

VERITAS ABSOLUTE RETURN FUND
Management Report of Fund Performance

The annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the Investment Fund.

For the year ended December 31, 2020



VERITAS
ASSET
MANAGEMENT

VERITAS ABSOLUTE RETURN FUND (FORMERLY VERITAS LONG SHORT FUND) MANAGEMENT REPORT OF FUND PERFORMANCE

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Forward-Looking Statements (“FLS”)

The annual Management Report of Fund Performance may contain forward-looking statements (“FLS”). FLS means disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action and includes any future-oriented financial information (“FOFI”) with respect to prospective results of operations, financial position or cash flows that is presented either as a forecast or a projection. FOFI is FLS about prospective results of operations, financial position or cash flows, based on assumptions about future economic conditions and courses of action.

FLS can be identified using forward-looking terminology such as “may”, “will”, “should”, “expect”, “anticipate”, “target”, “project”, “estimate”, “intend”, “continue” or “believe”, or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking information and statements. Material risk factors that could affect actual results are identified under the heading “What are the Risks of Investing in the Fund?” in the Fund’s Simplified Prospectus. Investors are also cautioned that FLS is based on several factors and assumptions, including a Fund’s current plans, estimates, opinions and analysis made considering its experience, current conditions and expectations of future developments, as well as other relevant factors. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

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This Management Report of Fund Performance represents the portfolio management team's view of the significant factors and developments affecting the investment fund's performance and outlook for the years ended December 31, 2020 and 2019, the investment fund's annual year end. Every effort has been made to ensure the information contained in this Management Report of Fund Performance is accurate and complete, however, the investment fund cannot guarantee the accuracy or the completeness of this material. For more information, please refer to the Funds' Simplified Prospectus ("Prospectus"). In this report, "Manager", refers to Veritas Asset Management Inc., the Manager of the Fund. The "Fund" refers to the Veritas Absolute Return Fund. In addition, "net asset value" or "NAV" refers to the value of the Fund as calculated for transaction purposes, on which the Fund performance is based. All dollar figures are reported in Canadian dollars and are expressed in millions, unless otherwise indicated.

Investment Objective and Strategies

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 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.

Risk

The risks associated with investing in the Fund remain as discussed in the Prospectus. The Fund is suitable for investors looking for a medium level of risk that is based on a research-driven, concentrated portfolio of Canadian Companies with a medium to longer term investment horizon.

For the years ended December 31, 2020 and 2019, there were no changes affecting the overall level of risk associated with an investment in the Fund. Therefore, the overall level of Fund risk and investor risk tolerance remains as stated in the Prospectus.

Results of Operations

For the years ended December 31, 2020, Series A units ended the year at \$10.55, up 2.13% from \$10.33 at the end of 2019. Series F units, the largest series by NAV were up 3.26% rising from \$10.13 to \$10.46. And Series I units began the year at \$9.75, closed at \$10.13 and resulted in a gain of 3.90%. By comparison, the S&P/TSX Composite Total Return ("S&P/TSX TR") Index was up 5.60% over 2020. It is important to note that the Fund's return is net of fees and expenses for professional management, while the benchmark does not have such costs.

The total NAV of the Fund as of December 31, 2020 was \$18.2 million. It began the year at \$12.9 million with net subscriptions totalling \$4.7 million.

The net assets of the Series A units increased 504.61%, from \$244,842.03 to \$1.5 million, primarily due to net contributions. The Series F units increased 37.36%, from \$10.7 million to \$14.7 million, as a result of net subscriptions and positive investment returns over the year. The Series I units increased 2.32%, from \$1.99 million to \$2.04 million, due to positive fund performance and limited redemptions.

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The Fund's performance versus the benchmark during the comparative time periods, for each of the Series A, F and, respectively, reflected an outsized contribution to the S&P/TSX TR performance from Shopify Inc., which contributed an estimated 4.7% of the composite's 5.60% total return in the year ended December 31, 2020.

Absent the index contribution of Shopify, which our Fund did not own, each of our Fund Series would have outperformed the index. Additionally, each Series of the Fund posted less than half the daily volatility of the S&P/TSX TR, with near-zero correlations to the market.

The investment performance of the Fund included income and expenses, which will vary year to year. The Fund's income and expenses changed over the period mainly because of fluctuations in average net assets, portfolio activity and changes in the Fund's investments.

Recent Developments

Entering 2021, the market appears to be anticipating a pandemic-induced recovery as vaccination efforts allow economies around the world to reopen. In the resulting scenario, the expectation is that cyclical and smaller-capitalization stocks will do well.

