



Genus Fossil Free Dividend Equity Fund

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

For the year ended December 31, 2018

This Annual Management Report of Fund Performance contains financial highlights, but does not contain complete annual financial statements of the Fund. You can get a copy of the 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

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 ESG.

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 period 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 decreased to \$60.7 million as at December 31, 2018 from \$66.4 million as at December 31, 2017. Over the same period, the Fund's net return was -4.2% versus the -3.12% benchmark. The Fund's net return is after the deduction of expenses.

Global stock markets fell during the second half of the year with US stocks hit the hardest as investors questioned how much farther the bull market could run. The US Federal Reserve struck a more hawkish tone on rate hikes than what the market wanted, which proved to be a major catalyst for the correction.

The S&P 500 climbed in third quarter and then in the fourth quarter fell 13.52% (-8.63% in CAD terms) and fell 4.39% (+4.22% in CAD terms) in 2018. The weakest sectors during the fourth quarter were Information Technology and Industrials with the Real Estate and Utilities sectors eking out small gains.

Canada fell less during the quarter relative to the US but lost more during 2018 as it fell 10.11% and 8.88% during those periods. In the fourth quarter, the index was dragged down by the Financials and Industrials sectors. The Materials, Communication Services, and Consumer Staples sectors finished the quarter in positive territory.

With the trade war between the US and key trading partners dragging on, weakness in other major economies started to show, despite US economic strength seen throughout the year. Weakness filtered through the economy as businesses began to prepare for higher costs along with tightening labour markets and lower demand. Around the world, purchasing managers' indexes (PMI), a popular measure of economic health, fell sharply from highs earlier this year.

Commodity prices also reflected weakness. Copper prices, a commonly cited indicator of economic strength, were down sharply. This was despite the temporary truce between Presidents Trump and Xi at the G20 summit in early December. During a 90-day truce period, the two sides have agreed to work on a resolution with minor concessions given by China, which included repurchasing soybeans and making verbal commitments to open up their economy.

Political conflicts during 2018 were at elevated levels, and the last half of the year was no exception. Questions about the future of the Italian budget and Brexit remain and trading relations between the US and China are still up in the air. However, things looked a little brighter toward year end as some disagreements were resolved and temporary agreements were made.

Closer to home, Canada was put in a difficult situation after detaining Huawei's CFO Meng Wanzhou at the request of the US. Pressures from both the US and China began to mount as two Canadians were arrested in China shortly after the news broke. Many Chinese consumers also began to boycott Canadian goods, and many Canadians worry this could filter through to business investments and delay projects, putting further pressure on Canada's economy.

For the Genus Fossil Free Dividend Equity Fund, we had a -4.2% return (in CAD terms) versus the benchmark of -3.12%. Our zero allocation in the Energy sector had a positive effect on performance in this period since Energy fell 20.46% (in CAD terms). An overweight position in Real Estate and Consumer Staples also boosted performance. Negatively affecting performance was our stock selection in Industrials and Information Technology. Top performers were Eli Lilly (Health Care), Pfizer (Health Care), and Kimberly-Clark (Consumer Staples). The bottom performers were Royal Mail (Industrials), Norbord (Materials), and Artis Real Estate Investment (Real Estate).

Recent Developments

The Fed's December rate hike, although expected, caused a ripple through stock markets, and the S&P 500 tested new lows (2,350) in late December, but the rate hike wasn't the only driver — weaker US economic data, US-China trade tensions and uncertainty in Europeans were also factored in. As a result, we gradually shifted to a larger position in cash throughout the period. We will maintain this approach until we see more signals about market direction.

In terms of sector exposures, we are continuing to favour some defensive sectors, including Communications, Consumer Staples, and Real Estate, in order to protect the downside. On the other hand, we are underweight Industrials and Information Technology as the sectors are highly cyclical and the dividend paying companies in these sectors aren't appearing as strong as companies in other sectors.

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, 2018, the Series F units paid the Manager \$0 in management fees because no Series F units of the Fund have been sold since inception.

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, 2018, the Series F units paid the Manager \$0 in management fees because no Series F units of the Fund have been sold since inception.

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 Dec 31	2017 Dec 31
Net asset value, beginning of year	\$ 106.73	\$ 103.38
Increase (decrease) from operations:		
Total revenue	4.29	3.64
Total expenses	(0.95)	(1.13)
Realized gains (losses) for the year	0.56	6.05
Unrealized gains (losses) for the year	(8.48)	1.39
Total increase (decrease) from operations⁽¹⁾	(4.58)	9.95
Distributions:		
From income (excluding dividends)	-	(1.93)
From dividends	(3.84)	(1.17)
From capital gains	(3.58)	(3.28)
Return of capital	-	-
Total Annual Distributions⁽²⁾	(7.42)	(6.38)
Net asset value, end of year	\$ 95.01	\$ 106.73

Series F (Inception October 23, 2017) <small>*No Series F units have been sold since inception</small>	2018 Dec 31	2017 Dec 31
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 periods. These tables are not intended to be a reconciliation of the net assets per unit.

