



Genus Short-Term Bond Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2018

This Interim Management Report of Fund Performance contains financial highlights, but does not contain either the complete interim financial statements or the complete annual financial statements of the Fund. You can get a copy of the interim financial statements and annual financial statements at your request, and at no cost, by calling 1-800-668-7366, or 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 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 by investing in a combination of fixed income securities issued by the Federal, Provincial and Municipal governments, as well Corporate bond securities.

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 5% decrease in percentage of the portfolio invested in A rated bonds that was used to increase the portfolio's overall percentage in AA and BBB rated issues. In addition, the portfolio significantly increased its exposure to British Columbia provincial bonds at the expense of Ontario's during the period.

Results of Operations

The Fund's net asset value increased to \$53.8 million as at June 30, 2018 from \$45.1 million as at December 31, 2017. Over the past six months, the Fund's net return was 0.45% versus 0.56% benchmark. The Fund's net return is after deduction of expenses.

During the period, the Fund returned 0.55% and performed in line with its benchmark. The Fund benefited from the manager's yield curve positioning in an environment in which saw short-term market interest rates rise due to the Bank of Canada increasing its target interest rate. Within the portfolio's allocation to Corporate bonds, an absence from the Energy sector during second half of the period detracted from performance as it was one of the best performing sectors.

Recent Developments

There was a time when central bank actions triggered major reactions along the yield curve. Announced some time ago, and confirmed by the achievement of inflation targets, central bank intentions to shift to a neutral monetary policy have been clearly expressed. Nevertheless, despite a typical range of fluctuations, bond yields were little changed at the end of the second quarter. In Canada, only shorter-term yields (2 years and 5 years) rose in step with policy rate expectations, while longer-term yields hardly rose (10 years) or even declined (30 years). In fact, net of inflation, bond yields are either negative or zero across the maturity spectrum in Canada and are positive only for 30-year issues in the United States. This seems inconsistent with a much-improved economic environment compared to the one that prevailed when central banks feared the spread of deflation and began to engage in financial repression.

The inflation rate has now exceeded the 2% target in Canada and the United States for several months now. In accordance with prescribed monetary policy, the Bank of Canada and the U.S. Federal Reserve should not even hesitate to tighten credit conditions, especially since economic indicators remain positive. It is therefore not for economic reasons that monetary authorities are hesitant, but rather for geopolitical ones. The global political order was shaken by the election of several populist-leaning governments, obscuring guideposts for market participants. The policies they are putting in place, including protectionism, are designed as a response to the dissatisfaction of those who believe they are victims of globalization, either because of wealth inequality or because they are unable to adapt to the requirements of a global economy. These inward-looking policies create uncertainty and unsettle financial markets. In addition, they could ultimately wipe out the progress achieved through years of global economic integration, including a widespread increased standard of living and a global decline in poverty. Even though central banks have started to gradually release the valve on financial repression, populist policies such as protectionism are frightening investors, who are seeking refuge in the bond market, regardless of the price. We believe that over time, investors will find their traditional guideposts again and that yields will provide a more accurate picture of underlying risks.

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 period ended June 30, 2018, 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.

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 period ended June 30, 2018, 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>	2018 Jun 30	2017 Dec 31
Net asset value, beginning of period/year	\$ 81.59	\$ 82.74
Increase (decrease) from operations:		
Total revenue	1.20	2.30
Total expenses	(0.09)	(0.18)
Realized gains (losses) for the period/year	(0.55)	(0.54)
Unrealized gains (losses) for the period/year	(0.22)	(0.99)
Total increase (decrease) from operations⁽¹⁾	0.34	0.59
Distributions:		
From income (excluding dividends)	(1.02)	(2.02)
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total Annual Distributions⁽²⁾	(1.02)	(2.02)
Net asset value, end of period/year	\$ 80.93	\$ 81.59

Series F (Inception October 23, 2017) <small>*No Series F units have been distributed as at the date of this document</small>	2018 Jun 30	2017 Dec 31
Net asset value, beginning of period/year	\$ -	\$ -
Increase (decrease) from operations:		
Total revenue	-	-
Total expenses	-	-
Realized gains (losses) for the period/year	-	-
Unrealized gains (losses) for the period/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 period/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	2018	2017
<small>*Series O units are only offered by way of private placement</small>	Jun 30	Dec 31
Total net asset value	\$ 53,778,559	\$45,059,009
Number of units outstanding ⁽¹⁾	664,473	552,252
Management expense ratio ⁽²⁾	0.21%	0.17%
Management expense ratio before waivers or absorptions	0.21%	0.17%
Trading expense ratio ⁽³⁾	n/a	n/a
Portfolio turnover rate ⁽⁴⁾	40.25%	99.12%
Net asset value per unit	80.93	81.59

Series F (Inception October 23, 2017)	2018	2017
<small>*No Series F units have been distributed as at the date of this document</small>	Jun 30	Dec 31
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 period ended June 30 and year ended December 31 as shown above.

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 June 30, 2018

Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Province of British Columbia, 3.70%, Dec 18, 2020	6.8
2 Canadian Government Bond, 1.25%, Feb 01, 2020	5.3
3 Canadian Mortgage Pools, 1.84%, Dec 01, 2022	4.6
4 Province of Quebec, 1.65%, Mar 03, 2022	4.5
5 Canada Housing Trust No.1, 2.40%, Dec 15, 2022	3.8
6 Province of Ontario, 4.00%, Jun 02, 2021	3.7
7 TD Capital Trust III, 7.24%, Dec 31, 2049	3.2
8 Canadian Imperial Bank of Commerce, 1.66%, Jan 20, 2020	2.7
9 Province of Quebec, 2.45%, Mar 01, 2023	2.2
10 Canada Housing Trust No.1, 1.95%, Jun 15, 2019	2.1
11 Manulife Financial Capital Trust II, 7.41%, Dec 31, 2108	2.1
12 Royal Bank of Canada, 2.36%, Dec 05, 2022	2.0
13 Bank of Montreal, 1.61%, Oct 28, 2021	1.8
14 Province of Ontario, 2.65%, Feb 05, 2025	1.8
15 Canadian Imperial Bank of Commerce, 3.45%, Apr 04, 2028	1.7
16 The Bank of Nova Scotia, 2.98%, Apr 17, 2023	1.7
17 The Toronto-Dominion Bank, 2.05%, Mar 08, 2021	1.6
18 Genesis Trust II, 1.68%, Sep 17, 2018	1.5
19 Rogers Communications Inc., 5.38%, Nov 04, 2019	1.5
20 Nissan Canada Financial Services Inc., 2.61%, Mar 05, 2021	1.4
21 Bell Canada, 4.70%, Sep 11, 2023	1.4
22 Hydro One Inc., 1.84%, Feb 24, 2021	1.3
23 Loblaw Cos., Ltd., 3.75%, Mar 12, 2019	1.3
24 Bank of Montreal, 2.27%, Jul 11, 2022	1.2
25 Province of Ontario, 1.38%, Aug 15, 2018	1.2
	62.4
Total Net Asset Value (000's)	\$53,779

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Canadian Corporate Bonds	57.9
Canadian Provincial Bonds	20.3
Canadian Federal Bonds	12.6
Canadian Mortgage-Backed Securities	5.3
Cash and Cash Equivalents	2.2
Foreign Bonds	1.7
	100.0

Asset Mix

	Percentage of Net Asset Value of the Fund (%)
Canadian Fixed Income	96.1
Cash and Cash Equivalents	2.2
U.S. Fixed Income	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.