



VERITAS
Asset Management

Interim Financial Statements

VERITAS ABSOLUTE RETURN FUND

June 30, 2024
(Unaudited)

VERITAS ABSOLUTE RETURN FUND

June 30, 2024

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements have been prepared by **Veritas Asset Management Inc.** in its capacity as the Manager of the Trust. The Trust's Manager is responsible for the information and representations contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements made by the Manager. The material accounting policies which the Manager believes are appropriate for the Trust are described in Note 3 to the unaudited interim financial statements.

On behalf of the Manager

"Antonio Scilipoti"

August 1, 2024

Date

NOTICE TO UNITHOLDERS

The Auditor of the Fund has not reviewed these interim financial statements.

Veritas Asset Management Inc., the Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

Veritas Absolute Return Fund

Statement of Financial Position As at June 30, 2024 (Unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash at broker (Note 3)	\$ 13,805,174	\$ 10,684,763
Investments at fair value through profit and loss (Note 3)	42,020,291	45,595,080
Dividends and interest receivable	170,367	176,048
Subscription receivable	25	13,007
	<u>55,995,857</u>	<u>56,468,898</u>
LIABILITIES		
Current liabilities		
Investments sold short, at fair value through profit and loss (Note 3)	12,199,314	9,921,657
Dividends payable on investments sold short	22,738	45,087
Accounts payable and accrued liabilities	72,228	67,052
Management fees payable (Note 5)	53,314	60,199
Interest payable on investments sold short	2,770	2,697
Redemptions payable	36,669	4,050
	<u>12,387,033</u>	<u>10,100,742</u>
Net Assets Attributable to Holders of Redeemable Units	<u>\$ 43,608,824</u>	<u>\$ 46,368,156</u>
Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	\$ 4,833,860	\$ 5,173,770
Series F	35,801,524	38,401,357
Series I	2,973,440	2,793,029
	<u>\$ 43,608,824</u>	<u>\$ 46,368,156</u>
Number of Redeemable Units Outstanding (Note 6)		
Series A	402,224	460,048
Series F	2,894,937	3,334,085
Series I	240,160	244,254
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A	\$ 12.02	\$ 11.25
Series F	12.37	11.52
Series I	12.38	11.43

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Fund,

"Antonio Scilipoti"

Manager and Trustee
Veritas Asset Management Inc.

Veritas Absolute Return Fund

Statement of Comprehensive Income

For the six-months ended June 30, 2024 (Unaudited)

	2024	2023
Income		
Dividend income	\$ 611,770	\$ 675,763
Interest income for distribution purposes	384,630	443,422
Net realized gain on investments	2,090,201	1,451,822
Net change in unrealized appreciation (depreciation) in value of investments	1,044,173	(3,675,554)
Other income	156	2,241
	<u>4,130,930</u>	<u>(1,102,306)</u>
Expenses		
Management fees (Note 5)	383,035	452,797
Dividends paid on investments sold short	160,597	240,193
Operating costs	149,493	149,304
Commissions and other portfolio transactions costs	44,927	79,713
Interest and borrowing fees	27,082	42,171
Audit fees	20,588	19,941
Custodian fees	19,231	10,522
Legal fees	11,542	11,655
Independent review committee fees	6,833	6,306
Withholding tax	5	—
	<u>823,333</u>	<u>1,012,602</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 3,307,597</u>	<u>\$ (2,114,908)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	\$ 331,376	\$ (264,521)
Series F	2,747,690	(1,766,707)
Series I	228,531	(83,680)
	<u>\$ 3,307,597</u>	<u>\$ (2,114,908)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit (Note 12)		
Series A	\$ 0.77	\$ (0.49)
Series F	0.87	(0.45)
Series I	0.95	(0.34)

Veritas Absolute Return Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units For the six-months ended June 30, 2024 (Unaudited)

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued*	Redemption of redeemable units*	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2024					
Series A	\$ 5,173,770	\$ 118,142	\$ (789,428)	\$ 331,376	\$ 4,833,860
Series F	38,401,357	6,858,588	(12,206,111)	2,747,690	35,801,524
Series I	2,793,029	—	(48,120)	228,531	2,973,440
	<u>\$ 46,368,156</u>	<u>\$ 6,976,730</u>	<u>\$ (13,043,659)</u>	<u>\$ 3,307,597</u>	<u>\$ 43,608,824</u>

* Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the period ended June 30, 2024 were \$21,789 and \$(21,789), respectively.

