



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, 2024



VERITAS
Asset Management

VERITAS ABSOLUTE RETURN FUND

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Management Discussion of Fund Performance for the year ended December 31, 2024

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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Management Discussion of Fund Performance for the year ended December 31, 2024

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 year ended December 31, 2024, the investment fund's annual 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 year ended December 31, 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 year ended December 31, 2024, Series A units were up 14.63%, from \$11.25 on December 31, 2023, to \$12.89. There were \$25,989 of distributions for the Series A units for the year. Including reinvested dividends, Series A units returned 15.23% for the year.

Series F units, representing the largest series of the Fund by asset value, ended at \$13.24, up 14.96% from \$11.52 on December 31, 2023. There were \$520,902 of distributions for the Series F units for the year. Including reinvested dividends, Series F units returned 16.34% for the year.

Series I units closed the year at \$13.37, up from \$11.43 on December 31, 2023, resulting in a gain of 16.90%. There were \$41,778 of distributions for the Series I units for the year. Including reinvested dividends, Series I units returned 18.30% for the year.

By comparison, the S&P/TSX Composite Total Return Index ("S&P/TSX TR") returned 21.65% in 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 December 31, 2024 was \$52.85 million. It began the year at \$46.37 million and saw net redemptions totalling \$0.73 million.

The net assets of the Series A units decreased 3.61% from \$5.17 million to \$4.99 million, reflecting a combination of returns and net redemptions. The net assets of the Series F units increased 15.47% from \$38.40 million to \$44.34 million reflecting a combination of returns and net redemptions over the year. The net assets of Series I units increased 25.96% from \$2.79 million to \$3.52 million, reflecting a combination of returns and net investments.

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The Fund's performance versus the benchmark in 2024, for each of the Series A, F and I units, respectively, reflects net exposures below 70% for the year, combined with active management of long and short positions to hedge market risks and reduce 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 year, mainly because of fluctuations in average net assets, portfolio activity and changes in the Fund's investments.

Recent Developments

Since its inception on October 1, 2019, our Fund's goal has been to deliver consistent returns that look different from the index and carry lower volatility. This allows our investors to diversify and reduce their market exposure while smoothing out their portfolio returns. From inception through the end of 2024, we are pleased to report that the Fund has achieved a 7.13% annualized return with a 0.29 correlation to the S&P/TSX and 44% lower volatility than the index.

In 2024, the Fund delivered another strong year of returns. Three sectors outperformed the S&P/TSX index this past year: Information Technology (+37.96% sub-index return), Financials (+30.10%), and Energy (+23.84%). During the year, The Fund remained underweight these sectors and used targeted stock selection to deliver a portfolio that achieved double digit returns overall with low volatility.

The Fund's biggest long-equity contributors included: Bombardier Inc.; Aritzia Inc.; Agnico Eagle Mines Ltd.; AtkinsRealis Group Inc.; and Lunding Gold Inc. The Fund also received net positive contributions from shorting decliners that included: TELUS International Inc.; BCE Inc.; Imperial Oil Ltd.; Advance Auto Parts Inc.; and BRP Inc. The Fund's long and short positions are notable for the variety of sectors represented, which reflects the Manager's research-driven, bottom-up approach to stock picking.

As we look ahead in 2025, we see a likely pickup in volatility as the new U.S. presidential administration challenges global trade arrangements and attempts to address growing fiscal pressures. In our view, deepening U.S. deficits threaten to reignite inflation, increasing bond yields and pressuring equity valuations.

U.S. equity valuations are high by historical standards; however, they are underpinned by rising long-term growth expectations, including for market weighted earnings growth of more than 23% in 2025. Canadian valuations are cheaper relative to earnings but carry lower growth expectations. Earnings in the Energy and Materials sectors are expected to grow at 20% in 2025, while earnings in other sectors are expected to average less than 10% growth for the year.

As a result, we see greater risk of earnings disappointments in U.S. equities. With S&P/TSX names at lower valuations overall, careful assessment turns up targeted long opportunities to achieve both earnings growth and potential multiple expansion. In addition to these investments, we continue to hedge market risks with targeted short positions and index options that further our absolute return mandate.

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.

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- 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.

