

VERITAS CANADIAN EQUITY 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, 2019



VERITAS
ASSET
MANAGEMENT

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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, 2019 and 2018, the investment fund's fiscal 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 Veritas Canadian Equity 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 Canadian Equity 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 provide Unitholders with long term capital appreciation 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.

To achieve the investment objective, the Fund will invest primarily in the securities of publicly traded Canadian companies but may also invest in other securities. The Fund will invest in a concentrated portfolio of securities selected by the Portfolio Advisor based in part on the recommendations of Veritas Investment Research Corporation drawing on fundamental analysis that uses forensic accounting-based principles. In constructing the investment portfolio of the Fund, the Manager will seek to minimize volatility. The Fund will not invest in the securities of non-North American issuers. The Fund may invest up to 10% of its investment portfolio in the securities of U.S. issuers.

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, 2019 and 2018, the Fund met its risk objectives and maintained its risk level within the operating parameters set out in the Prospectus. The overall level of Fund risk and investor risk tolerance remain as stated in the Prospectus.

Results of Operations

During the year ended December 31, 2019, Class A units returned 18.21% (2018: -2.25%) and Class F units returned 20.31% (2018: -4.00%). The Fund's benchmark is the S&P/TSX Composite Total Return "S&P/TSX TR" Index which returned 22.88% (2018: -9.44%) for the year. 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 S&P/TSX TR presented a highly unusual pattern of returns in 2019 as more than one third of the benchmark's total return for the year was earned in January 2019 (8.74% of 22.84%); more than one half of the year's return by March 31, 2019 (13.27% of 22.84%); and more than two-thirds of the year's return by June 30, 2019 (16.22% of 22.84%).

As a result, with the Fund adding investors and significant assets throughout the year, our money-weighted returns looked quite different than the annual benchmark, given that the annual return on the S&P/TSX TR index effectively shows a return on money invested from January 1st of the year.

For the year, our Assets Under Management (AUM) grew from \$2.0 million on December 31, 2018, to \$18.5 million on June 30, 2019, ending the year at \$18.3 million. As a result, the Fund's money-weighting differences versus the S&P/TSX TR were much narrower in the second half of the year, allowing for a better comparison of returns for the six-month period ending December 31, 2019. In the six months ended December 31, 2019, Class A units returned 7.84% outperforming the S&P/TSX TR index return of 5.72% by 2.12 percentage points and Class F units returned 8.53%, outperforming the index by 2.81 percentage points.

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Our outperformance during the second half of the year is attributable to overweight exposure in the following Canadian sectors: Utilities, REITs, Consumer Staples, and Communication Services; within which the portfolio manager also accomplished superior stock selection.

The net assets of the Fund Class F units increased by 438% (2018: -156%) from \$1.97 million on January 1, 2019 to \$8.65 million on December 31, 2019 (2018: \$773,000 to \$1,976,477). The change was composed primarily of net sales of \$6.6 million (2018: \$1.29 million). The Fund also paid cash distributions totaling \$191,179.98 (2018: \$5,827.32) during the year.

The NAV of the Fund Class F units increased by 20.31% (2018: -4.00%) from \$9.60 on January 1, 2019 to \$11.29 on December 31, 2019 (2018: \$10.00 to \$9.60), underperforming the benchmark by 2.57 percentage points (2018: -5.44%). The benchmark returned 22.88% (2018: -9.44%) for the same time period.

The net assets of the Fund Class A units increased by 3,068% (2018: -2.13%) from \$29.1 thousand on October 19, 2019 to \$892.9 thousand on December 31, 2019. This change was composed primarily of net sales of \$861.3 thousand (2018: \$29.8 thousand). The Fund also paid cash distributions totaling \$6,969.16 (2018: \$34.81) during the year.

The NAV of the Fund Class A units increased by 18.21% (2018: -2.20%) from \$10.00 on October 19, 2019 to \$11.47 on December 31, 2019 (2018: \$10.00 to \$9.78), underperforming the benchmark by 4.67% (2018: -3.56%). The benchmark returned 22.88% (2018: -5.76%) over the same time horizon.

