

VERITAS ABSOLUTE RETURN FUND
(FORMERLY VERITAS LONG SHORT
FUND)

Management Report of Fund Performance

The interim Management Report of Fund Performance contains financial highlights but does not contain the complete interim financial statements of the Investment Fund.

For the six months ended June 30, 2021



VERITAS
ASSET
MANAGEMENT

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021

Forward-Looking Statements (“FLS”)

The interim Management Report of Fund Performance may contain forward-looking statements (“FLS”). FLS means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes any future-oriented financial information (“FOFI”) with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLS about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action.

FLS can be identified using forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue” or “believe”, or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking information and statements. Material risk factors that could affect actual results are identified under the heading “What are the Risks of Investing in the Fund?” in the Fund’s Simplified Prospectus. Investors are also cautioned that FLS is based on several factors and assumptions, including a Fund’s current plans, estimates, opinions and analysis made considering its experience, current conditions and expectations of future developments, as well as other relevant factors. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021

This Management Report of Fund Performance represents the portfolio management team's view of the significant factors and developments affecting the investment fund's performance and outlook for the six months ended June 30, 2021, the investment fund's interim period end. Every effort has been made to ensure the information contained in this Management Report of Fund Performance is accurate and complete, however, the investment fund cannot guarantee the accuracy or the completeness of this material. For more information, please refer to the Funds' Simplified Prospectus ("Prospectus"). In this report, "Manager", refers to Veritas Asset Management Inc., the Manager of the Fund. The "Fund" refers to the Veritas Absolute Return Fund. In addition, "net asset value" or "NAV" refers to the value of the Fund as calculated for transaction purposes, on which the Fund performance is based. All dollar figures are reported in Canadian dollars and are expressed in millions, unless otherwise indicated.

Investment Objective and Strategies

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 Manager identifies as mispriced. Long and short positions will be based in part on 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.

Risk

The risks associated with investing in the Fund remain as discussed in the Prospectus. The Fund is suitable for investors looking for a medium level of risk that is based on a research-driven, concentrated portfolio of Canadian Companies with a medium to longer term investment horizon.

For the six months ended June 30, 2021, there were no changes affecting the overall level of risk associated with an investment in the Fund. Therefore, the overall level of Fund risk and investor risk tolerance remains as stated in the Prospectus.

Results of Operations

Series A units were up 11.85% over the period from \$10.55 to \$11.80. For the six months ended June 30, 2021, Series F units, representing the largest series of the Fund by asset value, ended at \$11.76, up 12.43% from \$10.46 at the end of 2020. Series I units closed the period at \$11.46, up from \$10.13 at year-end, resulting in a gain of 13.13%. By comparison, the S&P/TSX Composite Total Return "S&P/TSX TR" Index was up 17.28% over the first six months of 2021. It is important to note that the Fund's return is net of fees and expenses for professional management, while the benchmark does not have such costs.

The total NAV of the Fund as of June 30, 2021 was \$28.4 million. It began the year at \$18.2 million with net subscriptions totalling \$7.7 million over the first six months of the year.

The net assets of the Series A units increased 263.5% from \$1.5 million to \$5.4 million, primarily due to net subscriptions. The net assets of the Series F units increased 39.6% from \$14.7 million to \$20.5 million as a result of net subscriptions and positive investment returns over the six-month period. The net assets of Series I units increased 24.8% from \$2.0 million to \$2.5 million, due to positive fund performance with minimal redemptions.

The Fund's performance versus the benchmark during the first half of 2021, for each of the Series A, F and I, respectively, reflects our portfolio strategy of managing net market exposures and daily volatility to deliver absolute returns. With the Fund's hedging reducing its net market exposure well below 100% – defined as long positions less short positions – its gains will generally trail the index in periods of double-digit returns, however the strategy is expected to deliver less volatile returns over time and minimize drawdowns in negative markets.

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021

The investment performance of the Fund included income and expenses which may vary year over year. The Fund's income and expenses changed over the period, mainly because of fluctuations in average net assets, portfolio activity and changes in the Fund's investments.

Recent Developments

Government pandemic support unleashed incredible liquidity into the global economy in 2020, with households spending less and directing a significant portion of their savings into investments, leading to a rapid rebound in markets.

In the first half of 2021, elevated cash balances and higher risk tolerance, both for households and corporations, remained key factors driving markets higher. In the second half, we expect conditions to moderate as government spending is tapered and economic conditions return to normal. Inflation risks, supply chain disruptions and further global fallout from coronavirus variants, suggest a high degree of caution over the balance of the year.

