



VERITAS
Asset Management

Annual Financial Statements

VERITAS ABSOLUTE RETURN FUND

December 31, 2025

VERITAS ABSOLUTE RETURN FUND

December 31, 2025

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Independent Auditor's Report

To the Unitholders of
Veritas Absolute Return Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants

Licensed Public Accountants

February 20, 2026

Veritas Absolute Return Fund

Statement of Financial Position As at December 31, 2025 and 2024

	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash at broker (Note 3)	\$ 26,262,987	\$ 16,256,973
Investments at fair value through profit and loss (Note 3)	71,496,569	47,026,437
Dividends and interest receivable	258,221	142,557
Subscription receivable	—	16,243
	<u>98,017,777</u>	<u>63,442,210</u>
LIABILITIES		
Current liabilities		
Investments sold short, at fair value through profit and loss (Note 3)	16,678,215	10,418,437
Management fees payable (Note 5)	94,627	67,358
Redemptions payable	89,666	38,272
Dividends payable on investments sold short	63,511	16,119
Accounts payable and accrued liabilities	43,887	51,476
Interest payable on investments sold short	5,826	2,613
	<u>16,975,732</u>	<u>10,594,275</u>
Net Assets Attributable to Holders of Redeemable Units	\$ 81,042,045	\$ 52,847,935
Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	\$ 5,437,620	\$ 4,987,108
Series F	52,565,014	44,342,846
Series I	3,740,198	3,517,981
Series V	19,299,213	—
	<u>\$ 81,042,045</u>	<u>\$ 52,847,935</u>
Number of Redeemable Units Outstanding (Note 6)		
Series A	356,505	386,853
Series F	3,323,078	3,348,815
Series I	230,318	263,180
Series V	1,674,535	—
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A	\$ 15.25	\$ 12.89
Series F	15.82	13.24
Series I	16.24	13.37
Series V	11.53	—

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 years ended December 31, 2025 and 2024

	2025	2024
Income		
Net change in unrealized appreciation in value of investments	\$ 7,242,903	\$ 3,464,609
Net realized gain on investments	4,570,253	3,509,700
Dividend income	1,382,697	1,088,228
Interest income for distribution purposes	815,383	802,093
HST Refund	5,490	13,336
Early redemption fees	8	156
	<u>14,016,734</u>	<u>8,878,122</u>
Expenses		
Management fees (Note 5)	1,015,536	807,468
Dividends paid on investments sold short	442,612	279,181
Operating costs	265,289	282,127
Interest and borrowing fees	83,523	59,082
Commissions and other portfolio transactions costs	58,592	77,448
Audit fees	46,372	40,838
Legal fees	32,760	19,245
Custodian fees	31,821	38,895
Independent review committee fees	14,571	14,676
Withholding tax	8,734	5
	<u>1,999,810</u>	<u>1,618,965</u>
Increase in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 12,016,924</u>	<u>\$ 7,259,157</u>
Increase in Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	\$ 855,534	\$ 704,873
Series F	8,478,969	6,034,522
Series I	676,682	519,762
Series V	2,005,739	—
	<u>\$ 12,016,924</u>	<u>\$ 7,259,157</u>
Increase in Net Assets Attributable to Holders of Redeemable Units per Unit (Note 12)		
Series A	\$ 2.34	\$ 1.72
Series F	2.54	1.89
Series I	2.84	2.08
Series V	1.42	—

Veritas Absolute Return Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units For the years ended December 31, 2025 and 2024

	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued*	Redemption of redeemable units*	Distributions to holders of redeemable units	Reinvestment of distributions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
December 31, 2025							
Series A	\$ 4,987,108	\$ 568,432	\$ (973,454)	\$ –	\$ –	\$ 855,534	\$ 5,437,620
Series F	44,342,846	18,884,042	(19,140,843)	–	–	8,478,969	52,565,014
Series I	3,517,981	38,770	(493,235)	–	–	676,682	3,740,198
Series V	–	23,288,902	(5,995,428)	–	–	2,005,739	19,299,213
	<u>\$ 52,847,935</u>	<u>\$ 42,780,146</u>	<u>\$ (26,602,960)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 12,016,924</u>	<u>\$ 81,042,045</u>

* Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the year ended December 31, 2025 were \$10,621,911 and \$(10,621,911), respectively.

