



# VERITAS ABSOLUTE RETURN FUND

## Management Report of Fund Performance

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

For the six-months ended June 30, 2024



**VERITAS**  
Asset Management

# VERITAS ABSOLUTE RETURN FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six-months ended June 30, 2024

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### Forward-Looking Statements (“FLS”)

The interim 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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### Management Discussion of Fund Performance for the six-months ended June 30, 2024

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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 six-months ended June 30, 2024, the investment fund's interim period 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 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 Manager). The 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 six-months ended June 30, 2024, 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 six-months ended June 30, 2024, Series A units were up 6.84%, from \$11.25 on December 31, 2023, to \$12.02. There were no distributions for the Series A units for the six-month period.

Series F units, representing the largest series of the Fund by asset value, ended \$12.37, up 7.38% from \$11.52 on December 31, 2023. There were no distributions for the Series F units for the six-month period.

Series I units closed the six-month period at \$12.38, up from \$11.43 on December 31, 2023, resulting in a gain of 8.31%. There were no distributions for the Series I units for the six-month period.

By comparison, the S&P/TSX Composite Total Return Index ("S&P/TSX TR") returned 6.05% over the first six-months of 2024. 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 June 30, 2024 was \$43.61 million. It began the year at \$46.37 million and saw net redemptions totalling \$6 million.

The net assets of the Series A units decreased 6.57% from \$5.17 million to \$4.83 million, reflecting a combination of returns and net redemptions. The net assets of the Series F units decreased 6.77% from \$38.40 million to \$35.80 million reflecting a combination of returns and net redemptions over the six-month period. The net assets of Series I units increased 6.46% from \$2.79 million to \$2.97 million, reflecting a combination of returns and net investments.

# VERITAS ABSOLUTE RETURN FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

### Management Discussion of Fund Performance for the six-months ended June 30, 2024

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The Fund's outperformance versus the benchmark over the first half of 2024, for each of the Series A, F and I units, respectively, reflects bottom-up stock picking, both long and short, combined with active management of net market exposures and daily volatility.

The investment performance of the Fund included income and expenses which may vary year over 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

North American markets marched ahead in the first six months of 2024, with the S&P/TSX posting a 6.05% return and the S&P 500 returning 15.29%. Class F of the Veritas Absolute Return Fund gained 7.38% in the first half, with all series of our fund exceeding the S&P/TSX total return.

Our decision to underweight banks and overweight Energy and Materials helped the performance in our fund, with outsized contributions from Agnico Eagle Mines, Wheaton Precious Metals and oil sands producers Suncor Energy, Cenovus Energy and Canadian Natural Resources.

Outside of Energy and Materials, whose capped S&P/TSX indices advanced 19.46% and 13.65%, respectively, only half of the remaining stocks in the S&P/TSX Composite posted positive returns over the first six months. It remains a stock-pickers market. Our fund saw outsized contributions from targeted investments in Bombardier, Dorian LPG, Canadian Western Bank, Aritzia and goeasy, among others.

Our short book, which we use to hedge market risk and earn a long-short spread, saw positive contributions from targeted short positions in: Financial sector stocks Toronto-Dominion Bank, Bank of Montreal and National Bank; Utilities sector stocks Boralex, Innergex and Emera; and consumer-oriented stocks Pool Corp. and Canadian Tire.

Looking ahead, we see reasons to be optimistic over the remainder of the year, with inflation continuing to decelerate and labour markets generally holding up. We are keeping an eye on long-term interest rates as well potential political and economic risks tied to the outcome of U.S. elections in November.

#### Related Party Transactions

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 six-month 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).