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued**	Redemption of redeemable units**	Decrease in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2023					
Series A	\$ 6,375,788	\$ 135,282	\$ (426,149)	\$ (264,521)	\$ 5,820,400
Series F	45,825,281	3,663,193	(5,721,819)	(1,766,707)	41,999,948
Series I	2,736,229	48,500	(11,880)	(83,680)	2,689,169
	<u>\$ 54,937,298</u>	<u>\$ 3,846,975</u>	<u>\$ (6,159,848)</u>	<u>\$ (2,114,908)</u>	<u>\$ 50,509,517</u>

** Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the period ended June 30, 2023 were \$32,575 and \$(32,575), respectively.

Veritas Absolute Return Fund

Statement of Cash Flows

For the six-months ended June 30, 2024 (Unaudited)

	2024	2023
Cash provided by (used in):		
Operating Activities		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 3,307,597	\$ (2,114,908)
Adjustments for non-cash items		
Net realized gain on investments	(2,090,201)	(1,451,822)
Net change in unrealized (appreciation) depreciation in value of investments	(1,044,173)	3,675,554
Change in non-cash balances		
Decrease in dividends and interest receivable	5,681	9,600
Increase in receivable for investments sold	—	(438,630)
Decrease in dividends payable on investments sold short	(22,349)	(29,933)
Increase (decrease) in accounts payable and accrued liabilities	5,176	(2,966)
Decrease in management fees payable	(6,885)	(8,293)
Increase (decrease) in interest payable on investments sold short	73	(1,494)
Increase in payable for investments purchased	—	343,434
Proceeds from sale of investments	47,953,235	128,190,630
Purchase of investments	(39,148,492)	(125,186,197)
Cash provided by operating activities	<u>8,959,662</u>	<u>2,984,975</u>
Financing Activities		
Proceeds from redeemable units issued	6,967,923	3,816,254
Amount paid on redemption of redeemable units	(12,989,251)	(5,941,515)
Cash used in financing activities	<u>(6,021,328)</u>	<u>(2,125,261)</u>
Increase in cash at broker during the period	2,938,334	859,714
Foreign exchange gain (loss) on cash	182,077	(192,847)
Cash at broker, beginning of period	10,684,763	15,212,999
Cash at broker, end of period	<u>\$ 13,805,174</u>	<u>\$ 15,879,866</u>
Supplemental information*		
Interest paid	\$ 3,385	\$ 2,511
Interest received	385,245	420,228
Dividends paid	182,947	270,126
Dividends received, net of withholding taxes	616,831	713,419

