

**Annual Management Report of Fund Performance**

# **AGF US Market Neutral Anti-Beta CAD-Hedged ETF**

September 30, 2024

## Management Discussion of Fund Performance

This management discussion of fund performance represents the portfolio management team's view of the significant factors and developments affecting the fund's performance and outlook.

### Investment Objective and Strategies

Pursuant to the Declaration of Trust, the investment objective of AGF US Market Neutral Anti-Beta CAD-Hedged ETF (the "Fund") is to provide a consistent negative beta exposure to the U.S. equity market by investing primarily in long positions in low beta U.S. equities and short positions in high beta U.S. equities on a dollar neutral basis, within sectors. Beta measures the relative volatility of the value of a security compared with that of a market index. AGF Investments Inc. ("AGFI"), as portfolio manager, constructs a dollar neutral portfolio of long and short positions of U.S. equities by investing primarily in the constituent securities of the Dow Jones U.S. Thematic Market Neutral Low Beta Index (the "Index") in approximately the same weight as they appear in the Index, subject to certain rules-based adjustments. The performance of the Fund depends on the difference in the rate of returns between its long positions and short positions. Although the Fund may seek to invest in all of the constituent securities that comprise the Index, the Fund may elect to invest in a representative sample of the long and short positions in the Index or in other constituents in the universe. The portfolio asset allocation is rebalanced and reconstituted on a quarterly basis.

The Fund uses leverage, which may be created through the use of cash borrowings, short sales and/or derivatives. The Fund does not currently anticipate borrowing cash but may do so in the future. The Fund's leverage must not exceed 300% of its Net Asset Value (see Explanatory Note (1) a)) and is calculated in accordance with the methodology prescribed by securities laws, or any exemptions therefrom.

### Risk

The risks of investing in the Fund remain as disclosed in the current prospectus. Any changes to the Fund over the period have not affected the overall level of risk of the Fund.

The Fund continues to be suitable for investors with a medium tolerance for risk. The suitability of the Fund has not changed from what has been disclosed in the prospectus.

### Results of Operations

For the year ended September 30, 2024, the Fund returned 5.9% (net of expenses) while the Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged) (Net Return) returned 3.3%.

The Fund out-performed the Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged) (Net Return) primarily due to a higher return earned on the Fund's cash position, derived from selling securities short, relative to the return attributed to the cash component of the index. Additionally, some of the return difference was attributable to substitutions for hard to borrow securities in the short index. Relative to the S&P 500 CAD Net Total Index, the Fund under-performed. The under-performance is attributable to the negative exposure of the Fund to the market and the negative exposure to mega capitalization securities as both the market factor and large capitalization factor significantly out-performed. The Fund is a long/short portfolio constructed by investing long in U.S. equities that have below average beta and shorting those securities that have above average beta within each sector on an equally weighted basis resulting in a portfolio that consistently has a negative exposure to both the market and to cap-weighted indices. Designed with a negative beta to the market, the Fund has the potential to deliver positive returns during significant market drawdowns but also has the potential to deliver positive returns during a market rally. This is less common when low beta securities out-perform high beta as experienced during this reporting period.

Leverage occurs when the Fund's aggregate exposure to underlying assets is greater than the amount invested and may not exceed 300% of the Fund's Net Asset Value. Aggregate exposure is the sum of the following: (i) the aggregate market value of cash borrowing; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of specified derivatives positions excluding any specified derivatives used for hedging purposes. During the reporting period, the Fund's leverage position ranged from 105.8% to 155.6% of its Net Asset Value. The primary sources of leverage were securities sold short and short positions in total return swaps.

The Fund entered into foreign exchange forward contracts during the period under review. As of September 30, 2024, the Fund was long Canadian dollar and short U.S. dollar in order to hedge its currency exposure.

The Fund had net redemptions of approximately \$126 million for the current period, as compared to net subscriptions of approximately \$102 million in the prior period. Rebalancing by fund on fund programs resulted in net redemptions of

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 1 800 387-2563, by writing to us at AGF Investments Inc., CIBC SQUARE, Tower One, 81 Bay Street, Suite 3900, Toronto, Ontario, Canada M5J 0G1, or by visiting our website at [www.AGF.com](http://www.AGF.com) or SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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.

approximately \$22 million in the Fund. The portfolio manager does not believe that redemption/subscription activity had a meaningful impact on the Fund's performance or the ability to implement its investment strategy.

