



VERITAS  
ASSET  
MANAGEMENT

**ALTERNATIVE MUTUAL FUND**

**VERITAS ABSOLUTE RETURN FUND**

**Offering Series A, Series F and Series I Units**

**ANNUAL INFORMATION FORM**

The Fund and the units of the Fund described in this document are offered in each of the provinces of Canada. The units are intended primarily for purchase by residents of Canada.

The Fund and the units of the Fund offered hereunder are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registrations.

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

July 30, 2021

## TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS .....	2
INTRODUCTION .....	3
NAME, FORMATION AND HISTORY OF THE FUND .....	3
INVESTMENT RESTRICTIONS AND PRACTICES.....	3
DESCRIPTION OF UNITS.....	4
VALUATION OF PORTFOLIO SECURITIES AND LIABILITIES .....	6
FEES AND EXPENSES .....	9
CALCULATION OF NET ASSET VALUE.....	11
PURCHASES, REDESIGNATIONS, AND REDEMPTIONS OF UNITS.....	12
RESPONSIBILITY FOR FUND OPERATIONS .....	14
CONFLICTS OF INTEREST.....	17
FUND GOVERNANCE .....	18
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS FOR INVESTORS.....	22
REMUNERATION OF DIRECTORS AND OFFICERS .....	28
MATERIAL CONTRACTS .....	28
LEGAL AND ADMINISTRATIVE PROCEEDINGS .....	28
CERTIFICATE OF THE FUND, THE MANAGER, THE TRUSTEE AND THE PROMOTER.....	29

## FORWARD-LOOKING STATEMENTS

Certain statements in this annual information form (“**Annual Information Form**”) are forward-looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions to the extent they relate to the Fund (as defined herein) or the Manager (as defined herein). Forward-looking statements are not historical facts but reflect the current expectations of the Fund or the Manager regarding future results or events. Such forward-looking statements reflect the Fund or the Manager’s current beliefs and are based on information currently available to them. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results or events to differ materially from current expectations. Some of these risks, uncertainties and other factors are described under the heading “*Risk Factors*” in the Fund’s simplified prospectus (the “**Simplified Prospectus**”). Although the forward-looking statements contained in this Annual Information Form are based upon assumptions that the Fund and the Manager believe to be reasonable, neither the Fund nor the Manager can assure investors that actual results will be consistent with these forward-looking statements. Unless otherwise stated, the forward-looking statements contained in this Annual Information Form are made as at the date hereof and neither the Fund nor the Manager assumes any obligation to update or revise them to reflect new events or circumstances, except as required by law.

## INTRODUCTION

To make this document easier to read, we use the following terms throughout:

- **Dealer** refers to both the dealer and the registered representative in your province who advises you on your investments.
- **Fund** refers to the Veritas Absolute Return Fund offered to the public under the Simplified Prospectus. The Fund is an alternative mutual fund which is subject to National Instrument 81-101 *Mutual Fund Prospectus Disclosure* (“**NI 81-101**”) and National Instrument 81-102 *Investment Funds* (“**NI 81-102**”).
- **Registered Plans** refer to RRSPs, RRIFs, TFSAs, RESPs and DPSPs, each as defined under “*Investment Restrictions and Practices – Eligibility for Registered Plans*” section of this Annual Information Form.
- **We, us, our, Manager, Trustee and Veritas** refer to Veritas Asset Management Inc. in our capacity as trustee, manager, portfolio manager and promoter of the Fund (as applicable).
- **Unitholder and You** refer to an individual investor and everyone who invests or may invest in the Fund.

## NAME, FORMATION AND HISTORY OF THE FUND

The Fund was originally established as an open-ended mutual fund trust called “Veritas Long Short Fund” under the laws of Ontario pursuant to a master declaration of trust dated June 8, 2017, as amended and restated on October 1, 2019 (the “**Declaration of Trust**”). Prior to the filing of the Simplified Prospectus, the Fund existed and operated as non public mutual fund offered by way of private placement pursuant to available exemptions from the prospectus requirement under applicable Canadian securities laws. The principal office of the Fund and the Manager is located at Suite 3110, 100 Wellington Street West, TD West Tower, P.O. Box 80, Toronto, Ontario M5K 1E7.

## INVESTMENT RESTRICTIONS AND PRACTICES

The Simplified Prospectus contains detailed descriptions of the investment objective and investment strategies of the Fund as well as the risks associated with an investment in the Fund. In addition, the Fund is subject to certain restrictions and practices contained in securities legislation, including NI 81-102. These restrictions are designed, in part, to ensure that the investments of mutual funds are diversified and relatively liquid and to ensure the proper administration of mutual funds. We intend to manage the Fund in accordance with these restrictions and practices or to obtain relief from the securities regulatory authorities before implementing any variations.

NI 81-102 prescribes that Unitholder approval must be obtained before any change can be made to the fundamental investment objective of the Fund.

### *Eligibility for Registered Plans*

In order for units (“**Units**”) of the Fund to be “qualified investments” for registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), tax-free savings accounts (“**TFSAs**”), registered education savings plans (“**RESPs**”) and deferred profit sharing plans (each, a “**Registered Plan**” and, collectively, “**Registered Plans**”), the Fund must qualify as a “mutual fund trust” for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”). The Fund intends to satisfy all statutory requirements necessary to qualify as a “mutual fund trust” for purposes of the Tax Act at all material times. Holders of

TFASAs, annuitants of RRSPs or RRIFs, or subscribers of RESPs, as the case may be, should consult with their own advisers as to whether Units of the Fund may be “prohibited investments” for such plans for the purposes of the Tax Act. We do not permit the Fund to be held within registered disability savings plans (“RDSPs”).

### ***Standard Investment Restrictions and Practices***

The remaining standard investment restrictions and practices set out in NI 81-102 are deemed to be included in this Annual Information Form.

### ***Change of Investment Objectives and Strategies***

A change in the Fund’s investment objective can only be made with the consent of the Unitholders of the Fund at a meeting called for that purpose. The investment strategies explain how the Fund intends to achieve its investment objective. As Manager, we may change the investment strategies from time to time, but will give you notice, by way of a press release, of our intention to do so if it would be a material change as defined in National Instrument 81-106 *Investment Fund Continuous Disclosure* (“NI 81-106”). Under NI 81-106, a change in the business, operations or affairs of the Fund is considered to be a “material change” if a reasonable investor would consider it important in deciding whether to purchase or continue to hold Units of the Fund.

## **DESCRIPTION OF UNITS**

The Fund is a separate trust formed under the Declaration of Trust. The Fund is permitted to issue an unlimited number of series (each, a “Series” and collectively, the “Series”) of Units and may issue an unlimited number of Units of each Series. The Fund has created Series A, Series F Units and Series I Units. Units of the Fund have the following attributes:

- (a) each Unit shall be without nominal or par value;
- (b) at each meeting of Unitholders, each Unitholder shall have one vote for each Unit owned by such Unitholder as determined at the close of business on the record date for voting at each such meeting, with no voting rights being attributed to fractions of a Unit;
- (c) each Unitholder will participate in distributions of income, capital gains and returns of capital, and in the division of net assets of the Fund on liquidation based on the relative net asset value (“NAV”) of the Unitholder’s particular Series of Units and in accordance with the Declaration of Trust;
- (d) there shall be no pre-emptive rights attaching to the Units;
- (e) there shall be no cancellation or surrender provisions attaching to the Units except as set out in the Declaration of Trust;
- (f) all Units shall be issued as fully paid and non-assessable so that there shall be no liability for future calls or assessments with respect to the Units;
- (g) all Units shall be fully transferable with the consent of the Trustee as provided in the Declaration of Trust; and
- (h) fractional Units may be issued and shall be proportionately entitled to all the same rights as whole Units, except as provided in the Declaration of Trust.

*Series A Units:* Available to all investors.

*Series F Units:* Available to investors who are enrolled in a Dealer-sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs.

*Series I Units:* Available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Series I Units will generally only be available for certain individual investors who make large investments in the Fund. The management fees for Series I Units are paid directly by Series I Unitholders, not by the Fund. Such investors who purchase Series I Units must enter into an agreement with us which identifies the management fee negotiated with the investor and payable by the investor directly to us. No sales commissions or trailing commissions are payable by us to a Dealer for investments in Series I Units. Series I Units are also available to certain of our employees and employees of affiliated entities and, at our discretion, to former employees and to relatives of current and former employees.