*Included as a part of cash flows from operating activities

Veritas Absolute Return Fund

Schedule of Investment Portfolio

As at June 30, 2024 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian equities				
16,800	Agnico Eagle Mines Ltd.	\$ 1,199,469	\$ 1,503,265	3.45
91,800	Air Canada	1,674,435	1,643,220	3.77
54,345	Allied Properties Real Estate Investment Trust	908,779	832,022	1.91
39,800	AltaGas Ltd.	981,916	1,230,218	2.82
23,600	Aritzia Inc.	646,671	913,792	2.10
27,282	Atco Ltd.	1,084,240	1,063,180	2.44
18,800	Bombardier Inc.	849,904	1,649,324	3.78
26,800	Canadian Natural Resources Ltd.	1,061,403	1,305,964	2.99
13,100	Canadian Pacific Kansas City Ltd.	1,328,038	1,411,394	3.24
26,700	Capital Power Corp.	1,015,560	1,041,033	2.39
41,200	Cenovus Energy Inc.	1,052,179	1,107,868	2.54
7,970	Cogeco Communications Inc.	419,891	411,172	0.94
319	Constellation Software Inc.	898,022	1,257,460	2.88
26,300	Enbridge Inc.	1,228,024	1,280,021	2.94
15,900	Fortis Inc.	821,464	845,403	1.94
2,900	George Weston Ltd.	442,964	570,691	1.31
6,229	Goeasy Ltd.	678,803	1,227,860	2.82
22,114	Granite Real Estate Investment Trust	1,649,942	1,499,108	3.44
23,100	Great-West Lifeco Inc.	965,645	921,921	2.11
24,793	Killam Apartment Real Estate Investment Trust	442,616	422,473	0.97
12,743	Linamar Corp.	810,056	847,282	1.94
7,800	Loblaw Cos Ltd.	1,067,809	1,237,860	2.84
13,500	Lumine Group Inc.	488,289	498,555	1.14
27,320	Lundin Gold Inc.	452,132	552,137	1.27
77,264	Maple Leaf Foods Inc.	1,971,183	1,770,891	4.06
37,806	Martinrea International Inc.	468,523	434,769	1.00
13,000	Nutrien Ltd.	935,102	905,450	2.08
36,000	Quebecor Inc.	1,142,909	1,039,320	2.38
100,937	RioCan Real Estate Investment Trust	1,872,454	1,696,751	3.89
20,300	Rogers Communications Inc.	1,115,456	1,027,180	2.36
9,000	Shopify Inc.	901,139	813,690	1.87
13,000	Sun Life Financial Inc.	848,519	872,040	2.00
23,300	Suncor Energy Inc.	981,993	1,215,095	2.79
12,600	TC Energy Corp.	631,127	653,436	1.50
3,500	TFI International Inc.	565,874	695,240	1.59
13,500	Tourmaline Oil Corp.	912,517	837,675	1.92
23,600	Wheaton Precious Metals Corp.	1,446,830	1,692,828	3.88
		<u>35,961,877</u>	<u>38,927,588</u>	<u>89.29</u>
U.S. equities				
28,700	Dorian LPG Ltd.	1,386,544	1,648,380	3.78
9,600	Restaurant Brands International Inc.	916,952	924,696	2.12
3,600	Shopify Inc.	360,456	325,473	0.75
		<u>2,663,952</u>	<u>2,898,549</u>	<u>6.65</u>

Veritas Absolute Return Fund

Schedule of Investment Portfolio (Cont'd)

As at June 30, 2024 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
U.S. options				
17,300	Intel Corp. Call \$31 16AUG24	\$ 44,457	\$ 45,466	0.10
65,100	Paramount Global Call \$11 20SEP24	89,186	65,049	0.15
2,400	SPDR S&P 500 ETF Trust Call \$550 30SEP24	39,000	44,349	0.10
3,200	SPDR S&P 500 ETF Trust Put \$540 30SEP24	49,141	39,290	0.09
		<u>221,784</u>	<u>194,154</u>	<u>0.44</u>
	Total investments owned	38,847,613	42,020,291	96.38
Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
Canadian equities				
(5,600)	Bank of Montreal	\$ (690,700)	\$ (643,048)	(1.47)
(8,150)	Brookfield Asset Management Ltd.	(402,666)	(424,452)	(0.97)
(11,300)	Brookfield Corp.	(621,897)	(642,970)	(1.47)
(7,200)	BRP Inc.	(647,689)	(631,080)	(1.45)
(10,000)	Canadian Apartment Properties REIT	(435,759)	(444,500)	(1.02)
(9,700)	Canadian Imperial Bank of Commerce	(569,194)	(630,985)	(1.45)
(3,800)	Canadian National Railway Co.	(662,433)	(614,308)	(1.41)
(4,600)	Canadian Tire Corp Ltd.	(690,453)	(624,404)	(1.43)
(14,000)	Emera Inc.	(646,108)	(639,100)	(1.47)
(2,950)	Intact Financial Corp.	(662,076)	(672,630)	(1.54)
(39,100)	Lundin Mining Corp.	(540,612)	(595,493)	(1.37)
(18,700)	Manulife Financial Corp.	(665,473)	(681,241)	(1.56)
(12,700)	Newmont Corp.	(623,478)	(727,075)	(1.67)
(8,100)	Teck Resources Ltd.	(480,831)	(531,036)	(1.22)
(53,800)	TELUS International CDA Inc.	(462,056)	(425,020)	(0.97)
(46,000)	TransAlta Corp.	(443,394)	(446,200)	(1.02)
(3,700)	Waste Connections Inc.	(845,423)	(888,111)	(2.04)
		<u>(10,090,242)</u>	<u>(10,261,653)</u>	<u>(23.53)</u>
U.S. equities				
(4,400)	Best Buy Co Inc.	(464,004)	(507,655)	(1.16)
(860)	Pool Corp.	(445,146)	(361,779)	(0.83)
(1,200)	SPDR S&P 500 ETF Trust	(843,421)	(893,914)	(2.05)
		<u>(1,752,571)</u>	<u>(1,763,348)</u>	<u>(4.04)</u>
U.S. options				
(7,700)	Affirm Holdings Inc. Call \$40 26JUL24	(5,768)	(2,108)	0.00
(14,000)	Affirm Holdings Inc. Put \$22 26JUL24	(3,848)	(2,108)	0.00
(17,300)	Intel Corp. Call \$36 16AUG24	(11,649)	(10,419)	(0.02)
(19,100)	Intel Corp. Put \$29 16AUG24	(33,071)	(24,053)	(0.06)
(51,200)	Lucid Group Inc. Call \$3 19JUL24	(4,221)	(4,205)	(0.01)
(153,600)	Lucid Group Inc. Put \$2 19JUL24	(10,553)	(6,307)	(0.01)
(65,100)	Paramount Global Call \$13 20SEP24	(37,898)	(26,733)	(0.06)
(55,100)	Paramount Global Put \$10 20SEP24	(68,266)	(61,845)	(0.14)