The net assets of the Fund Class I units began with an initial contribution of \$12.8 million. The Fund also paid cash distributions totaling \$283.3 thousand during the period.

The investment performance of the Fund includes income and expenses which may vary year over year. The Fund's income and expenses changed throughout the year, mainly as a result of fluctuations in average net assets, portfolio activity, and changes in the Fund's investments.

Recent Developments

As we move into 2020, despite pockets where Canadian valuations appear stretched (IT, industrials, utilities), individual S&P/TSX sectors are generally priced at an attractive discount to their global counterparts, albeit with more modest earnings growth expected. We continue to see opportunities to drive returns through stock selection and remain constructive on potential Canadian equity returns this year.

Related Party Transactions

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

- Class A: 1/12 of 1.95% (1.95% per annum) of the net asset value of Class A units of the Fund on the last business day of the month.
- Class F: 1/12 of 0.95% (0.95% per annum) of the net asset value of Class F units of the Fund on the last business day of the month.
- Class I: Negotiated by the investor and paid directly by the investor. The management fee rate will not exceed the management fee payable on Class F units of the Fund.

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Expense reimbursement

Fund expenses were capped at 1% (2018: 1%) until September 17, 2019, at which point that cap was removed; the expenses to be reimbursed by the Manager amounted to \$78,489 (2018: \$78,114), as of December 31, 2019 \$nil (2018 - \$78,114) was receivable.

Ownership

As of December 31, 2019, parties related to the Manager owned 75,197.0132 (2018: 59,810) Class F units of the Fund.

The following tables show selected key financial information about the Class A, Class F and I units of the Fund, respectively, and are intended to help you understand the Fund's financial performance for the year ended December 31, 2019 and period ended December 31, 2018.

The Fund's Net Asset Value (NAV) per Class A Unit (1) (2)	2019	2018
Net asset value, beginning of period	\$9.78	\$10.00
Increase (decrease) from operations:		
Total revenue	0.31	0.05
Total expenses	(0.42)	(0.05)
Realized gains (losses) for the period	0.54	(0.10)
Unrealized gains (losses) for the period	1.15	(0.11)
Total increase (decrease) from operations (3)	\$1.58	\$(0.21)
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	(0.01)
From capital gains	(0.09)	-
Return of capital	-	-
Total annual distributions (3) (4)	\$(0.09)	\$(0.01)
Net asset value, end of period (3)	\$11.46	\$9.78
Ratios and Supplemental Data		
Total net asset value (5)	\$890,788	\$29,141
Number of units outstanding (5)	77,697	2,981
Management expense ratio (6)	3.73%	0.65%
Management expense ratio before waivers or absorptions	3.75%	1.58%
Trading expense ratio (7)	0.07%	0.04%
Portfolio turnover rate (8)	162.40%	36.35%
Net asset value per unit	\$11.46	\$9.78

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The Fund's Net Asset Value (NAV) per Class F Unit (1) (2)	2019	2018
Net asset value, beginning of period	\$9.60	\$10.00
Increase (decrease) from operations:		
Total revenue	0.29	0.17
Total expenses	(0.26)	(0.13)
Realized gains (losses) for the period	0.47	(0.13)
Unrealized gains (losses) for the period	0.96	(0.40)
Total increase (decrease) from operations (3)	\$1.46	\$(0.49)
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	(0.03)
From capital gains	(0.26)	-
Return of capital	-	-
Total annual distributions (3) (4)	(0.26)	(0.03)
Net asset value, end of period (3)	\$11.29	\$9.60
Ratios and Supplemental Data		
Total net asset value (5)	\$8,647,428	\$1,981,492
Number of units outstanding (5)	766,042	206,396
Management expense ratio (6)	2.32%	1.26%
Management expense ratio before waivers or absorptions	3.43%	5.73%
Trading expense ratio (7)	0.07%	0.04%
Portfolio turnover rate (8)	162.40%	36.35%
Net asset value per unit	\$ 11.29	\$9.60