We remain focused on diversifying our holdings and managing market risk in 2021, with the expectation that careful stock selection and risk reduction strategies will continue to deliver benefits.

Related Party Transactions

The Manager receives a management fee payable by the Fund for providing its services to the Fund. The management fee varies for each series of units. The management fee is calculated and accrued daily based on a percentage of the net asset value of the series of units of the Fund, plus applicable taxes, and is payable on the last day of each calendar month. The management fee for each of the applicable series of Units is as follows:

- Series A: 2.50% per annum of the net asset value of Series A Units of the Fund calculated daily and payable on the last business day of the month.
- Series F: 1.50% per annum of the net asset value of Series F Units of the Fund calculated daily and payable on the last business day of the month.
- Series I: Negotiated between the investor and the Manager and paid directly by the investor. The management fee rate on the Series I units will not exceed the management fee payable on Series F units of the Fund.

Expense reimbursement

Expense reimbursement by the Manager during the six month period ended June 30, 2021 amounted to \$18,034 (June 30, 2020: \$32,745), out of which \$3,243 was receivable as of June 30, 2021 (December 31, 2020 : \$1,949).

Ownership

As of June 30, 2021, parties related to the Manager owned 7,068 Series F units (December 31, 2020 : 1,060) of the Fund. At June 30, 2021, 214,255 units (December 31, 2020: all) of Series I were owned by parties related to the Manager.

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021

The following tables show selected key financial information about the Series A, Series F and Series I units of the Fund, respectively, and are intended to help you understand the Fund's financial performance for the six month period ended June 30, 2021 and for the years ended December 31, 2020 and 2019. The information shown assumes that all distributions made by the Fund in the period shown were reinvested in additional securities of the Fund and does not consider sales, redemptions, distributions or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

The Fund's Net Asset Value (NAV) per Series A Unit (1)	June 30, 2021	December 31, 2020	December 31, 2019
Net asset value, beginning of period	\$10.55	\$10.33	\$9.62
Increase from operations:			
Total revenue	0.14	0.33	0.28
Total expenses	(0.23)	(0.41)	(0.45)
Realized gains (losses) for the period	0.68	0.04	0.57
Unrealized gains (losses) for the period	0.59	0.60	0.33
Total increase (decrease) from operations (2)	1.18	0.56	0.73
Distributions:			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total distributions (2) (3)	\$-	\$-	\$-
Net asset value, end of period (4)	\$11.80	\$10.55	\$10.33
Ratios and Supplemental Data			
Total net asset value (4)	\$5,382,312	\$1,480,350	\$244,842
Number of units outstanding (4)	456,309	140,348	23,702
Management expense ratio (5)	3.78%	3.95%	2.17%
Management expense ratio before waivers or absorptions	3.91%	3.95%	2.17%
Trading expense ratio (6)	0.19%	0.07%	0.26%
Portfolio turnover rate (7)	279.55%	610.18%	1,419.68%
Net asset value per unit	\$11.80	\$10.55	\$10.33

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021

The Fund's Net Asset Value (NAV) per Series F Unit (1)	June 30, 2021	December 31, 2020	December 31, 2019
Net asset value, beginning of period	\$10.46	\$10.13	\$9.37
Increase from operations:			
Total revenue	0.13	0.32	0.25
Total expenses	(0.17)	(0.31)	(0.34)
Realized gains (losses) for the period	0.64	0.14	0.69
Unrealized gains (losses) for the period	0.70	0.34	0.15
Total increase (decrease) from operations (2)	1.30	0.50	0.75
Distributions:			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total distributions (2) (3)	\$-	\$-	\$-
Net asset value, end of period (4)	\$11.76	\$10.46	\$10.13
Ratios and Supplemental Data			
Total net asset value (4)	\$20,470,059	\$14,665,073	\$10,676,674
Number of units outstanding (4)	1,740,953	1,402,047	1,054,129
Management expense ratio (5)	2.73%	2.95%	2.01%
Management expense ratio before waivers or absorptions	2.89%	2.95%	2.01%
Trading expense ratio (6)	0.19%	0.07%	0.26%
Portfolio turnover rate (7)	279.55%	610.18%	1,419.68%
Net asset value per unit	\$11.76	\$10.46	\$10.13

