

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, 2020



VERITAS
ASSET
MANAGEMENT

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND)

MANAGEMENT REPORT OF FUND PERFORMANCE

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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.

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Management Discussion of Fund Performance for the six months ended June 30, 2020

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, 2020, the investment fund's fiscal year 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 determined primarily 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, 2020, 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

For the six months ended June 30, 2020, Series A units ended the year at \$9.89, down 4.28% from \$10.33 at the end of 2019. Series F units, the largest series by NAV were down 3.74% falling from \$10.13 to \$9.75. And Series I units began the year at \$9.75, closed at \$9.41 and resulted in a loss of 3.49%. By comparison, the S&P/TSX Composite Total Return "S&P/TSX TR" Index was down 7.47% over the first six months of 2020. 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, 2020 was \$15.9 million. It began the year at \$12.9 million with net subscriptions totalling \$3.5 million.

The net assets of the Series A units increased 405.91% from \$244,842.03 to \$1,238,668.65 from increased net contributions. The Series F units increased 19.5% from \$10.7 million to \$12.7 million as a result of net subscriptions, even though investment returns were negative over the period. The Series I units decreased 3.75% to \$1.92 million from \$1.99 million due to negative fund performance and limited redemptions.

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The Fund outperformed the S&P/TSX Index over the first half of 2020 though it outperformed the index by being underweight sectors that declined the most, such as financials and consumer discretionary. The Fund is ideally suited to mitigate equity market risk because it offers uncorrelated returns with a low market beta. The beta for the Fund is 0.10 calculated daily since October 1, 2019.

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

Recent Developments

Putting the market's year-to-date performance into historic perspective illustrates just how volatile the start to 2020 has been in Canadian markets. While the first quarter of 2020 saw a decline of 20.9% making it the S&P/TSX Composite's third-worst quarter over the period from 1956 to present, the second quarter of 2020 saw the seventh-best performance recorded over the same time frame with a return of 17.0%. April, May and June have been markedly different than Q1. Many stocks that were down most through Q1, surged most through Q2 as investors have shown a willingness to ignore current economic pressures and dire earnings forecasts. Central bank deficits for 2020 as a percentage of GDP are expected to be significantly higher than in any one year during the Great Depression of the 1930's. We are concerned that investors are chasing the recovery believing that 2021 earnings will return to 2019 levels, an outcome we believe to be unlikely given the level of unemployment and continued bankruptcies being reported. Although we have increased our long exposure, we remain cautiously positioned given the uncertainty of the current economic recovery. We continue to manage the portfolio to provide absolute performance during these unprecedented times.

Related Party Transactions

The Manager will receive a monthly management fee calculated as a percentage of the NAV of each applicable series of Units that comprise the Fund on the last business day of the month. The management fee may vary from series to series and will be deducted as an expense of the applicable series of the Fund. The management fee is subject to applicable taxes, such as GST. The management fee for each of the applicable series of Units is as follows:

- Series A: 1/12 of 2.50% (2.50% per annum) of the net asset value of Series A units of the Fund on the last business day of the month.
- Series F: 1/12 of 1.50% (1.50% per annum) of the net asset value of Series F units of the Fund 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 period ended June 30, 2020 amounted to \$32,745 (June 30, 2019: nil), out of which \$24,860 was receivable as of June 30, 2020 (December 31, 2019: nil).

Ownership

As of June 30, 2020, parties related to the Manager owned 1,060 Series F units (December 31, 2019: 4,071) of the Fund.

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 period ended June 30, 2020.