Veritas Absolute Return Fund

Schedule of Investment Portfolio (Cont'd)

As at June 30, 2024 (Unaudited)

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
U.S. options (Cont'd)				
(1,000)	SPDR S&P 500 ETF Trust Call \$560 30SEP24	\$ (9,995)	\$ (10,950)	(0.03)
(4,400)	SPDR S&P 500 ETF Trust Put \$495 30SEP24	(18,873)	(15,418)	(0.04)
(13,700)	Sunrun Inc. Call \$17 26JUL24	(7,719)	(1,875)	0.00
(23,300)	Sunrun Inc. Put \$10 26JUL24	(7,364)	(8,292)	(0.02)
		<u>(219,225)</u>	<u>(174,313)</u>	<u>(0.39)</u>
	Total investments sold short	(12,062,038)	(12,199,314)	(27.96)
	Commissions and other portfolio transaction costs	<u>(11,387)</u>	<u>—</u>	<u>—</u>
	Net investments owned	\$ <u>26,774,188</u>	29,820,977	68.42
	Other assets, net		<u>13,787,847</u>	<u>31.58</u>
	Net Assets Attributable to Holders of Redeemable Units		\$ <u>43,608,824</u>	<u>100.00</u>

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

1. TRUST ORGANIZATION AND NATURE OF OPERATIONS

Veritas Absolute Return Fund (the "Fund") is an investment trust created under the laws of the Province of Ontario by a declaration of trust dated June 8, 2017 (the "Declaration of Trust") as amended and restated on October 1, 2019. Effective October 1, 2019, the Fund filed a simplified prospectus with the provincial regulatory authority to become an alternative mutual fund subject to National Instrument 81-102 Investment Funds ("NI 81-102") and changed its name to Veritas Absolute Return Fund. Veritas Asset Management Inc. is the Manager and Trustee (the "Manager" and "Trustee") of the Fund. The Fund commenced active operations on August 2, 2017. The address of the Fund's registered office is, 100 Wellington Street West, Suite 3110, Toronto, Ontario, M5K 1E7, Canada.

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 invests primarily in the securities of publicly traded Canadian companies that it identifies as mispriced. Long and short positions will be determined primarily based on recommendations provided by Veritas Investment Research Corporation (an affiliate of the Manager). The Fund 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 portfolio.

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and International Accounting Standard 34, Interim Financial Reporting (together "IFRS"). These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL") which are presented at fair value. These interim financial statements were authorized for issue by the Manager on August 1, 2024.

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Valuation of investments

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Financial Instruments measured at fair value

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices and /or other observable factors); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of June 30, 2024, and December 31, 2023, all investments are classified at Level 1.

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Classification

The Fund classifies its investments in equity securities and derivatives as financial assets and financial liabilities at FVTPL.