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021

The Fund's Net Asset Value (NAV) per Series I Unit (1)	June 30, 2021	December 31, 2020	December 31, 2019
Net asset value, beginning of period	\$10.13	\$9.75	\$8.97
Increase from operations:			
Total revenue	0.12	0.31	0.24
Total expenses	(0.09)	(0.24)	(0.28)
Realized gains (losses) for the period	0.62	0.21	0.65
Unrealized gains (losses) for the period	0.69	0.21	0.17
Total increase (decrease) from operations (2)	1.35	0.49	0.78
Distributions:			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total distributions (2) (3)	\$ -	\$ -	\$ -
Net asset value, end of period (4)	\$11.46	\$10.13	\$9.75
Ratios and Supplemental Data			
Total net asset value (4)	\$ 2,546,095	\$2,040,851	\$1,994,662
Number of units outstanding (4)	222,201	201,530	204,554
Management expense ratio (5)	1.36%	2.43%	1.70%
Management expense ratio before waivers or absorptions	1.53%	2.43%	1.70%
Trading expense ratio (6)	0.19%	1.77%	0.26%
Portfolio cash turnover rate (7)	279.55%	610.18%	1,419.68%
Net asset value per unit	\$11.46	\$10.13	\$9.75

Notes:

- (1) This information is derived from the Fund's interim financial statements for June 30, 2021 and audited annual financial statement for December 31, 2020 and 2019 and is not a reconciliation of beginning and ending net assets per unit.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
- (3) Distributions were paid in cash or automatically reinvested in additional units of the Fund, or both.
- (4) This information is provided as at June 30, 2021 and December 31, 2020 and 2019.
- (5) Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average NAV during the period.
- (6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the period. Included in the trading expense ratio are the forward fees.
- (7) The Fund's portfolio turnover rate indicates how actively the Fund's advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the units in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in the period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

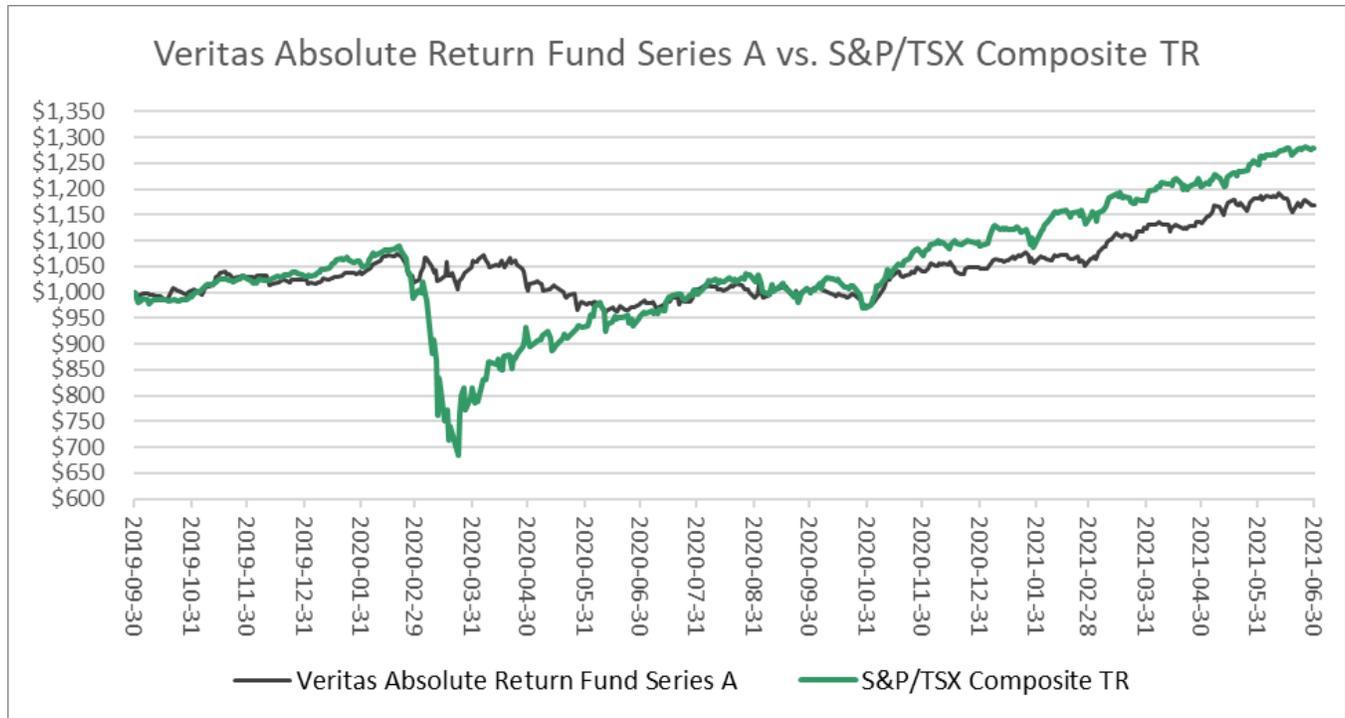
MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021

Returns since October 1, 2019

The following line chart presents the Fund's periodic performance in dollar terms, showing how much a \$1000 investment in Series A, F and I units, respectively, made on the Fund's conversion date (October 1, 2019) would have grown or decreased to by June 30, 2021.

