



Genus Dividend Equity Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2017

This Annual Management Report of Fund Performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-668-7366, by writing to us at 860 - 980 Howe Street Vancouver, British Columbia V6Z 0C8, or by visiting our website at www.genuscap.com/Financial-Reports-Prospectus or SEDAR at www.sedar.com. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The Fund's investment objective is to provide a lower volatility, higher yield investment solution. It follows an active total equity approach and invests in large-cap common stocks with a geographic home-based of 35% Canada and 65% global. The primary strategy employed is one of quantitative security selection, holding between 40 and 100 securities that are expected to outperform the target index as a whole.

This Fund offers a hybrid equity solution which aims to provide moderate risk adjusted return from equity market exposure compared to fixed income assets, and a consistent positive cash inflow by maintaining a dividend yield of 4% or better. On top of the equity performance, the fund is also allowed to invest in money market instruments, futures/forward contracts, swaps, options, and other derivatives to manage cash flows, beta, and hedge currency exposure without creating leverage.

Genus Capital Management, Inc. (the Fund's Manager) implements a quantitative multi-style stock discipline that examines factors in the areas of value, growth, expectation, momentum, quality and sustainability. In addition to high return potential and attractive yield, this strategy emphasizes stocks with lower beta and lower correlation characteristics. Geographical location is actively managed through our DynaMix process, which seeks to overweight attractive regions and underweight areas presenting more risk.

Risk

There were no significant changes to the investment objective and strategies that affected the Fund's overall level of risk during the reporting year and the risks of investing in the Fund and the suitability of the Fund for investors remain as discussed in the Simplified Prospectus.

Results of Operations

The Fund's net assets increased to \$255.1 million as of December 31, 2017, from \$216.0 million at the end of 2016. For the full year, the Fund's return was +11.2%, which underperformed +12.97% benchmark. The Fund's benchmark is 35% S&P/TSX Composite, 65% MSCI World.

Global equities racked up solid gains in the first quarter of 2017 led by U.S., and stocks significantly outperformed bonds. U.S. bond yields were range-bound, caught between rate hikes and rising uncertainty over the magnitude and timing of fiscal stimulus. Canada was lagging behind after Bank of Canada (BoC)'s dovish views on future economic growth. Early in March, Premier Li lowered China's GDP growth target to 6.5% and trimmed money supply growth to 12%, sending a clear message that Chinese officials will shift their focus from short-term support to long-term structural reform. Europe has underperformed United States since 2009 as the American economy has lead global recovery, but going forward, we might see Europe catching up given recently improved unemployment and inflation data. The best performing stocks in the Fund during the quarter were Industrials stock Abertis Infraestructuras SA and Consumer Discretionary stock Darden Restaurant Inc. The worst performing stocks in the Fund during the first quarter were Materials stock Fletcher Building Ltd., and Consumer Staples sector Marine Harvest.

For the second quarter, global equities continued their march higher in Canadian dollar terms, but the real action took place in bonds, foreign exchange and commodities. The end of the second quarter marked the beginning of the end for the low-interest rate environment as the rest of the world indicated it would follow the United States in raising interest rates. U.S. equities continued their ascent during the quarter, with the S&P 500 hitting new all-time highs as the headwind of rising rates there subsided. Canada's performance is disappointing with Energy and Financial sector leading the drop, S&P/TSX Composite Index ended the quarter at -2.35%. Europe is finally turning a corner, as evidenced by more robust economic indicators, the upward move in European bond yields, and the euro's burgeoning strength. Political risks that plagued Europe earlier in the year have somewhat abated. The best performing stocks in the Fund during the quarter were Consumer Staples stock Best Buy Co Inc and Industrials stock Abertis Infraestructuras SA. The worst performing stocks in the Fund during the second quarter were Information Technology stock International Business Machine Corp, and Cisco Systems Inc.