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Management Discussion of Fund Performance for the six months ended June 30, 2020

The Fund's Net Asset Value (NAV) per Series A Unit (1)	2020	2019
Net asset value, beginning of period	\$10.33	\$9.62
Increase from operations:		
Total revenue	0.15	0.28
Total expenses	(0.21)	(0.45)
Realized gains (losses) for the period	(0.08)	0.57
Unrealized gains (losses) for the period	(0.43)	0.33
Total increase (decrease) from operations (2)	(0.57)	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)	\$9.89	\$10.33
Ratios and Supplemental Data		
Total net asset value (4)	\$1,238,669	\$244,842
Number of units outstanding (4)	125,275	23,702
Management expense ratio (5)	2.05%	2.17%
Management expense ratio before waivers or absorptions	2.05%	2.17%
Trading expense ratio (6)	0.88%	0.26%
Portfolio turnover rate (7)	417.38%	1419.68%
Net asset value per unit	\$9.89	\$10.33

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MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six months ended June 30, 2020

The Fund's Net Asset Value (NAV) per Series F Unit (1)		
	2020	2019
Net asset value, beginning of period	\$10.13	\$9.37
Increase from operations:		
Total revenue	0.16	0.25
Total expenses	(0.16)	(0.34)
Realized gains (losses) for the period	0.07	0.69
Unrealized gains (losses) for the period	(0.38)	0.15
Total increase (decrease) from operations (2)	(0.32)	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)	\$9.75	\$10.13
Ratios and Supplemental Data		
Total net asset value (4)	\$12,698,888	\$10,676,674
Number of units outstanding (4)	1,302,532	1,054,129
Management expense ratio (5)	1.59%	2.01%
Management expense ratio before waivers or absorptions	1.59%	2.01%
Trading expense ratio (6)	0.88%	0.26%
Portfolio turnover rate (7)	417.38%	1419.68%
Net asset value per unit	\$9.75	\$10.13

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Management Discussion of Fund Performance for the six months ended June 30, 2020

The Fund's Net Asset Value (NAV) per Series I Unit (1)	2020	2019
Net asset value, beginning of period	\$9.75	\$8.97
Increase from operations:		
Total revenue	0.15	0.24
Total expenses	(0.13)	(0.28)
Realized gains (losses) for the period	0.14	0.65
Unrealized gains (losses) for the period	(0.41)	0.17
Total increase (decrease) from operations (2)	(0.25)	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)	\$9.41	\$9.75
Ratios and Supplemental Data		
Total net asset value (4)	\$1,919,875	\$1,994,662
Number of units outstanding (4)	203,971	204,554
Management expense ratio (5)	1.32%	1.70%
Management expense ratio before waivers or absorptions	1.32%	1.70%
Trading expense ratio (6)	0.88%	0.26%
Portfolio cash turnover rate (7)	417.38%	1419.68%
Net asset value per unit	\$9.41	\$9.75

Notes:

- (1) This information is derived from the Fund's unaudited interim financial statements for June 30, 2020 and audited annual financial statement for December 31, 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, 2020 and December 31, 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 funds' 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.

The following 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, redemption, distribution 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.