While we are positioned to take advantage of these trends, we continue to see a higher-than-normal degree of risk in Canadian equities. There has been a significant increase in forward earnings multiples for S&P/TSX TR stocks since the beginning of 2020. Any normalization of interest rates or government fiscal policies, as well as earnings shortfalls, are likely to increase the downside risks attached to current elevated valuations. We expect earnings to remain volatile throughout 2021.

We remain focused on diversifying our holdings to reduce market risk exposure in 2021, with the expectation that careful stock selection and risk reduction strategies will continue to deliver benefits this year.

Related Party Transactions

The Manager will receive a monthly management fee calculated as a percentage of the NAV of each applicable series of Units that comprise the Fund on the last business day of the month. The management fee may vary from series to series and will be deducted as an expense of the applicable series of the Fund. The management fee is subject to applicable taxes, such as GST. The management fee for each of the applicable series of Units is as follows:

- Series A: 1/12 of 2.50% (2.50% per annum) of the net asset value of Series A units of the Fund on the last business day of the month.
- Series F: 1/12 of 1.50% (1.50% per annum) of the net asset value of Series F units of the Fund on the last business day of the month.
- Series I: 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.

Expense Reimbursement

Expense reimbursement by the Manager during the year ended December 31, 2020 amounted to \$87,293.65 (2019: nil), out of which \$1,948.57 was receivable as of December 31, 2020 (2019: nil).

Ownership

As of December 31, 2020, parties related to the Manager owned 1,060 Series F units (2019: 4,071) of the Fund. At December 31, 2020 and 2019, all of the Series I units of the Fund were owned by parties related to the Manager.

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The following tables show selected key financial information about the Series A, Series F and Series I units of the Fund, respectively, and are intended to help you understand the Fund's financial performance for the years ended December 31, 2020 and 2019. The information shown assumes that all distributions made by the Fund in the period shown were reinvested in additional securities of the Fund and does not consider sales, redemptions, distributions or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

The Fund's Net Asset Value (NAV) per Series A Unit (1)	2020	2019
Net asset value, beginning of year	\$10.33	\$9.62
Increase from operations:		
Total revenue	0.33	0.28
Total expenses	(0.41)	(0.45)
Realized gains (losses) for the year	0.04	0.57
Unrealized gains (losses) for the year	0.60	0.33
Total increase (decrease) from operations (2)	0.56	0.73
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions (2) (3)	\$-	\$-
Net asset value, end of year (4)	\$10.55	\$10.33
Ratios and Supplemental Data		
Total net asset value (4)	\$1,480,350	\$244,842
Number of units outstanding (4)	140,348	23,702
Management expense ratio (5)	3.95%	2.17%
Management expense ratio before waivers or absorptions	3.95%	2.17%
Trading expense ratio (6)	0.07%	0.26%
Portfolio turnover rate (7)	610.18%	1419.68%
Net asset value per unit	\$10.55	\$10.33

The Fund's Net Asset Value (NAV) per Series F Unit (1)	2020	2019
Net asset value, beginning of year	\$10.13	\$9.37
Increase from operations:		
Total revenue	0.32	0.25
Total expenses	(0.31)	(0.34)
Realized gains for the year	0.14	0.69
Unrealized gains (losses) for the year	0.34	0.15
Total increase (decrease) from operations (2)	0.50	0.75
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions (2) (3)	\$-	\$-
Net asset value, end of year (4)	\$10.46	\$10.13
Ratios and Supplemental Data		
Total net asset value (4)	\$14,665,073	\$10,676,674
Number of units outstanding (4)	1,402,047	1,054,129
Management expense ratio (5)	2.95%	2.01%
Management expense ratio before waivers or absorptions	2.95%	2.01%
Trading expense ratio (6)	0.07%	0.26%
Portfolio turnover rate (7)	610.18%	1419.68%
Net asset value per unit	\$10.46	\$10.13

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The Fund's Net Asset Value (NAV) per Series I Unit (1)	2020	2019
Net asset value, beginning of year	\$9.75	\$8.97
Increase from operations:		
Total revenue	0.31	0.24
Total expenses	(0.24)	(0.28)
Realized gains (losses) for the year	0.21	0.65
Unrealized gains (losses) for the year	0.21	0.17
Total increase (decrease) from operations (2)	0.49	0.78
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions (2) (3)	\$ -	\$ -
Net asset value, end of year (4)	\$10.13	\$9.75
Ratios and Supplemental Data		
Total net asset value (4)	\$2,040,851	\$1,994,662
Number of units outstanding (4)	201,530	204,554
Management expense ratio (5)	2.43%	1.70%
Management expense ratio before waivers or absorptions	2.43%	1.70%
Trading expense ratio (6)	0.07%	0.26%
Portfolio cash turnover rate (7)	610.18%	1419.68%
Net asset value per unit	\$10.13	\$9.75