If you cease to satisfy criteria for holding Units of a particular Series, the Manager may redesignate your Units as such number of Units to another Series of the Fund that you are eligible to hold having an aggregate equivalent NAV.

### **Matters Requiring Unitholder Approval**

Meetings of Unitholders may be convened by us in our capacity as Trustee from time to time as we may deem advisable and in accordance with the notice provisions set out in the Declaration of Trust. Unless otherwise provided in the Declaration of Trust or by securities legislation, every question submitted to a meeting of Unitholders will be decided by the majority of votes cast. Meetings of Unitholders will be convened to consider and approve:

- (a) a change in the basis of the calculation of a fee or expense that is charged to the Fund or directly to the Unitholders by the Fund or the Manager in connection with the holding of securities of the Fund where such change could result in an increase in charges to the Fund or to its Unitholders;
- (b) the introduction of a fee or expense, to be charged to the Fund or directly to its Unitholders, by the Fund or the Manager in connection with the holding of securities of the Fund that could result in an increase in charges to the Fund or to its Unitholders;
- (c) a change in the manager of the Fund, unless the new manager is an affiliate of the current Manager;
- (d) a change in the fundamental investment objective of the Fund;
- (e) a decrease in the frequency of the calculation of the NAV per Unit of the Fund;
- (f) in certain cases, a reorganization of the Fund with, or transfers of its assets to, another issuer; or
- (g) any other matter or thing stated in the Declaration of Trust that is required to be consented to or approved by Unitholders.

Unitholder approval will not be obtained in respect of a change of (a) or (b) listed above if the Fund is at arm's length to the person or company charging the fee or expense, and we provide the Unitholders with at least 60 days' written notice of the effective date of the proposed change.

Although the approval of Unitholders will not be obtained before changing the auditor of the Fund, we will not change the auditor unless:

- (a) the Fund's independent review committee (the "IRC") (see "*Fund Governance – Independent Review Committee*" below) has approved the change in compliance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107"); and
- (b) we have provided you with written notice at least 60 days prior to the change.

### **Permitted Mergers**

The Fund may, without the approval of Unitholders, enter into a merger or other similar transaction which has the effect of combining the Fund or its assets (a "**Permitted Merger**") with any other investment fund or funds that have investment objectives that are similar to the Fund, subject to:

- (a) approval of the merger by the Fund's IRC in accordance with NI 81-107;
- (b) the Fund being reorganized with, or its assets being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
- (c) compliance with certain other requirements of the pre-approval conditions set out in section 5.6 of NI 81-102; and
- (d) Unitholders have received at least 60 days' notice which notice may be by way of press release, before the effective date of the Permitted Merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective net asset values for the purpose of such transaction.

### **VALUATION OF PORTFOLIO SECURITIES AND LIABILITIES**

The NAV of the Fund will be calculated by the Administrator (as defined below) as of each Valuation Date (as defined below) by subtracting the amount of the liabilities of the Fund from the total assets of the Fund. The assets and liabilities of the Fund will be valued as follows:

- (a) The value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, dividends receivable (if such dividends are declared and the date of record is before the date as of which the NAV of the Fund is being determined) and interest accrued and not yet received, shall be deemed to be the full amount thereof, unless the Administrator, in consultation with the Manager, determines that any such deposit, bill, demand note, account receivable, prepaid expense, dividend receivable or interest accrued and not yet received is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Administrator, in consultation with the Manager, determines to be the reasonable value thereof.
- (b) The value of any bonds, debentures, and other debt obligations shall be valued at mid prices from recognized pricing vendors on a Valuation Date at such times as the Administrator, in consultation with the Manager, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest.
- (c) The value of any security which is listed or traded upon a public securities exchange will be valued at the last available trade price on the Valuation Date or, if the Valuation Date is not a business day, on the last business day preceding the Valuation Date. If no sales are reported on such day, such security will be valued at the average of the current bid and asked prices. Securities that are listed or traded on more than one public securities exchange or that are actively traded on over the counter markets while being listed or traded on such securities exchanges or over the counter

markets will be valued on the basis of the market quotation which, in the opinion of the Administrator, in consultation with the Manager, most closely reflects their fair value.

- (d) Any securities which are not listed or traded upon any public securities exchange will be valued at the earlier of the last financing price or grey market price (if available). The Manager may adjust the value of the unlisted securities to account for any other meaningful circumstances including business updates or movements in the listed prices of comparable securities. The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.
- (e) The Manager will at its discretion determine the appropriate discount, if any, on shares that are purchased with a restriction associated therewith.
- (f) Securities held in private issuers are recorded at cost unless an upward adjustment is considered appropriate and supported by persuasive and objective evidence such as a significant equity financing by an unrelated investor at a transaction price higher than the valuation price. Downward adjustments to valuation price are made when there is evidence of other than a temporary decline in value as indicated by the assessment of the financial condition of the investment based on third-party financing, operational results, forecasts, and other developments since the previous valuation price was established. Options and warrants held in private issuers are carried at cost unless there is an upward or downward adjustment of the underlying privately-held company supported by persuasive and objective evidence such as significant subsequent equity financing by an unrelated investor at a transaction price higher or lower than the valuation price.
- (g) All Fund property valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources by the Administrator to calculate NAV.
- (h) Each transaction of purchase or sale of portfolio securities effected by the Fund will be reflected in the computation of the NAV of the Fund on the trade date.
- (i) The value of any security or property to which, in the opinion of the Administrator, in consultation with the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available or for any other reason), shall be the fair value thereof determined in such manner as the Administrator, in consultation with the Manager, may from time to time determine based on standard industry practice.
- (j) Short positions will be marked-to-market, that is, carried as a liability equal to the cost of repurchasing the securities sold short applying the same valuation techniques described above.
- (k) All other liabilities shall include only those expenses paid or payable by the Fund, including accrued contingent liabilities; however, expenses and fees allocable only to a particular Series of Units shall not be deducted from the NAV of the Fund prior to determining the NAV of each Series, but shall thereafter be deducted from the NAV so determined for each such Series.
- (l) The value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at 4:00 p.m. (Eastern Time) or such other time as may be deemed appropriate by the Manager, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest.

The NAV of the Fund and the Series NAV for each of the Series A, Series F and Series I Units of the Fund is calculated and reported in Canadian dollars.

The Administrator is entitled to rely on any values or quotations supplied to it by a third party, including the Manager, and is not required to make any investigation or inquiry as to the accuracy or validity of such values or quotations. Provided the Administrator acts in accordance with its standard of care, it shall be held harmless by the Fund and shall not be responsible for any losses or damages resulting from relying on such information.

If an investment cannot be valued under the foregoing rules or under any other valuation rules adopted under applicable securities laws, or if any rules we have adopted are not set out under applicable securities laws but at any time are considered by us to be inappropriate under the circumstances, then we shall use a valuation which we consider to be fair and reasonable in the interests of investors in the Fund. In those circumstances, the Administrator would typically review current press releases concerning the relevant investment security, discuss an appropriate valuation with other portfolio managers, analysts and consult other industry sources to set an appropriate fair valuation. If at any time the foregoing rules conflict with the valuation rules required under applicable securities laws, the Administrator will follow the valuation rules required under applicable securities laws.

The Declaration of Trust contains details of the liabilities to be included in calculating the NAV of the Fund and the NAV per Series or Unit Price (as defined below). The liabilities of the Fund include, without limitation, all bills, notes and accounts payable, all administrative fees and operating expenses payable or accrued, all contractual obligations for the payment of money or property, all allowances authorized or approved by us for taxes (if any) or contingencies and all other liabilities of the Fund. In calculating the Unit Price, we will use the latest reported information available on each Valuation Date. The purchase or sale of portfolio securities by the Fund will be reflected in the first calculation of the Unit Price after the date on which the transaction becomes binding.

### **Differences from International Financial Reporting Standards**

The Fund's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and those principles may differ from the valuation principles that are set out in this Annual Information Form.

In accordance with NI 81-106, the fair value of a portfolio security used to determine the daily price of the Fund's Units for purchases and redemptions by investors will be based on the Fund's valuation principles set out above under the heading "*Valuation of Portfolio Securities and Liabilities*", which comply with the requirements of NI 81-106 but differ in some respects from the requirements of IFRS, which are used for financial reporting purposes only.