# VERITAS ABSOLUTE RETURN FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

### Management Discussion of Fund Performance for the six-months ended June 30, 2024

#### 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.

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 six-month period ended June 30, 2024 and for the years ended December 31, 2023, 2022, 2021, 2020 and 2019. The information shown assumes that all distributions made by the Fund in the year 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)	June 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
<b>Net asset value, beginning of period</b>	<b>\$11.25</b>	<b>\$11.42</b>	<b>\$12.17</b>	<b>\$10.55</b>	<b>\$10.33</b>	<b>\$9.62</b>
<b>Increase from operations:</b>						
Total revenue	0.22	0.33	0.27	0.21	0.33	0.28
Total expenses	(0.21)	(0.40)	(0.42)	(0.47)	(0.41)	(0.45)
Realized gains (losses) for the period	0.52	0.36	(0.88)	1.43	0.04	0.57
Unrealized gains (losses) for the period	0.24	(0.51)	0.14	0.98	0.60	0.33
<b>Total increase (decrease) from operations (2)</b>	<b>0.77</b>	<b>(0.22)</b>	<b>(0.88)</b>	<b>2.16</b>	<b>0.56</b>	<b>0.73</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	(0.88)	-	-
Return of capital	-	-	-	-	-	-
<b>Total distributions (2) (3)</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$(0.88)</b>	<b>\$-</b>	<b>\$-</b>
<b>Net asset value, end of period (4)</b>	<b>\$12.02</b>	<b>\$11.25</b>	<b>\$11.42</b>	<b>\$12.17</b>	<b>\$10.55</b>	<b>\$10.33</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (4)	\$4,833,860	\$5,173,770	\$6,375,788	\$7,137,349	\$1,480,350	\$244,842
Number of units outstanding (4)	402,224	460,048	558,247	586,402	140,348	23,702
Management expense ratio (5)	3.56%	3.43%	3.40%	3.69%	3.95%	2.17%
Management expense ratio before waivers or absorptions	3.56%	3.43%	3.40%	3.69%	3.95%	2.17%
Trading expense ratio (6)	0.10%	0.26%	0.43%	0.21%	0.07%	0.26%
Portfolio turnover rate (7)	82.79%	424.40%	597.32%	474.67%	610.18%	1,419.68%
<b>Net asset value per unit</b>	<b>\$12.02</b>	<b>\$11.25</b>	<b>\$11.42</b>	<b>\$12.17</b>	<b>\$10.55</b>	<b>\$10.33</b>

# VERITAS ABSOLUTE RETURN FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

### Management Discussion of Fund Performance for the six-months ended June 30, 2024

The Fund's Net Asset Value (NAV) per Series F Unit (1)	June 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
<b>Net asset value, beginning of period</b>	<b>\$11.52</b>	<b>\$11.58</b>	<b>\$12.22</b>	<b>\$10.46</b>	<b>\$10.13</b>	<b>\$9.37</b>
<b>Increase from operations:</b>						
Total revenue	0.22	0.33	0.28	0.22	0.32	0.25
Total expenses	(0.16)	(0.29)	(0.31)	(0.34)	(0.31)	(0.34)
Realized gains (losses) for the period	0.53	0.37	(1.02)	1.47	0.14	0.69
Unrealized gains (losses) for the period	0.28	(0.54)	0.17	1.01	0.34	0.15
<b>Total increase (decrease) from operations (2)</b>	<b>0.87</b>	<b>(0.13)</b>	<b>(0.87)</b>	<b>2.35</b>	<b>0.50</b>	<b>0.75</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	(0.97)	-	-
Return of capital	-	-	-	-	-	-
<b>Total distributions (2) (3)</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$(0.97)</b>	<b>\$-</b>	<b>\$-</b>
<b>Net asset value, end of period (4)</b>	<b>\$12.37</b>	<b>\$11.52</b>	<b>\$11.58</b>	<b>\$12.22</b>	<b>\$10.46</b>	<b>\$10.13</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (4)	\$35,801,524	\$38,401,357	\$45,825,281	\$36,884,739	\$14,665,073	\$10,676,674
Number of units outstanding (4)	2,894,937	3,334,085	3,956,326	3,017,959	1,402,047	1,054,129
Management expense ratio (5)	2.60%	2.45%	2.42%	2.65%	2.95%	2.01%
Management expense ratio before waivers or absorptions	2.60%	2.45%	2.42%	2.65%	2.95%	2.01%
Trading expense ratio (6)	0.10%	0.26%	0.43%	0.21%	0.07%	0.26%
Portfolio turnover rate (7)	82.79%	424.40%	597.32%	474.67%	610.18%	1,419.68%
<b>Net asset value per unit</b>	<b>\$12.37</b>	<b>\$11.52</b>	<b>\$11.58</b>	<b>\$12.22</b>	<b>\$10.46</b>	<b>\$10.13</b>

