



Genus Fossil Free Corporate Bond 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. Security holders 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 preserve capital, generate income and create added value through active bond management. Overlaying this process, the manager applies a qualitative screen that seeks to eliminate any issuers who are directly involved in extracting, processing and transporting oil, gas or coal, as well as high carbon emitters.

Risk

During the period, there were no material changes to the portfolio's interest rate risk, as measured by portfolio duration. From a credit risk perspective, there was an approximately 10% decrease in percentage of the portfolio invested in AA rated bonds that was used to increase the portfolio's overall percentage in A and BBB rated issues.

Results of Operations

The Fund's net asset value increased to \$48.9 million as of December 31, 2017, from \$45.0 million at the end of 2016. For the full year, the Fund's return was +2.5%, which under performed +2.6% benchmark. The Fund's benchmark is 100 FTSE TMX Canada Mid Term Corporate Bond Index.

The Fund's portfolio benefited from the manager's corporate security selection, particularly within the Communications sector during the first half of the year and the portfolio benefited from its holdings within the Industrials sector during the second half of the year, but the Fund's return was partially offset by being overweight in the Financials and Infrastructure sectors, which performed poorly during the Fall. From an interest rate perspective, the manager's duration and yield curve positioning helped performance during the period as they were able to take advantage of the rise in short-term interest rates that resulted from the Bank of Canada increasing their target rate during 2017, as well as the flattening of the yield curve that was the result of the market's low inflation expectations.

Recent Developments

Global growth is synchronized currently and we expect it to continue to firm with benign inflationary pressures. This is evidenced by broad-based gains in industrial production in most trade-oriented economies, such as Germany, Japan and various emerging markets. The US economy will continue to be driven by consumer spending, but will also get support from public sector spending and tax cuts. The robust Canadian economy will slow to slightly above-trend growth in 2018, supported by consumer and government spending. Monetary policy will continue to gradually tighten in 2018, led by the Fed and BoC. The BoE may change to a tightening trend, and the ECB and BoJ will look to reduce stimulus. The bond market will be challenged by this strong economic forecast and monetary policy tightening, which will put upward pressure on interest rates. While there remain structural headwinds to inflation (globalization, productivity and technology), the economy is operating near full capacity, so increased wage pressure may begin to offset. If inflation fails to develop, the yield curve will flatten as the central banks push up short-term rates while longer-term yields remain stable. Corporate credit should continue to perform well supported by earnings fundamentals and the demand for yield.

Related Party Transactions

Genus Capital Management Inc. is the manager and main 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 0.49% (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 0.49% (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	\$ 103.34	\$ -
Increase (decrease) from operations:		
Total revenue	3.39	-
Total expenses	(0.28)	-
Realized gains (losses) for the year	0.19	-
Unrealized gains (losses) for the year	(0.80)	-
Total increase (decrease) from operations⁽¹⁾	2.50	-
Distributions:		
From income (excluding dividends)	(2.97)	-
From dividends	-	-
From capital gains	(0.01)	-
Return of capital	-	-
Total Annual Distributions⁽²⁾	(2.98)	-
Net asset value, end of year	\$ 102.92	\$ -

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	2017	2016
<i>*Series O units are only offered by way of private placement</i>		
Total net asset value	\$ 48,873,634	\$ -
Number of units outstanding ⁽¹⁾	474,857	-
Management expense ratio ⁽²⁾	0.27%	-
Management expense ratio before waivers or absorptions	0.27%	-
Trading expense ratio ⁽³⁾	n/a	-
Portfolio turnover rate ⁽⁴⁾	71.71%	-
Net asset value per unit	102.92	-

Series F (Inception October 23, 2017)	2017	2016
<i>*No Series F units have been distributed as at the date of this document</i>		
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. The trading expense ratio is not applicable to fixed-income transactions.

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 Royal Bank of Canada, 2.33%, Dec 05, 2023	4.1
2 TELUS Corp., 3.75%, Mar 10, 2026	4.1
3 The Toronto-Dominion Bank, 3.23%, Jul 24, 2024	3.9
4 Rogers Communications Inc., 4.00%, Mar 13, 2024	3.3
5 Bell Canada, 2.90%, Aug 12, 2026	3.2
6 The Bank of Nova Scotia, 2.62%, Dec 02, 2026	3.2
7 Choice Properties Real Estate Investment Trust, 4.06%, Nov 24, 2025	2.8
8 Alimentation Couche-Tard Inc., 3.06%, Jul 26, 2024	2.3
9 Bell Canada, 3.60%, Sep 29, 2027	2.3
10 Sun Life Financial Inc., 3.05%, Sep 19, 2028	2.3
11 Bank of Montreal, 2.70%, Sep 11, 2024	2.0
12 Reliance LP, 3.84%, Mar 15, 2025	2.0
13 407 International Inc., 3.35%, May 16, 2024	1.9
14 Loblaw Cos. Ltd., 4.86%, Sep 12, 2023	1.8
15 Hydro One Inc., 2.77%, Feb 24, 2026	1.8
16 AltaLink LP, 3.40%, Jun 06, 2024	1.7
17 bcIMC Realty Corp., 2.84%, Jun 03, 2025	1.7
18 Granite REIT Holdings LP, 3.87%, Nov 30, 2023	1.7
19 Shaw Communications Inc., 4.35%, Jan 31, 2024	1.6
20 Wells Fargo & Co., 2.98%, May 19, 2026	1.6
21 Metro Inc., 3.39%, Dec 06, 2027	1.5
22 TELUS Corp., 3.75%, Jan 17, 2025	1.5
23 Bank of Montreal, 3.34%, Dec 08, 2025	1.5
24 Loblaw Cos. Ltd., 6.50%, Jan 22, 2029	1.4
25 Magna International Inc., 3.10%, Dec 15, 2022	1.4
	56.6
Total Net Asset Value (000's)	\$48,874

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Canadian Corporate Bonds	90.6
Foreign Bonds	6.4
Cash and Cash Equivalents	1.7
Canadian Mortgage-Backed Securities	1.3
	100.0

Asset Mix

	Percentage of Net Asset Value of the Fund (%)
Canadian Fixed Income	91.9
U.S. Fixed Income	6.4
Cash and Cash Equivalents	1.7
	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.