The interim financial reports and annual financial statements of the Fund (collectively, the "**Financial Statements**") are required to be prepared in compliance with IFRS. The Fund's accounting policies for measuring the fair value of its investments (including derivatives) are identical to those used in measuring its NAV for transactions with Unitholders, except as disclosed below.

The fair value of the Fund's investments (including derivatives) is the price that would be received to sell an asset, or the price that would be paid to transfer a liability, in an orderly transaction between market participants as at the date of the Financial Statements (the "**Reporting Date**"). The fair value of the Fund's financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the Reporting Date (the "**Close Price**"). In contrast, for IFRS purposes, the Fund uses the Close Price for both financial assets and liabilities where that price falls within that day's bid-ask spread. If a Close Price does not fall within the bid-ask

spread, the Close Price will then be adjusted by the Manager, to a point within the bid-ask spread that, in the Manager’s view, is most representative of fair value based on specific facts and circumstances.

The notes to the Financial Statements will include a reconciliation of the differences between the NAV calculated based on IFRS and NI 81-106.

**FEES AND EXPENSES**

The Fund is required to pay goods and services tax (“GST”) or harmonized sales tax (“HST”) on management fees payable to the Manager in respect of each Series of Units based on the residence for tax purposes of the Unitholders of the particular Series (see “Operating Expenses” in the Simplified Prospectus for details regarding the Fund’s costs).

<b>Fees and Expenses Payable by the Fund</b>	
<b>Management Fees</b>	<p>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 NAV of the Series of Units of the Fund, plus applicable taxes, and is payable on the last day of each calendar month.</p> <p>As shown below, the annual management fees vary by Series. You should make a specific request through your Dealer to purchase any applicable lower-fee Series you may be eligible to purchase, or to switch your existing Units to any applicable lower-fee Series you may be eligible to purchase.</p> <ul style="list-style-type: none"> <li>• Series A Units: 2.50% per annum</li> <li>• Series F Units: 1.50% per annum</li> <li>• Series I Units: 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.</li> </ul> <p>The management fees for Series I Units of the Fund are negotiable by you and payable directly to us. Parties related to us and our employees and employees of our affiliates may be charged no fees or fees that are lower than those available to other investors. For Series I Units, this fee can be paid by: (1) cheque/wire transfer or by the redemption of Series I Units you hold, if (i) you have the minimum agreed upon amount invested in Series I Units and (ii) you hold your Units outside of a Registered Plan; or (2) the redemption of Series I Units you hold, if you have less than the minimum agreed upon amount invested in Series I Units.</p> <p>In consideration of the management fee, the Manager will provide investment management, clerical, administrative and operational services to the Fund, including: determining and implementing investment policies, practices, fundamental objectives, and investment strategies applicable to the Fund; receiving and processing all subscriptions and redemptions; ensuring the Fund complies with regulatory requirements and filings; offering Units of the Fund for sale to prospective purchasers; conducting foreign exchange transactions; purchase, retain, sell and call and put options, futures contracts, or other similar financial instruments; daily operations and usual and ordinary office services;</p>

	<p>Unitholder relations and communications; appointing or changing the auditor of the Fund; banking; establish the Fund’s operating expense budget and authorizing payment of expenses; authorizing contractual arrangements; recordkeeping; and allocating between each Series of the Fund the NAV of the Fund, any distribution of the Fund, the net assets of the Fund, the Fund’s property, any liabilities of the Fund, and any other items. The Manager may delegate any of the foregoing to third parties if it believes it is in the best interests of Unitholders.</p>
<p><b>Performance Fees</b></p>	<p>The Manager does not charge performance fees in respect of any Series of Units of the Fund.</p>
<p><b>Operating Expenses</b></p>	<p>The Fund pays its own operating expenses, other than advertising costs and costs of Dealer compensation programs, which are paid by Veritas.</p> <p>Operating expenses include, but are not limited to, brokerage commissions and fees (if applicable), taxes, audit and legal fees, fees of the members of the IRC, costs and fees in connection with the operation of the IRC (including the costs of holding meetings and fees and expenses of any advisers engaged by the IRC), safekeeping and custodial fees, interest expenses, operating, administrative and systems costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses, annual information forms and fund facts documents. Operating expenses and other costs of the Fund are subject to applicable taxes including HST.</p> <p>The Fund also pays a proportionate share of the total compensation paid to the IRC each year and reimburses members of the IRC for expenses incurred by them in connection with their services as members of the IRC. Each member of the IRC, other than the Chair, is paid, as compensation for his or her services, \$5,000 (plus applicable taxes or other deductions) per annum. The Chair is paid \$7,500 (plus applicable taxes or other deductions) per annum.</p> <p>Management expense ratios (“<b>MERs</b>”) are calculated separately for each Series of Units of the Fund and include Series management fees and/or operating expenses.</p> <p>The Fund also pays its own brokerage commissions for portfolio transactions, fees associated with securities lending transactions and related transaction fees. These expenses are not included in the Fund’s MER but are, for tax purposes, added to the cost base or subtracted from the sale proceeds of its portfolio investments. These expenses constitute part of the Fund’s trading expense ratio (“<b>TER</b>”). Both the MER and the TER are disclosed in the Fund’s annual and semi-annual management report of fund performance.</p>
<p><b>Derivatives Transaction Costs</b></p>	<p>The Fund may use a variety of derivative instruments, including options, forward contracts and swaps to hedge against foreign currency risk among other things. The Fund is responsible for paying the transaction costs associated with these derivative contracts.</p>

## CALCULATION OF NET ASSET VALUE

### *Valuation Dates*

The Fund's NAV is calculated at the close of regular trading, normally 4:00 p.m. (Eastern Time), on a day the Toronto Stock Exchange ("TSX") is open (a "Valuation Date").

As Manager, we are responsible for determining the NAV of the Fund. However, we may delegate some or all of the responsibility in relation to such determination to the Administrator.

### *How We Price the Fund's Units*

The Fund's Units are divided into the Series A, Series F and Series I Units. Each Series is divided into Units of equal value. When you invest in the Fund, you are purchasing Units of a specific Series of that Fund.

The NAV of the Fund will be calculated in Canadian dollars. The Series A, Series F and Series I Units of the Fund are denominated in Canadian dollars.

All transactions are based on the NAV per Unit for each Series of Units ("Unit Price"). We calculate all Unit Prices at the close of trading on the TSX on each Valuation Date. The Unit Price can change on each Valuation Date.

The Unit Price is calculated for each Series of Units. The Unit Price is the price used for all purchases, redesignations and redemptions of Units of that Series (including purchases made on the reinvestment of distributions). The price at which Units are issued or redeemed is based on the next applicable Unit Price determined after the receipt of the purchase or redemption order.

Here is how we calculate the Unit Price of each Series of the Fund:

- We take the fair value of all the investments and other assets allocated to the Series.
- We then subtract the liabilities allocated to that Series. This gives us the NAV for the Series.
- We divide this amount by the total number of Units of the Series that investors in the Fund are holding. That gives us the Unit Price for the Series.

To determine what your investment in the Fund is worth, simply multiply the Unit Price of the Series of Units you own by the number of Units you own.

Although the purchases and redemptions of Units are recorded on a Series basis, the assets attributable to all of the Series of the Fund are pooled to create one fund for investment purposes.

Each Series pays its proportionate share of Fund costs in addition to its management fee. The difference in Fund costs and management fees between each Series means that each Series has a different NAV per Unit.

You can get the NAV of the Fund or the NAV per Unit of a Series of the Fund, at no cost, by sending an email to [info@veritasfunds.com](mailto:info@veritasfunds.com), on the Manager's website at [www.veritasfunds.com](http://www.veritasfunds.com), at no cost by calling us toll free at 1-866-640-8783 or by asking your Dealer.

## **PURCHASES, REDESIGNATIONS, AND REDEMPTIONS OF UNITS**

You may purchase Units through an authorized Dealer or brokers qualified in your province. Your Dealer is there to help you with your investment decisions to determine whether the Fund is suitable for you to meet your own risk/return objectives and to place orders on your behalf.

### ***Purchases***

You may purchase any Series of Units of the Fund on or before 4:00 p.m. (Eastern Time) on a Valuation Date (or the following business day if this day is not a business day) or any other business day as the Manager may designate (each, a “**Purchase Date**”) through a Dealer that has entered into a distribution agreement with us to sell the Fund. See “*Description of Units*” for a description of each Series of Units offered by the Fund. The issue price of the Units is based on the Unit Price for that particular Series on the Purchase Date.