Notes:

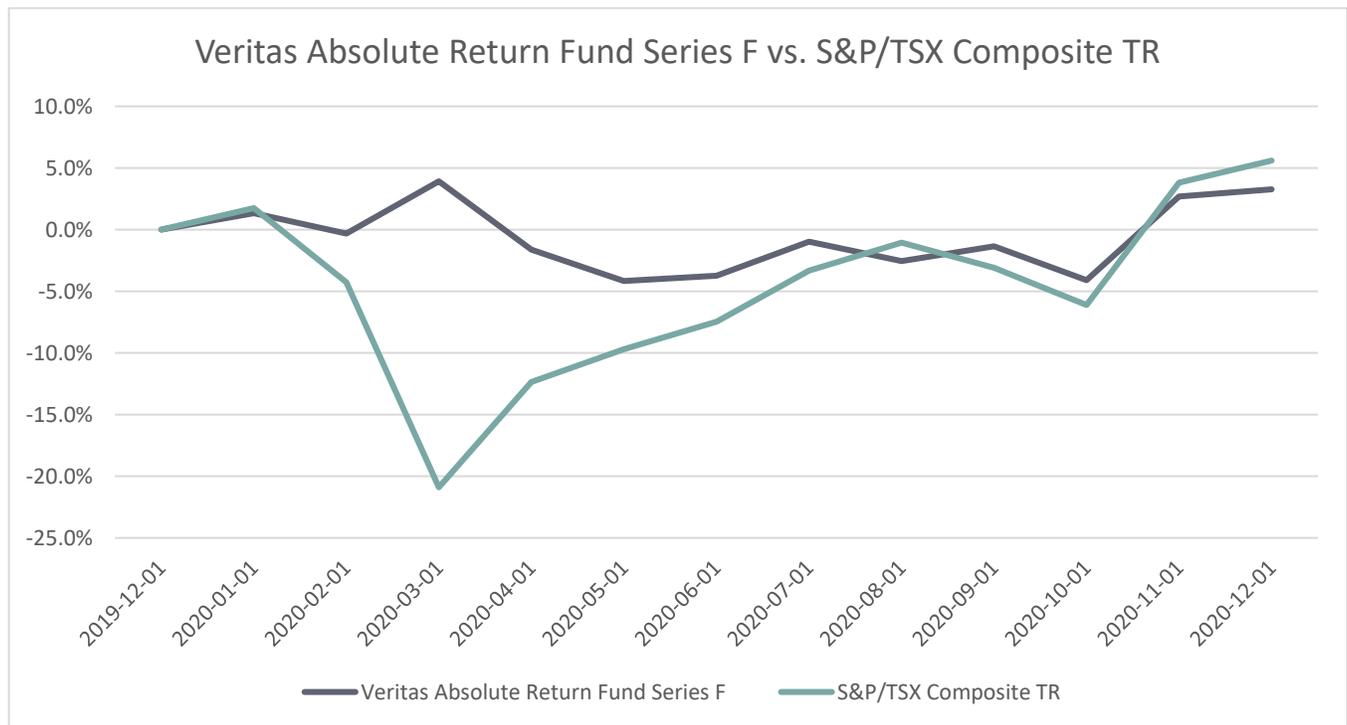
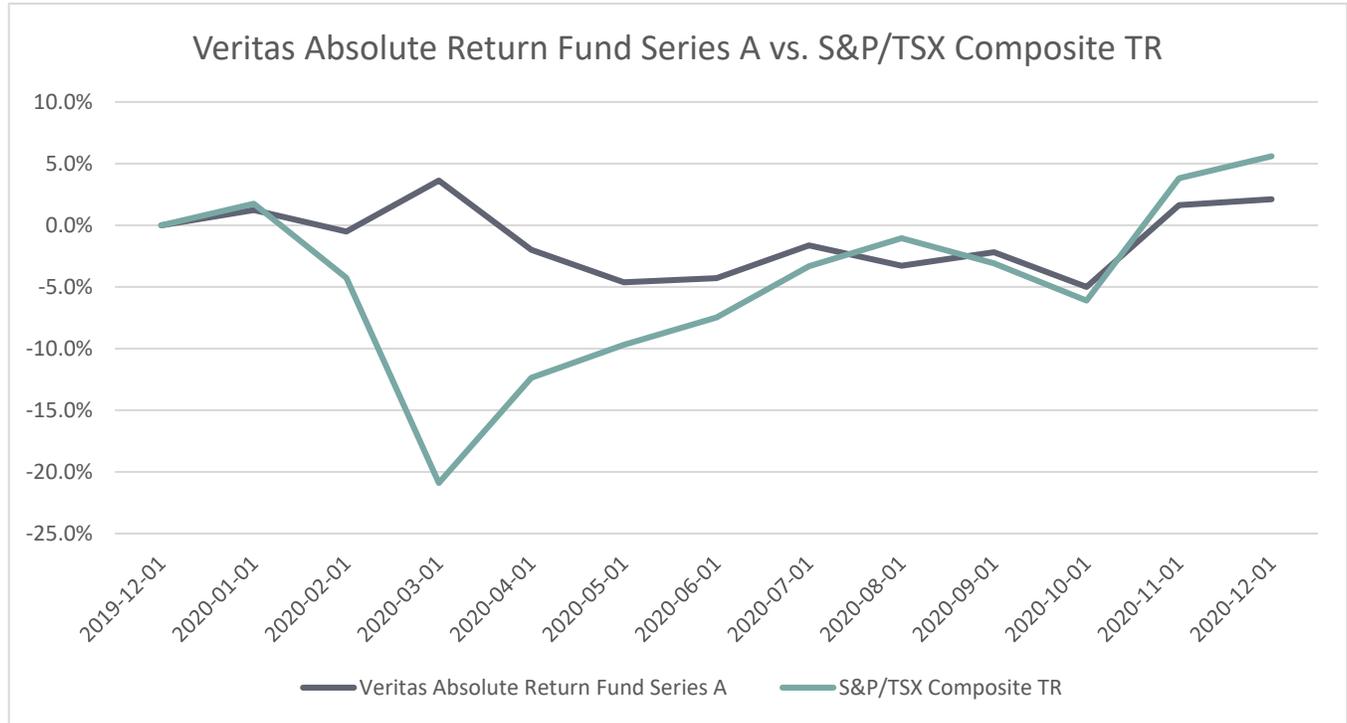
- (1) This information is derived from the Fund's audited financial statements for December 31, 2020 and 2019 and is not a reconciliation of beginning and ending net assets per unit.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
- (3) Distributions were paid in cash or automatically reinvested in additional units of the Fund, or both.
- (4) This information is provided as at December 31, 2020 and 2019.
- (5) Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average NAV during the period.
- (6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the period. Included in the trading expense ratio are the forward fees.
- (7) The Fund's portfolio turnover rate indicates how actively the Fund's advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the units in its portfolio once in the course of the period. The higher a funds' portfolio turnover rate in the period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between the turnover rate and the performance of a fund.