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The Fund's Net Asset Value (NAV) per Class I Unit (1) (2)	2019
Net asset value, beginning of period	\$10.00
Increase (decrease) from operations:	
Total revenue	0.21
Total expenses	(0.09)
Realized gains for the period	0.34
Unrealized gains for the period	0.35
Total increase from operations (3)	\$0.81
Distributions:	
From income (excluding dividends)	-
From dividends	(0.12)
From capital gains	(0.23)
Return of capital	-
Total distributions (3) (4)	(0.35)
Net asset value, end of period (3)	\$10.52
Ratios and Supplemental Data	
Total net asset value (5)	\$8,703,749
Number of units outstanding (5)	827,096
Management expense ratio (6)	0.85%
Management expense ratio before waivers or absorptions	1.03%
Trading expense ratio (7)	0.07%
Portfolio turnover rate (8)	162.40%
Net asset value per unit	\$10.52

Notes:

- (1) This information is derived from the Fund's audited annual financial statements for December 31, 2019 and 2018 and is not a reconciliation of beginning and ending net assets per unit.
- (2) The Fund commenced operations on May 1, 2018; as a result, financial highlights are currently available only from the date of commencement.
- (3) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The decrease from operations is based on the weighted average number of units outstanding over the financial period.
- (4) Distributions were paid in cash or automatically reinvested in additional units of the Fund, or both.
- (5) This information is provided as at December 31, 2019.
- (6) 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.
- (7) 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.
- (8) 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 a high turnover rate and the performance of a fund.

The following 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, redemption, distribution 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.

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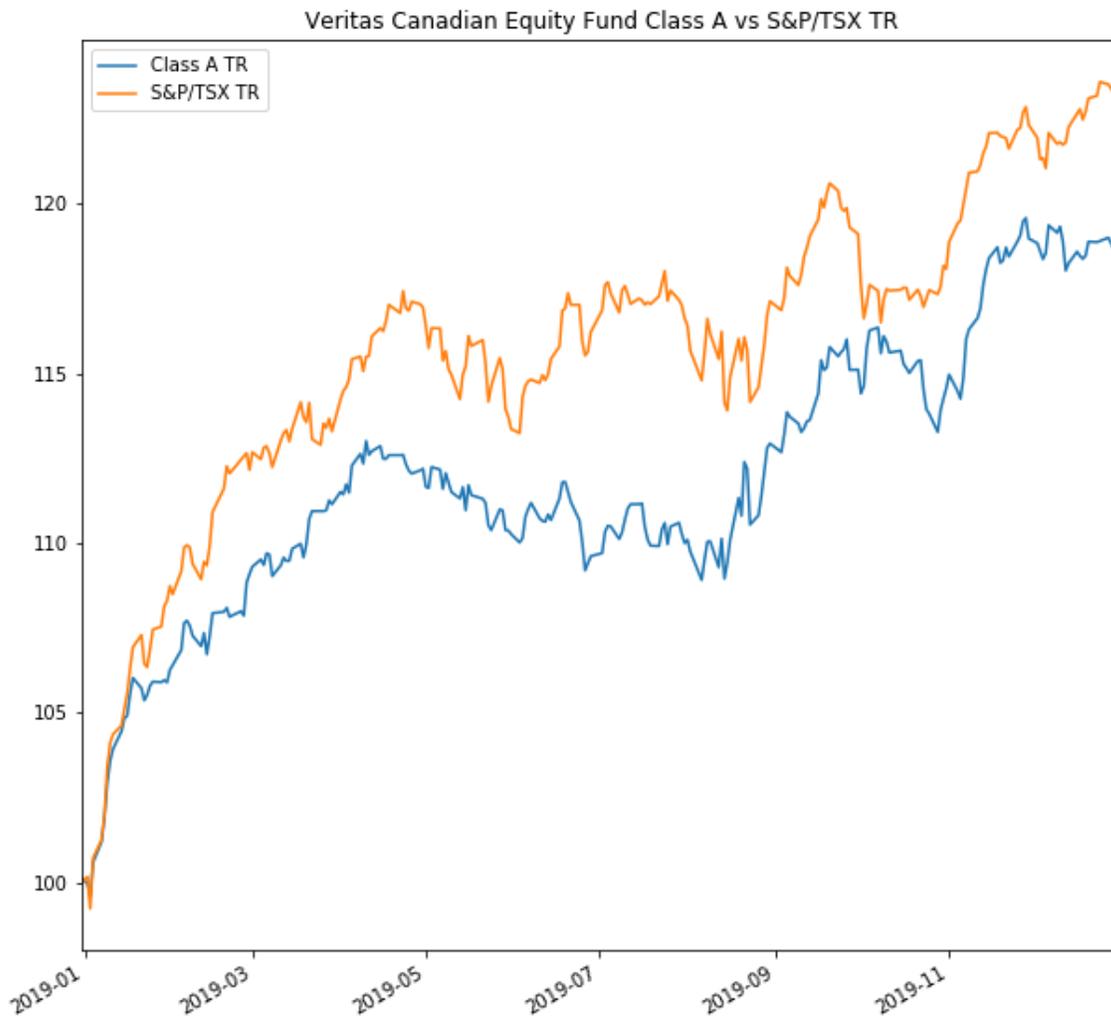
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Year-by-Year Returns

