



Dear Fellow Investor:

Relative to the last thirty years, the TSX sprinted out of the gate in 2021, posting a top ten Q1 return of 8.05%. Our Canadian Equity Fund (CEF) continued its outperformance in Q1 and is now up 20.3% over the last six months – 251 basis points (bps) ahead of the Index. Meanwhile, our Absolute Return Fund (ARF) bested the Index by 300 bps in March and is up 7.7% YTD with low volatility and correlation to the S&P/TSX. (Performance based on F Series Units.)

The marathon is just beginning, however. Q1 and Q2 returns tend to be negatively correlated, with a strong Q1 typically followed by a weak Q2. While not necessarily guaranteeing a reversal, experience suggests that investors should prepare for a choppy second quarter. Of the 11 times where Q1 returns have exceeded 5% since 1991, in Q2 the TSX has been flat to down 6 times, with returns averaging 1.8% overall.

They say never look back until the race is over. But with more than a year passed since the pandemic lows of 2020, it may now be safe to look back, if only to acknowledge how extraordinary the rebound has been. Early U.S. data suggests corporate profits slipped to 8.7% of national income in 2020, down from 9.0% in 2019, while national income contracted by just 2.6%; the result was a relatively shallow drop in corporate profits of ~6%. Public company earnings, which are typically more levered, declined by more, with S&P 500 operating earnings estimated to have dropped 22% last year.

But how much worse would things have been had the U.S. government not upped its deficit to ~14.7% of national income, from 5.8% in 2019? This was a much more dramatic intervention than in 2009 when the deficit hit 10.9%. Last time around, deficits continued into 2010 (10.7%) and 2011 (9.6%), helping shore up the economy and stock markets.

U.S. legislators along with their Canadian counterparts appear to understand the need to keep spending. The U.S. has already rolled out another US\$1.9T stimulus package (~9% of GNP) with the Biden administration announcing plans for a US\$2T infrastructure package over the next eight years. The go-forward effects on markets may be muted, however, as the administration plans to fund most of its infrastructure plan by hiking U.S. corporate tax rates to 28% and tightening offshore profit rules.

We anticipate U.S. stimulus cheques will continue to buoy markets in the early parts of Q2, with volatility returning over the remainder of the year. CEF is invested to benefit as the economy ramps back up, while defensively positioned should reopening take longer than expected. ARF is similarly positioned to capitalize on the transition, using strategies to enhance returns and maintain its low correlation and volatility versus the market. (For further details please see our monthly commentaries, linked below.)

In our view, markets are facing a much different race in 2021. What worked last year is unlikely to work again. Managing this year's risks requires even greater focus on the fundamentals and careful stock selection. Research still makes all the difference.

We thank you for your continued support.

Your fellow investors,
Anthony Scilipoti
Sam La Bell



FUND DETAILS*

Type	Fee based
Fund Code	VAM 301
Total Assets (All series)	\$22.4 million
Category	Alternative Mutual Fund
Inception Date	October 1, 2019
Management Fee	1.5%
Total Number of Holdings	90
Total Long Positions	46
Total Short Positions	44
Minimum Investment	\$5,000 initial / \$500 subsequent
Firm AUM	\$38.6 million
Employee AUM ¹	\$3.3 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 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.

WHY INVEST WITH US

- The Fund manages risks with the aim of preserving capital in down markets and achieving consistent returns.
- The Fund's long-short capability targets lower volatility than equities, less correlation to traditional asset classes, and greater downside protection.
- 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.
- Weekly liquidity.
- No performance fees.

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.

MONTHLY RETURNS % (NET OF FEES)⁴

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Cal
2021	1.1	-0.3	6.9										7.7
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

PERFORMANCE⁵

	YTD	1 MONTH	1 YEAR	SINCE INCEPTION
FUND	7.7%	6.9%	7.0%	14.1%
INDEX	8.1%	3.9%	44.3%	17.7%

EXPOSURES ²	
Volatility Risk Profile	Medium
Gross Exposure	119%
Net Exposure	70%

	TOP TEN HOLDINGS ³	TICKER	LONG/SHORT
1	NFI Group Inc.	NFI	LONG
2	TFI International Inc.	TFII	LONG
3	TransAlta Corp.	TA	LONG
4	Brookfield Inf. Partners LP	BIP.UN	LONG
5	Bank of Montreal	BMO	LONG
6	Capital Power Corp.	CPX	LONG
7	Manulife Financial Corp.	MFC	LONG
8	Alimentation Couche-Tard Inc.	ATD.B	LONG
9	Empire Co., Ltd.	EMP.A	LONG
10	George Weston Ltd.	WN	LONG



SLOW AND STEADY WINS THE RACE

The Series F of the Veritas Absolute Return fund generated a 6.88% return in March, well above the index return of 3.87%. For the first quarter, our return reached 7.67%, just behind the TSX return of 8.05%. Notably, our returns have been achieved with lower volatility and minimal correlation to the index, averaging a standard deviation of 12.65% over the last year, below the index at 14.68%, with a 0.15 correlation to the TSX.