	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued**	Redemption of redeemable units**	Distributions to holders of redeemable units	Reinvestment of distributions	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
December 31, 2024							
Series A	\$ 5,173,770	\$ 336,697	\$ (1,226,065)	\$ (25,989)	\$ 23,822	\$ 704,873	\$ 4,987,108
Series F	38,401,357	15,754,807	(15,796,008)	(520,902)	469,070	6,034,522	44,342,846
Series I	2,793,029	276,689	(71,155)	(41,778)	41,434	519,762	3,517,981
	<u>\$ 46,368,156</u>	<u>\$ 16,368,193</u>	<u>\$ (17,093,228)</u>	<u>\$ (588,669)</u>	<u>\$ 534,326</u>	<u>\$ 7,259,157</u>	<u>\$ 52,847,935</u>

** Total proceeds from redeemable units relating to switch-ins and redemptions of redeemable units relating to switch-outs for the year ended December 31, 2024 were \$49,088 and \$(49,088), respectively.

Veritas Absolute Return Fund

Statement of Cash Flows

For the years ended December 31, 2025 and 2024

	2025	2024
Cash provided by (used in):		
Operating Activities		
Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 12,016,924	\$ 7,259,157
Adjustments for non-cash items		
Net change in unrealized appreciation in value of investments	(7,242,903)	(3,464,609)
Net realized gain on investments	(4,570,253)	(3,509,700)
Change in non-cash balances		
(Increase) decrease in dividends and interest receivable	(115,664)	33,491
Increase in management fees payable	27,269	7,159
Increase (decrease) in dividends payable on investments sold short	47,392	(28,968)
Decrease in accounts payable and accrued liabilities	(7,589)	(15,576)
Increase (decrease) in interest payable on investments sold short	3,213	(84)
Proceeds from sale of investments	139,181,764	102,131,012
Purchase of investments	(144,831,510)	(96,566,544)
Cash (used in) provided by operating activities	<u>(5,491,357)</u>	<u>5,845,338</u>
Financing Activities		
Proceeds from redeemable units issued	32,174,478	16,315,869
Amount paid on redemption of redeemable units	(15,929,655)	(17,009,918)
Distributions to holders of redeemable units	–	(588,669)
Reinvestment of distributions	–	534,326
Cash provided by (used in) financing activities	<u>16,244,823</u>	<u>(748,392)</u>
Increase in cash at broker during the year	10,753,466	5,096,946
Foreign exchange (loss) gain on cash	(747,452)	475,264
Cash at broker, beginning of year	<u>16,256,973</u>	<u>10,684,763</u>
Cash at broker, end of year	<u>\$ 26,262,987</u>	<u>\$ 16,256,973</u>
Supplemental information*		
Interest paid	\$ 15,747	\$ 12,160
Interest received	797,634	817,338
Dividends paid	395,221	308,150
Dividends received, net of withholding taxes	1,276,049	1,106,468