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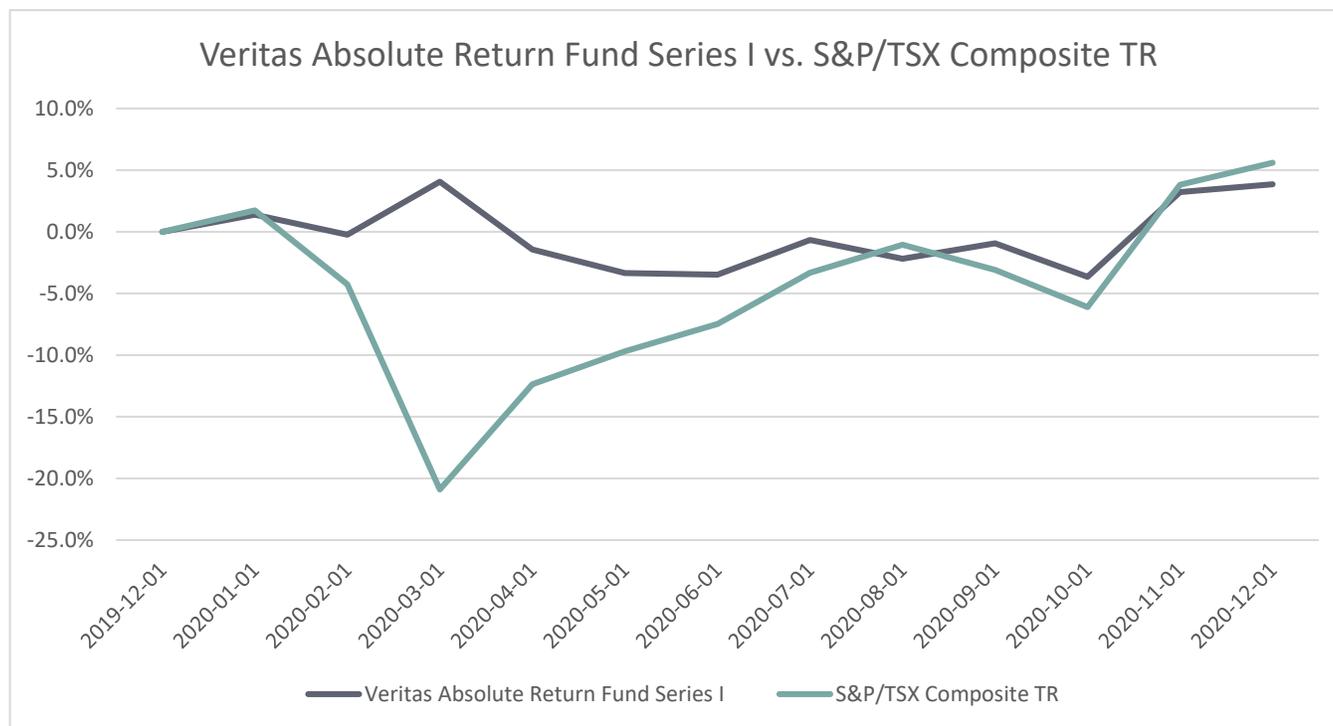
2020 Returns