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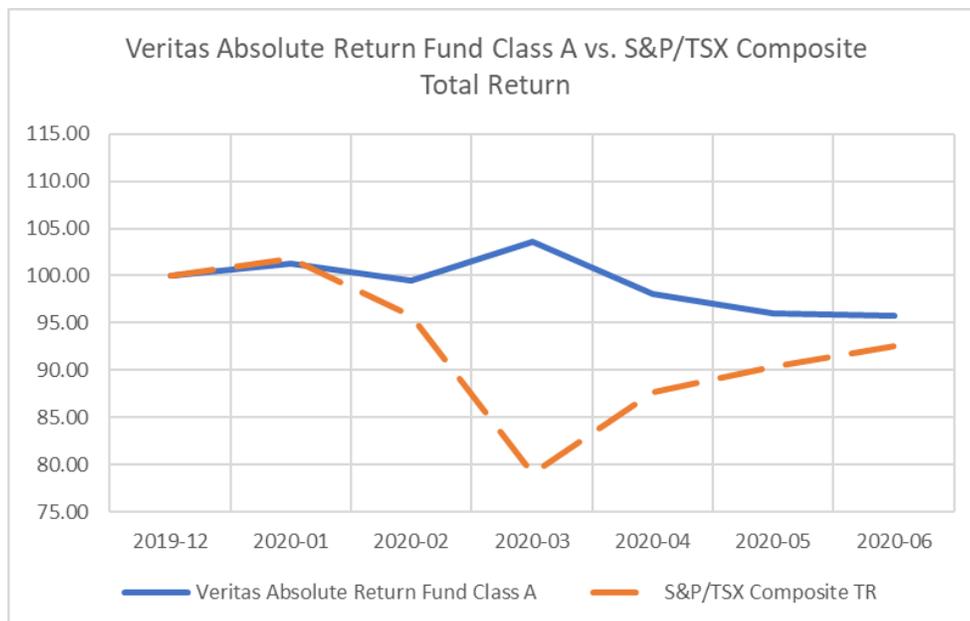
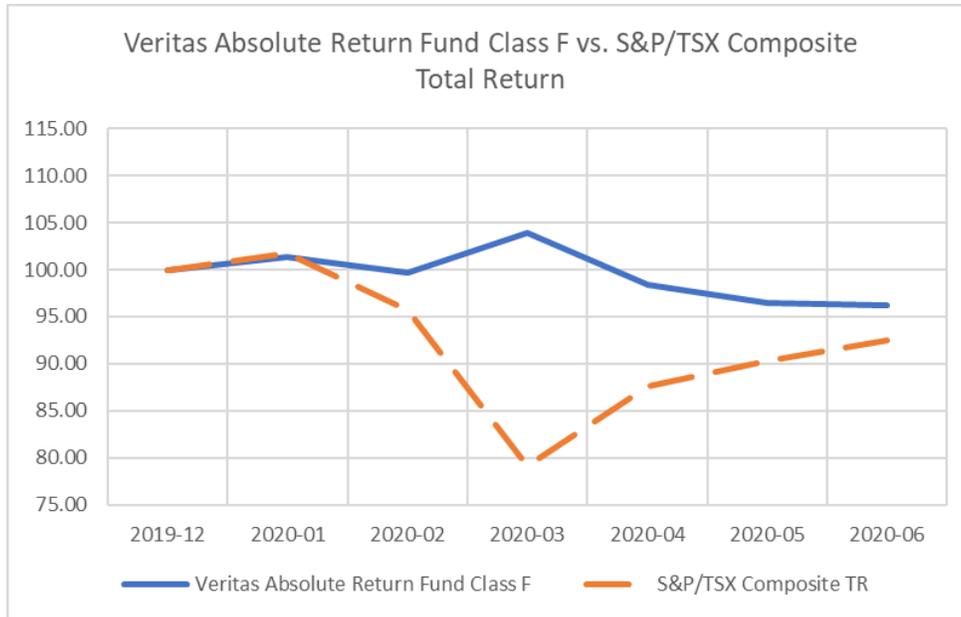
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Year-by-Year Returns

The following line chart shows the Fund's periodic performance. The line chart shows, in dollar terms, how much a \$100 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 the last day of the calendar year.

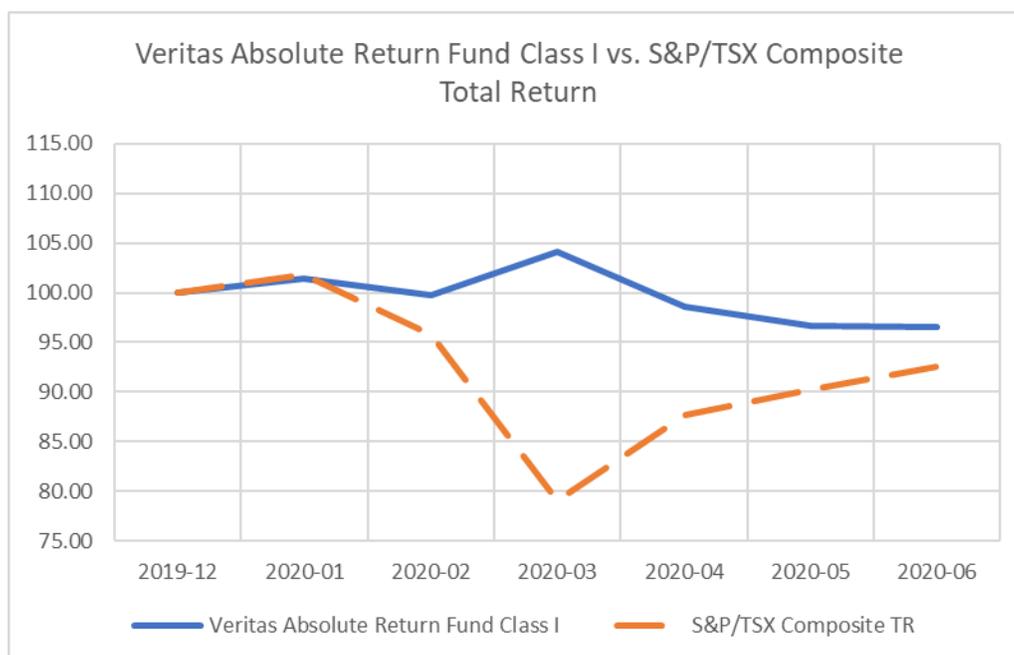
The returns for the six months ended June 30, 2020 and year ended December 31, 2019 in Series A, F and I are as follows:



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Benchmark(s) Information

The benchmark of the fund is the S&P/TSX Composite Total Return Index. The S&P/TSX is the benchmark Canadian index, representing approximately 95% coverage of the Canadian equities market as measured by market capitalization (232 constituents).

Annual Compound Returns

Performance for the six-month period ended June 30, 2020 and year ended December 31, 2019. The fund was in its first year of operation in the fourth fiscal quarter of 2019 and therefore does not have a fully annualized return

	From January 1, 2020	From October 1, 2019
Fund, Series A	(4.28%)	2.33%
Fund, Series F	(3.74%)	2.63%
Fund, Series I	(3.49%)	2.77%
INDEX	(7.47%)	3.17%

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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, 2020.

Portfolio Composition		Top 25 Holdings	
Sector Allocation	% of Net Asset Value	Issuer	% of Net Asset Value
		LONG POSITIONS	
Real Estate	5.6%	Granite Real Estate Investment Trust	6.6%
Utilities	17.8%	SPDR Gold Shares	5.7%
Energy	1.7%	Waste Connections Inc.	5.0%
Industrials	3.6%	Canadian Utilities Ltd.	5.0%
Funds	5.8%	Hydro One Ltd.	4.8%
Communication Services	1.9%	Capital Power Corp.	4.8%
Consumer Staples	16.7%	Metro Inc.	4.7%
Financials	(2.9)%	Loblaw Cos Ltd.	4.7%
Information Technology	3.5%	Quebecor Inc.	4.7%
Consumer Discretionary	(0.3)%	Cogeco Communications Inc.	4.6%
Options	1.6%	Crombie Real Estate Investment Trust	4.3%
Cash	44.6%	Empire Co., Ltd.	4.3%
Other assets and liabilities	0.6%	CGI Inc.	3.5%
		TransAlta Corp.	3.1%
Total Portfolio Allocation	100.0%	George Weston Ltd.	2.4%
		TC Energy Corp.	2.2%
		Maple Leaf Foods Inc.	2.2%
Total Net Asset Value	\$15,857,432	SHORT POSITIONS	
		WSP Global Inc.	(2.4)%
		Shaw Communications Inc.	(1.9)%
		Brookfield Property Partners LP	(1.9)%
		Rogers Communications Inc.	(1.9)%
		InterRent Real Estate Investment Trust	(1.9)%
		Canadian Apartment Properties REIT	(1.8)%
		Cineplex Inc.	(1.8)%
		Cash	44.6%
		Other assets and liabilities	0.6%
		Total Percentage of Net Asset Value Represented by Holdings	104.2%

The "Top 25 Holdings" of the Fund, as a percentage of Net Asset Value of the Fund, have been presented in accordance with National Instrument 81-106.

The tables presented above represent the holdings in the fund on June 30, 2020. The Veritas Absolute Return Fund inception date is October 1, 2019.

The Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates of the Investment Portfolio are available within 60 days of each quarter end.