## Recent Developments

Global equities performed well during the reporting period driven by a resilient U.S. economy. Investors continued to be focused on economic conditions and their ramifications on monetary policy. Though "higher for longer" expectations had increasingly become consensus, expectations stabilized throughout the reporting period as the economy showed signs of making slow progress on stubborn and persistent inflation.

Markets felt some relief during the latter half of the reporting period as central banks in the developed world took a more accommodative stance to their monetary policy. The U.S. Federal Reserve (the "Fed"), the European Central Bank and the Bank of Canada initiated rate cuts midway through 2024 as inflationary pressures on their respective economies began to ease. Meanwhile, the Bank of Japan tightened its key policy rate at the end of July 2024, which resulted in a resurgent Japanese Yen unwinding global carry trades. China's economic slowdown and continuing property sector crisis compounded the macroeconomic obstacles. The People's Bank of China implemented multi-pronged stimulus measures to alleviate the deflationary trend of the Chinese economy. Over the reporting period, the conflict in the Middle East continued to be a source of major concern, adding to the existing market volatility, especially impacting the energy sector.

The U.S. economy continued to expand quarter-on-quarter over the reporting period. However, the pace of growth began to decelerate during the last calendar quarter of 2023 and this continued into 2024. Furthermore, the annual inflation rate declined through the latter half of the reporting period, after peaking at 3.5% in March 2024. Supported by decelerating inflation figures and softer labour market data, the Fed cut interest rates by 0.5% in September 2024, putting an end to a 23-year high and bringing rates to a target range of 4.75%-5.00%. This move marked the first cut by the Fed since the start of the COVID-19 pandemic in March 2020.

While the U.S. equity market continued to perform strongly following the rate cut, softer inflation and labour market data spurred a sector rotation into cyclicals and small capitalization stocks, which are more sensitive to interest rates.

Subjective forecasts of market outlook do not have a role in the Fund's investment methodology. The Fund invests primarily in the constituent securities of the Dow Jones U.S. Thematic Market Neutral Low Beta Index in approximately the same weight as they appear in the index, subject to certain rules-based adjustments.

## Related Party Transactions

AGFI is the manager ("Manager"), trustee and promoter of the Fund and is responsible for the day-to-day business of the Fund. AGFI also acts as the investment (portfolio) manager, managing the investment portfolio of the Fund. AGFI entered into an investment sub-advisory agreement with AGF Investments LLC, which acts as a sub-advisor and provides investment sub-advisory services to the Fund. Under the Declaration of Trust, the Fund pays management fees (including fees for sub-advisory services), calculated based on the Net Asset Value of the Fund. Management fees of approximately \$1,443,000 were incurred by the Fund during the period ended September 30, 2024.

AGFI and AGF Investments LLC are indirect wholly-owned subsidiaries of AGF Management Limited.

## Caution Regarding Forward-looking Statements

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

The forward-looking statements are by their nature based on numerous assumptions, which include, amongst other things, that (i) the Fund can attract and maintain investors and has sufficient capital under management to effect its investment strategies, (ii) the investment strategies will produce the results intended by the portfolio manager, and (iii) the markets will react and perform in a manner consistent with the investment strategies. Although the forward-looking statements contained herein are based upon what the portfolio manager believes to be reasonable assumptions, the portfolio manager cannot assure that actual results will be consistent with these forward-looking statements.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, taxation, changes in government regulations, unexpected judicial or regulatory proceedings, technological changes, cybersecurity, the possible effects of war or terrorist activities, outbreaks of

disease or illness that affect local, national or international economies (such as COVID-19), natural disasters and disruptions to public infrastructure, such as transportation, communications, power or water supply or other catastrophic events.

It should be stressed that the above-mentioned list of factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact 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.

## Financial Highlights

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 past five years as applicable.

