



## FUND DETAILS\*

Fund Code	VAM 301
Type	Fee based
Total Assets (All series)	\$65.5 million
Category	Alternative Mutual Fund
Inception Date	October 1, 2019
Management Fee	1.5%
Total Number of Holdings	85
Total Long Positions	35
Total Short Positions	50
Minimum Investment	\$5,000 initial / \$500 subsequent
Firm AUM <sup>1</sup>	\$100.5 million
Related Parties AUM <sup>2</sup>	\$5.8 million
Distribution Frequency	Annually if any

## PORTFOLIO OBJECTIVE

The investment objective of the Fund is to achieve attractive risk adjusted rates of return that deliver long-term capital appreciation to unitholders.

The Fund will invest primarily in the securities of publicly traded Canadian companies that the portfolio management team identifies as mispriced. Long and short positions will be determined with reference to recommendations provided by Veritas Investment Research Corporation (an affiliate of the Portfolio Manager). The Portfolio Manager may also invest in securities that are not formally covered by Veritas Investment Research Corporation.

The Fund will manage its long and short positions to reduce the impact of market volatility on the Fund's investment portfolio.

## WHY INVEST WITH US

- The Fund's long-short capability targets lower volatility than equities, less correlation to traditional asset classes, and greater downside protection.
- The Fund aims to preserve capital and achieve consistent positive returns.
- The Fund pursues an active investment discipline using forensic-accounting based research.
- Fundamental analysis is paired with systematic stock selection to generate alpha.
- Suitable for investors with a medium risk profile.
- Daily liquidity.
- No performance fees.

## ABOUT VERITAS ASSET MANAGEMENT

Veritas Asset Management (VAM) is an independent, employee owned, research-driven investment manager. 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.

After studying the fundamentals and selecting ideas, 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.

## MONTHLY RETURNS % (NET OF FEES)<sup>5</sup>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2022	2.2	-0.8	-0.7	-0.2	0.5	-2.8	-1.8	-4.9	-0.9				-9.3
2021	1.1	-0.3	6.9	1.2	4.1	-0.9	1.3	1.6	0.3	1.4	-1.8	6.2	22.8
2020	1.3	-1.6	4.3	-5.3	-2.0	-0.2	2.9	-1.6	1.2	-2.8	7.1	0.6	3.3
2019										0.5	2.7	-0.6	2.6

## PERFORMANCE<sup>6</sup>

	YTD	1 MONTH	1 YEAR	SINCE INCEPTION
FUND	-9.3%	-0.9%	-4.1%	5.9%
INDEX	-11.1%	-4.3%	-5.4%	7.0%

EXPOSURES <sup>3</sup>	
Volatility Risk Profile	Medium
Gross Exposure	118%
Net Exposure	33%

	TOP TEN HOLDINGS <sup>4</sup>	TICKER	LONG/SHORT
1	Enbridge Inc.	ENB	LONG
2	Manulife Financial Corp.	MFC	LONG
3	TransAlta Corp.	TA	LONG
4	Alimentation Couche-Tard Inc.	ATD	LONG
5	Dollarama Inc.	DOL	LONG
6	Capital Power Corp.	CPX	LONG
7	Nutrien Ltd	NTR	LONG
8	Barrick Gold Corp.	ABX	LONG
9	Hydro One Ltd	H	LONG
10	Shaw Communications Inc.	SJR.b	LONG



**COMMENTARY**

Series F of the Veritas Absolute Return Fund generated a -0.9% return in September versus a -4.3% return for S&P/TSX index. Our year-to-date return at the end of September was -9.3% versus -11.1% for the index. We remain focused on generating absolute returns for our investors while maintaining our low market correlation to minimize volatility.

The Fund's option positions were the top contributor to fund performance in September, as markets declined and volatility, as measured by the CBOE Volatility Index (VIX), picked up from 25.9% on August 31st to 31.6% by month-end. During periods of market uncertainty, the Fund uses options both as protection against market declines and to generate positive Alpha.

The Fund's short position in **Wayfair Inc. (NYSE: W)** was the second largest contributor to fund performance in September. **Wayfair** was finally able to turn a profit during the pandemic as shop-at-home demand surged, but with that tailwind fading the company has returned to its money-losing ways. We see further challenges ahead as inflation pressures spending on consumer discretionary items, especially durables.

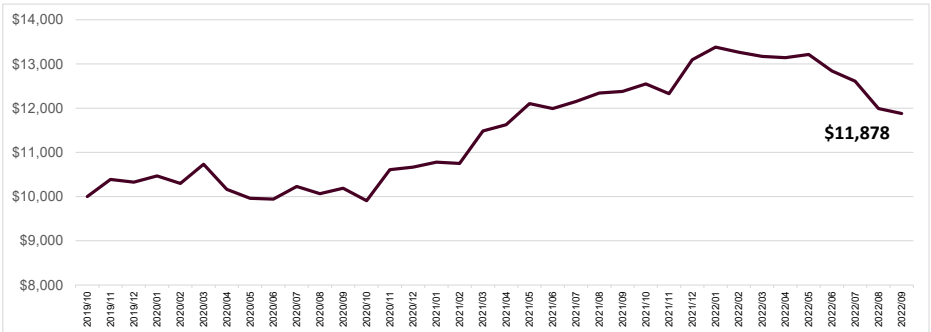
Our goal is to buy the best companies in sectors where we identify positive investment catalysts and take strategic short positions in poorly positioned companies in challenged industries. We evaluate each company's ability to navigate good and bad economic environments, looking at the sustainability of cash flows; balance sheet strength; financial reporting transparency and governance.