We entered the third quarter with mixed economic data and hints that central banks might increase rates. Global economic growth continued higher with strong momentum. U.S. equities continued their gains this quarter, hitting new all-time highs in U.S. dollar terms as the market was not convinced by Federal Reserve Chairwoman Janet Yellen's speech about the future of the federal funds rate. Canada's economy saw a substantial improvement for the second consecutive quarter, resulting in two rate hikes by Governor Poloz—first in July and again in September. The S&P/TSX ended the quarter up 3.71%, with significant gains in Financials and Energy leading the way. In Europe, Euro Stoxx was the best-performing market in Canadian dollar terms and our favourable choice for the quarter. The best performing stocks in the Fund during the quarter were Industrials stock The Boeing Co and Health Care stock ABBVIE Inc. The worst performing stocks in the Fund during the third quarter were Consumer Discretionary stock Darden Restaurant Inc, and Consumer Staples stock Altria Group Inc.

The bull continues to run harder in the last quarter of 2017, with unemployment rates in many developed countries at its lowest in the past decade. Global banks' efforts to spur economic growth continued to take the wind out of bonds' sails. Believe it or not, the U.S. Federal Reserve has started selling off some of the \$4.5 trillion portfolio it acquired to keep interest rates down after the 2008 financial crisis. If that isn't enough, we have got more fuel to burn from the change in fiscal policy when U.S. President Donald Trump approved a sweeping overhaul of tax code, news of which drove equities to all-time highs. The Canadian economy took a little breather from its booming pace in the first half of 2017, but GDP is still on track to expand at 3.0% this year, giving Canada the distinction of having the fastest growth rate in the G7. In Europe, those discussions that spurred from Brexit has finally moved passed Phase 1 and onwards to Phase 2. Although it will not be focusing on future trade agreements, the market is generally optimistic about the EU and UK making process. In broad strokes, the Information Technology sector and Financials sector were the big winners, while Real Estate, Telecommunication, and Utilities picks lagged somewhat. The best performing stocks in the Fund during the quarter were Energy stock Valero Energy Corp and Health Care stock ABBVIE Inc. The worst performing stocks in the Fund during the fourth quarter were Consumer Discretionary stock Etelsat Communications, and Consumer Staples sector Marine Harvest.

Recent Developments

In early February, equity markets had a sharp decrease. Many see the market correction triggered by a combination of reasons being the timing of funds rebalancing, corporate black-out periods, and technically driven selloffs. The storm has now calmed with the market regaining confidence, and trading volume back to normal. Major indices are now catching up to their all-time highs, but volatility should be higher than previous quarters, especially when the new Fed Chairman Jerome Powell starts to lead the FOMC after Janet Yellen's departure.

Management Discussion of Fund Performance (cont.)

Related Party Transactions

Genus Capital Management Inc. is the manager and portfolio advisor of the Fund and is responsible for the Fund's day-to-day operations. Genus Capital Management Inc. is considered a related party of the Fund. The Fund pays the Manager a management fee as compensation for its services in respect of Series F units. The annualized management fee for the Series F units is 0.65% (subject to applicable taxes). During the year ended December 31, 2017, the Fund paid the Manager \$0 in management fees because no Series F units have been distributed as at the date of this document.

Management Fees

The Fund pays an annual management fee to the Manager to provide or arrange to provide management and administrative services in respect of Series F units. The fees are calculated based on a percentage of the net asset value of Series F units of the Fund on each valuation day and are paid on a monthly basis. The annualized management fee for the Series F units of the Fund is 0.65% (subject to applicable taxes). During the year ended December 31, 2017, the Series F units paid the Manager \$0 in management fees because no Series F units have been distributed as at the date of this document.

In respect of Series O units, no management fees are paid by the Fund. The unitholder of Series O pays the Manager a negotiated management fee outside of the Fund.

Financial Highlights

The Fund's Net Assets Attributable to Holders of Redeemable Units per Unit

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the applicable periods indicated. The Fund became a reporting issuer on October 23, 2017.