The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments. Upon initial recognition, financial instruments are classified as FVTPL. All financial instruments are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. Regular purchases and sales of financial assets are recognized at their trade date. Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statement of Comprehensive Income.

Recognition/derecognition

The Fund recognizes financial assets or financial liabilities on the trade date – the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statement of Comprehensive Income.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Such costs are expensed and are included in "Commissions and other portfolio transaction costs" in the Statement of Comprehensive Income.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis excluding commissions and other portfolio transaction costs.

Investment transactions and income recognition

Investment transactions are accounted for on the trade date. Interest income is accrued daily based on the stated coupon of the underlying instrument and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated on an average cost basis.

Realized gain on sale of investments and unrealized appreciation (depreciation) in investments is determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities.

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Translation of foreign currency

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 4:00pm Eastern Time (the “closing rate”) on a day the Toronto Stock Exchange (“TSX”) is open (each, a “Valuation Date”). Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions. The effects of exchange rate fluctuations on investments are included in the ‘Net realized gain on investments’ and ‘Net change in unrealized appreciation (depreciation) in value of investments’ in the Statement of Comprehensive Income.

Use of estimates

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment in the process of applying the Fund’s accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Net Assets attributable to holders of redeemable units per unit

The Net Assets attributable to holders of redeemable units per unit is calculated by dividing the Net Assets attributable to holders of redeemable units of a particular series of redeemable units by the total number of redeemable units of that particular series outstanding at the end of the period.

Increase (Decrease) in Net Assets attributable to holders of redeemable units per unit

Increase (Decrease) in Net Assets attributable to holders of redeemable units per unit is based on the increase (decrease) in Net Assets attributable to holders of redeemable units attributed to each series of redeemable units, divided by the weighted average number of redeemable units outstanding of that series during the period. Refer to Note 12 for the calculation.

Other assets and liabilities

Dividends and interest receivable and subscription receivable are recorded at amortized cost. Dividends payable on investments sold short, accounts payable and accrued liabilities, management fees payable, interest payable on investments sold short and redemptions payable are classified as financial liabilities and reported at amortized cost. Financial liabilities are generally settled within three months of issuance. Other assets and liabilities are short-term in nature, and accordingly, the amortized cost approximates fair value.

Cash at broker

The Fund has a prime brokerage agreement with its broker to carry its accounts as a customer. The broker has custody of the Fund’s securities and, from time to time, cash balances which may be due from the broker.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Classification of Fund units

The Fund has determined that its units do not meet the criteria to be classified as equity and accordingly has classified these as liabilities in the Statement of Financial Position.

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

5. RELATED PARTY TRANSACTIONS

Management fees

The Manager receives a management fee payable by the Fund for providing its services to the Fund. The management fee varies for each series of units. The management fee is calculated and accrued daily based on a percentage of the net asset value of the series of units of the Fund, plus applicable taxes, and is payable on the last day of each calendar month. The management fee for each of the applicable series of Units is as follows:

- Series A: 2.50% per annum of the net asset value of Series A Units of the Fund calculated daily and payable on the last business day of the month.
- Series F: 1.50% per annum of the net asset value of Series F Units of the Fund calculated daily and payable 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 period ended June 30, 2024, amounted to \$nil (June 30, 2023: \$nil), out of which \$nil was receivable as of June 30, 2024 (December 31, 2023: \$nil).

Ownership

As at June 30, 2024, 70,476 units (December 31, 2023: 115,313) of Series F were owned by parties related to the Manager. As at June 30, 2024, 227,128 units (December 31, 2023: 231,109) of Series I were owned by parties related to the Manager.

6. REDEEMABLE UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of redeemable units in an unlimited number of series, each of which represents an equal, undivided, beneficial interest in the Net Assets of the Fund. Each unit of each series entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund.

The Fund has created Series A, Series F units and Series I units. Series A units are available to all investors. Series F units are available to investors who are enrolled in a dealer-sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. Series I units are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager.

The minimum initial investment in Series A and Series F units of the Fund is \$5,000, while the minimum initial investment in Series I units is negotiable between the investor and the Manager. The minimum subsequent investment in the Series A and Series F units of the Fund is \$500 unless bought through a pre-authorized contribution plan, in which case, the minimum subsequent investment is \$100. These minimum investment amounts may be adjusted or waived in the discretion of the Manager.

