



Genus Fossil Free 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

This is a lower volatility, higher yield solution. The Fund 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 Fund emphasizes leading industries in each region, and integrates broad Environmental, Social and Governance (ESG) criteria. This Fund also excludes all companies directly involved in the extraction, processing and transportation of fossil fuels.

This Fund offers a complete equity solution and aims to be 25% safer than the overall market with superior returns and a dividend yield of 4% or better. The portfolio is also designed to provide strong alignment with environmental, social and governance values.

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 low beta and low 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 asset value increased to \$66.4 million as of December 31, 2017, from \$56.3 million at the end of 2016. For the full year, the Fund's return was +9.5%, which underperformed +13.0% 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 led global recovery, but going forward, we might see Europe catching up given recently improved unemployment and inflation data. In Canadian dollar terms, Genus Fossil Free Dividend Equity Fund's return 3.1% against a benchmark return of 4.7% for the quarter. The portfolio's relative underperformance of 1.6% can be attributed to challenging stock selection in the Materials and Information Technology sectors, which offset positive contributions from skillful sector allocation. Our exclusion of the Energy sector and maintenance of an underweight exposure in Materials helped mitigate the portfolio's underperformance during the natural gas slump this quarter. When the portfolio's benchmark is adjusted to exclude Energy, the portfolio underperformed the benchmark by 0.96% (versus an adjusted benchmark return of 4.02%). The best performers in the portfolio were Abertis Infraestructuras (Industrials) and BOC Hong Kong Holdings (Financials). The worst performers in the portfolio were Fletcher Building (Materials) and Kohl's Corp (Consumer Discretionary).

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. In Canadian dollar terms, Genus Fossil Free Dividend Equity Fund's return 0.3% against its benchmark* return of 0.4% for the quarter. The portfolio's relative underperformance of 0.1% can be attributed to challenging stock selection in the Financials and Consumer Staples sectors, which offset positive contributions from sector allocation. The best performers in the quarter were BOC Hong Kong Holdings (Financials) and Abertis Infraestructuras (Industrials). The worst performers in the portfolio were both from the Information Technology sector: International Business Machines Corp ("IBM") and Cisco Systems Inc.

We entered this 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. In Canadian dollar terms, the Genus Fossil Free Dividend Equity Fund's return 2.78% (gross of fees) against the benchmark return of 1.99% for the quarter. The portfolio's relative outperformance of 0.79% was due to positive security selection. In terms of sector allocation, we were underweight in Consumer Staples, which helped portfolio performance, as it was a poor quarter for this sector. In terms of stock selection, Consumer Discretionary and Health Care choices offered the biggest boosts. Energy performed unexpectedly well, dampening the portfolio's active return somewhat. The best performers in the portfolio were Gap Inc. (Consumer Discretionary) and Abbvie (Health Care), while the worst were Tupperware Brands (Consumer Discretionary) and Best Buy (Consumer Discretionary).

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.

Management Discussion of Fund Performance (cont.)

In broad strokes, the Information Technology sector and Financials sector were the big winners, while Real Estate, Telecommunication, and Utilities picks lagged somewhat. In Canadian dollar terms, the Genus Fossil Free Dividend Equity Fund's return 3.3% (gross of fees) versus the benchmark return of 5.4% for the quarter. The portfolio's relative underperformance of 2.1% was due to security selection: the winning picks in the IT sector could not make up for the disappointing selection in the Consumer Discretionary sector. In terms of sector allocation, our "no energy" mandate contributed to the fund's performance while our overweight position in Telecommunications detracted. The best performers in the portfolio were Intel (Information Technology) and Abbvie (Health Care), while the worst were Gilead Sciences (Health Care) and Eutelsat Communications (Consumer Discretionary).

A series of positive signals—such as U.S. tax reform, negative interest rates in Europe, and strong job growth in Canada—are fuelling the equity markets. Sector-wise, last quarter we favoured cyclical (such as Financials, IT and Health Care) over defensives (such as Consumer Staples and Utilities), but our view now is more balanced. Among cyclical, we expect the best results from the Consumer Discretionary and Materials sectors. Our top picks for defensive sectors are Consumer Staples and Telecommunications. Due to the strong economy and high odds of further interest rate hikes, we expect the other Cyclical sectors to maintain solid performances next quarter.

Recent Developments

In early February, equity markets had a sharp decrease and have been gradually climbing since. The MSCI World Index is close to prices at the beginning of the year. However, the Canadian market has not rebounded at the same rate.

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	2017	2016
<small>*Series O units are only offered by way of private placement</small>		
Net asset value, beginning of year	\$ 103.38	\$ -
Increase (decrease) from operations:		
Total revenue	3.64	-
Total expenses	(1.13)	-
Realized gains (losses) for the year	6.05	-
Unrealized gains (losses) for the year	1.39	-
Total increase (decrease) from operations⁽¹⁾	9.95	-
Distributions:		
From income (excluding dividends)	(1.93)	-
From dividends	(1.17)	-
From capital gains	(3.28)	-
Return of capital	-	-
Total Annual Distributions⁽²⁾	(6.38)	-
Net asset value, end of year	\$ 106.73	\$ -

Series F (Inception October 23, 2017)	2017	2016
<small>*No Series F units have been distributed as at the date of this document</small>		
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	\$ 66,431,297	\$ -
Number of units outstanding ⁽¹⁾	622,412	-
Management expense ratio ⁽²⁾	0.28%	-
Management expense ratio before waivers or absorptions	0.28%	-
Trading expense ratio ⁽³⁾	0.50%	-
Portfolio turnover rate ⁽⁴⁾	148.13%	-
Net asset value per unit	106.73	-

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.