*Included as a part of cash flows from operating activities

Veritas Absolute Return Fund

Schedule of Investment Portfolio

As at December 31, 2025

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian equities				
7,600	Agnico Eagle Mines Ltd.	\$ 627,355	\$ 1,768,976	2.18
65,500	ARC Resources Ltd.	1,802,628	1,686,625	2.08
32,915	Atco Ltd.	1,683,789	1,855,748	2.29
24,000	AtkinsRealis Group Inc.	1,767,904	2,126,400	2.62
54,900	Barrick Mining Corp.	1,623,421	3,282,471	4.05
7,700	Bombardier Inc.	495,276	1,797,950	2.22
52,000	Brookfield Infrastructure Partners LP	2,270,722	2,480,920	3.06
23,200	Canadian Imperial Bank of Commerce	2,553,266	2,886,776	3.56
48,200	Canadian Natural Resources Ltd.	2,043,475	2,240,818	2.77
24,000	Canadian Pacific Kansas City Ltd.	2,473,664	2,425,200	2.99
11,000	Dollarama Inc.	2,063,201	2,256,540	2.78
66,000	Element Fleet Management Corp.	2,319,358	2,379,300	2.94
39,800	Enbridge Inc.	2,624,933	2,614,064	3.23
1,220	Fairfax Financial Holdings Ltd.	2,521,123	3,191,386	3.94
23,700	Fortis Inc.	1,294,707	1,691,232	2.09
21,420	Granite Real Estate Investment Trust	1,600,156	1,750,228	2.16
34,300	Great-West Lifeco Inc.	2,073,277	2,321,767	2.86
101,600	Hudbay Minerals Inc.	1,375,166	2,768,600	3.42
92,796	Killam Apartment Real Estate Investment Trust	1,658,708	1,521,854	1.88
48,000	Loblaw Cos Ltd.	2,690,242	2,978,400	3.68
30,100	Nutrien Ltd.	2,309,625	2,550,072	3.15
23,000	Quebecor Inc.	1,176,570	1,189,100	1.47
48,700	Rogers Communications Inc.	1,879,181	2,523,147	3.11
14,400	Royal Bank of Canada	2,521,280	3,369,456	4.16
62,200	South Bow Corp.	2,149,598	2,348,050	2.90
36,900	TC Energy Corp.	2,611,547	2,788,902	3.44
16,500	The Toronto-Dominion Bank	1,433,234	2,134,440	2.63
26,400	Tourmaline Oil Corp.	1,700,330	1,625,448	2.01
		<u>53,343,736</u>	<u>64,553,870</u>	<u>79.67</u>
U.S. equities				
25,000	GE HealthCare Technologies Inc.	2,437,597	2,812,261	3.47
84,168	MINISO Group Holding Ltd.	2,370,838	2,164,433	2.67
14,100	Newmont Corp.	881,169	1,930,914	2.38
		<u>5,689,604</u>	<u>6,907,608</u>	<u>8.52</u>
U.S. options				
1,900	Invesco QQQ Trust Series 1 Call \$618 30JAN26	45,151	29,446	0.04
4,200	SPDR S&P 500 ETF Trust Call \$710 30JAN26	68,736	5,645	0.01
		<u>113,887</u>	<u>35,091</u>	<u>0.05</u>
	Total investments owned	59,147,227	71,496,569	88.24

Continued on next page

Veritas Absolute Return Fund

Schedule of Investment Portfolio (Cont'd)

As at December 31, 2025

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
	Canadian equities			
(36,600)	BCE Inc.	\$ (1,191,104)	\$ (1,198,284)	(1.48)
(15,100)	Brookfield Asset Management Ltd.	(1,155,494)	(1,085,690)	(1.34)
(6,700)	Canadian Tire Corp Ltd.	(1,018,461)	(1,165,398)	(1.44)
(23,600)	Empire Co., Ltd.	(1,180,624)	(1,126,192)	(1.39)
(42,900)	TELUS Corp.	(899,688)	(776,061)	(0.96)
		<u>(5,445,371)</u>	<u>(5,351,625)</u>	<u>(6.61)</u>
	U.S. equities			
(13,300)	Advance Auto Parts Inc.	(886,200)	(716,868)	(0.88)
(13,900)	Best Buy Co Inc.	(1,450,360)	(1,275,943)	(1.57)
(16,600)	General Mills Inc.	(1,186,311)	(1,058,661)	(1.31)
(1,900)	Invesco QQQ Trust Series 1	(1,585,882)	(1,600,800)	(1.98)
(5,000)	Lowe's Cos Inc.	(1,576,779)	(1,653,755)	(2.04)
(4,200)	SPDR S&P 500 ETF Trust	(3,713,542)	(3,928,064)	(4.85)
(11,000)	Whirlpool Corp.	(1,137,203)	(1,088,340)	(1.34)
		<u>(11,536,277)</u>	<u>(11,322,431)</u>	<u>(13.97)</u>
	U.S. options			
(1,900)	Invesco QQQ Trust Series 1 Put \$535 30JAN26	(25,660)	(2,085)	0.00
(4,200)	SPDR S&P 500 ETF Trust Put \$580 30JAN26	(19,116)	(2,074)	0.00
		<u>(44,776)</u>	<u>(4,159)</u>	<u>0.00</u>
	Total investments sold short	(17,026,424)	(16,678,215)	(20.58)
	Commissions and other portfolio transaction costs	<u>(12,572)</u>	<u>—</u>	<u>—</u>
	Net investments owned	\$ 42,108,231	54,818,354	67.66
	Other assets, net		<u>26,223,691</u>	<u>32.34</u>
	Net Assets Attributable to Holders of Redeemable Units		\$ 81,042,045	100.00