### Net Assets per Unit<sup>(1)</sup>

For the periods ended	Sept 30, 2024 (\$)	Sept 30, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>18.88</b>	<b>19.90</b>	<b>16.90</b>	<b>25.01</b>	<b>25.00</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	1.11	0.94	0.12	0.01	0.33
Total expenses	(0.30)	(0.28)	(0.20)	(0.18)	(0.29)
Realized gains (losses)	0.06	(0.52)	1.10	(5.56)	4.60
Unrealized gains (losses)	0.37	(0.35)	2.68	(1.16)	(2.73)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.24</b>	<b>(0.21)</b>	<b>3.70</b>	<b>(6.89)</b>	<b>1.91</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	(0.42)	-	(1.11)	-
From dividends	-	(0.18)	-	(0.16)	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	<b>(0.60)</b>	<b>-</b>	<b>(1.27)</b>	<b>-</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>19.99</b>	<b>18.88</b>	<b>19.90</b>	<b>16.90</b>	<b>25.01</b>

### Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Sept 30, 2024	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020
Total Net Asset Value (\$000's)	281,838	389,013	300,470	168,988	238,886
Number of units outstanding (000's)	14,100	20,600	15,100	10,000	9,550
Management expense ratio <sup>(5)</sup>	0.55%	0.55%	0.55%	0.55%	0.55%
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.55%	0.55%	0.55%	0.55%	0.55%
Trading expense ratio <sup>(7)</sup>	2.64%	2.15%	1.22%	0.53%	0.94%
Portfolio turnover rate <sup>(8)</sup>	143.46%	215.83%	242.46%	93.99%	271.03%
Net Asset Value per unit	19.99	18.88	19.90	16.90	25.01
Closing market price <sup>(9)</sup>	19.97	18.88	19.79	16.92	25.01

### Explanatory Notes

- (1) a) This information is derived from the Fund's audited annual financial statements. Under International Financial Reporting Standards ("IFRS"), investments that are traded in an active market are generally valued at closing price, which is determined to be within the bid-ask spread and most representative of fair value. As a result, there is no difference between the net assets per unit presented in the financial statements ("Net Assets") and the net asset value per unit calculated for fund pricing purposes ("Net Asset Value").  
b) The Fund commenced operations in October 2019, which represents the date upon which securities were first made available for purchase by investors.
- (2) Net Assets 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.
- (3) Distributions were paid in cash/reinvested in additional units of the Fund, or both. The characterization of the distributions is based on management's estimate of the actual income for the year.
- (4) This is not a reconciliation of the beginning and ending Net Assets per unit.
- (5) The management expense ratio ("MER") is calculated in accordance with National Instrument 81-106, based on all the expenses of the Fund (including Harmonized Sales Tax, Goods and Services Tax and interest, but excluding foreign withholding taxes, commissions and other portfolio transaction costs) and the Fund's proportionate share of the MER, if applicable, of the underlying funds and exchange traded funds ("ETFs") in which the Fund has invested, expressed as an annualized percentage of average daily Net Asset Value during the period.
- (6) AGFI waived certain fees or absorbed certain expenses otherwise payable by the Fund. The amount of expenses waived or absorbed is determined annually at the discretion of AGFI and AGFI can terminate the waiver or absorption at any time.
- (7) The trading expense ratio represents total commissions and other portfolio transaction costs, short borrowing costs, interest on leverage and the Fund's proportionate share of the commissions, if applicable, of the underlying funds and ETFs in which the Fund has invested, expressed as an annualized percentage of average daily Net Asset Value during the period.
- (8) The Fund's portfolio turnover rate ("PTR") indicates how actively the Fund's portfolio advisor manages its portfolio investments. A PTR 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 PTR 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.

(1), (2), (3), (4), (5), (6), (7), (8) and (9) see Explanatory Notes

PTR is calculated based on the lesser of the cumulative cost of purchases or cumulative proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.

- (9) Closing market price on the last trading day of the period, as applicable, as reported on the TSX. Mid price is disclosed if no transaction took place on the last business day of the period.