The minimum initial investment in Series A and Series F Units of the Fund is \$5,000 while the minimum initial investment in Series I Units is negotiable between the investor and the Manager. The minimum subsequent investment in the Series A and Series F Units of the Fund is \$500 unless you buy through a pre-authorized contribution plan, in which case, the minimum subsequent investment is \$100. These minimum investment amounts may be adjusted or waived in the discretion of the Manager.

If we receive your purchase order before 4:00 p.m. (Eastern Time) on a Purchase Date, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Purchase Date. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Purchase Date.

Please contact your Dealer to find out how to place an order. Please note that Dealers may establish cut-off times for receiving purchase orders so that they may be properly processed prior to the 4:00 p.m. (Eastern Time) deadline on the applicable Purchase Date. When you submit money with a purchase order, the money will be held in our trust account and any interest the money earns before it is invested in the Fund is credited to the Fund, not to your account.

We must receive the appropriate documentation and payment in full within two (2) business days of receiving your purchase order in order to process a purchase order. If the Fund does not receive payment in full within the required time or if a cheque is returned because of non-sufficient funds, we will sell the securities that you bought. If we sell them for more than you paid, the Fund will keep the difference. If we sell them for less than you paid, we will bill you for the difference plus any costs or interest. We do not issue certificates when you purchase Units of the Fund. We are entitled to reject any purchase order, but we can only do so within one (1) business day of receiving it. If we reject an order, we will return immediately to your Dealer any monies we have received from you in connection with that order.

At the Manager’s sole discretion, the Fund may suspend new subscriptions of the Units of the Fund.

Please see “*Fees and Expenses*” and “*Dealer Compensation*” in the Simplified Prospectus for more information on the fees and expenses of the Fund and compensation payable to Dealers applicable to each Series.

### ***Redemptions***

Units of the Fund can be redeemed on or before 4:00 p.m. (Eastern Time) on a Valuation Date (or the following business day if this day is not a business day) or any other business day as the Manager may

designate (each, a “**Redemption Date**”). If we receive your redemption order before 4:00 p.m. (Eastern Time) on any Redemption Date, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Redemption Date. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Redemption Date.

The latest we will send you your redemption proceeds will be two (2) business days after the Redemption Date used to process your sell order. Required documentation may include a written order to sell with your signature, guaranteed by an acceptable guarantor. If you redeem through your adviser, they will advise you what documents they require. Any interest earned on the proceeds of an order to redeem before you receive the money will be credited to the Fund, not to your account. Redemption proceeds are paid in the applicable currency that the Series of Units is denominated.

Under exceptional circumstances, we may be unable to process your redemption order. This would most likely occur if market trading has been suspended on any exchanges including stock exchanges on which more than 50% by value of the Fund’s assets are listed and if the Fund’s portfolio securities cannot be traded on any other exchange that represents a reasonably practical alternative. During these periods, Units will also not be issued.

The Fund may postpone a redemption payment during any period which redemption rights are suspended in the circumstances described above as required by securities legislation or with the approval of the applicable securities regulatory authorities.

There are no redemption fees for the Fund, except as described under “*Fees and Expenses – Fees and Expenses Payable Directly by You – Short-Term Trading Fee*” in the Simplified Prospectus.

### ***Resignations between Series of the Fund***

You may redesignate all or part of your investment from one Series of Units to another Series of Units of the Fund, as long as you are eligible to hold that Series of Units. This is called a redesignation.

If we receive your redesignation order before 4:00 p.m. (Eastern Time) on any Purchase Date, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Purchase Date. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Purchase Date.

Your Dealer may charge you a redesignation fee of up to 2% based on the NAV of the applicable Series of Units of the Fund you redesignate from one Series of Units to another Series of Units of the Fund. You may negotiate this amount with your Dealer. Please see “*Fees and Expenses*” and “*Dealer Compensation*” in the Simplified Prospectus for more information on the fees and expenses and Dealer compensation applicable to redesignations.

The value of your investment, less any fees, will be the same immediately after the redesignation. You may, however, own a different number of Units because each Series may have a different Unit Price. Based on the published administrative position of the Canada Revenue Agency (the “**CRA**”), redesignating Units from one Series to another Series of the Fund denominated in the same currency is generally not viewed as a disposition for Canadian income tax purposes.

## RESPONSIBILITY FOR FUND OPERATIONS

### *The Manager*

Veritas is the manager of the Fund. The registered office of the Manager is located at Suite 3110, 100 Wellington Street West, TD West Tower, P.O. Box 80, Toronto, Ontario M5K 1E7. The Manager can be contacted at no cost by calling us at (416) 866-8783, toll free at 1-866-640-8783, or by emailing us at [info@veritasfunds.com](mailto:info@veritasfunds.com). The Manager's website is [www.veritasfunds.com](http://www.veritasfunds.com).

Pursuant to the Declaration of Trust, we retain full authority and responsibility to manage the business and affairs of the Fund and are responsible for the Fund's day-to-day operations. Pursuant to the Declaration of Trust, the Manager may delegate any or all of its duties and responsibilities to one or more agents to assist it in the performance of such duties and responsibilities.

### *Directors and Executive Officers of the Manager*

Name	Municipality of Residence	Office	Principal Occupation
Antonio Scilipoti	Toronto, Ontario	Director, President, Chief Executive Officer, Ultimate Designated Person and Chief Compliance Officer	Director, President, Chief Executive Officer, Ultimate Designated Person and Chief Compliance Officer
Josephine Alaina Monasterolo	Toronto, Ontario	Director and Chief Financial Officer	Director and Chief Financial Officer
Sam LaBell	Toronto, Ontario	Director	Director and Advising Representative
Michelle Mercer	Toronto, Ontario	Secretary	Secretary

### *Trustee*

Veritas acts as the Trustee of the Fund pursuant to the Declaration of Trust. The Trustee has those powers and responsibilities in respect of the Fund as described in the Declaration of Trust. The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Pursuant to the Declaration of Trust, the Manager may remove the Trustee and appoint a successor trustee from time to time on 90 days' written notice or in certain other circumstances. The Trustee or any successor appointed pursuant to the terms of the Declaration of Trust may resign upon 90 days' written notice to the Manager, who shall use its best efforts to appoint a successor trustee. If no successor Trustee is appointed the Fund shall be terminated.

The Declaration of Trust provides that the Trustee and its affiliates have a right of indemnification from the Fund for any claims arising out of the execution of its duties as trustee, except in cases of negligence, willful default or bad faith on the part of the Trustee. In addition, the Declaration of Trust contains provisions limiting the liability of the Trustee, as described in the Declaration of Trust.

### ***Portfolio Manager***

Veritas acts as the portfolio manager of the Fund. As portfolio manager, we are responsible for portfolio management and advisory services for the Fund. Investment decisions are made based on fundamental research and quantitative analysis. The investment decisions by the portfolio manager's portfolio management team are not subject to the oversight, approval or ratification of a committee.

The individuals principally responsible for the day-to-day management of the portfolio of the Fund are Antonio Scilipoti and Sam LaBell.

#### *Antonio Scilipoti*

Mr. Scilipoti is a co-founder of the Veritas Group of Companies and serves as a Director and the President, CEO, Ultimate Designated Person and Chief Compliance Officer of the Manager. He was trained as a forensic accountant and is designated as a Fellow Chartered Professional Accountant, Certified Professional Accountant (Illinois) and is also a member of the Association of Certified Fraud Examiners. Anthony is reassuming his role as lead portfolio manager and has been part of the Manager's portfolio management team since its inception in 2017.

#### *Sam LaBell*

Mr. LaBell is a partner and director of the Veritas group of companies. Prior to moving to the Manager, Sam spent five years as Head of Research with Veritas Investment Research and 11 years as the lead analyst of Veritas Investment Research covering the Oil and Gas sector. From 2004 to 2020, Sam served on the Veritas Investment Committee to select the firm's "V List", a model portfolio of top buy ideas. Sam is a CFA Charterholder and holds a BA in Economics from the University of Toronto, an MA in Economics from the University of Ottawa and an MBA from the Richard Ivey School of Business.

### ***Brokerage Arrangements***

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of all portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions, are made by the Manager.