Veritas Absolute Return Fund

Notes to Financial Statements

December 31, 2025

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, restated or supplemented from time to time. 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. In order to achieve its investment objective, 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 determined 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 portfolio.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). 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 financial statements were authorized for issue by the Manager on February 20, 2026.

IFRS Accounting Standards issued but not yet adopted

Presentation and Disclosure in Financial Statements:

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures ("MPMs") in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Fund is assessing the impacts to the financial statements.

Classification and Measurement of Financial Instruments:

In May 2024, the IASB issued amendments to IFRS 9 – Financial Instruments ("IFRS 9") and IFRS 7 – Financial Instruments: Disclosures ("IFRS 7"). The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance ("ESG")-linked features. The IASB also amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income ("FVOCI") and added disclosure requirements for financial instruments with contingent features. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Fund is assessing the impacts to the financial statements.

Veritas Absolute Return Fund

Notes to Financial Statements

December 31, 2025

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 December 31, 2025 and 2024, all investments are classified at Level 1.

Classification

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

The Fund classifies and measures financial instruments in accordance with IFRS 9. 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.

Veritas Absolute Return Fund

Notes to Financial Statements

December 31, 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 in investments is determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities.

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 in value of investments' in the Statement of Comprehensive Income.

Use of estimates

The preparation of financial statements in accordance with IFRS Accounting Standards 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 year.

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

Increase in Net Assets attributable to holders of redeemable units per unit is based on the increase 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 year. 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.

Veritas Absolute Return Fund

Notes to Financial Statements

December 31, 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Cash at broker

The Fund has both custodial and prime brokerage agreement to carry its accounts. The custodian and prime broker each have custody of the Fund's securities and, from time to time, cash balances which may be due from the custodian and prime 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.

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 V: 0.95% per annum of the net asset value of Series V 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.
- Series P: 1.50% per annum of the net asset value of Series P Units of the Fund calculated daily and paid on the last business day of the month.

Ownership

As at December 31, 2025, 203,303 units (2024: 163,146) of Series F were owned by parties related to the Manager. As at December 31, 2025, 213,592 units (2024: 247,343) of Series I were owned by parties related to the Manager.

Veritas Absolute Return Fund

Notes to Financial Statements

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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, Series V, Series I units and Series P 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 P Units are available on a private placement basis to investors resident in the provinces of Ontario and Manitoba and such other provinces or territories as may be determined by the Manager who invest in the Funds through the Manager, in its capacity as an exempt market dealer or through another registered dealer. The management fees on the Series P Units will not be greater than the management fees charged in relation to the Series A Units of the applicable Funds. 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. Series V Units are available to investors who purchase through certain Registered Representatives selected at the discretion of the Manager and whose Registered Representative invests the minimum amount agreed to with the Manager. Series V Units will only be available for investment until such time as the Series V Units (as applicable) reach a NAV of \$125 million, following which time, they will be closed to new investment.

The minimum initial investment in Series A and Series F units of the Fund is \$5,000. 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. The minimum initial investment in Series P is \$100,000 or such other amount as may be accepted by the Manager in its discretion and permitted under applicable securities laws. The minimum initial and subsequent investment in Series I units is negotiable between the investor and the Manager. The minimum initial investment in Series V units is \$10 million in aggregated purchases by registered representatives or such amount as approved at the discretion of the Manager. The minimum subsequent investment in the Series V units of the Fund is \$1,000 or such amount as otherwise approved by the Manager.

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 one business day after the relevant Redemption Date.

If an investor redeems Series A, Series F or Series V units of the Fund within 30 days of purchasing such units, the Fund may deduct and retain, for the benefit of the remaining unitholders in the Fund, 2% 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, Series F or Series V units purchased by the reinvestment of distributions;
- for systematic withdrawal plans;
- redesignation of Series A, Series F or Series V 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.