The following line chart shows the Fund's annual performance. The line chart shows, in dollar terms, how much a \$100 investment in Class A, Class F, and Class I units, respectively, made on the first day of each financial year, would have grown or decreased to by the last day of the calendar year.

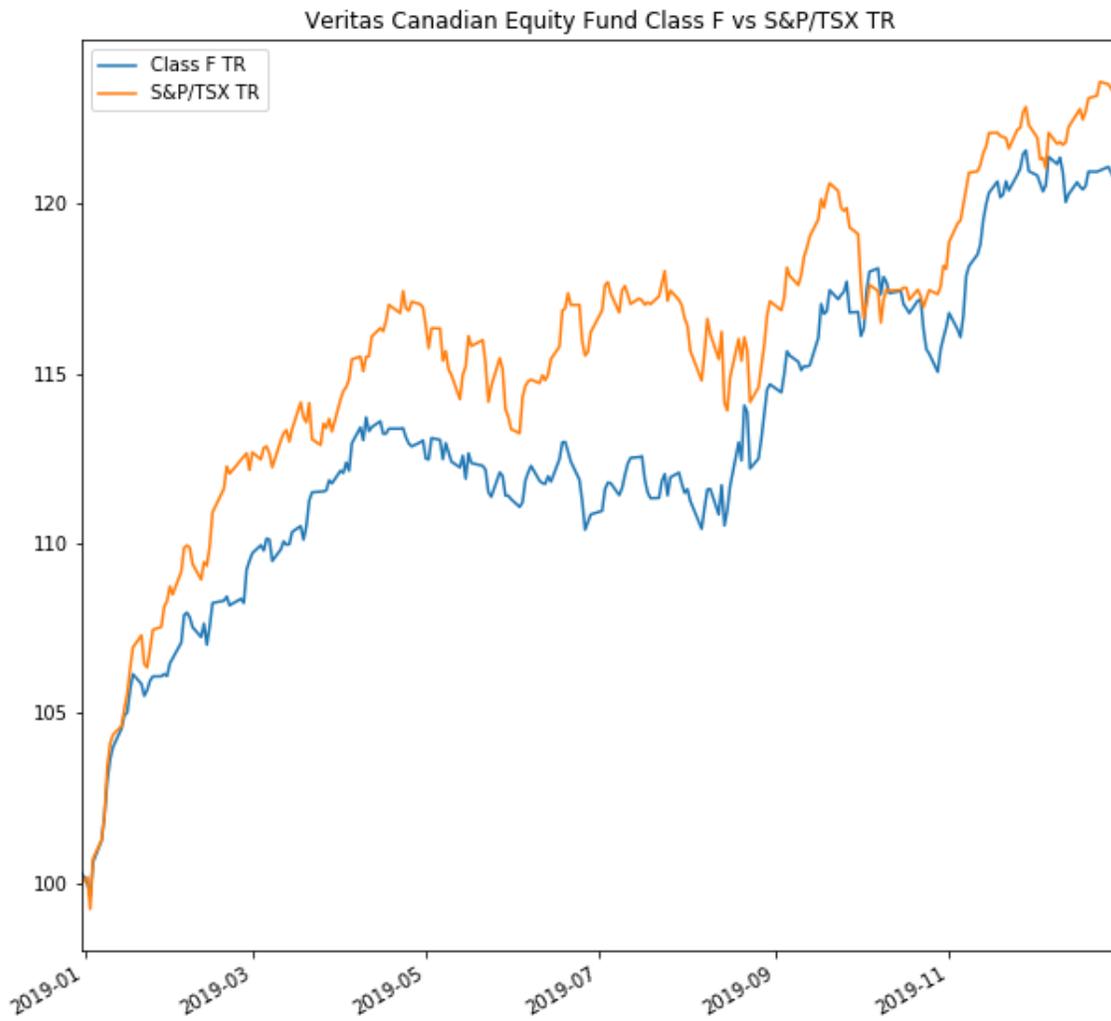
The returns for the year ended December 31, 2019 and period ended December 31, 2018 in Funds A, F and I are as follows:



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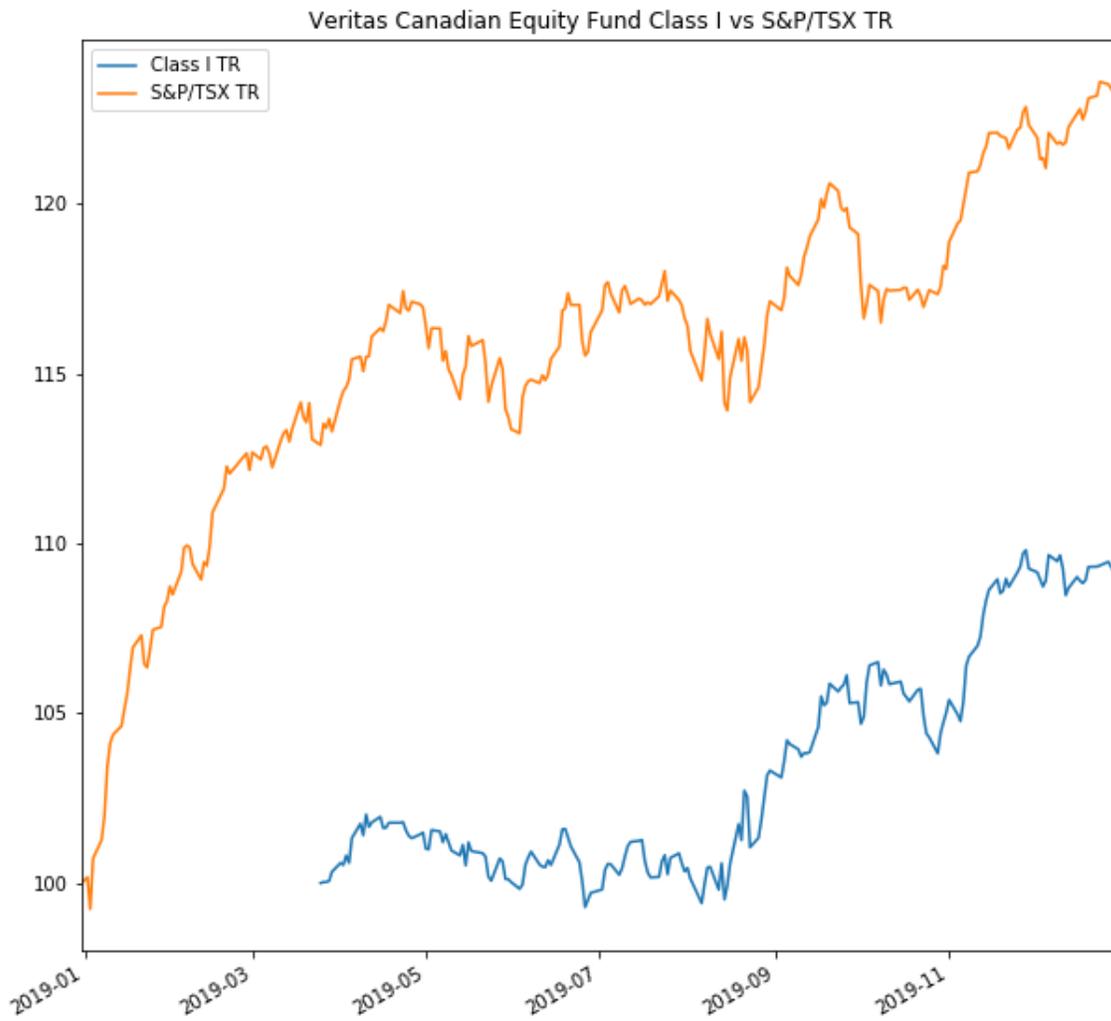
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Benchmark(s) Information