Series O <small>*Series O units are only offered by way of private placement</small>	2017	2016
Net asset value, beginning of year	\$ 140.72	\$ -
Increase (decrease) from operations:		
Total revenue	5.71	-
Total expenses	(1.33)	-
Realized gains (losses) for the year	9.76	-
Unrealized gains (losses) for the year	1.72	-
Total increase (decrease) from operations⁽¹⁾	15.86	-
Distributions:		
From income (excluding dividends)	(3.48)	-
From dividends	(1.63)	-
From capital gains	(5.93)	-
Return of capital	-	-
Total Annual Distributions⁽²⁾	(11.04)	-
Net asset value, end of year	\$ 145.26	\$ -

Series F (Inception October 23, 2017) <small>*No Series F units have been distributed as at the date of this document</small>	2017	2016
Net asset value, beginning of year	\$ -	\$ -
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses	-	-
Realized gains (losses) for the year	-	-
Unrealized gains (losses) for the year	-	-
Total increase (decrease) from operations⁽¹⁾	-	-
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total Annual Distributions⁽²⁾	-	-
Net asset value, end of year	\$ -	\$ -

1 Net assets attributable to holders of redeemable units 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.

2 Distributions are reinvested in additional units of the Fund or paid in cash.

Financial Highlights (cont.)**Ratios and Supplemental Data**

Series O <small>*Series O units are only offered by way of private placement</small>	2017	2016
Total net asset value	\$ 255,080,277	\$ -
Number of units outstanding ⁽¹⁾	1,756,020	-
Management expense ratio ⁽²⁾	0.06%	-
Management expense ratio before waivers or absorptions	0.06%	-
Trading expense ratio ⁽³⁾	0.44%	-
Portfolio turnover rate ⁽⁴⁾	145.11%	-
Net asset value per unit	145.26	-

Series F (Inception October 23, 2017) <small>*No Series F units have been distributed as at the date of this document</small>	2017	2016
Total net asset value	\$ -	\$ -
Number of units outstanding ⁽¹⁾	-	-
Management expense ratio ⁽²⁾	-	-
Management expense ratio before waivers or absorptions	-	-
Trading expense ratio ⁽³⁾	-	-
Portfolio turnover rate ⁽⁴⁾	-	-
Net asset value per unit	-	-

1 This information is provided as at December 31 of the year shown; unless noted otherwise.

2 Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.

3 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a 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.

PAST PERFORMANCE

As the Fund has been a reporting issuer for less than a year, past performance data is not available.

Summary of Investment Portfolio

As at December 31, 2017

Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 The Toronto-Dominion Bank	3.6
2 Cash	3.4
3 Legal & General Group PLC	3.4
4 Royal Bank of Canada	3.2
5 Total SA	3.1
6 Canon Inc.	3.1
7 National Bank of Canada	3.0
8 BCE Inc.	3.0
9 Valero Energy Corp.	3.0
10 Power Financial Corp.	3.0
11 LyondellBasell Industries NV	3.0
12 The Bank of Nova Scotia	2.9
13 Pfizer Inc.	2.9
14 Atlantia SpA	2.9
15 International Business Machines Corp.	2.9
16 IGM Financial Inc.	2.9
17 Abertis Infraestructuras SA	2.8
18 Phillips 66	2.8
19 Canadian Apartment Properties REIT	2.6
20 TELUS Corp.	2.5
21 AT&T Inc.	2.5
22 ITOCHU Corp.	2.2
23 Verizon Communications Inc.	2.2
24 CI Financial Corp.	2.1
25 Darden Restaurants Inc.	2.1
	71.1

Total Net Asset Value (000's) \$255,080

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Financials	29.1
Telecommunication Services	10.2
Industrials	9.9
Energy	8.9
Real Estate	7.8
Consumer Discretionary	7.3
Information Technology	6.7
Utilities	6.5
Consumer Staples	4.5
Health Care	3.7
Materials	3.0
Cash and Cash Equivalents	2.4
	100.0

Asset Mix

	Percentage of Net Asset Value of the Fund (%)
Canadian Equities	37.2
International Equities	32.4
U.S. Equities	28.0
Cash and Cash Equivalents	2.4
	100.0

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and a quarterly update is available at <https://genuscap.com/Financial-Reports-Prospectus>

This Management Report of Fund Performance may contain forward-looking statements relating to anticipated results or expectations. Forward-looking statements require us to make assumptions, and are subject to inherent risks and uncertainties. Forward-looking statements are not guarantees of future performance. We caution you not to place undue reliance on this report, as a number of factors could cause actual future results, or events to differ materially from expectations and estimates expressed or implied in any forward-looking statements. Actual results may differ from management expectations for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments. The above-mentioned list of factors is not exhaustive. You should carefully consider these factors and the inherent uncertainty of forward-looking statements before making any investment decisions. Further, you should be aware that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.