The primary consideration in all portfolio transactions will be prompt execution of orders in an efficient manner at the most favourable price. In selecting and monitoring dealers and negotiating commissions, the Manager considers the dealer's reliability, the quality of its execution services on a continuing basis and its financial condition. When more than one dealer is believed to meet these criteria, preference may be given to dealers who provide research or statistical material or other services to the Fund or the Manager. Such research and order execution goods and services include advice, both directly and in writing, as to the value of securities; the advisability of investing in, purchasing or selling securities; the availability of securities, or purchasers or sellers of securities; analyzes and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy or the performance of accounts; trading software; market data; custody, clearing and settlement services that were directly related to executed orders; as well as databases and software that supported these goods and services. Dealers and third parties may provide the same or similar goods and services in the future. The users of these research and order execution goods and services are portfolio managers, research analysts and traders. Such services allow the Manager to supplement its own investment research activities and obtain the views and information of others prior to making investment decisions. The Manager is of the opinion that, because this material may be analyzed and reviewed by its staff, its receipt and use does not tend to reduce expenses but may benefit the Fund by supplementing the Manager's research. The Manager conducts trade cost analysis to ensure that the Fund receives a reasonable benefit considering the use of the research and order execution goods and services,

as applicable, and the amount of the brokerage commission paid. The Manager also makes a good faith determination that the Fund receives reasonable benefit considering the use of the goods and services, the amount of brokerage commissions paid, the range of services and the quality of research received.

### ***Custodian***

On behalf of the Fund, the Manager and RBC Investor and Treasury Services (the “**Custodian**”) have entered into a custodian agreement (the “**Custodian Agreement**”), whereby the Custodian has agreed to act as custodian for the Fund and to provide safekeeping and custodian services in respect of the Fund’s property.

The Custodian receives and holds all cash, portfolio securities and other assets of the Fund for safekeeping and on direction from the Fund will settle on behalf of the Fund, the purchase and sale of the Fund’s assets. Under the terms of the Custodian Agreement and subject to the requirements of the Canadian Securities Administrators, the Custodian may appoint one or more sub-custodians. The fees for custodial services provided by the Custodian are paid by the Fund. The Custodian Agreement can be terminated by the Fund or by the Custodian on 30 days’ prior written notice.

A change of custodian will, in certain events, require the prior approval of securities regulatory authorities. Where the Fund makes use of clearing corporation options, the Fund may deposit portfolio securities or cash as margin in respect of such transactions with a prime broker, or in the case of over-the-counter options or forward contracts, with the other party thereto, in any such case in accordance with the policies of Canadian securities authorities. Where the Fund effects a short sale, the Fund may deposit assets as security with its custodian or a prime broker from whom the Fund borrowed the securities forming part of the short sale.

### ***Independent Auditor***

Deloitte LLP, Chartered Professional Accountants, Toronto, Ontario, is the independent auditor of the Fund.

### ***Administrator***

The Manager, on behalf of the Fund, has entered into an administration agreement with SGGG Fund Services Inc. (the “**Administrator**”) dated as of March 1, 2017 (the “**Administration Agreement**”) to obtain certain administrative services for the Fund.

The Administrator is responsible for providing administrative services to the Fund, including maintaining the accounting records of the Fund, fund valuation, NAV calculation and financial reporting services. The fees for administrative services provided by the Administrator are paid by the Fund.

### ***Registrar***

SGGG Fund Services Inc. (“**SGGG**”), Toronto, Ontario, is the registrar for the Fund. In such capacity, SGGG keeps a register of the owners of Units of the Fund, processes purchase and redemption orders, issues investor account statements and issues annual tax reporting information.

Under the Administration Agreement, SGGG is paid a fee for performing its duties as the registrar of the Fund.

### ***Securities Lending Agent***

Veritas, on behalf of the Fund, has entered into a Securities Lending Authorization Agreement (the “**Securities Lending Agreement**”) with RBC Investor & Treasury Services (the “**Securities Lending Agent**”). The Securities Lending Agent is not an affiliate or associate of Veritas. The Securities Lending Agreement appoints and authorizes the Securities Lending Agent, where applicable, to act as agent for securities lending transactions for the Fund that engages in securities lending and to execute, in the Fund’s name and on its behalf, securities lending agreements with borrowers in accordance with NI 81-102. The Securities Lending Agreement requires that the collateral received by the Fund in a securities lending transaction must generally have a market value no less than 102% of the value of the securities loaned. Under the Securities Lending Agreement, the Securities Lending Agent, where applicable, agrees to indemnify us from certain losses incurred in connection with its failure to perform any of its obligations under the Securities Lending Agreement. The Securities Lending Agreement may be terminated at any time at the option of either party upon 30 days prior notice to the other party, subject to certain conditions. Either party has the right to terminate the Securities Lending Agreement immediately if the other party commits certain acts or fails to perform its duties under the Securities Lending Agreement.

### ***Prime Broker***

RBC Dominion Securities Inc., or such other party as the Manager may retain, will act as a prime broker for the Fund pursuant to a prime brokerage agreement. The prime broker provides prime brokerage services to the Fund, including trade execution and settlement, custody, margin lending and securities lending in connection with the short sale strategies of the Fund. The Fund may appoint additional prime brokers from time to time.

## **CONFLICTS OF INTEREST**

### ***Principal Holders of Securities***

As at July 30, 2021, VIRC Holdings Inc. beneficially owned 1,000,000 Class A common shares of the Manager, representing 100% of the outstanding common shares of the Manager. As at July 30, 2021, Antonio Scilipoti beneficially owned 66,422 common shares of VIRC Holdings Inc., representing an indirect ownership of 66.42% of the outstanding common shares of the Manager.

As at July 30, 2021, the members of the independent review committee of the Fund (the “**IRC**”) do not own, directly or indirectly, any securities of the Fund, the Manager or any person or company that provides services to the Fund or to the Manager.

### ***Affiliated Entities***

Veritas Investment Research Corporation provides research reports, analysis and recommendation to the Manager. Veritas Investment Research Corp is a 100% owned subsidiary of VIRC Holdings Inc. and is an affiliate of the Manager.

### ***Units of the Fund***

As at the date of this Annual Information Form, the following Unitholders owned, beneficially and of record, more than 10% of a Series of the issued and outstanding Units of the Fund:

<b>Holder of Units</b>	<b>Fund</b>	<b>Series</b>	<b>Number of Units</b>	<b>Percentage of the Series Owned</b>
1274332 Ontario Limited	Veritas Absolute Return Fund	I	87,628.73	39.44%
Ana Santos	Veritas Absolute Return Fund	I	82,389.16	37.08%

### **FUND GOVERNANCE**

#### ***Independent Review Committee***

NI 81-107 requires all publicly offered investment funds, such as the Fund, to establish an independent review committee to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the IRC in carrying out its functions. The IRC is required to conduct regular assessments and provide reports to the Manager and to Unitholders in respect of its functions. The IRC's annual report of its activities for Unitholders is available on the Fund's website at [www.veritasfunds.com](http://www.veritasfunds.com), or at the Unitholder's request at no cost by calling us toll free at 1-866-640-8783, or by emailing us at [info@veritasfunds.com](mailto:info@veritasfunds.com).

All investment funds in the Manager's family of funds share the same IRC. The fees and expenses of the IRC are borne and shared *pro rata* by all of the applicable investment funds in the Manager's family of funds. Each investment fund is also responsible for its pro rata share of all expenses associated with insuring and indemnifying the IRC members.

The annual fee payable to each member is \$5,000 and \$7,500 for the Chair, plus applicable taxes or other deductions. Expenses incurred by the members of the IRC in connection with performing their duties are also the responsibility of the investment funds, including the Fund.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the Fund. The IRC is empowered to represent the best interests of the Fund in any matter where the Manager has referred a conflict of interest matter to it. In those cases, it has sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for the Fund.

The IRC may also approve certain mergers between the Fund and other funds, and any change of the auditor of the Fund. Subject to any corporate and securities law requirements, no Unitholder approval will be obtained in such circumstances, but you will be sent a written notice at least 60 days before the effective date of any such transaction or change of auditor. In certain circumstances, Unitholder approval may be required to approve certain mergers.

The current members of the IRC are Fraser Howell (chair), Vincent Zambrano and Gordon Graves.

As of July 30, 2021, the members of the IRC do not own, directly or indirectly, any securities of the Fund, the Manager or any person or company that provides services to the Fund or to the Manager.