Ownership

As at December 31, 2024, 163,146 units (2023: 115,313) of Series F were owned by parties related to the Manager. As at December 31, 2024, 247,343 units (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 years ended December 31, 2024, 2023, 2022, 2021 and 2020. 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)	2024	2023	2022	2021	2020
Net asset value, beginning of year	\$11.25	\$11.42	\$12.17	\$10.55	\$10.33
Increase from operations:					
Total revenue	0.42	0.33	0.27	0.21	0.33
Total expenses	(0.43)	(0.40)	(0.42)	(0.47)	(0.41)
	0.85	0.36	(0.88)	1.43	0.04
Realized gains (losses) for the year	0.88	(0.51)	0.14	0.98	0.60
Unrealized gains (losses) for the year					
Total increase (decrease) from operations (2)	1.72	(0.22)	(0.88)	2.16	0.56
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.06)	-	-	-	-
From capital gains	-	-	-	(0.88)	-
Return of capital	-	-	-	-	-
Total distributions (2) (3)	\$(0.06)	\$-	\$-	\$(0.88)	\$-
Net asset value, end of year (4)	\$12.89	\$11.25	\$11.42	\$12.17	\$10.55
Ratios and Supplemental Data					
Total net asset value (4)	\$4,987,108	\$5,173,770	\$6,375,788	\$7,137,349	\$1,480,350
Number of units outstanding (4)	386,853	460,048	558,247	586,402	140,348
Management expense ratio (5)	3.47%	3.43%	3.40%	3.69%	3.95%
Management expense ratio before waivers or absorptions	3.47%	3.43%	3.40%	3.69%	3.95%
Trading expense ratio (6)	0.16%	0.26%	0.43%	0.21%	0.07%
Portfolio turnover rate (7)	207.05%	424.40%	597.32%	474.67%	610.18%
Net asset value per unit	\$12.89	\$11.25	\$11.42	\$12.17	\$10.55

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The Fund's Net Asset Value (NAV) per Series F Unit (1)	2024	2023	2022	2021	2020
Net asset value, beginning of year	\$11.52	\$11.58	\$12.22	\$10.46	\$10.13
Increase from operations:					
Total revenue	0.44	0.33	0.28	0.22	0.32
Total expenses	(0.33)	(0.29)	(0.31)	(0.34)	(0.31)
Realized gains (losses) for the year	0.88	0.37	(1.02)	1.47	0.14
Unrealized gains (losses) for the year	0.90	(0.54)	0.17	1.01	0.34
Total increase (decrease) from operations (2)	1.89	(0.13)	(0.87)	2.35	0.50
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.16)	-	-	-	-
From capital gains	-	-	-	(0.97)	-
Return of capital	-	-	-	-	-
Total distributions (2) (3)	\$(0.16)	\$-	\$-	\$(0.97)	\$-
Net asset value, end of year (4)	\$13.24	\$11.52	\$11.58	\$12.22	\$10.46
Ratios and Supplemental Data					
Total net asset value (4)	\$44,342,846	\$38,401,357	\$45,825,281	\$36,884,739	\$14,665,073
Number of units outstanding (4)	3,348,815	3,334,085	3,956,326	3,017,959	1,402,047
Management expense ratio (5)	2.51%	2.45%	2.42%	2.65%	2.95%
Management expense ratio before waivers or absorptions	2.51%	2.45%	2.42%	2.65%	2.95%
Trading expense ratio (6)	0.16%	0.26%	0.43%	0.21%	0.07%
Portfolio turnover rate (7)	207.05%	424.40%	597.32%	474.67%	610.18%
Net asset value per unit	\$13.24	\$11.52	\$11.58	\$12.22	\$10.46

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The Fund's Net Asset Value (NAV) per Series I Unit (1)	2024	2023	2022	2021	2020
Net asset value, beginning of year	\$11.43	\$11.31	\$11.73	\$10.13	\$9.75
Increase from operations:					
Total revenue	0.44	0.31	0.27	0.20	0.31
Total expenses	(0.12)	(0.10)	(0.10)	(0.16)	(0.24)
Realized gains (losses) for the year	0.88	0.37	(0.83)	1.36	0.21
Unrealized gains (losses) for the year	0.88	(0.45)	0.23	1.09	0.21
Total increase (decrease) from operations (2)	2.08	0.13	(0.43)	2.48	0.49
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.17)	-	-	-	-
From capital gains	-	-	-	(0.89)	-
Return of capital	-	-	-	-	-
Total distributions (2) (3)	\$(0.17)	\$-	\$-	\$(0.89)	\$-
Net asset value, end of year (4)	\$13.37	\$11.43	\$11.31	\$11.73	\$10.13
Ratios and Supplemental Data					
Total net asset value (4)	\$3,517,981	\$2,793,029	\$2,736,229	\$2,787,285	\$2,040,851
Number of units outstanding (4)	263,180	244,254	241,955	237,538	201,530
Management expense ratio (5)	0.82%	0.78%	0.74%	1.13%	2.43%
Management expense ratio before waivers or absorptions	0.82%	0.78%	0.74%	1.13%	2.43%
Trading expense ratio (6)	0.16%	0.26%	0.43%	0.21%	1.77%
Portfolio cash turnover rate (7)	207.05%	424.40%	597.32%	474.67%	610.18%
Net asset value per unit	\$13.37	\$11.43	\$11.31	\$11.73	\$10.13