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

6. REDEEMABLE UNITS OF THE FUND (continued)

Units of the Fund can be purchased or redeemed on a daily basis on or before 4:00 p.m. (Eastern Time) on any Valuation Day (each, a "Purchase Date" or a "Redemption date" as the case may be). The issue price of the units is based on the unit price for that particular series on the Purchase Date. If a purchase order or a redemption order is received by the Manager before 4:00 p.m. ET on a Purchase Date or a Redemption Date as the case may be, then it is processed at the unit price calculated later that day. Otherwise, the order will be processed at the unit price calculated on the next Purchase Date or Redemption Date as applicable. The Manager may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Purchase Date or Redemption Date as applicable. Redemption proceeds are paid within two business days after the relevant Redemption Date.

If an investor redeems Series A or Series F units of the Fund within 120 days of purchasing such units, the Fund may deduct and retain, for the benefit of the remaining unitholders in the Fund, 5% of the net asset value of the Series of units being redeemed. The short-term trading fee will not apply in certain circumstances such as:

- redemptions of Series A or Series F units purchased by the reinvestment of distributions;
- for systematic withdrawal plans;
- redesignation of Series A or Series F units from one series to another Series of the Fund;
- redemptions initiated by the Manager or where redemption notice requirements have been established by the Manager; or
- in the absolute discretion of the Manager.

The Fund will distribute its net income and net realized capital gains to unitholders at least annually. All such amounts will be automatically reinvested, without charge, in additional units of the Fund at the unit value calculated on the date of distribution.

The unit activity during the periods ended June 30, 2024 and 2023 are as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemptions of Redeemable Units	Redeemable Units, end of period
June 30, 2024				
Series A	460,048	10,063	(67,887)	402,224
Series F	3,334,085	564,622	(1,003,770)	2,894,937
Series I	244,254	—	(4,094)	240,160
June 30, 2023				
Series A	558,247	12,218	(37,841)	532,624
Series F	3,956,326	319,493	(504,468)	3,771,351
Series I	241,955	4,362	(1,037)	245,280

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

6. REDEEMABLE UNITS OF THE FUND (continued)

Capital disclosure

The capital of the Fund is represented by issued and redeemable units. The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's Net Asset Value per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of units. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 7, the Fund endeavors to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

7. RISK MANAGEMENT

In the normal course of business, the Fund is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The value of investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, the market and, company news related to specific securities within the Fund. The level of risk depends on the Fund's investment objective and the type of securities it invests in.

The investment objective of the Fund is to achieve attractive risk-adjusted rates of return that deliver long-term capital appreciation to unitholders. The Manager manages risk by employing professional and experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

Where the Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Fund.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As of June 30, 2024 and December 31, 2023, the Fund had no significant investments in debt instruments. The Fund's maximum exposure to credit loss is \$43,796,543 (December 31, 2023: \$46,547,241).

Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Fund generally retains sufficient cash and cash equivalent positions to maintain liquidity.

The Fund may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives. Financial liabilities are generally settled within three months.

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

7. RISK MANAGEMENT (continued)

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. As of June 30, 2024 and December 31, 2023, the Fund had no significant investments in debt instruments.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Fund's investment objective and strategy. Except for written options and securities sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from written call options and securities sold short can be unlimited. The Fund's overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

As of June 30, 2024, 68% (December 31, 2023: 77%) of the Fund's Net Assets attributable to holders of redeemable units were invested in securities traded on North American stock exchanges. If security prices on the North American stock exchanges had increased or decreased by 10% as of the period end, with all other factors remaining constant, Net Assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$2,982,098 (December 31, 2023: \$3,567,342). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Concentration Risk

A relatively high concentration of assets in a single or small number of issuers may reduce the diversification and liquidity of the Fund and increase its volatility. As a result of reduced liquidity, the Fund's ability to satisfy redemption requests may be reduced. It may also result in a concentration in specialized industries or market sectors. Investment in the Fund will therefore involve greater risk and volatility than investing in a mutual fund that has a broadly based investment portfolio since the performance of one particular industry or market could significantly and adversely affect the overall performance of the Fund.