### ***Policies Regarding Business Practices***

The Manager maintains policies, procedures and guidelines concerning governance of the Fund. These policies, procedures and guidelines aim to monitor and manage the business and sales practices, risk management and internal conflicts of interest relating to the Fund, and to ensure compliance with regulatory and corporate requirements. The Fund is also managed in accordance with its investment guidelines and those guidelines are monitored regularly by appropriate personnel and senior management of the Manager to ensure compliance therewith.

The Manager is committed to the fair treatment of investors in the products managed by the Manager through the application of high standards of integrity and ethical business conduct by its employees. As a result of this, the Manager has established a manual of policies and procedures to guide the firm and its employees. The manual governs policies relating to the following subject matter: code of ethics and conduct, trading procedures and proxy voting, in addition to other procedures.

The Manager manages its investment funds in the best interest of each fund, in compliance with the requirements of NI 81-107 by setting out its policies and procedures for dealing with conflict of interest matters and providing guidance on managing these conflicts.

In addition to the policies, practices or guidelines applicable to the Fund relating to the business practices, sales practices, risk management and internal conflicts already disclosed in this Annual Information Form, all employees of the Manager are bound by the code of ethics and conduct which, among other things, addresses proper business practices and conflicts of interest and a trading and disclosure policy which sets out the policies and procedures of the Manager with respect to trading and disclosure.

### ***Use of Derivatives***

The Manager may use derivative instruments to reduce or hedge against various risks, including currency exchange risk associated with foreign investments, and as a substitute for purchasing or selling securities directly to obtain investment exposures consistent with its investment objective, strategies and risk management. The derivatives that the Manager may use include, but are not limited to, options, swaps, futures and forwards. The Manager may also employ various option strategies to increase income return of the Fund's portfolio including, but not limited to, covered call and put option writing. No assurance can be given that the Fund's portfolio will be hedged from any particular risk at any time.

The Manager has written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to those transactions by the Fund. The Chief Compliance Officer of the Manager is responsible for setting and reviewing these policies and procedures. These policies and procedures are reviewed and approved at least annually by the chief compliance officer of the Manager. The Chief Compliance Officer also monitors the risks associated with the use of derivatives independent of the portfolio management team. Risk measurement procedures and simulations are used to test the Fund's portfolio under stress conditions.

### ***Short Sales***

The Fund may engage in short selling, where such short selling will be done in accordance with securities regulations. Written policies and procedures regarding objectives and risk management procedures have

been adopted by the Manager in connection with its short selling activities. The Chief Compliance Officer of the Manager is responsible for setting and reviewing these policies and procedures. Such policies and procedures are reviewed and approved at least annually by the Chief Compliance Officer of the Manager. The authorization of short selling transactions and placing limits or other controls on short selling is the responsibility of the Manager with post-trade review conducted by the Manager's compliance department. Risk measurement procedures and simulations are used to test the Fund's portfolio under stress conditions.

### ***Securities Lending, Repurchase and Reverse Repurchase Transactions***

The Fund may, from time to time, engage in securities lending, repurchase and reverse repurchase transactions to generate additional income consistent with its investment objective. The Fund has entered into the Securities Lending Agreement with the Securities Lending Agent to administer the Fund's securities lending.

Written policies and procedures regarding objectives and risk management procedures have been adopted by the Manager in connection with its securities lending, repurchase and reverse repurchase activities. The Chief Compliance Officer of the Manager is responsible for setting and reviewing these policies and procedures. Such policies and procedures are reviewed and approved at least annually by the executive committee of the Manager. The authorization of securities lending, repurchase and reverse repurchase activities and placing limits or other controls on these transactions is the responsibility of the Manager with post-trade review conducted by its compliance department. Risk measurement procedures and simulations are not used to test the Fund's portfolio under stress conditions.

The risk factors associated with securities lending are disclosed in the Simplified Prospectus of the Fund.

### ***Supervision of Derivatives Trading***

Veritas has adopted various policies and internal procedures to supervise the use of derivatives within the Fund's portfolio. All policies and procedures comply with the derivative rules set out for alternative mutual funds in NI 81-102. These policies are reviewed at least annually by senior management. We have established an approval process for the use of derivatives before derivatives can be used in the Fund to ensure compliance with NI 81-102 and to ensure that the derivative is suitable for the Fund within the context of the Fund's objectives and investment strategies. The Administrator records, values, monitors and reports on the derivative transactions that are entered into the Fund's portfolio records. Valuations of derivative instruments are carried out according to the procedures described under "*Valuation of Portfolio Securities and Liabilities*" in this Annual Information Form. The Manager's compliance department conducts ongoing monitoring of derivatives strategies for compliance with regulations designed to ensure: (i) all derivatives strategies of the Fund meet regulatory requirements; and (ii) derivative and counterparty exposures are reasonable and diversified. New derivative strategies are subject to a standardized approval process involving members from the Manager's compliance department.

Under NI 81-102, alternative mutual funds may engage in derivative transactions for both hedging and non-hedging purposes. When derivatives are used for hedging purposes, our internal policies require that the derivatives have a high degree of negative correlation to the position being hedged, as required by NI 81-102. Derivatives will be used to create leverage within the Fund's portfolio as permitted under section 2.9 of NI 81-102. We simulate stress conditions to measure risk in connection with the Fund's use of derivatives. Pursuant to NI 81-102, the Fund may deal with counterparties without a designated rating and the Fund may enter into over the counter derivative transactions with a wider variety of counterparties. The Fund will be permitted to exceed the 10% of NAV marked-to-market limit on specified derivatives exposure to a single counterparty, only if either: (i) the specified derivative is a cleared specified derivative; or (ii) the counterparty has a designated rating (generally, a rating of "A" or higher for the counterparty's long-term debt).

The Chief Compliance Officer of the Manager will on a regular basis review updates from the portfolio management team on outstanding derivative strategies including, the classification of hedging versus non-hedging strategies, identification of risks being hedged, and hedge effectiveness or correlation. Any non-compliance is escalated immediately to the Board of Directors of the Manager (if required). The Manager's portfolio management team reports any identified exceptions to the derivatives policies and procedures described above to the Chief Compliance Officer.

### ***Proxy Voting Policy***

The proxies associated with the securities of the Fund will be voted by the Manager in accordance with the Manager's proxy voting policy (the "**Proxy Voting Policy**"). The objective in voting is to support proposals and director nominees that maximize the value of the Fund's investments over the long-term. In evaluating proxy proposals, information from many sources will be considered, including management or shareholders of a company presenting a proposal and independent proxy research services. Substantial weight will be given to the recommendations of a company's board, absent guidelines or other specific facts that would support a vote against management. The Manager has developed guidelines that address the following circumstances: election of directors; contested director elections; classified boards; director/officer indemnification; director ownership; approval of independent auditors; stock based compensation plans; bonus plans; employee stock purchase plans; executive severance agreements; shareholder rights plans; defences; cumulative voting; voting requirements matters related to shareholder meetings, among others.

While serving as a framework, the Proxy Voting Policy cannot contemplate all possible proposals with which the Fund may be presented. In the absence of a specific guideline for a particular proposal (e.g., in the case of a transactional issue or contested proxy), the Manager will evaluate the issue and cast the Fund's vote in a manner that, in the Manager's view, will maximize the value of the Fund's investment.

The current Proxy Voting Policy and procedures of the Manager are available to Unitholders at no cost by calling toll free at 1-866-640-8783, on the Manager's website at [www.veritasfunds.com](http://www.veritasfunds.com) or by writing to Veritas Asset Management Inc. Suite 3110, 100 Wellington Street West, TD West Tower, P.O. Box 80, Toronto, Ontario M5K 1E7.

The Fund's proxy voting record for the annual period from July 1<sup>st</sup> to June 30<sup>th</sup> will be available at any time after August 31<sup>st</sup> following the end of that annual period, to any Unitholder on request to the Manager, at no cost, and will also be available on the Manager's website at [www.veritasfunds.com](http://www.veritasfunds.com). Information contained on the Manager's website is not part of this Annual Information Form and is not incorporated herein by reference.

### ***Short-Term Trading***

In order to protect the interest of the majority of Unitholders in the Fund and to discourage inappropriate short-term trading in the Fund, investors may be subject to a short-term trading fee. If an investor redeems Series A or Series F Units of the Fund within 120 days of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, five percent (5%) of the NAV of the Series of Units being redeemed.