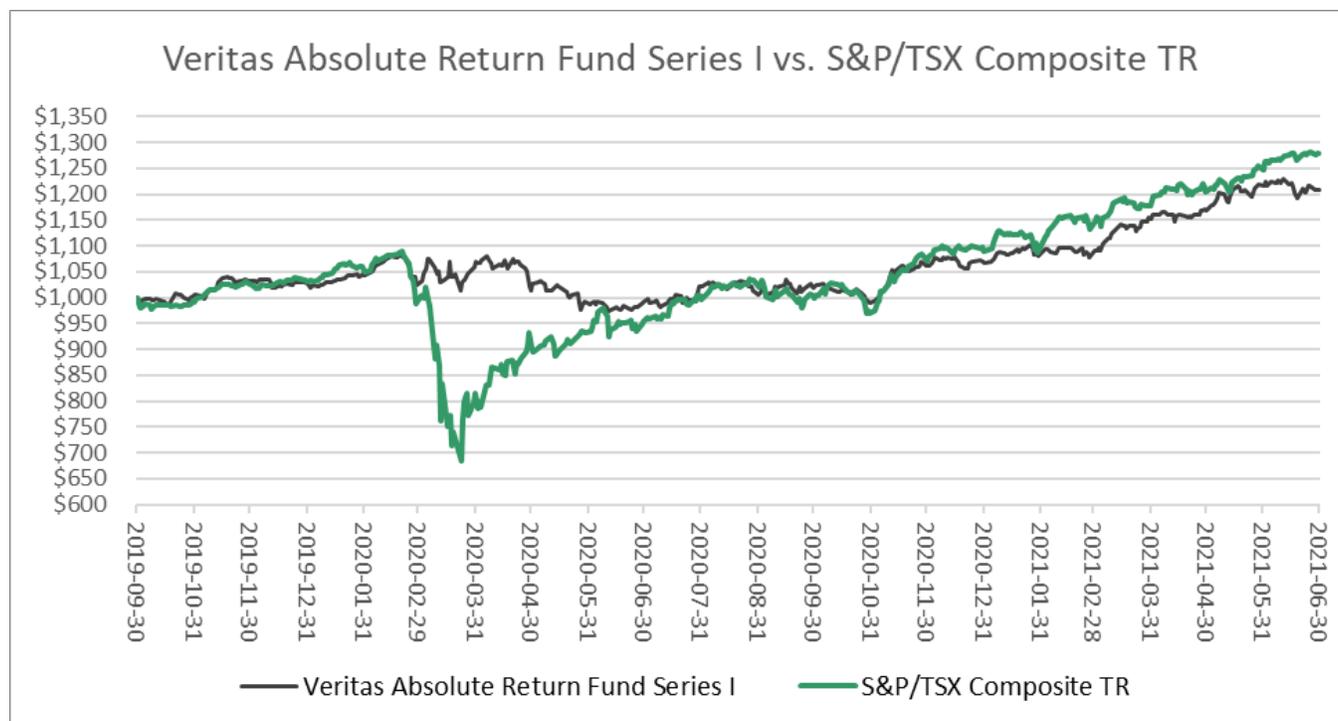
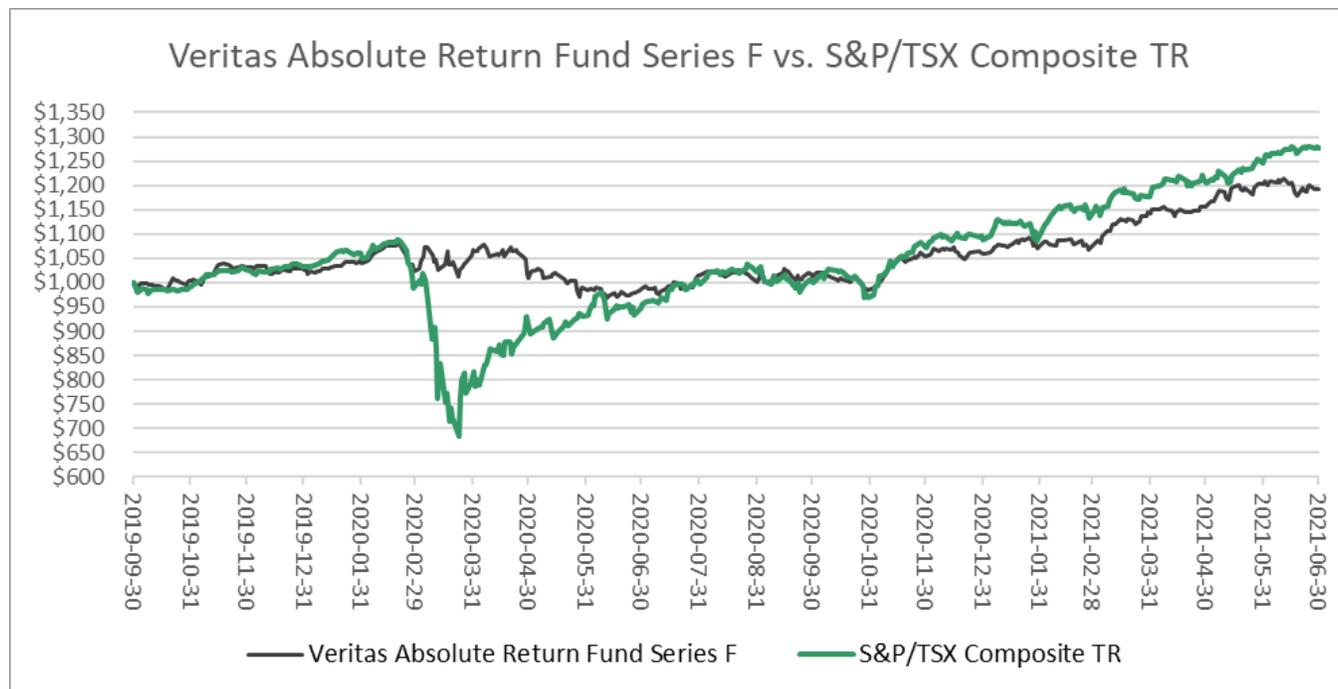
The returns through June 30, 2021 for the Series A, F and I units are as follows:



VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021



VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021

Benchmark(s) Information

The benchmark of the Fund is the S&P/TSX Composite Total Return Index. The S&P/TSX TR, with 231 constituents, is the benchmark Canadian index, representing approximately 77% coverage of TSX and TSX Venture listed companies, as measured by market capitalization.

Annual Compound Returns

Performance for the six-months ended June 30, 2021 and year ended December 31, 2020.

	From January 1,2021	From January 1, 2020
Fund, Series A	11.8%	14.2%
Fund, Series F	12.4%	16.1%
Fund, Series I	13.2%	17.5%
INDEX	17.3%	23.9%

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2021

The following tables show selected key financial information about the Fund and is intended to assist in the understanding of the Fund's financial performance for the six months ended June 30, 2021.

Portfolio Composition		Top 25 Holdings	
Sector Allocation	% of Net Asset Value	Issuer	% of Net Asset Value
Communication Services	4.9%	LONG POSITIONS	
Consumer Discretionary	10.1%	Cash and other net assets	21.0%
Consumer Staples	8.7%	Bombardier Inc.	3.3%
Energy	10.6%	TransAlta Corp.	3.1%
Financials	14.6%	Capital Power Corp.	3.0%
Funds	0.0%	Brookfield Business Partners LP	3.0%
Index Options	0.2%	PrairieSky Royalty Ltd.	3.0%
Industrials	13.3%	Enerplus Corp.	2.9%
Information Technology	3.2%	The Toronto-Dominion Bank	2.9%
Materials	7.4%	Royal Bank of Canada	2.9%
Real Estate	8.8%	George Weston Ltd.	2.9%
Utilities	(2.8%)	Home Capital Group Inc.	2.9%
Cash and other net assets	21.0%	Bank of Montreal	2.8%
Total Portfolio Allocation	100.0%	Manulife Financial Corp.	2.7%
Total Net Asset Value	\$ 28,398,466	Linamar Corp.	2.7%
		Air Canada	2.6%
		NFI Group Inc.	2.5%
		RioCan Real Estate Investment Trust	2.5%
		WSP Global Inc.	2.5%
		Enbridge Inc.	2.4%
		Killam Apartment Real Estate Investment Trust	2.4%
		Magna International Inc.	2.4%
		MTY Food Group Inc.	2.4%
		SNC-Lavalin Group Inc.	2.4%
		Martinrea International Inc.	2.3%
		Ceridian HCM Holding Inc.	2.1%
		Total % of Net Asset Value	
		Represented by Holdings	85.6%