The following line charts show the Fund's performance by series for 2020 versus the benchmark.



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Benchmark(s) Information

The benchmark of the fund is the S&P/TSX Composite Total Return Index. The S&P/TSX TR, with 221 constituents, is the benchmark Canadian index, representing approximately 70% coverage of the Canadian equities market as measured by market capitalization.

Annual Compound Returns

Performance for the year ended December 31, 2020 and 2019. The fund was in its first year of operation in the fourth fiscal quarter of 2019 and therefore does not have a fully annualized return

	From January 1, 2020	From October 1, 2019
Fund, Series A	2.11%	2.33%
Fund, Series F	3.27%	2.63%
Fund, Series I	3.85%	2.77%
INDEX	5.60%	3.17%

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The following tables show selected key financial information about the Fund and is intended to assist in the understanding of the Fund's financial performance for the year ended December 31, 2020.

Portfolio Composition		Top 25 Holdings	
Sector Allocation	% of Net Asset Value	Issuer	% of Net Asset Value
Utilities	13.9%	LONG POSITIONS	
Communication Services	11.6%	Cash & Cash Equivalents	9.0%
Consumer Staples	11.1%	Ceridian HCM Holding Inc.	5.5%
Energy	10.5%	Manulife Financial Corp.	5.1%
Real Estate	9.5%	Maple Leaf Foods Inc.	4.9%
Industrials	9.3%	Hydro One Ltd.	4.7%
Financials	9.2%	Capital Power Corp.	4.6%
Cash at broker	9.0%	SPDR Gold Shares	4.5%
Funds	6.9%	Granite Real Estate Investment Trust	4.3%
Consumer Discretionary	5.2%	TELUS Corp.	4.1%
Information Technology	3.9%	Quebecor Inc.	4.0%
Other assets and liabilities	(0.1%)	Cogeco Communications Inc.	4.0%
		TFI International Inc.	3.9%
		Crombie Real Estate Investment Trust	3.8%
		TransAlta Corp.	3.6%
Total Portfolio Allocation	100%	TC Energy Corp.	3.6%
		CGI Inc.	3.5%
Total Net Asset Value	\$ 18,186,274	Dollarama Inc.	3.3%
		George Weston Ltd.	3.1%
		SNC-Lavalin Group Inc.	3.1%
		Metro Inc.	3.0%
		Brookfield Infrastructure Partners LP	2.9%
		Enbridge Inc.	2.9%
		RioCan Real Estate Investment Trust	2.8%
		Air Canada	2.8%
		SHORT POSITIONS	
		Canadian Apartment Properties REIT	(3.2%)
		Total % of Net Asset Value Represented by Holdings	94.0%

The "Top 25 Holdings" of the Fund, as a percentage of Net Asset Value of the Fund, have been presented in accordance with National Instrument 81-106.

The tables presented above represent the holdings in the fund on December 31, 2020. The Veritas Absolute Return Fund inception date is October 1, 2019.

The Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates of the Investment Portfolio are available within 60 days of each quarter end.