## Management Fees

The Fund is managed by AGFI. AGFI is responsible for the day-to-day operations of the Fund, which include providing investment and management services as well as other administrative services required by the Fund. As compensation for such services, AGFI receives a monthly management fee (including fees for sub-advisory services) at the annual rate of 0.55%, which includes applicable taxes, based on the Net Asset Value of the Fund, calculated daily and payable monthly. AGFI bears all operating expenses of the Fund except for management fees, brokerage expenses and commissions, costs incurred in connection with the short selling of securities (if applicable), costs incurred in connection with cash borrowings (if applicable), costs associated with the use of derivatives, income and withholding taxes as well as all other applicable taxes, costs of complying with any new governmental or regulatory requirement introduced after the Fund was established, costs associated with the establishment and on-going operation of the Independent Review Committee, and extraordinary expenses.

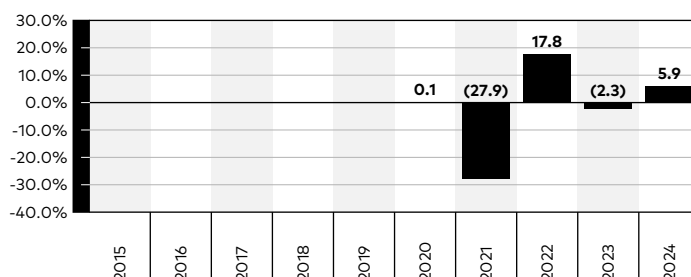
## Past Performance\*

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. Note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

All rates of return are calculated based on the Net Asset Value.

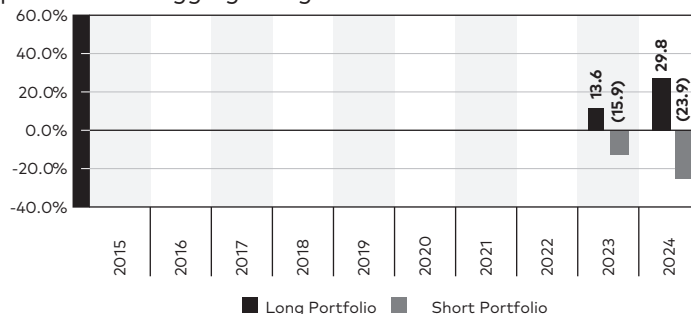
### Year-By-Year Returns

The following bar chart shows the Fund's annual performance for each of the past 10 years to September 30, 2024 as applicable, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.



Performance for 2020 represents returns for the period from October 7, 2019 to September 30, 2020.

The following bar chart illustrates the performance of the Fund's long and short portfolios for each of the past 10 years to September 30, 2024 as applicable. The long performance aggregates gross returns of all long securities, foreign exchange forward contracts, short sale proceeds, Treasury bills posted as collateral and other cash and cash equivalents, less all fees and expenses. The short performance aggregates gross returns of all short securities.



### Annual Compound Returns

The following table compares the historical annual compound returns for the Fund with the index, for each of the periods ended September 30, 2024.

Percentage Return:	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund	5.9	6.8	N/A	N/A	(2.6)
Long Portfolio	29.8	8.0	N/A	N/A	8.2
Short Portfolio	(23.9)	(1.2)	N/A	N/A	(10.8)
Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged)	3.3	5.1	N/A	N/A	(3.0)

The Dow Jones U.S. Thematic Market Neutral Low Beta Index (CAD-Hedged) is designed to measure the performance of a long/short strategy utilizing long positions in low beta companies and short positions in high beta companies. This is a variation hedged to Canadian dollars.

For a discussion of the relative performance of the Fund as compared to the index, see Results of Operations in the Management Discussion of Fund Performance.

\* The indicated rates of return shown here are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges by any securityholder that would have reduced returns or performance. ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

## Summary of Investment Portfolio

As at September 30, 2024

The major portfolio categories and top holdings (up to 25) of the Fund at the end of the period are indicated in the following tables. The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund and the next quarterly update will be in the Quarterly Portfolio Disclosure as at December 31, 2024.

The Fund holds long and short positions in total return swaps to obtain exposure to the Dow Jones U.S. Low Beta Index and Dow Jones U.S. High Beta Index. The Portfolio by Sector table below includes a look-through of the swaps as the Fund has indirect exposure to the sectors of the indices through the use of these derivatives.