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

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

Series O *Series O units are only offered by way of private placement	2018 Dec 31	2017 Dec 31
Total net asset value	\$ 60,654,123	\$66,431,297
Number of units outstanding ⁽¹⁾	638,413	622,412
Management expense ratio ⁽²⁾	0.29%	0.28%
Management expense ratio before waivers or absorptions	0.29%	0.28%
Trading expense ratio ⁽³⁾	0.28%	0.50%
Portfolio turnover rate ⁽⁴⁾	130.65%	148.13%
Net asset value per unit	\$ 95.01	\$ 106.73

Series F (Inception October 23, 2017) * No Series F units have been sold since inception	2018 Dec 31	2017 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 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.

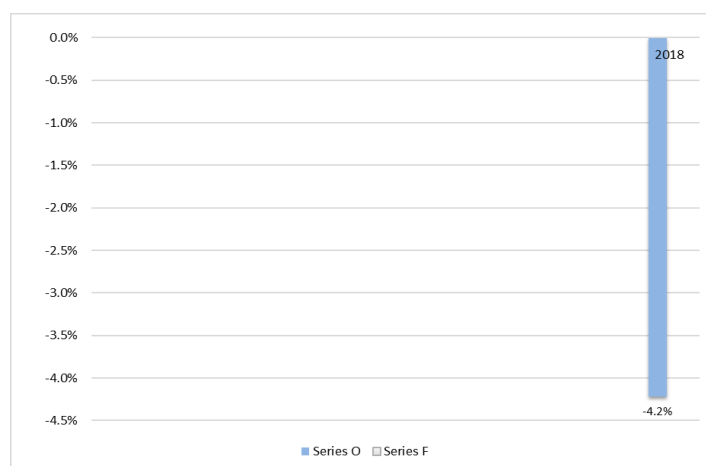
4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio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

The following charts show how the Fund has performed in the past, and can help you understand the risks of investing in the Fund. These returns include the reinvestment of all distributions and would be lower if an investor did not reinvest distributions. They do not include deduction of sales, switch, redemption, or other optional charges (which dealers may charge) or income taxes payable, and these returns would be lower if they did. The Fund's past performance does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The following bar chart shows the Fund's return of Series O units only, for one completed financial year the Fund was a reporting issuer. Investment performance in respect of Series F units is not available because no units of this series of the Fund have been sold since inception.



Annual Compound Returns

The following table shows the annual compound returns of the Fund for year the ended on December 31, 2018, compared with the following benchmark:

The blended benchmark (the "Benchmark") is composed of 35% S&P/TSX Composite and 65% MSCI World.

The broad-based index is the MSCI World Index.

For the Year ended December 31, 2018	1 Year
Series O*	-4.2%
Benchmark	-3.1%
Broad-based index	0.1%
Series F**	n/a
Benchmark	n/a
Broad-based index	n/a

* On June 27, 2000, the Fund was launched offering Series O. The table above shows the one completed financial year the investment fund was a reporting issuer.

**Series F units were created on October 23, 2017. Investment performance in respect of Series F units is not available because no units of this series of the Fund have been sold since inception.

A commentary on the market and/or information regarding the relative performance of the Fund as compared to its benchmark can be found under the Results of Operations section of this report.

Index Descriptions

The S&P/TSX Composite Index is the headline index and the principal broad market measure for the Canadian equity markets.

The MSCI World Index, which is part of The Modern Index Strategy, is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country and MSCI World Index does not offer exposure to emerging markets.

Summary of Investment Portfolio

As at December 31, 2018

Top 25 Investments

Holdings	Percentage of Net Asset Value of the Fund (%)
1 Cash	8.0
2 Koninklijke Ahold Delhaize NV	3.7
3 TELUS Corp.	3.6
4 Royal Bank of Canada	3.5
5 Rogers Communications Inc.	3.5
6 BCE Inc.	3.4
7 Canadian Apartment Properties REIT	3.3
8 SmartCentres Real Estate Investment Trust	2.8
9 National Bank of Canada	2.7
10 Allianz SE	2.7
11 Sonoco Products Co.	2.6
12 Bank of Montreal	2.5
13 Zurich Insurance Group AG	2.5
14 Archer-Daniels-Midland Co.	2.4
15 Cardinal Health Inc.	2.4
16 Macy's Inc.	2.4
17 Kimberly-Clark Corp.	2.3
18 Abbvie Inc.	2.2
19 Skandinaviska Enskilda Banken AB	2.2
20 Merck & Co., Inc.	2.2
21 Sampo Oyj	2.1
22 The Toronto-Dominion Bank	2.0
23 Canadian Imperial Bank of Commerce	1.9
24 Walgreens Boots Alliance Inc.	1.9
25 Canon Inc.	1.8
	70.6
Total Net Asset Value (000's)	\$60,654

Sector Allocation

	Percentage of Net Asset Value of the Fund (%)
Financials	25.3
Communication Services	14.5
Consumer Staples	12.5
Real Estate	10.3
Health Care	9.8
Cash and Cash Equivalents	9.4
Information Technology	6.8
Consumer Discretionary	5.1
Industrials	3.7
Materials	2.6
	100.0

Asset Mix

	Percentage of Net Asset Value of the Fund (%)
Canadian Equities	33.5
U.S. Equities	29.5
International Equities	27.6
Cash and Cash Equivalents	9.4
	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.