Volatility Risk Profile	Medium
Distribution Frequency	Annually if any

## PORTFOLIO OBJECTIVE

The investment objective of the Veritas Canadian Equity Fund is to provide Unitholders with long term capital growth earning enhanced risk adjusted returns relative to the S&P TSX Composite Total Return Index by investing in a portfolio comprised primarily of the securities of Canadian companies.

## WHY INVEST WITH US

- Driven by award winning research
- High-conviction concentrated portfolio
- Low market correlation
- Index and sector-agnostic
- Low turnover portfolio
- Strict risk management optimization process

## THE PORTFOLIO PRIMARILY INVESTS IN

The Fund will invest primarily in the securities of companies included on the V-List Model Portfolio as prepared by Veritas Investment Research Corporation (VIR).

The V-List was launched by VIR in 2004. The V-List is a concentrated model portfolio of between 12 and 25 companies that comprise VIR's best investment ideas. The fund is systematically optimized to minimize volatility and maximize performance relative to passive investing.

Companies are selected based on their potential for long term capital appreciation, using bottom-up fundamental analysis and a strict review of accounting and disclosure practices to identify companies with defensible competitive advantages and the ability to generate meaningful cash flows.

## ABOUT VERITAS ASSET MANAGEMENT

Veritas Asset Management (VAM) is an independent employee owned research driven investment manager. VAM was founded on the belief that superior research leads to better investment decisions. VAM sources its investment ideas from Veritas Investment Research Corp. (VIR), an award-winning independent equity research organization whose fundamental analysis is based on forensic-accounting principles.

Once ideas are selected, the next step in building a VAM portfolio is risk management. After studying the fundamentals, the portfolio managers at VAM overlay a factor-based risk management strategy. This approach allows VAM to select a portfolio of names and individual weights that, when combined, are designed to minimize risk. VAM is sector agnostic and takes concentrated positions based on each company's relative risk/reward characteristics.

Together, VAM and VIR offer a unique investment solution that diversifies and adds value to investor portfolios.

## PERFORMANCE<sup>6</sup>

	YTD	1 MONTH	1 YEAR	SINCE INCEPTION
FUND	3.6%	2.3%	0.9%	14.0%
INDEX	4.0%	4.4%	14.7%	26.4%

RISK MEASURES <sup>2</sup>	1 YEAR	SINCE INCEPTION
Beta <sup>3</sup>	0.70	0.69
Fund Volatility <sup>4</sup>	20.0%	13.8%
Index Volatility	25.2%	17.5%

	TOP TEN HOLDINGS <sup>5</sup>	TICKER	% WEIGHT
1	Capital Power Corp.	CPX	6.76
2	TransAlta Corp.	TA	6.27
3	Granite REIT	GRT.UN	5.41
4	Manulife Financial Corp.	MFC	5.23
5	Enbridge Inc.	ENB	5.16
6	Cdn Nat Resources Ltd.	CNQ	4.93
7	SNC-Lavalin Group Inc.	SNC	4.38
8	Maple Leaf Foods Inc.	MFI	4.29
9	Hydro One Ltd.	H	4.28
10	TFI International Inc.	TFII	4.15
	<b>Top 10 weight</b>		<b>50.86</b>



**TANTRUM PART II**

The relief rally triggered by vaccine rollouts continued in February as indexes again hit all-time highs. As we saw, however, it takes very little to rattle the markets these days. In a move reminiscent of the 2013 Taper Tantrum, when U.S. 10-year treasuries rose 120 basis points over four months, long bond yields rose 45 bps.

In 2013 the Fed triggered a sell-off by saying it would slow its bond-buying, but this time around it only took the Fed saying that it was happy with its current pace. And unlike 2013, when the Fed reacted to the tantrum by launching a new QE, this time around the Fed seems more reluctant to fuel the market's already-rampant speculation. As a result, equity investors remain on edge, particularly where valuations are stretched and growth multiples face a re-rating.

Faced with this backdrop, our fund remained conservatively positioned in February. The S&P/TSX return of 4.36% in February included a contribution of 1.14% from Shopify, which has since fully reversed, with strength in Financials and Energy. Class F units of our fund returned 2.28%.

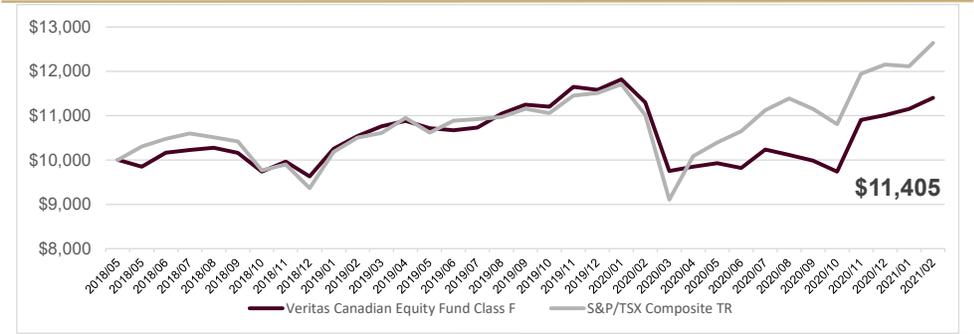
The Fund's position in **Canadian Natural Resources Ltd. (CNQ)** was the top contributor to fund performance for the month of February. The company's prudent capital allocation and best-in-class cost structure has allowed it to continue investing in its operations and maintain dividends during the price downturn brought on by COVID-19. With oil prices back above US\$60 per barrel this year, the company is poised to bring in significantly more cash flow on higher year-over-year volumes.