# VERITAS ABSOLUTE RETURN FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

### Management Discussion of Fund Performance for the six-months ended June 30, 2024

The Fund's Net Asset Value (NAV) per Series I Unit (1)	June 30, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
<b>Net asset value, beginning of period</b>	<b>\$11.43</b>	<b>\$11.31</b>	<b>\$11.73</b>	<b>\$10.13</b>	<b>\$9.75</b>	<b>\$8.97</b>
<b>Increase from operations:</b>						
Total revenue	0.23	0.31	0.27	0.20	0.31	0.24
Total expenses	(0.06)	(0.10)	(0.10)	(0.16)	(0.24)	(0.28)
Realized gains (losses) for the period	0.54	0.37	(0.83)	1.36	0.21	0.65
Unrealized gains (losses) for the period	0.24	(0.45)	0.23	1.09	0.21	0.17
<b>Total increase (decrease) from operations (2)</b>	<b>0.95</b>	<b>0.13</b>	<b>(0.43)</b>	<b>2.48</b>	<b>0.49</b>	<b>0.78</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	(0.89)	-	-
Return of capital	-	-	-	-	-	-
<b>Total distributions (2) (3)</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$(0.89)</b>	<b>\$-</b>	<b>\$-</b>
<b>Net asset value, end of period (4)</b>	<b>\$12.38</b>	<b>\$11.43</b>	<b>\$11.31</b>	<b>\$11.73</b>	<b>\$10.13</b>	<b>\$9.75</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (4)	\$2,973,440	\$2,793,029	\$2,736,229	\$2,787,285	\$2,040,851	\$1,994,662
Number of units outstanding (4)	240,160	244,254	241,955	237,538	201,530	204,554
Management expense ratio (5)	0.92%	0.78%	0.74%	1.13%	2.43%	1.70%
Management expense ratio before waivers or absorptions	0.92%	0.78%	0.74%	1.13%	2.43%	1.70%
Trading expense ratio (6)	0.10%	0.26%	0.43%	0.21%	1.77%	0.26%
Portfolio cash turnover rate (7)	82.79%	424.40%	597.32%	474.67%	610.18%	1,419.68%
<b>Net asset value per unit</b>	<b>\$12.38</b>	<b>\$11.43</b>	<b>\$11.31</b>	<b>\$11.73</b>	<b>\$10.13</b>	<b>\$9.75</b>

#### Notes:

- (1) This information is derived from the Fund's interim financial statements for June 30, 2024 and audited annual financial statements for December 31, 2023, 2022, 2021, 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 June 30, 2024, December 31, 2023, 2022, 2021, 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 a high turnover rate and the performance of a fund.