Notes:

- (1) This information is derived from the Fund's audited annual financial statements for December 31, 2024, 2023, 2022, 2021 and 2020 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 year.
- (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, 2024, 2023, 2022, 2021, and 2020.
- (5) Management expense ratio is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average NAV during the year.
- (6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the year. 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 year. The higher a funds' portfolio turnover rate in the year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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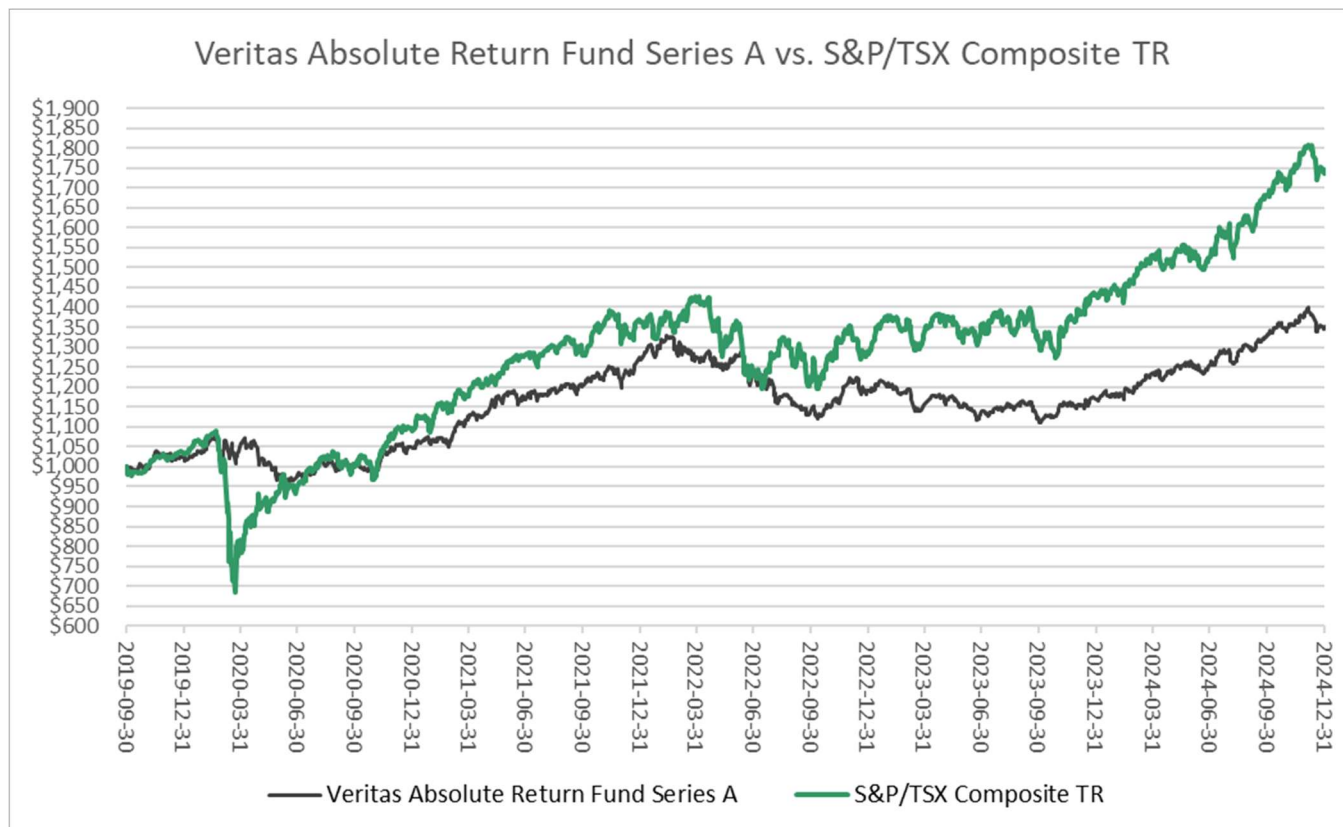
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Returns since October 1, 2019

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 December 31, 2024.

