



## FUND DETAILS\*

Type	Fee based/ Advisory Fee
Fund Code	VAM 301
Total Assets (All series)	\$17.5 million
Category	Alternative Mutual Fund
Inception Date	October 1, 2019
MER (unaudited) <sup>1</sup> As at June 30, 2020	1.59%
Management Fee	1.5%
Total Number of Holdings	56
Total Long Positions	36
Total Short Positions	20
Minimum Investment	\$5,000 initial / \$500 subsequent
Firm AUM	\$31.5 million
Employee AUM <sup>2</sup>	\$2.7 million
Distribution Frequency	Annually if any

## PORTFOLIO OBJECTIVE

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

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

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

## WHY INVEST WITH US?

- The Fund manages risks with the aim of preserving capital in down markets and achieving consistent returns.
- The Fund's long-short capability targets lower volatility than equities, less correlation to traditional asset classes, and greater downside protection.
- The Fund pursues an active investment discipline using forensic-accounting based research.
- Fundamental analysis is paired with systematic stock selection to generate alpha.
- Suitable for investors with a medium risk profile.
- Weekly liquidity.
- No performance fees.

## ABOUT VERITAS ASSET MANAGEMENT

Veritas Asset Management (VAM) is an independent employee owned research driven investment manager. VAM was founded on the belief that superior research leads to better investment decisions. VAM sources its investment ideas from Veritas Investment Research Corp. (VIR), an award-winning independent equity research organization whose fundamental analysis is based on forensic-accounting principles.

Once ideas are selected, the next step in building a VAM portfolio is risk management. After studying the fundamentals, the portfolio managers at VAM overlay a factor-based risk management strategy. This approach allows VAM to select a portfolio of names and individual weights that, when combined, are designed to minimize risk. VAM is sector agnostic and takes concentrated positions based on each company's relative risk/reward characteristics.

Together, VAM and VIR offer a unique investment solution that diversifies and adds value to investor portfolios.

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Cal*
2020	1.3	-1.6	4.3	-5.3	-2.0	-0.2	2.9	-1.6	1.2				
2019										0.5	2.7	-0.6	

## PERFORMANCE<sup>6</sup>

	YTD	1 MONTH	1 YEAR	SINCE INCEPTION
FUND	-1.4%	1.2%	1.2%	1.2%
INDEX	-3.1%	-2.1%	0.0%	0.0%

EXPOSURES <sup>3</sup>	
Volatility Risk Profile	Medium
Gross Exposure	103%
Net Exposure	72%

	TOP TEN HOLDINGS <sup>4</sup>	TICKER	LONG/ SHORT
1	Crombie REIT	CRR-U	LONG
2	Granite REIT	GRT-U	LONG
3	George Weston Ltd.	WN	LONG
4	Capital Power Corp.	CPX	LONG
5	Cogeco Inc.	CGO	LONG
6	Maple Leaf Foods Inc.	MFI	LONG
7	Hydro One Ltd.	H	LONG
8	SPDR Gold Shares	GLD	LONG
9	Metro Inc.	MRU	LONG
10	Quebecor Inc.	QBR.B	LONG



## CELEBRATING ONE YEAR

On September 30, 2020, the Veritas Absolute Return Fund passed its first year milestone! The first 12 months were punctuated by a global pandemic that has caused widespread economic disruption leading to unprecedented fiscal and monetary stimulus, which has contributed to volatility not seen since the Great Financial Crisis (GFC).

In the year ended September 30, the S&P/TSX Composite TR index returned 0.0% with annualized monthly volatility of 23.7% - only slightly below the 26.9% volatility it experienced from May 2008 to May 2009 during the GFC. The turmoil clearly showcases the strength of our strategy: to generate steady positive returns in all market conditions with lower volatility. In its first year, the Fund's total return was 1.2% with annualized monthly volatility of 9.0%. In addition, the Fund provided a consistent hedge against the market with an inverse correlation to the S&P/TSX (-0.56) and a negative beta (-0.22).