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

7. RISK MANAGEMENT (continued)

Concentration Risk (continued)

The following is a summary of the Fund's concentration risk as a percentage of the net assets of the Fund:

Market segment	Percentage of net assets attributable to holders of redeemable units	
	June 30, 2024	December 31, 2023
Investments owned		
Communication Services	5.6	4.2
Consumer Discretionary	2.3	9.9
Consumer Staples	8.2	7.2
Energy	18.4	16.4
Financials	(1.6)	3.3
Funds	(1.9)	—
Industrials	8.9	14.3
Information Technology	5.7	6.8
Materials	6.4	7.6
Real Estate	9.2	4.2
Utilities	7.1	3.0
Total net investments	68.3	76.9
Cash at broker	31.7	23.0
Other assets and liabilities	0.0	0.1
	100.0	100.0

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk arises from financial instruments (including cash at broker) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Fund. The Fund may enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies.

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

7. RISK MANAGEMENT (continued)

Currency Risk (continued)

The table below summarizes the Fund's exposure to currency risk as of June 30, 2024 and December 31, 2023:

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
June 30, 2024						
U.S. Dollar	\$ 5,724,442	\$ 1,155,042	\$ 6,879,484	\$ 286,222	\$ 57,752	\$ 343,974
	\$ 5,724,442	\$ 1,155,042	\$ 6,879,484	\$ 286,222	\$ 57,752	\$ 343,974
% of Net Assets						
Attributable to Holders of Redeemable Units	13.13	2.65	15.78	0.66	0.13	0.79

Currency	Exposure			Impact if CAD strengthened or weakened by 5% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
December 31, 2023						
U.S. Dollar	\$ 4,876,763	\$ 2,861,024	\$ 7,737,787	\$ 243,838	\$ 143,051	\$ 386,889
	\$ 4,876,763	\$ 2,861,024	\$ 7,737,787	\$ 243,838	\$ 143,051	\$ 386,889
% of Net Assets						
Attributable to Holders of Redeemable Units	10.52	6.17	16.69	0.53	0.31	0.84

8. EXPENSES

The Manager has the power to incur and make payment out of the Fund property any charges or expenses which, in the opinion of the Manager, are necessary or incidental to, or proper for, carrying out any of the purposes of the Declaration of Trust, including without limitation all fees and expenses relating to the management and administration of the Fund. The Fund is responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

Veritas Absolute Return Fund

Notes to Financial Statements

June 30, 2024 (Unaudited)

9. INDEMNIFICATION OF THE TRUSTEE

The Fund, in its Declaration of Trust, has indemnified the Trustee, their principals and their respective affiliates from all claims that may arise for (i) mistakes of judgement or for action or inaction or for losses due to such mistakes, action or inaction so long as they acted honestly and not in bad faith and reasonably believed that their conduct was in the best interests of the Fund and (ii) losses due to mistakes of judgment or the action or omission of any broker or agent of the Trustee, selected, engaged or retained by the Trustee, the principals or their respective affiliates. There is no financial impact on indemnification of the Trustee.

10. INCOME TAXES

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada). The Declaration of Fund provides that the Fund's net taxable income for each year, including net realized capital gains, is payable to its Unitholders in the year. Accordingly, the Fund is not liable for income tax in respect of its income and net realized gains for the year ended December 31, 2023. Foreign income received is subject to foreign withholding taxes.

As of the tax year December 31, 2023, the Fund had nil (2022: nil) non-capital and \$3,825,744 (2022: \$3,825,744) capital losses carried forward.

11. CAPITAL MANAGEMENT

The Fund's capital is its net assets, representing unitholder's equity. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, maximize unitholder value and maintain financial strength.

The Fund is not subject to any externally imposed capital requirements.

12. INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The increase (decrease) in net assets attributable to holders of redeemable units per unit for the periods ended June 30, 2024 and 2023 are calculated as follows:

	Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series	Weighted Average of Redeemable Units Outstanding During the Period	Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit
June 30, 2024			
Series A	\$ 331,376	429,618	\$ 0.77
Series F	2,747,690	3,163,243	0.87
Series I	228,531	241,535	0.95
June 30, 2023			
Series A	\$ (264,521)	542,437	\$ (0.49)
Series F	(1,766,707)	3,932,202	(0.45)
Series I	(83,680)	243,216	(0.34)