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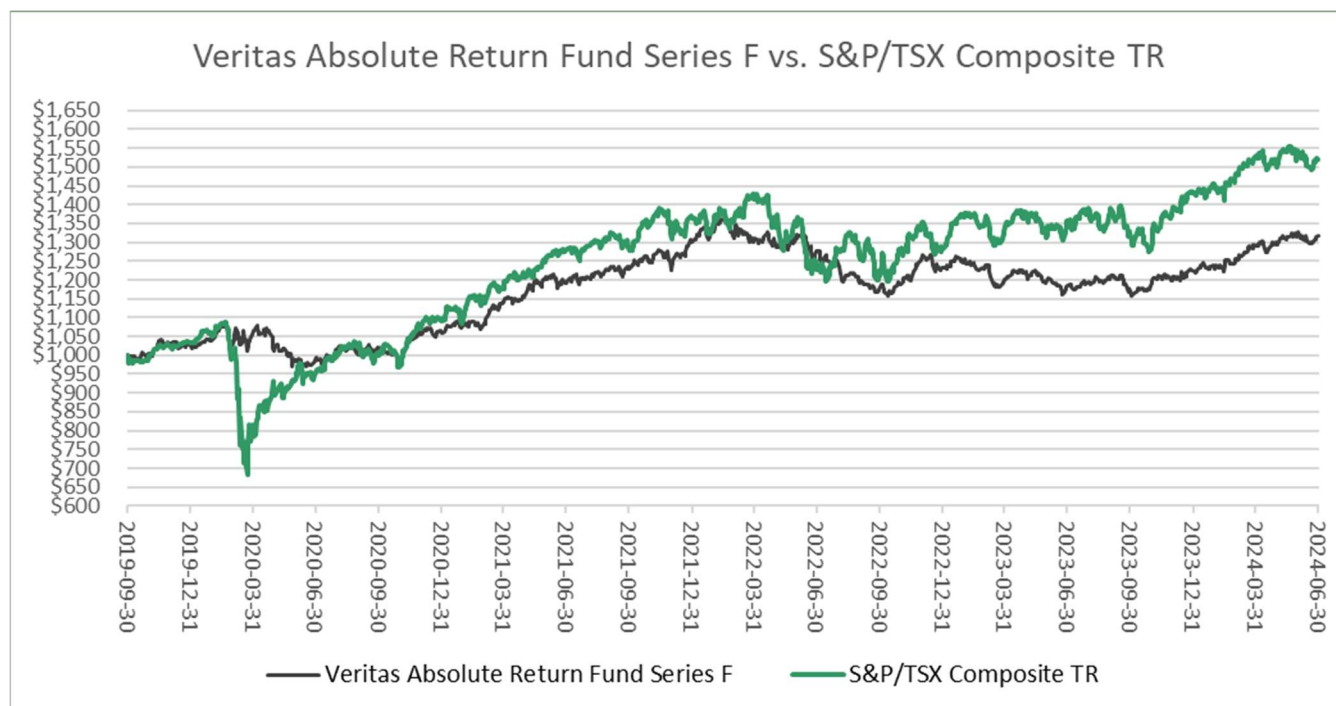
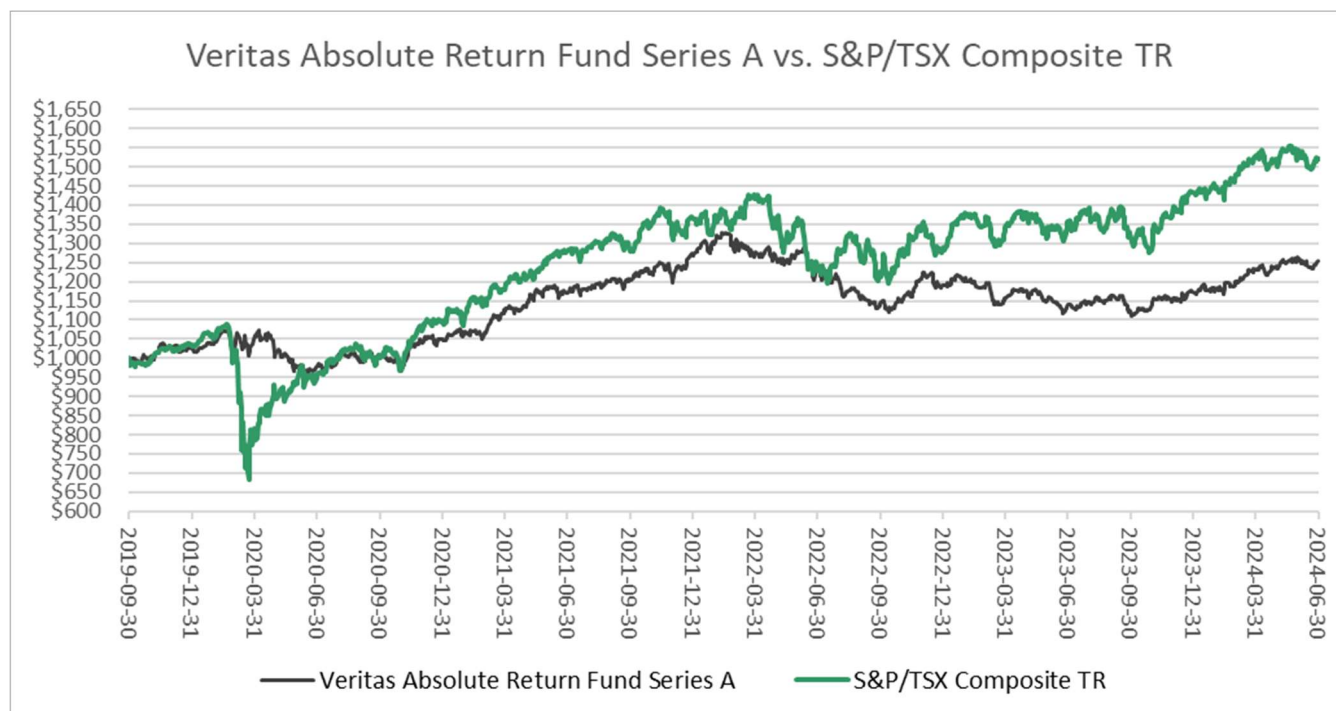
## MANAGEMENT REPORT OF FUND PERFORMANCE