The short-term trading fee will not apply in certain circumstances, such as:

- redemptions of Series A or F Units purchased by the reinvestment of distributions;
- for systematic withdrawal plans;
- redesignation of Series A or F Units from one Series to another Series of the Fund;

- redemptions initiated by the Manager or where redemption notice requirements have been established by the Manager; or
- in the absolute discretion of the Manager.

The Administrator (in its capacity as registrar), on behalf of the Manager, monitors and detects short-term trading. The Administrator, on direction from the Manager, automatically charges a short-term trading fee to any redemption of Series A or Series F Units of the Fund that is made within 120 days of purchasing those securities. The Manager assesses the short-term trading fee charged to an investor on a case-by-case basis and may, at its absolute discretion, reverse a short-term trading fee that has been charged to an investor.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS FOR INVESTORS**

The following is a general summary, as at the time hereof, of certain of the principal Canadian federal income tax considerations generally applicable to an investor in Units of the Fund offered under the Simplified Prospectus. This summary assumes you are an individual (other than a trust) who, for the purposes of the Tax Act and at all times, (i) is a resident of Canada, (ii) deals at arm's length and is not affiliated with the Fund, (iii) is the original owner of the Units, (iv) holds the Units as capital property, and (v) has invested in the Units for his or her own benefit and not as a trustee of a trust.

Generally, Units will be considered to be capital property to a holder provided the holder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have their Units, and all other "Canadian securities" owned or subsequently owned by them, treated as capital property by making an irrevocable election under subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisers as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances.

This summary assumes that none of the issuers of securities held by the Fund will be a "foreign affiliate" (as defined in the Tax Act) of the Fund or any Unitholder of the Fund, or a non-resident trust that is not an "exempt foreign trust" as defined in section 94 of the Tax Act. This summary also assumes that the Fund will not be: (i) a "SIFT trust" for the purposes of the Tax Act, (ii) a "financial institution" for purposes of the Tax Act, or (iii) required to include any amounts in income pursuant to section 94.1 or section 94.2 of the Tax Act.

**This summary is not exhaustive of all possible Canadian federal tax considerations applicable to you in respect of an investment in Units of the Fund and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire Units. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, you are urged to consult with your own tax advisers for advice with respect to the income tax consequences of an investment in Units, based on your particular circumstances.**

### ***Tax Status of the Fund***

This summary is based on the assumptions that: (i) the Fund will qualify, at all times, as a "mutual fund trust" within the meaning of the Tax Act and has elected under the Tax Act to be a "mutual fund trust" from the date it was established, (ii) the Fund has not, and will not, be maintained primarily for the benefit of non-residents, and (iii) not more than 50% (based on fair market value) of the Units of the Fund have or will be held by non-residents of Canada or by partnerships that are not "Canadian partnerships" as defined in the Tax Act, or by any combination of such partnerships and non-residents.

In order to continue to qualify as a “mutual fund trust”, the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. If the Fund does not qualify as a “mutual fund trust” at all times, the income tax considerations described below could be materially and adversely different.

### ***Taxation of the Fund***

In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its net income, including the taxable portion of any net capital gains, if any, that is not paid or made payable to Unitholders in that year. Provided the Fund distributes all of its net taxable income and its net capital gains to its Unitholders on an annual basis, it should not be liable for any income tax under Part I of the Tax Act.

The Fund is required to include, in computing its income for each taxation year, the taxable portion of any net capital gains, any dividends received by it in that taxation year and all interest that accrues to it during the year, or which becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. In computing its income, the Fund will take into account any loss carry-forwards, any capital gains refund and all deductible expenses, including management fees.

Gains and losses realized by the Fund on the disposition of securities will generally be reported as capital gains and capital losses. The Fund has elected under subsection 39(4) of the Tax Act so that all gains or losses realized on the disposition of securities that are “Canadian securities” (as defined in the Tax Act) will be deemed to be capital gains or losses to the Fund. Generally, gains and losses realized by the Fund from derivative securities and in respect of short sales of securities (other than Canadian securities) will be treated as income and losses of the Fund, except where a derivative is used to hedge securities held on capital account provided there is sufficient linkage between the derivative and the security being hedged and subject to the detailed rules in the Tax Act. Whether gains or losses realized by the Fund in respect of a particular security (other than a Canadian security) are on income or capital account will depend largely on factual considerations.

Notwithstanding the foregoing, the derivative forward agreement rules (the “**DFA Rules**”) in the Tax Act deem gains on the settlement of certain forward agreements (described as “derivative forward agreements”) to be included in ordinary income rather than treated as capital gains. The Tax Act exempts from the application of the DFA Rules currency forward contracts, and certain other derivatives that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property.

Losses incurred by the Fund in a taxation year cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

The Fund’s portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for purposes of the Tax Act, subject to the detailed provisions of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such foreign source income and has not been deducted in computing the Fund’s income, the Fund may generally

designate a portion of its foreign source income in respect of its Unitholders so that such income, and a portion of the foreign tax paid by the Fund, may be regarded as foreign source income of, and foreign tax paid by, the Unitholders for the purposes of the foreign tax credit provisions of the Tax Act.

The Fund may be subject to alternative minimum tax in any taxation year throughout which the Fund is not a “mutual fund trust” for purposes of the Tax Act.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, generally including interest payable by the Fund on money borrowed to purchase securities. The Fund may generally deduct the costs and expenses of the offering of Units under this Prospectus that are paid by the Fund at a rate of 20% per year, pro-rated where the Fund’s taxation year is less than 365 days.

The Fund may be subject to the loss restriction rules contained in the Tax Act unless the Fund qualifies as an “investment fund” as defined in the Tax Act, which, among other things, requires that certain investment diversification restrictions are met, and that Unitholders hold only fixed (and not discretionary) interests in the Fund. If the Fund experiences a “loss restriction event” (i) the Fund will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund’s net income and net realized capital gains at such time to Unitholders so that the Fund is not liable for income tax under Part I of the Tax Act on such amounts), and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward such losses will be restricted. Generally, the Fund will have a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the Fund, as those terms are defined in the Tax Act.

The Fund may be subject to the “suspended loss” rules contained in the Tax Act, which would generally apply where the Fund disposes of property and subsequently reacquires the property or acquires an identical property within the time period that begins 30 days before the disposition and ends 30 days following the disposition, and the Fund continues to own the reacquired or newly-acquired property following that period. Where the “suspended loss” rules apply, any losses arising from the initial disposition of property would be denied, but may be realized at a future point in time in accordance with the rules in the Tax Act.

The Fund may be subject to the “straddle loss” rules contained in the Tax Act, which generally defer the realization of any loss on the disposition of a “position” to the extent of any unrealized gain on an offsetting “position”. For the purposes of these rules, a “position” held by the Fund includes any interest in actively traded personal properties such as commodities, derivatives, and certain debt obligations. An offsetting “position” is any similar interest that has the effect of eliminating all or substantially all of the Fund’s risk of loss and opportunity for gain in respect of the underlying “position”. These rules are subject to various exceptions set out in the Tax Act.

### ***Taxation of Unitholders***

#### *Units Held in a Registered Plan*

If you hold Units of the Fund in a Registered Plan, distributions from the Fund and capital gains from a redemption (or other disposition) of Units in respect of the Registered Plan are generally not subject to tax under the Tax Act until withdrawals are made from the Registered Plan (however, withdrawals from a TFSA are generally not subject to tax).

Notwithstanding the foregoing, if the Units of the Fund are “prohibited investments” (as defined in the Tax Act) for your TFSA, RRSP, RRIF, or RESP you, as the holder of the TFSA, the annuitant under the RRSP or RRIF, or the subscriber of the RESP, as the case may be, may be subject to a penalty tax as set out in the Tax Act. The Units of the Fund will be a “prohibited investment” for your TFSA, RRSP, RRIF, or RESP,

if you: (i) do not deal at arm's length with the Fund for purposes of the Tax Act, or (ii) have a "significant interest", as defined in the Tax Act, in the Fund. Generally, you will not have a significant interest in the Fund unless you own interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which you do not deal at arm's length. In addition, your Units will not be a "prohibited investment" if such Units are "excluded property" as defined in the Tax Act.

***You should consult with your own tax advisers to determine whether Units of the Fund would be a "prohibited investment" for your TFSA, RRSP, RRIF, or RESP, based on your particular circumstances.***

#### *Units Not Held in a Registered Plan*

If you hold Units of the Fund outside a Registered Plan, you will generally be required to include in computing your income for a taxation year the portion of the net income of the Fund, including the taxable portion of any capital gains, if any, paid (or payable) to you by the Fund in that taxation year, whether such amounts are paid in cash or automatically reinvested in additional Units.

