



## FUND DETAILS\*

|                                  |                                    |
|----------------------------------|------------------------------------|
| Fund Code                        | VAM 301                            |
| Type                             | Fee based                          |
| Total Assets (All series)        | \$53.8 million                     |
| Category                         | Alternative Mutual Fund            |
| Inception Date                   | October 1, 2019                    |
| Management Fee                   | 1.5%                               |
| Total Number of Holdings         | 87                                 |
| Total Long Positions             | 47                                 |
| Total Short Positions            | 40                                 |
| Minimum Investment               | \$5,000 initial / \$500 subsequent |
| Firm AUM <sup>1</sup>            | \$106.4 million                    |
| Related Parties AUM <sup>2</sup> | \$6.8 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 management team identifies as mispriced. Long and short positions will be determined with reference to 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's long-short capability targets lower volatility than equities, less correlation to traditional asset classes, and greater downside protection.
- The Fund aims to preserve capital and achieve consistent positive returns.
- 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.
- Daily liquidity.
- No performance fees.

## ABOUT VERITAS ASSET MANAGEMENT

Veritas Asset Management (VAM) is an independent, employee owned, research-driven investment manager. 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.

After studying the fundamentals and selecting ideas, 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.

| EXPOSURES <sup>3</sup>  |        |
|-------------------------|--------|
| Volatility Risk Profile | Medium |
| Gross Exposure          | 135%   |
| Net Exposure            | 70%    |

|    | TOP TEN HOLDINGS <sup>4</sup> | TICKER | LONG/SHORT |
|----|-------------------------------|--------|------------|
| 1  | Enbridge Inc.                 | ENB    | LONG       |
| 2  | Alimentation Couche-Tard Inc. | ATD    | LONG       |
| 3  | Killam Apartment REIT         | KMPu   | LONG       |
| 4  | Loblaw Cos Ltd                | L      | LONG       |
| 5  | Boardwalk REIT                | BEIu   | LONG       |
| 6  | Metro Inc.                    | MRU    | LONG       |
| 7  | National Bank of Canada       | NA     | LONG       |
| 8  | Aritzia Inc.                  | ATZ    | LONG       |
| 9  | Maple Leaf Foods Inc.         | MFI    | LONG       |
| 10 | Element Fleet Mgmt Corp.      | EFN    | LONG       |

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

|      | Jan | Feb  | Mar  | Apr  | May  | Jun  | Jul  | Aug  | Sept | Oct  | Nov  | Dec  | YTD  |
|------|-----|------|------|------|------|------|------|------|------|------|------|------|------|
| 2023 | 1.3 | -1.5 | -2.4 | 1.7  |      |      |      |      |      |      |      |      | -1.0 |
| 2022 | 2.2 | -0.8 | -0.7 | -0.2 | 0.5  | -2.8 | -1.8 | -4.9 | -0.9 | 0.6  | 5.8  | -1.8 | -5.2 |
| 2021 | 1.1 | -0.3 | 6.9  | 1.2  | 4.1  | -0.9 | 1.3  | 1.6  | 0.3  | 1.4  | -1.8 | 6.2  | 22.8 |
| 2020 | 1.3 | -1.6 | 4.3  | -5.3 | -2.0 | -0.2 | 2.9  | -1.6 | 1.2  | -2.8 | 7.1  | 0.6  | 3.3  |
| 2019 |     |      |      |      |      |      |      |      |      | 0.5  | 2.7  | -0.6 | 2.6  |

## PERFORMANCE<sup>6</sup>

|       | YTD   | 1 MONTH | 1 YEAR | 3 YEAR | SINCE INCEPTION |
|-------|-------|---------|--------|--------|-----------------|
| FUND  | -1.0% | 1.7%    | -6.6%  | 6.5%   | 5.9%            |
| INDEX | 7.6%  | 2.9%    | 2.7%   | 15.2%  | 9.8%            |



## COMMENTARY

Series F of the Veritas Absolute Return Fund generated a 1.7% return in April versus a 2.9% return for the S&P/TSX Composite index, bringing our year-to-date return to -1.0% versus 7.6% for the index. We remain defensively positioned ahead of the economic challenges we expect this year, tied to persistent inflation and current high interest rates.

The Fund's position in **Agnico Eagle Ltd. (TSX, NYSE: AEM)** was the largest contributor to fund performance in April. The company reported its first quarter results at the end of April, which showed better than expected ore grades, throughput and costs. **AEM's** transaction to buy out the remaining 50% of Canadian Malarctic increases its exposure to gold and should generate efficiencies over the longer term, particularly in processing.