Veritas Absolute Return Fund

Notes to Financial Statements

December 31, 2025

6. REDEEMABLE UNITS OF THE FUND (continued)

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 years ended December 31, 2025 and 2024 are as follows:

	Redeemable Units, beginning of year	Redeemable Units Issued	Redemptions of Redeemable Units	Reinvestments of Units	Redeemable Units, end of year
December 31, 2025					
Series A	386,853	39,805	(70,153)	–	356,505
Series F	3,348,815	1,332,949	(1,358,686)	–	3,323,078
Series I	263,180	2,766	(35,628)	–	230,318
Series V	–	2,219,310	(544,775)	–	1,674,535
December 31, 2024					
Series A	460,048	27,291	(102,341)	1,855	386,853
Series F	3,334,085	1,256,718	(1,277,556)	35,568	3,348,815
Series I	244,254	21,708	(5,896)	3,114	263,180

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.

Veritas Absolute Return Fund

Notes to Financial Statements

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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 December 31, 2025 and 2024, the Fund had no significant investments in debt instruments. The Fund's maximum exposure to credit loss is \$81,339,562 (2024: \$53,023,773).

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

December 31, 2025

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 December 31, 2025 and 2024, 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 December 31, 2025, 68% (2024: 69%) 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 year end, with all other factors remaining constant, Net Assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$5,481,835 (2024: \$3,660,800). 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

December 31, 2025

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	
	December 31, 2025	December 31, 2024
Investments owned (sold short)		
Communication Services	2.1	3.6
Consumer Discretionary	(4.6)	5.8
Consumer Staples	3.8	4.7
Energy	16.4	11.1
Financials	15.8	12.4
Funds	(6.8)	–
Health Care	3.5	–
Industrials	10.8	13.2
Information Technology	–	5.5
Materials	15.2	6.5
Real Estate	4.0	4.2
Utilities	7.4	2.4
Total net investments	67.6	69.4
Cash at broker	32.4	30.8
Other assets and liabilities	–	(0.2)
	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

December 31, 2025

7. RISK MANAGEMENT (continued)

Currency Risk (continued)

The table below summarizes the Fund's exposure to currency risk as of December 31, 2025 and 2024:

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, 2025						
U.S. Dollar	\$ 12,686,562	\$ (4,383,891)	\$ 8,302,671	\$ 634,328	\$ (219,195)	\$ 415,133
	\$ 12,686,562	\$ (4,383,891)	\$ 8,302,671	\$ 634,328	\$ (219,195)	\$ 415,133
% of Net Assets						
Attributable to Holders of Redeemable Units	15.65	(5.41)	10.24	0.78	(0.27)	0.51

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, 2024						
U.S. Dollar	\$ 6,787,743	\$ 747,714	\$ 7,535,457	\$ 339,387	\$ 37,386	\$ 376,773
	\$ 6,787,743	\$ 747,714	\$ 7,535,457	\$ 339,387	\$ 37,386	\$ 376,773
% of Net Assets						
Attributable to Holders of Redeemable Units	12.84	1.41	14.25	0.64	0.07	0.71

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

December 31, 2025

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 Trust 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, 2025. Foreign income received is subject to foreign withholding taxes.

As of the tax year December 31, 2025, the Fund had nil (2024: nil) non-capital and \$1,344,498 (2024: \$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 IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The increase in net assets attributable to holders of redeemable units per unit for the years ended December 31, 2025 and 2024 are calculated as follows:

	Increase in Net Assets Attributable to Holders of Redeemable Units per Series	Weighted Average of Redeemable Units Outstanding During the Year	Increase in Net Assets Attributable to Holders of Redeemable Units per Unit
December 31, 2025			
Series A	\$ 855,534	365,519	\$ 2.34
Series F	8,478,969	3,342,274	2.54
Series I	676,682	238,683	2.84
Series V	2,005,739	1,416,067	1.42
December 31, 2024			
Series A	\$ 704,873	410,907	\$ 1.72
Series F	6,034,522	3,197,337	1.89
Series I	519,762	249,594	2.08