Portfolio by Country	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
United States	88.8
Cash & Cash Equivalents	86.6
Foreign Exchange Forward Contracts	(0.5)
Other Net Assets (Liabilities)	0.2
<b>Short Positions:</b>	
United States	(74.8)
Switzerland	(0.3)

Portfolio by Sector	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	86.6
Industrials	17.3
Financials	16.8
Short-Term Investments	15.7
Information Technology	15.3
Consumer Discretionary	12.7
Health Care	11.4
Real Estate	6.8
Materials	5.7
Consumer Staples	5.2
Utilities	4.8
Communication Services	4.3
Energy	3.9
Cash Leg of Swap	0.6
Foreign Exchange Forward Contracts	(0.5)
Other Net Assets (Liabilities)	0.2
<b>Short Positions:</b>	
Industrials	(17.6)
Financials	(17.1)
Information Technology	(14.9)
Consumer Discretionary	(13.2)
Health Care	(11.9)
Real Estate	(7.0)
Materials	(6.2)
Utilities	(5.3)
Consumer Staples	(5.0)
Communication Services	(4.5)
Energy	(4.1)

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	86.6
United States Equity	66.8
Short-Term Investments	15.7
Swaps – Long	6.3
Foreign Exchange Forward Contracts	(0.5)
Other Net Assets (Liabilities)	0.2
<b>Short Positions:</b>	
United States Equity	(69.8)
Swaps – Short	(5.0)
International Equity	(0.3)

Portfolio by Credit Rating**	Percentage of Net Asset Value (%)
AA	15.2
A	87.9

\*\* References made to credit ratings are obtained from Standard & Poor's and/or Dominion Bond Rating Service. Where one or more rating is obtained for a security, the lowest rating has been used.



# AGF US Market Neutral Anti-Beta CAD-Hedged ETF

SEPTEMBER 30, 2024

Top Holdings	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	86.6
U.S. Treasury**	15.7
Dow Jones U.S. Low Beta Total Return Index Swap	6.3
AutoZone Inc.	0.4
Markel Group Inc.	0.4
Deckers Outdoor Corporation	0.4
MicroStrategy Inc.	0.4
RenaissanceRe Holdings Limited	0.4
V.F. Corporation	0.4
AT&T Inc.	0.4
Erie Indemnity Company	0.4
Motorola Solutions Inc.	0.4
TEGNA Inc.	0.4
Sabra Health Care Real Estate Investment Trust Inc.	0.4
The Hanover Insurance Group Inc.	0.4
MDU Resources Group Inc.	0.4
International Business Machines Corporation	0.4
Sprouts Farmers Market Inc.	0.4
Interactive Brokers Group Inc.	0.4
Science Applications International Corporation	0.4
F5 Inc.	0.4
Northrop Grumman Corporation	0.4
The Kroger Company	0.4
Aramark	0.4
Curtiss-Wright Corporation	0.4
<b>Subtotal</b>	<b>117.4</b>
<b>Short Positions:</b>	
Dow Jones U.S. High Beta Total Return Index Swap	(5.0)
Vistra Corporation	(0.5)
Duolingo Inc.	(0.5)
Constellation Energy Corporation	(0.5)
Teladoc Health Inc.	(0.4)
Wayfair Inc.	(0.4)
Liberty Media Corporation-Liberty Live	(0.4)
Affirm Holdings Inc.	(0.4)
Tesla Inc.	(0.4)
Delta Air Lines Inc.	(0.4)
Vertiv Holdings LLC	(0.4)
Saia Inc.	(0.4)
Frontier Communications Parent Inc.	(0.4)
The Scotts Miracle-Gro Company	(0.4)
Insulet Corporation	(0.4)
Palantir Technologies Inc.	(0.4)
RH	(0.4)
Live Nation Entertainment Inc.	(0.4)
Intel Corporation	(0.4)
Denali Therapeutics Inc.	(0.4)
The AES Corporation	(0.4)
Samsara Inc.	(0.4)
Eagle Materials Inc.	(0.4)
Vornado Realty Trust	(0.4)
Fortune Brands Innovations Inc.	(0.4)
<b>Subtotal</b>	<b>(14.9)</b>
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 281,838</b>

\*\* Debt Instruments



For more information contact your investment advisor or:

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