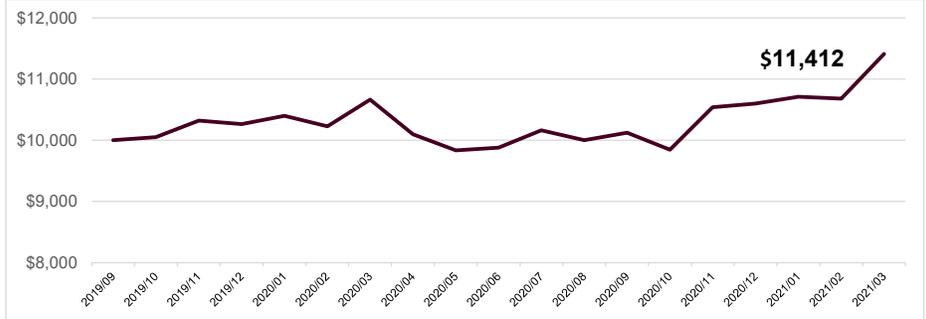
The Fund's long position in **Bombardier Inc. (BBD.b)** was the top contributor to performance in March. After divesting its train business to Alstom SA, **Bombardier** has emerged as a pure play manufacturer of business jets, where demand for private plane travel has seen an upswing post-COVID. In our view, some of **Bombardier's** core value has been overlooked because of the company's long and checkered history. While leverage remains high, cash flow is improving, which should allow **Bombardier's** balance sheet to improve over time. We see prospects for further share gains.

The Fund's long position in **Shaw Communications Inc. (SJR.b)** was the second-best contributor to fund performance in March, as **Shaw's** share price benefitted from a merger offer from **Rogers Communications Inc. (RCI.b)**. The deal is set for a long close and remains contingent on regulatory approval, however we think **Shaw** remains undervalued, all things considered.

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 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.

PERFORMANCE⁶

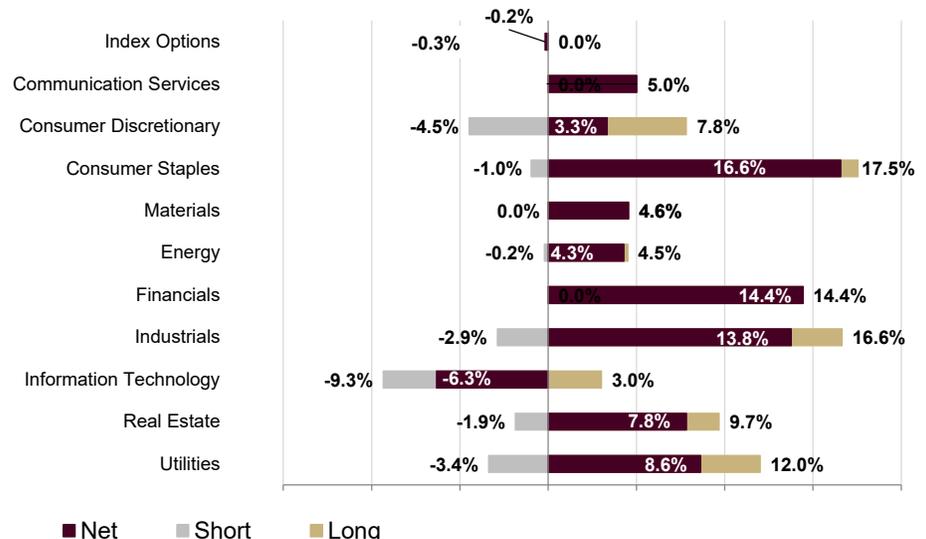
Growth of \$10,000 (since inception date)



RISK MEASURES⁷

	1 YEAR	SINCE INCEPTION
Fund Sharpe Ratio ⁸		0.81
Index Sharpe Ratio		0.51
Beta ⁹	0.14	-0.03
Correlation ¹⁰	0.17	-0.05
Fund Volatility ¹⁰	12.6%	11.0%
Index Volatility	14.7%	21.5%
Best Month		7.1%
Worst month		-5.3%
# of months +		10
Worst drawdown ¹¹		-10.2%

SECTOR ALLOCATIONS¹²





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. 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. Employee AUM includes all parties related to the Manager in all series or classes of all Veritas Asset Management Inc. Funds, as at March 31, 2021.
2. Source: Veritas Asset Management Inc. estimates. Calculated using end of day positions for period ending March 31, 2021.
3. Source: Refinitiv & Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending March 31, 2021.
4. 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.
5. Source: Refinitiv. Series F Inception Date: October 1, 2019. Portfolio weights refer to end of day weights for period ending March 31, 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. Contact Veritas Asset Management Inc. for more information regarding comparative indices.
6. Source: Refinitiv. Series F Inception Date: October 1, 2019. Performance as of March 31, 2021. Past performance is not indicative of future performance.
7. Source: Refinitiv & Veritas Asset Management Inc. estimates. Series F Inception Date: October 1, 2019. 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. Contact Veritas Asset Management Inc. for more information regarding comparative indices.
8. 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.
9. 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.
10. 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.
11. Worst drawdown is based on independent third party daily net asset value (NAV) calculations and Veritas Asset Management Inc. estimates.
12. Source: Refinitiv & Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending March 31, 2021.

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

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