Generally, any distributions to you in excess of your share of the net income and net capital gains of the Fund in a taxation year are a return of capital and will not be taxable to you, but will reduce the adjusted cost base of your Units. To the extent that the adjusted cost base of your Units would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by you and your adjusted cost base will be nil immediately thereafter. The non-taxable portion of any net capital gains of the Fund that is distributed to you will not be taxable and will not, provided the appropriate designations are made by the Fund, reduce the adjusted cost base of your Units.

Provided that appropriate designations are made by the Fund, such portion of: (i) the taxable portion of any net capital gains of the Fund, and (ii) the taxable dividends received by the Fund on shares of taxable Canadian corporations as are paid or become payable to you will effectively retain their character and be treated as such in your hands. The gross-up and dividend tax credit rules contained in the Tax Act will apply to such amounts that are designated as taxable dividends from taxable Canadian corporations. If the Fund makes the appropriate designation, you may be entitled to claim a foreign tax credit in accordance with the provisions of, and subject to the general limitations under, the Tax Act for a portion of the foreign tax paid by the Fund in respect of income from foreign sources.

The NAV per Unit of the Fund at the time you acquire Units may reflect income and gains of the Fund that have accrued prior to that time. Accordingly, if you acquire Units, particularly late in a calendar year, you may become taxable on the income or gains of the Fund that accrued before those Units were acquired by you.

We will provide you with prescribed information in the form required by the Tax Act to assist you in preparing your tax return.

Management fee distributions, if any, that are received by you, to the extent that they are paid from the net income (including the taxable portion of capital gains) of the Fund, will generally be required to be included in your income for the taxation year in which such distributions are received. To the extent that a management fee distribution represents a return of capital, the adjusted cost base of the Units held by you will be reduced by the amount of the management fee distribution.

Upon the redemption (or other disposition) of a Unit of a particular Series of Units of the Fund, including on a redemption of Units, you will realize a capital gain (or capital loss) to the extent that your proceeds of disposition (i.e., the amount you receive for that Unit) exceed (or are less than) your adjusted cost base of the Unit and any reasonable costs of disposition. Your adjusted cost base of a single Unit of a particular

Series of Units of the Fund at any particular time will generally be the average cost of all such Units held by you at that time. For the purpose of determining the adjusted cost base of your Units of a particular Series of Units of the Fund, when Units are acquired, including on the reinvestment of distributions, the cost of the newly acquired Units will generally be averaged with the adjusted cost base of all such Units owned by you as capital property immediately before that time.

One-half of any capital gain realized by you in a taxation year on the disposition of Units will be included in your income for that taxation year and one-half of any capital loss realized by you must be deducted from the taxable portion of any capital gains realized in that taxation year. One-half of any unused capital losses may be deducted by you against the taxable portion of any capital gains arising in the three immediately preceding taxation years or in subsequent taxation years, subject to the rules in the Tax Act.

In general terms, net income of the Fund paid or payable to you that is designated as net realized taxable capital gains, taxable Canadian dividends or taxable capital gains realized on the disposition of Units may increase your potential liability for alternative minimum tax.

Based on published administrative position of the CRA, a redesignation of Units of the Fund should not generally be considered to give rise to a taxable disposition for the purposes of the Tax Act. Unitholders should consult with their own tax advisers in this regard.

Management fees and performance fees paid directly to Veritas by holders of Series I Units will generally not be deductible by those Unitholders.

#### ***Calculating the Adjusted Cost Base of a Unit of the Fund***

You must separately compute the adjusted cost base in respect of each Series of Units of the Fund you own. The adjusted cost base in respect of any Series of Units of the Fund that you own must be calculated in Canadian dollars.

The total adjusted cost base of your Units of a particular Series of Units of the Fund (the “**Subject Series**”) is generally equal to:

- the total of all amounts you paid to purchase those Units, including any sales charges paid by you at the time of purchase;  
plus
- the adjusted cost base of any Units of another Series of Units of the Fund that you hold that were redesignated as Units of the Subject Series (except to the extent that the redesignation resulted in a taxable disposition, in which case the relevant amount may be the fair market value of the Units as of the time of the redesignation);  
plus
- the amount of any reinvested distributions in respect of Units of the Subject Series;  
less
- the return of capital component of distributions paid to you in respect of your Units of the Subject Series; and  
less
- the adjusted cost base of any of your Units of the Subject Series that have been redeemed.

The adjusted cost base of a single Unit of a Subject Series is the total adjusted cost base of Units of the Subject Series held by you divided by the number of Units of the Subject Series that you hold at the relevant time.

### ***Tax Reporting***

Generally, you will be required to provide your financial adviser with information related to your citizenship, tax residence and, if applicable, your foreign tax identification number. If you are identified as a U.S. citizen (including a U.S. citizen living in Canada), U.S. resident, or a foreign tax resident, details of your investment in the Fund will generally be reported to the CRA unless Units are held inside a Registered Plan. The CRA may provide the information to the relevant foreign tax authorities under exchange of information treaties or other agreements.

### ***International Tax Reporting***

Part XIX of the Tax Act implements the Organisation for Economic Co-operation and Development Common Reporting Standard. Pursuant to Part XIX of the Tax Act, “Canadian financial institutions” that are not “non-reporting financial institutions” (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, Unitholders are required to provide certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within certain Registered Plans.

### ***U.S. Foreign Account Tax Compliance Act (“FATCA”)***

In March 2010, the U.S. enacted FATCA, which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (the “IGA”), which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the “FATCA Tax”) for Canadian entities, such as the Fund, provided that: (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavour to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, holders of Units of the Fund are required to provide identity and residency and other information to the Fund (and may be subject to penalties for failing to do so), which, in the case of “Specified U.S. Persons” or certain non-U.S. entities controlled by “Specified U.S. Persons”, will be provided, along with certain financial information (for example, account balances), by the Fund to the CRA and from the CRA to the U.S. Internal Revenue Service. The Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with any relevant and applicable U.S. legislation.

### ***Eligibility for Investment***

Provided that the Fund qualifies as a “mutual fund trust” for purposes of the Tax Act, Units of the Fund offered under the Simplified Prospectus will be “qualified investments” under the Tax Act for Registered Plans.

## **REMUNERATION OF DIRECTORS AND OFFICERS**

The Fund does not directly employ any directors, officers or trustees to carry out Fund operations. Veritas, as Manager of the Fund, provides or retains all personnel necessary to conduct the Fund's operations.

## **MATERIAL CONTRACTS**

The material contracts entered into by the Fund as of the date of this Annual Information Form are:

- (a) Declaration of Trust; and
- (b) the Custodian Agreement.

Copies of these agreements are available for inspection at the principal office of the Manager during regular business hours and are also available on [www.sedar.com](http://www.sedar.com).

## **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

As of the date of this Annual Information Form, there are no ongoing material legal or administrative proceedings pending to which the Fund or the Manager is a party or which are known to be contemplated.

**CERTIFICATE OF THE FUND, THE MANAGER, THE TRUSTEE AND THE PROMOTER**

This Annual Information Form, together with the Simplified Prospectus and the documents incorporated by reference into the Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus, as required by the securities legislation of each of the provinces of Canada and do not contain any misrepresentations.

DATED: July 30, 2021.

*“Antonio Scilipoti”*

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Antonio Scilipoti  
Chief Executive Officer

*“Josephine Alaina Monasterolo”*

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Josephine Alaina Monasterolo  
Chief Financial Officer

On behalf of the Board of Directors of  
**VERITAS ASSET MANAGEMENT INC.**,  
as Manager, Trustee and Promoter of the Fund

*“Sam LaBell”*

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Sam LaBell

Additional information about the Fund is available in the Fund's Fund Facts, management reports of fund performance and Financial Statements.

You can get a copy of these documents at no cost by calling us toll free at 1-866-640-8783, online at [www.veritasfunds.com](http://www.veritasfunds.com), by emailing us at [info@veritasfunds.com](mailto:info@veritasfunds.com), or from your Dealer.

These documents and other information about the Fund, such as material contracts and information circulars, are also available at [www.sedar.com](http://www.sedar.com)

### **VERITAS ABSOLUTE RETURN FUND**

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