The benchmark of the fund is the S&P/TSX TR Index. The S&P/TSX TR is the benchmark Canadian index, representing approximately 95% coverage of the Canadian equities market as measured by market capitalization (233 constituents).

Annual Compound Returns

Performance for the year ended December 31, 2019. Class I inception was March 25, 2019, ergo, full year returns are unavailable.

	From January 1, 2019 [†]	Since Inception
Fund, Class A	18.21%	12.90%
Fund, Class F	20.31%	9.18%
Fund, Class I	8.77%	(from March 25, 2019)
INDEX	22.88%	8.78%*

*Since May 1, 2018

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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, 2019.

2019 Portfolio Composition		Top 25 Holdings	
Sector Allocation	% of Net Asset Value	Issuer	% of Net Asset Value
Consumer Staples	17.3%	Granite Real Estate Investment Trust	8.7%
Real Estate	16.7%	Cash	8.7%
Communication Services	14.4%	George Weston Ltd	8.6%
Energy	12.8%	Metro Inc	7.8%
Utilities	12.8%	Quebecor Inc Class B Shares	6.9%
Industrial	11.6%	Canadian Utilities Ltd Class A Shares	6.8%
Cash	8.7%	Cogeco Communications Inc	6.5%
Financials	3.3%	Killam Apartment Real Estate Investment Trust	6.1%
Information Technology	1.6%	Waste Connections Inc	5.0%
Consumer Discretionary	1.0%	TransAlta Corp	3.3%
Total Portfolio Allocation	100.0%	Canadian Natural Resources Ltd	3.0%
		Enbridge Inc	3.0%
		Manulife Financial Corp	2.6%
		Canadian Pacific Railway Ltd	2.4%
Total Net Asset Value	\$18,220,309	Hydro One Ltd	1.9%
		Allied Properties Real Estate Investment Trust	1.9%
		Air Canada	1.9%
		Kinder Morgan Canada Ltd	1.8%
		Enerplus Corp	1.8%
		WSP Global Inc	1.4%
		CGI Inc	1.3%
		Cenovus Energy Inc	1.2%
		TC Energy Corp	1.2%
		The Stars Group Inc	1.0%
		NFI Group Inc	0.9%
		Total Percentage of Net Asset Value Represented by Holdings	95.5%

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.

It is true that at December 31, 2019, the Fund had fewer than 25 positions, but the data presented in the above tables is an average over the twelve months ended December 31, 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.