



## FUND DETAILS\*

Type	Fee based/ Advisory fee
Fund Code	VAM 201
Total Assets (All series)	\$14.2 million
Category	Canadian Equity
Inception Date	May 1, 2018
MER (unaudited) <sup>1</sup> As at Dec. 31, 2019	2.18%
Management Fee	0.95%
Number of Holdings	19
Minimum Investment	\$1,000 initial / \$500 subsequent
Firm AUM	\$31.2 million
Employee AUM <sup>2</sup>	\$2.7 million
Volatility Risk Profile	Medium
Distribution Frequency	Annually if any

## PORTFOLIO OBJECTIVE

The investment objective of the Veritas Canadian Equity Fund is to provide Unitholders with long term capital growth earning enhanced risk adjusted returns relative to the S&P TSX Composite Total Return Index by investing in a portfolio comprised primarily of the securities of Canadian companies.

## WHY INVEST WITH US?

- Driven by award winning research
- High-conviction concentrated portfolio
- Low market correlation
- Index and sector-agnostic
- Low turnover portfolio
- Strict risk management optimization process

## THE PORTFOLIO PRIMARILY INVESTS IN

The Fund will invest primarily in the securities of companies included on the V-List Model Portfolio as prepared by Veritas Investment Research Corporation (VIR).

The V-List was launched by VIR in 2004. The V-List is a concentrated model portfolio of between 12 and 25 companies that comprise VIR's best investment ideas. The fund is systematically optimized to minimize volatility and maximize performance relative to passive investing.

Companies are selected based on their potential for long term capital appreciation, using bottom-up fundamental analysis and a strict review of accounting and disclosure practices to identify companies with defensible competitive advantages and the ability to generate meaningful cash flows.

## 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.

## PERFORMANCE<sup>7</sup>

	YTD	1 MONTH	1 YEAR	SINCE INCEPTION
FUND	-12.7%	-1.2%	-8.4%	1.1%
INDEX	-1.1%	2.3%	3.8%	13.9%

	TOP TEN HOLDINGS <sup>6</sup>	TICKER	% WEIGHT
1	Enbridge Inc.	ENB	8.14
2	TransAlta Corp.	TA	8.08
3	George Weston Ltd.	WN	7.72
4	Metro Inc.	MRU	7.51
5	Killam Apartment REIT	KMP.UN	6.68
6	Cogeco Inc.	CCA	6.07
7	Can. Natural Res. Ltd.	CNQ	5.86
8	Manulife Financial Corp.	MFC	5.85
9	Hydro One Ltd.	H	5.46
10	CGI Inc.	GIB.A	5.42
	<b>Top 10 weight</b>		<b>66.78</b>



**AUGUST 2020: WHERE IS WILE E. COYOTE?**

August was another strong month as Q2 results came in largely ahead of much lowered consensus estimates. Is it the calm before the storm? Or is the market still in Suspended Animation? The key will be whether Q3 results can match expectations that have been ratcheted much higher.

Financials and Industrials, which we are underweight led the way with returns of 6.9% and 4.3%, respectively. While healthcare returned -7.4% and consumer staples, which we are overweight, declined by 4.7%. Financials reported Q2 results that generally came in ahead of expectations and signs of improving economic activity drove Industrials higher. It remains to be seen what the impact of the end of the mortgage deferrals and other government assistance programs will have on the underlying economy here in Canada.

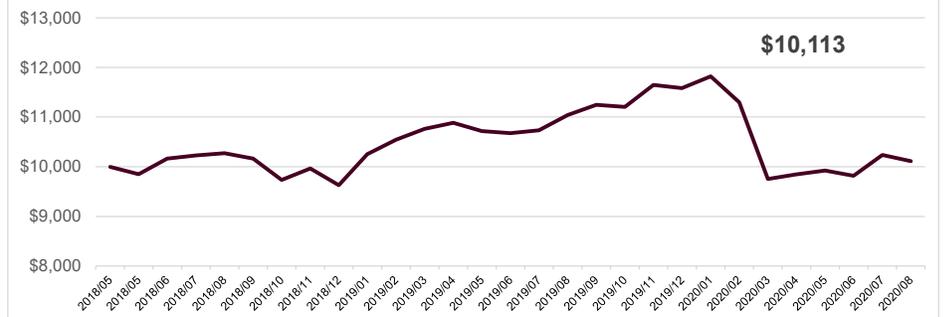
The Fund's position in Canadian Natural Resources Limited (**CNQ**) was the top contributor to Fund performance for the month of August. While the company technically "missed" expectations for the quarter, management was able to note some inventory was held back in Q2 only to be sold at higher prices in Q3. **CNQ's** best-in-class oil sands mining operations (Q2-F20 operating costs were a record low) and diverse portfolio of assets, combined with management's long-term thinking, continue to set the company apart from North American E&P peers.