### Management Discussion of Fund Performance for the six-months ended June 30, 2024

#### Returns since October 1, 2019

The following line charts present the Fund's periodic performance in dollar terms, showing how much a \$1,000 investment in Series A, F and I units, respectively, made on the fund's conversion date (October 1, 2019) would have grown or decreased to by June 30, 2024.

The returns through June 30, 2024 for the Series A, F and I units are as follows:

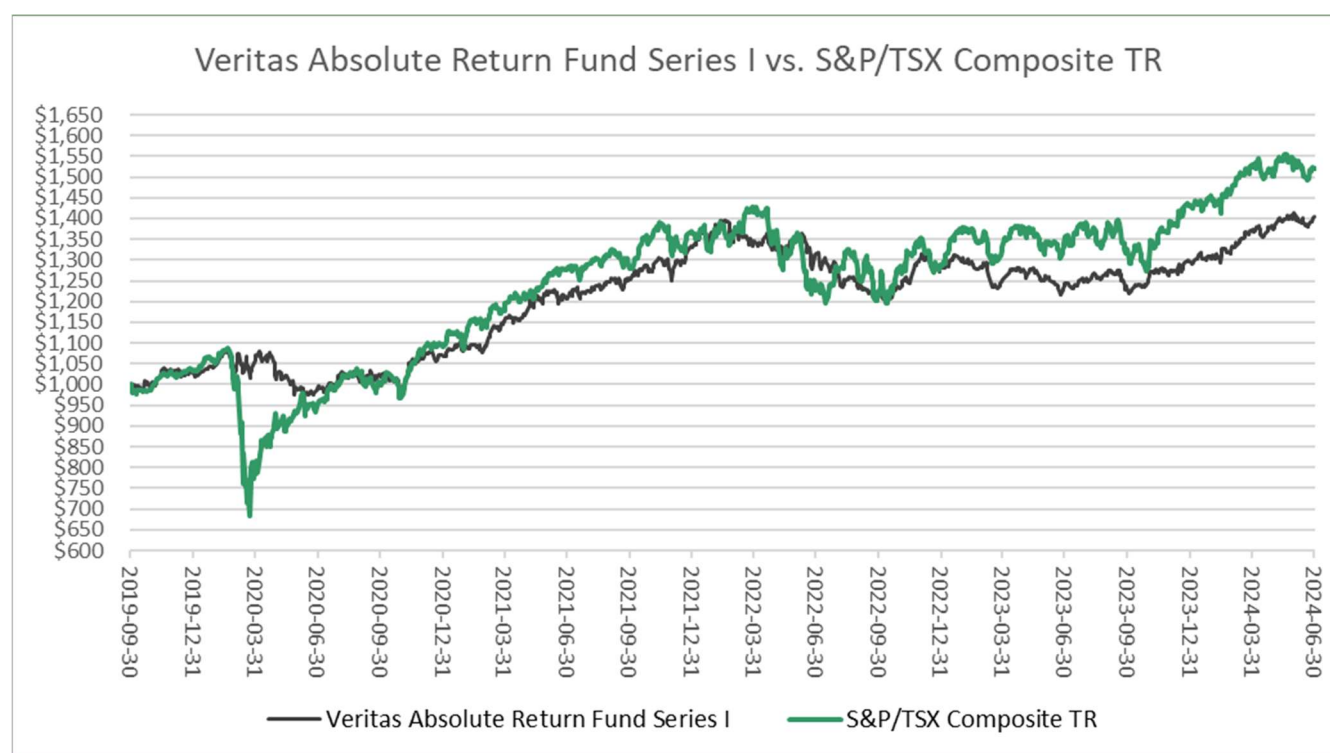




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## MANAGEMENT REPORT OF FUND PERFORMANCE

Management Discussion of Fund Performance for the six-months ended June 30, 2024



### Benchmark(s) Information

The benchmark of the Fund is the S&P/TSX Composite Total Return Index. The S&P/TSX Composite, with 226 constituents, is the benchmark Canadian index, representing approximately 84% coverage of stocks listed on the Toronto Stock Exchange, as measured by market capitalization.

### Annual and Year-to-Date Returns

Performance for the six-months ended June 30, 2024 and year ended December 31, 2023.

	From January 1, 2024	From January 1, 2023
<b>Fund, Series A</b>	<b>6.86%</b>	<b>-1.53%</b>
<b>Fund, Series F</b>	<b>7.38%</b>	<b>-0.56%</b>
<b>Fund, Series I</b>	<b>8.27%</b>	<b>1.11%</b>
<b>INDEX</b>	<b>6.05%</b>	<b>11.75%</b>

# VERITAS ABSOLUTE RETURN FUND

## MANAGEMENT REPORT OF FUND PERFORMANCE

### Management Discussion of Fund Performance for the six-months ended June 30, 2024

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 six-months ended June 30, 2024.