The Fund's position in **Manulife Financial Corporation (MFC)** was the second-best contributor to fund performance in February as investors rewarded the company's earnings strength and 2021 outlook with share price gains. Looking ahead, we expect **MFC** to continue growing its insurance book despite headwinds from COVID-19, with the company's strong capital position and a recovery in core investment gains likely to add upside.

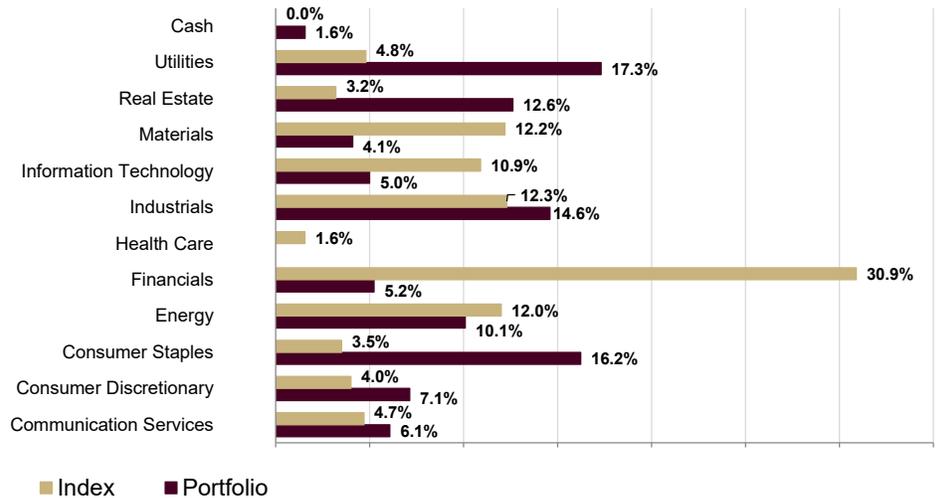
Our goal is to buy the best companies in sectors where we identify positive investment catalysts while avoiding poorly positioned companies and industry headwinds in sectors where we identify investment risks. We evaluate companies based on balance sheet strength; free cash flow sustainability; transparent financial reporting and governance; as well as the ability to endure periods of economic weakness.

**PERFORMANCE<sup>7</sup>**

**Growth of \$10,000 (since inception date)**



**SECTOR ALLOCATIONS<sup>8</sup>**





## DISCLOSURES

The information contained herein is for general information purposes and does not constitute a solicitation for the purchase or sale of securities. The full details of the Fund, its investment strategies and the risks are detailed in the Fund's current simplified prospectus, annual information form, and fund facts document, copies of which may be obtained from Sedar, your dealer, Veritas Asset Management Inc. ("VAM") or at [Veritasfunds.com](http://Veritasfunds.com). Please read the prospectus before investing. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. All performance data assume reinvestment of all distributions or dividends and do not take into account other charges or income taxes payable by any unitholder that would have reduced returns. The performance of the Fund is not guaranteed, unit values change frequently and past performance may not be repeated. Performance is presented in Canadian dollars, unless otherwise stated, and is net of fees of Class F units of the Fund. VAM is an affiliate of Veritas Investment Research Corporation ("VIR"), which produces and issues independent equity research regarding public issuers to investors and other capital markets participants. VAM is a client of VIR and receives research reports from VIR at the same time as VIR's other clients. VIR and VAM have implemented policies and procedures to minimize the potential for and to address conflicts of interest, which are available upon request.

1. Employee AUM includes all parties related to the Manager in all series or classes of all Veritas Asset Management Inc. Funds, as at February 26, 2021.
2. Source: Refinitiv, Veritas Asset Management Inc. estimates, for period ending February 26, 2021. Class F Inception Date: May 1, 2018. Benchmark is the S&P/TSX Composite Index. The S&P/TSX Composite Index is a capitalization-weighted index that represents some of the largest float-adjusted stocks trading on the Toronto Stock Exchange. Veritas Canadian Equity Fund draws its ideas from constituents in the index, but differs in its weighting of securities.
3. Beta (observed beta)  $\beta_{i,f}$  based on historical relationship between fund return (F) and index (I) performance.  $\beta_{i,f} = \text{Cov}(R_i, R_f) / \text{Var}(R_i)$  where  $R_i$  is the monthly index return,  $R_f$  is monthly fund return.
4. Volatility is expressed in terms of historical annual volatility. Historical monthly volatility is measured by the standard deviation of monthly returns. Historical Annual Volatility is measured by annualizing monthly data.
5. Source: Refinitiv & Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending February 26, 2021.
6. Source: Refinitiv. Class F Inception Date: May 1, 2018. Portfolio weights refer to end of day weights for period ending February 26, 2021. Past performance is not indicative of future performance. The S&P/TSX Composite Index is a capitalization weighted index that represents some of the largest float adjusted stocks trading on the Toronto Stock Exchange. Veritas Canadian Equity Fund draws its ideas from constituents in the index, but differs in its weighting of securities.
7. Source: Refinitiv. Class F Inception Date: May 1, 2018. Performance as of February 26, 2021. Past performance is not indicative of future performance. The S&P/TSX Composite Index is a capitalization-weighted index that represents some of the largest float-adjusted stocks trading on the Toronto Stock Exchange. Veritas Canadian Equity Fund draws its ideas from constituents in the index, but differs in its weighting of securities.
8. Source: Refinitiv & Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending February 26, 2021. The S&P/TSX Composite Index is a capitalization-weighted index that represents some of the largest float-adjusted stocks trading on the Toronto Stock Exchange. Veritas Canadian Equity Fund draws its ideas from constituents in the index, but differs in its weighting of securities.

\* Portfolio Manager changed to Antonio Scilipoti as of October 1, 2020.

\* All dollar figures are represented in CAD unless otherwise noted.