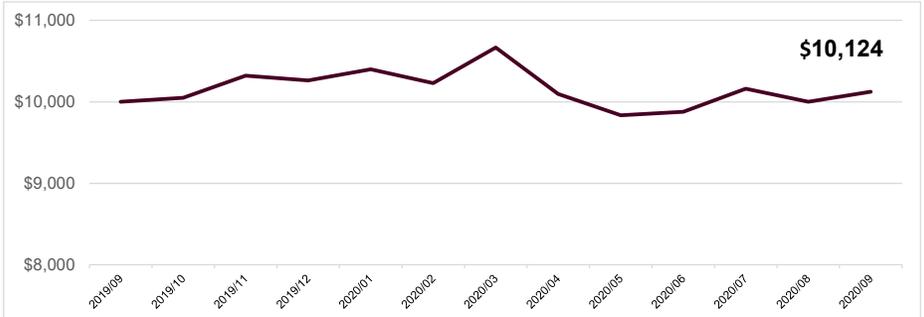
The Fund's top two contributors to performance in September were short positions in Husky Energy Inc. (HSE) and Vermilion Energy (VET). At sub \$50 WTI both companies are unable to produce positive free cash flow; VET is further challenged by weakening European natural gas prices. We prefer other companies in the space with lower cost structures and manageable debt loads.

Our goal is to buy the best companies in sectors where we identify positive investment catalysts and take strategic short positions in poorly positioned companies in challenged industries. We evaluate companies based on balance sheet strength, free cash flow sustainability and the ability to endure periods of economic weakness.

While record government spending has clearly propped up economic activity in the short term, the outlook for a more sustainable economic recovery remains uncertain and particularly dependent on new treatments for COVID. In the meantime, we remain positioned to deliver positive risk adjusted returns over the medium to long term.

## PERFORMANCE<sup>7</sup>

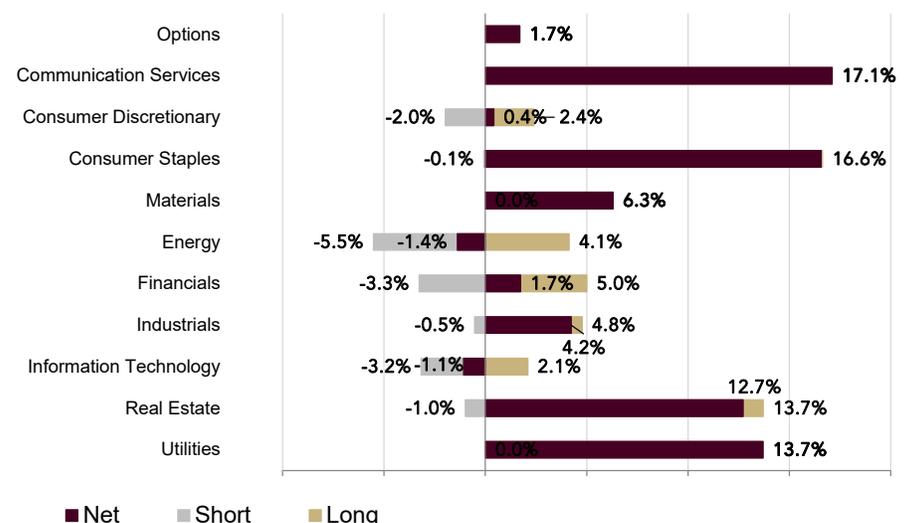
### Growth of \$10,000 (since inception date)



## RISK MEASURES<sup>8</sup>

	1 YEAR	SINCE INCEPTION
Fund Sharpe Ratio <sup>9</sup>		0.09
Index Sharpe Ratio		0.14
Beta <sup>10</sup>	-0.22	-0.22
Correlation <sup>11</sup>	-0.56	-0.56
Fund Volatility <sup>11</sup>	9.0%	9.0%
Index Volatility	23.7%	23.7%
Best Month		4.3%
Worst month		-5.3%
# of months +		6
Worst drawdown <sup>12</sup>		-10.2%