Portfolio Composition		Top 25 Holdings	
Sector Allocation	% of Net Asset Value	Issuer	% of Net Asset Value
		<b>LONG POSITIONS</b>	
Cash at broker	31.7%	Maple Leaf Foods Inc.	4.06%
Financials	(1.6%)	RioCan Real Estate Investment Trust	3.89%
Energy	18.4%	Wheaton Precious Metals Corp.	3.88%
Consumer Staples	8.2%	Bombardier Inc.	3.78%
Real Estate	9.2%	Dorian LPG Ltd.	3.78%
Communication Services	5.6%	Air Canada	3.77%
Utilities	7.1%	Agnico Eagle Mines Ltd.	3.45%
Industrials	8.9%	Granite Real Estate Investment Trust	3.44%
Materials	6.4%	Canadian Pacific Kansas City Ltd.	3.24%
Funds	(1.9%)	Canadian Natural Resources Ltd.	2.99%
Consumer Discretionary	2.3%	Enbridge Inc.	2.94%
Information Technology	5.7%	Constellation Software Inc.	2.88%
		Loblaw Cos Ltd.	2.84%
		AltaGas Ltd.	2.82%
		goeasy Ltd.	2.82%
<b>Total Portfolio Allocation</b>	<b>100%</b>	Suncor Energy Inc.	2.79%
		Cenovus Energy Inc.	2.54%
<b>Total Net Asset Value</b>	<b>\$ 43,608,824</b>	Atco Ltd.	2.44%
		Capital Power Corp.	2.39%
		Quebecor Inc.	2.38%
		Rogers Communications Inc.	2.36%
		Restaurant Brands International Inc.	2.12%
		Great-West Lifeco Inc.	2.11%
		Aritzia Inc.	2.10%
		Nutrien Ltd.	2.08%
		<b>Total % of Net Asset Value</b>	
		<b>Represented by Holdings</b>	<b>73.9%</b>

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 data presented in the above tables is as of June 30, 2024.

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.