The Fund's position in Manulife Financial (**MFC**) was the second-best contributor to performance for the month of August. The Market responded favourably to **MFC's** Q2 results that benefitted from longevity exposure, higher earnings from asset management and surplus funds, and improving insurance sales. While headwinds remain from COVID-19, Manulife remains well-positioned on credit risk, regulatory capital and earnings from core operations.

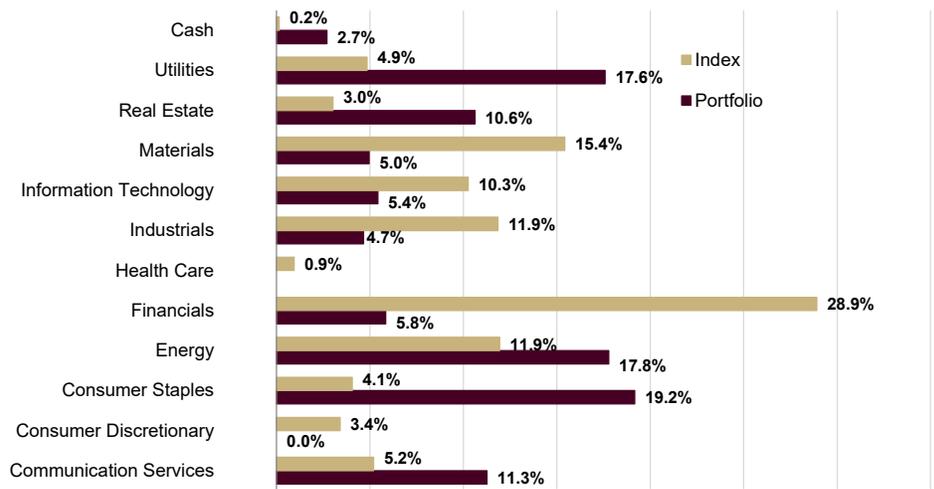
Our goal is to buy companies best positioned to capitalize on their industry's tailwinds at discounts to their intrinsic values and avoid poorly positioned companies in challenged industries. We continue to prefer businesses with strong balance sheets, free cash flow and the ability to endure periods of hardship. We will participate in the government fueled rally but remain cautiously positioned given the uncertainty of the economic recovery.

**PERFORMANCE<sup>8</sup>**

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



**SECTOR ALLOCATIONS<sup>9</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 Class 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 Class F as at Dec. 31, 2019 is 2.32%.
2. Employee AUM includes all parties related to the Manager in all series or classes of all Veritas Funds, as of August 31, 2020.
3. Source: Refinitiv, Veritas Asset Management estimates, for period ending August 31, 2020. F Series Inception Date: May 1, 2018. Benchmark is the S&P/TSX Composite Index. 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. Veritas Canadian Equity Fund draws its ideas from constituents in the index, but differs in its weighting of securities.
4. 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 daily index return,  $R_f$  is daily fund return.
5. 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.
6. Source: Bloomberg, for period ending August 31, 2020. Portfolio weights refer to end of day weights of last official reporting period.
7. Source: Refinitiv. F Series Inception Date: May 1, 2018. Past performance is not indicative of future returns. 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. Veritas Canadian Equity Fund draws its ideas from constituents in the index, but differs in its weighting of securities.
8. Source: Refinitiv. Notes: F Series Inception Date: May 1, 2018. Performance as of August 31, 2020.
9. Source: Bloomberg, for period ending August 31, 2020. 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. Veritas Canadian Equity Fund draws its ideas from constituents in the index, but differs in its weighting of securities.

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