Source: Bloomberg, Refinitiv, Veritas Asset Management Inc. estimates, as at September 30, 2022

The CBOE Volatility Index is a popular measure of the stock market's expectation of volatility based on S&P 500 index options. It is calculated and disseminated on a real-time basis by the CBOE, and is often referred to as the fear index or fear gauge.

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

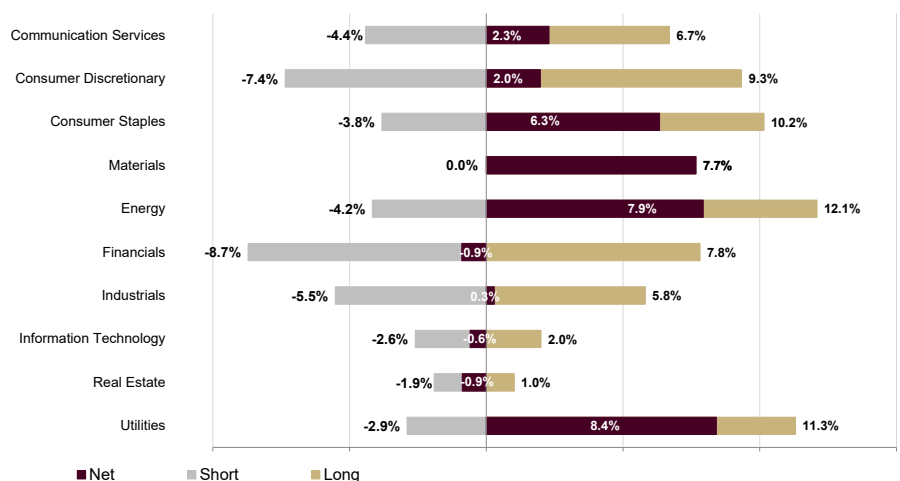
Growth of \$10,000 (since inception date)



**RISK MEASURES<sup>8</sup>**

	1 YEAR	SINCE INCEPTION
Fund Sharpe Ratio <sup>9</sup>	-0.49	0.52
Index Sharpe Ratio	-0.40	0.37
Beta <sup>10</sup>	0.27	0.07
Correlation <sup>11</sup>	0.41	0.13
Fund Volatility <sup>11</sup>	9.7%	9.6%
Index Volatility	14.6%	18.0%
Best Month	6.2%	7.1%
Worst month	-4.9%	-5.3%
Upside Capture <sup>12</sup>	26%	24%
Downside Capture <sup>12</sup>	42%	15%

**SECTOR ALLOCATIONS<sup>13</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 Series 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. Firm AUM includes the AUM of the Veritas Canadian Equity Fund, the Veritas Absolute Return Fund, and the Veritas Next Edge Premium Yield Fund, as at September 30, 2022. The Veritas Next Edge Premium Yield Fund is sub-advised by Veritas Asset Management Inc., and managed by Next Edge Capital Corp.
2. Related Parties AUM includes all parties related to the Manager in all series or classes of all Veritas Asset Management Inc. Funds, as at September 30, 2022.
3. Source: Veritas Asset Management Inc. estimates. Calculated using end of day positions for period ending September 30, 2022.
4. Source: Refinitiv, Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending September 30, 2022.
5. Source: Refinitiv, Veritas Asset Management Inc. estimates. Calendar year returns are based on monthly compounded returns. Veritas Absolute Return Fund Series F monthly returns net of fees and expenses are based on independent third party end of month net asset value (NAV) calculations and on internal unaudited estimates. Past performance is not indicative of future performance.
6. Source: Refinitiv. Series F Inception Date: October 1, 2019. Portfolio weights refer to end of day weights for period ending September 30, 2022. Time periods greater than 1 year are annualized. Past performance is not indicative of future performance. The S&P/TSX Composite Total Return Index is a Canadian dollar denominated, capitalization-weighted index that includes the largest float-adjusted stocks trading on the Toronto Stock Exchange, subject to inclusion criteria. The index provides the broadest representation of market-weighted returns for large capitalization Canadian-listed stocks, including reinvested dividends, making it an appropriate index for diversified portfolios that invest primarily in Canadian stocks, such as the Veritas Absolute Return Fund. Contact Veritas Asset Management Inc. for more information regarding comparative indices.
7. Source: Refinitiv. Series F Inception Date: October 1, 2019. Performance as of September 30, 2022. Past performance is not indicative of future performance.
8. Source: Refinitiv, Veritas Asset Management Inc. estimates. Series F Inception Date: October 1, 2019. The S&P/TSX Composite Total Return Index is a Canadian dollar denominated, capitalization-weighted index that includes the largest float-adjusted stocks trading on the Toronto Stock Exchange, subject to inclusion criteria. The index provides the broadest representation of market-weighted returns for large capitalization Canadian-listed stocks, including reinvested dividends, making it an appropriate index for diversified portfolios that invest primarily in Canadian stocks, such as the Veritas Absolute Return Fund. Contact Veritas Asset Management Inc. for more information regarding comparative indices.
9. The Sharpe ratio is internally calculated using daily NAV returns on the fund, subtracting a risk free rate based on rolling three-month Government of Canada bond yields, converted to a daily return. The observed (ex-post) Sharpe ratio produced using these daily excess returns is annualized based on 252 trading days per year.
10. 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.
11. Correlation is calculated using monthly returns between the fund and index. 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.
12. Upside capture is calculated as the compounded monthly returns of the fund in months where the index is up, divided by the compounded return of the index for the same months, expressed as a percentage of the index return captured. Downside capture is calculated as the compounded monthly returns of the fund in months where the index is down, divided by the compounded return of the index for the same months, expressed as a percentage of the index return captured. Negative downside capture indicates that the compounded return of the fund was positive versus a negative compounded return for the index in those months.
13. Source: Refinitiv, Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending September 30, 2022.

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

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