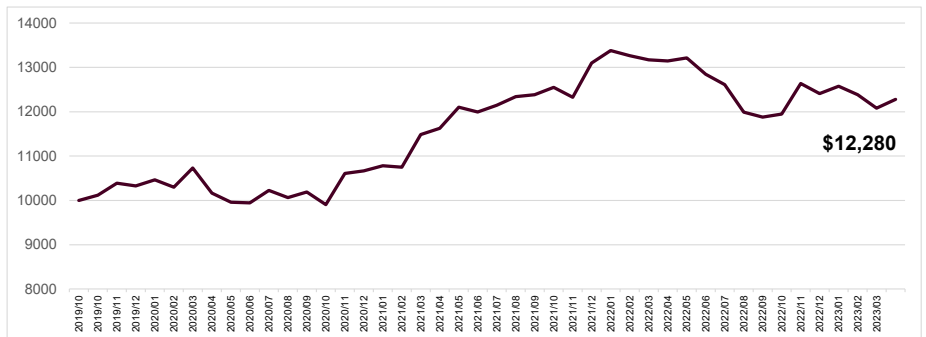
The Fund's position in **Canadian Natural Resources (TSX, NYSE: CNQ)** was the second largest contributor to fund performance in April as the company held its investor day early in the month. Management highlighted the company's extensive proved reserves, low-decline production, and diversified asset mix. We continue to like **CNQ's** prospects which offer multi-play growth and top tier returns on capital.

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 each company's ability to navigate good and bad economic environments, looking at the sustainability of cash flows; balance sheet strength; financial reporting transparency and governance.

Source: Bloomberg, Refinitiv, Veritas Asset Management Inc. estimates, as at April 28, 2023

## PERFORMANCE<sup>7</sup>

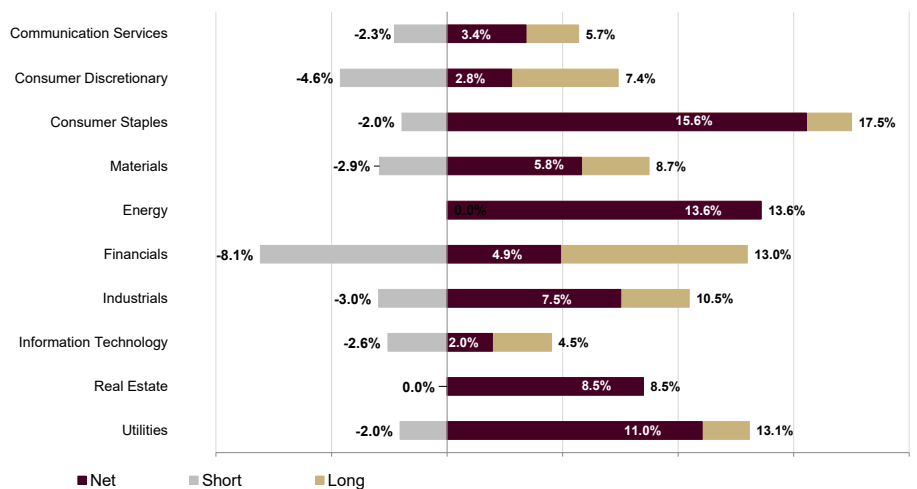
Growth of \$10,000 (since inception date)



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

|                                | 1 YEAR | SINCE INCEPTION |
|--------------------------------|--------|-----------------|
| Fund Sharpe Ratio <sup>9</sup> | -1.06  | 0.48            |
| Index Sharpe Ratio             | -0.08  | 0.48            |
| Beta <sup>10</sup>             | 0.34   | 0.11            |
| Correlation <sup>11</sup>      | 0.62   | 0.19            |
| Fund Volatility <sup>11</sup>  | 9.5%   | 9.7%            |
| Index Volatility               | 17.2%  | 17.1%           |

## SECTOR ALLOCATIONS<sup>12</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.

The S&P/TSX Composite Total Return Index is a Canadian dollar denominated, capitalization-weighted index that includes the largest float-adjusted stocks trading on the Toronto Stock Exchange, subject to inclusion criteria. The index provides the broadest representation of market-weighted returns for large capitalization Canadian-listed stocks, including reinvested dividends, making it an appropriate index for diversified portfolios that invest primarily in Canadian stocks, such as the Veritas Absolute Return Fund. Contact Veritas Asset Management Inc. for more information regarding comparative indices.

1. Firm AUM includes the AUM of the Veritas Canadian Equity Fund, the Veritas Absolute Return Fund, and the Veritas Next Edge Premium Yield Fund, as at April 28, 2023. The Veritas Next Edge Premium Yield Fund is sub-advised by Veritas Asset Management Inc., and managed by Next Edge Capital Corp.
2. Related Parties AUM includes all parties related to the Manager in all series or classes of all Veritas Asset Management Inc. Funds, as at April 28, 2023.
3. Source: Veritas Asset Management Inc. estimates. Calculated using end of day positions for period ending April 28, 2023.
4. Source: Refinitiv, Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending April 28, 2023.
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.
6. Source: Refinitiv. Series F Inception Date: October 1, 2019. Portfolio weights refer to end of day weights for period ending April 28, 2023. Time periods greater than 1 year are annualized.
7. Source: Refinitiv. Series F Inception Date: October 1, 2019. Performance as of April 28, 2023.
8. Source: Refinitiv, Veritas Asset Management Inc. estimates. Series F Inception Date: October 1, 2019.
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. Source: Refinitiv, Veritas Asset Management Inc. estimates. Portfolio weights refer to end of day weights for period ending April 28, 2023.

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