## SECTOR ALLOCATIONS<sup>13</sup>





## DISCLOSURES

The information contained herein is for general information purposes and does not constitute a solicitation for the purchase or sale of securities. The full details of the Fund, its investment strategies and the risks are detailed in the Fund's current simplified prospectus, annual information form, and fund facts document, copies of which may be obtained from Sedar, your dealer, Veritas Asset Management Inc. ("VAM") or at [Veritasfunds.com](http://Veritasfunds.com). Please read the prospectus before investing. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. All performance data assume reinvestment of all distributions or dividends and do not take into account other charges or income taxes payable by any unitholder that would have reduced returns. The performance of the Fund is not guaranteed, unit values change frequently and past performance may not be repeated. Performance is presented in Canadian dollars, unless otherwise stated, and is net of fees of Series F units of the Fund. VAM is an affiliate of Veritas Investment Research Corporation ("VIR"), which produces and issues independent equity research regarding public issuers to investors and other capital markets participants. VAM is a client of VIR and receives research reports from VIR at the same time as VIR's other clients. VIR and VAM have implemented policies and procedures to minimize the potential for and to address conflicts of interest, which are available upon request.

1. Audited MER for Veritas Absolute Return Series F as at Dec. 31, 2019 is 2.01%.
2. Employee AUM includes all parties related to the Manager in all series or classes of all Veritas Asset Management Inc. Funds, as at September 30, 2020.
3. Source: Veritas Asset Management Inc. estimates. Calculated using end of day positions for period ending September 30, 2020.
4. Source: Refinitiv & Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending September 30, 2020.
5. Source: Refinitiv, Veritas Asset Management Inc. estimates. Calendar year returns are based on monthly compounded returns. Veritas Absolute Return Fund Series F monthly returns net of fees and expenses are based on independent third party end of month net asset value (NAV) calculations and on internal unaudited estimates. Past performance is not indicative of future performance.
6. Source: Refinitiv. Series F Inception Date: October 1, 2019. Portfolio weights refer to end of day weights for period ending September 30, 2020. Past performance is not indicative of future performance. The S&P/TSX Composite Index is a capitalization-weighted index that represents some of the largest float-adjusted stocks trading on the Toronto Stock Exchange. Contact Veritas Asset Management Inc. for more information regarding comparative indices.
7. Source: Refinitiv. Series F Inception Date: October 1, 2019. Performance as of September 30, 2020. Past performance is not indicative of future performance.
8. Source: Refinitiv & Veritas Asset Management Inc. estimates. Series F Inception Date: October 1, 2019. The S&P/TSX Composite Index is a capitalization-weighted index that represents some of the largest float-adjusted stocks trading on the Toronto Stock Exchange. Contact Veritas Asset Management Inc. for more information regarding comparative indices.
9. The Sharpe ratio is internally calculated using daily NAV returns on the fund, subtracting a risk free rate based on rolling three-month Government of Canada bond yields, converted to a daily return. The observed (ex-post) Sharpe ratio produced using these daily excess returns is annualized based on 252 trading days per year.
10. Beta (observed beta)  $\beta_{i,f}$  based on historical relationship between fund return (F) and index (I) performance.  $\beta_{i,f} = \text{Cov}(R_i, R_f) / \text{Var}(R_i)$  where  $R_i$  is the monthly index return,  $R_f$  is monthly fund return.
11. Correlation is calculated using monthly returns between the fund and index. Volatility is expressed in terms of historical annual volatility. Historical monthly volatility is measured by the standard deviation of monthly returns. Historical Annual Volatility is measured by annualizing monthly data.
12. Worst drawdown is based on independent third party daily net asset value (NAV) calculations and Veritas Asset Management Inc. estimates.
13. Source: Refinitiv & Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending September 30, 2020.

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

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