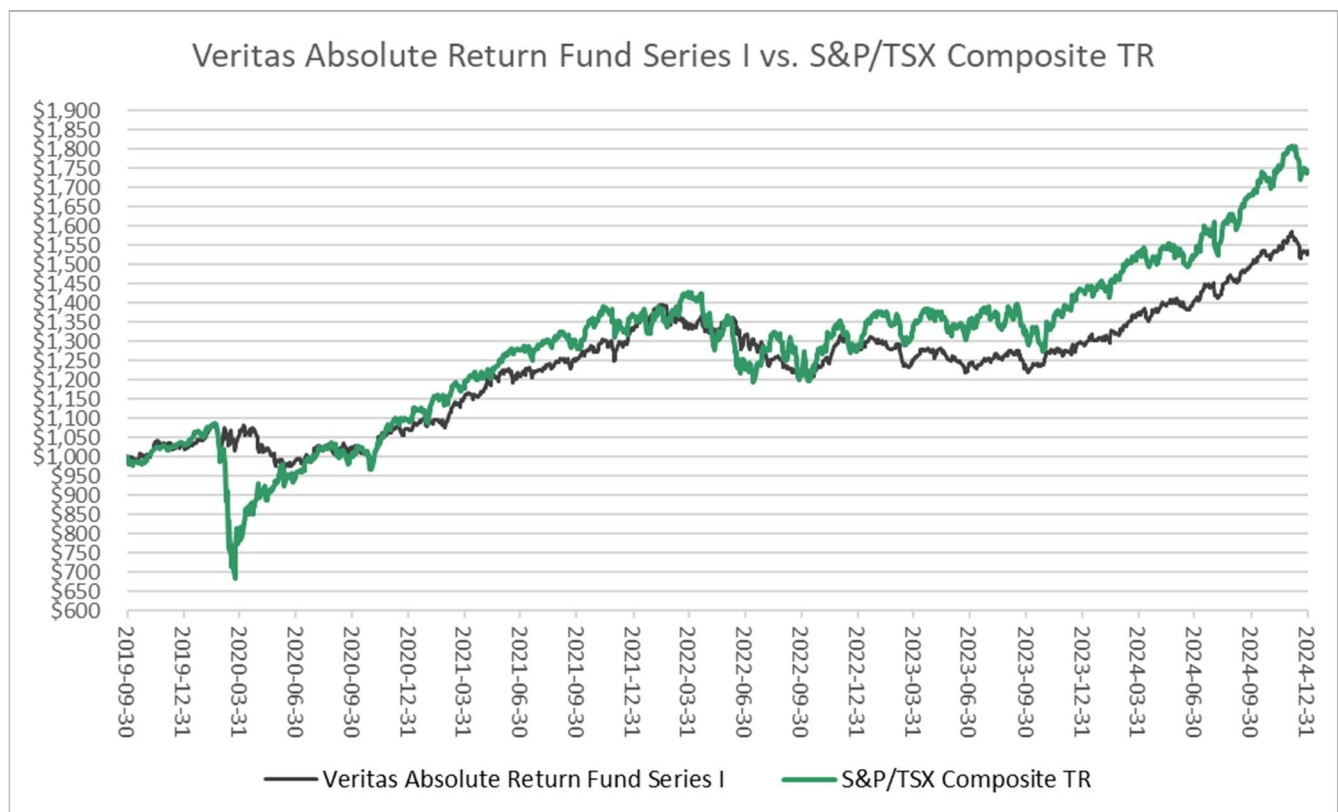
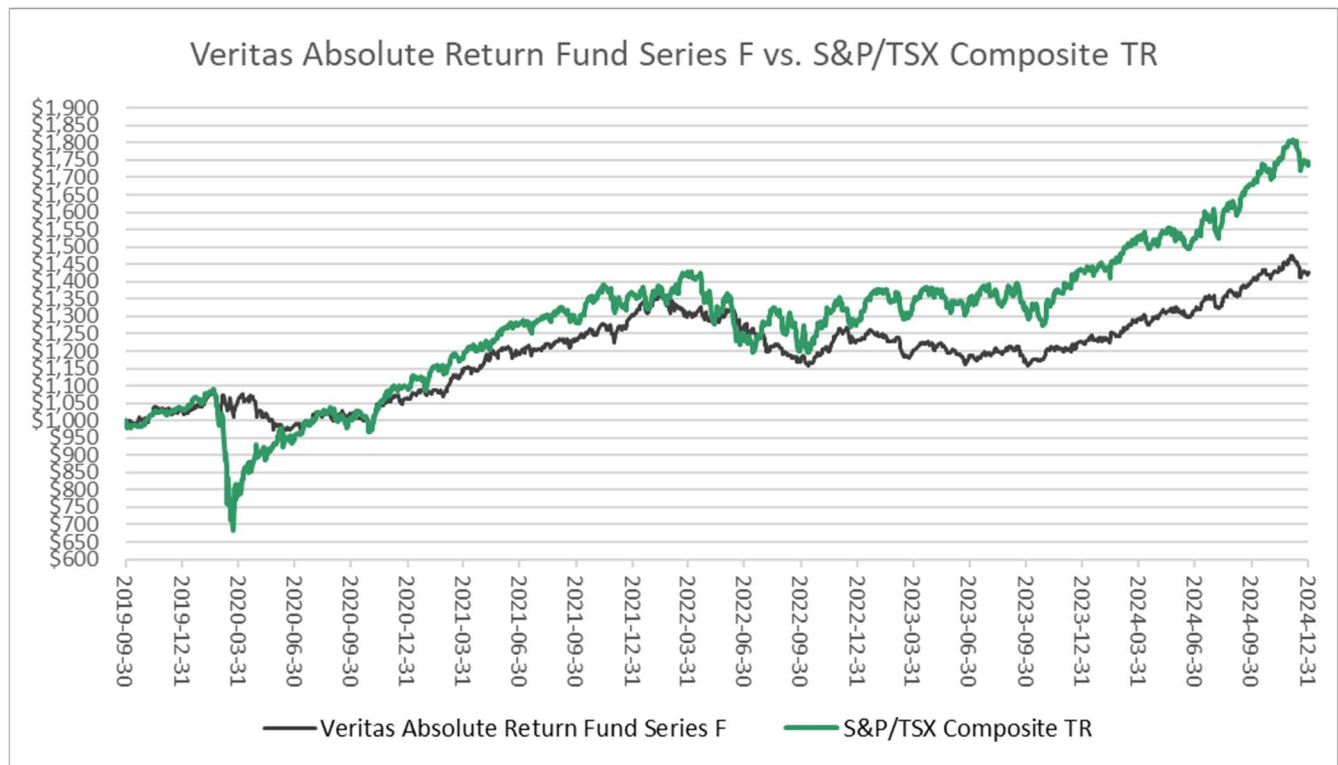
The returns through December 31, 2024 for the Series A, F and I units are as follows:



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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 Composite, with 223 constituents, is the benchmark Canadian index, representing approximately 80% coverage of stocks listed on the Toronto Stock Exchange, as measured by market capitalization.

Annual and Year-to-Date Returns

Performance for the years ended December 31, 2024 and 2023.

	From January 1, 2024	From January 1, 2023
Fund, Series A	15.23%	-1.53%
Fund, Series F	16.34%	-0.56%
Fund, Series I	18.30%	1.11%
INDEX	21.65%	11.75%

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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, 2024.

Portfolio Composition		Top 25 Holdings	
Sector Allocation	% of Net Asset Value	Issuer	% of Net Asset Value
		LONG POSITIONS	
Cash at broker	30.8%	Agnico Eagle Mines Ltd.	3.5%
Financials	12.4%	Canadian Pacific Kansas City Ltd.	3.5%
Energy	11.1%	Aritzia Inc.	3.5%
Consumer Staples	4.7%	AtkinsRealis Group Inc.	3.4%
Real Estate	4.2%	Air Canada	3.3%
Communication Services	3.6%	South Bow Corp.	3.1%
Utilities	2.4%	Royal Bank of Canada	3.0%
Industrials	13.2%	The Toronto-Dominion Bank	3.0%
Materials	6.5%	Metro Inc.	3.0%
Consumer Discretionary	5.8%	Wheaton Precious Metals Corp.	3.0%
Information Technology	5.5%	goeasy Ltd.	2.9%
Other assets and liabilities	-0.2%	Bombardier Inc.	2.8%
		Maple Leaf Foods Inc.	2.7%
		Shopify Inc.	2.6%
		Enbridge Inc.	2.6%
Total Portfolio Allocation	100%	National Bank of Canada	2.5%
		Restaurant Brands International Inc.	2.5%
Total Net Asset Value	\$ 52,847,935	Fortis Inc.	2.3%
		TFI International Inc.	2.3%
		Cenovus Energy Inc.	2.1%
		Cogeco Communications Inc.	2.1%
		Canadian Natural Resources Ltd.	2.1%
		Sun Life Financial Inc.	2.0%
		Loblaw Cos Ltd.	2.0%
		Brookfield Infrastructure Partners LP	2.0%
		Total % of Net Asset Value Represented by Holdings	67.5%

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.

The data presented in the above tables is as of December 31, 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.