

# AGF Systematic Global Multi-Sector Bond ETF



ETF

Quantitative - Global Fixed Income

As of May 31, 2024

## Key Reasons to Invest

- Canada's first ETF to use a systematic, multi-factor approach to select fixed income securities.\*
- Designed to provide capital appreciation and interest income by investing primarily in fixed-income securities of governments and corporations around the world.
- Use as a core bond holding that has risk management embedded thoroughly within the bond portfolio construction and monitoring process.

## Investment Objective

The ETF seeks to provide interest income and capital appreciation by investing primarily in fixed-income securities of issuers from around the world.

## Investment Strategy

In seeking to achieve its investment objective, the AGF Systematic Global Multi-Sector Bond ETF uses a quantitative, multi-factor model to evaluate global fixed income securities. The quantitative model evaluates and ranks global bonds based on factors that may include growth, value, quality and risk characteristics in addition to duration, yield and other fixed income attributes.

Although the AGF Systematic Global Multi-Sector Bond ETF's investments are selected based on the output of a quantitative model, the portfolio incorporates constraints/controls (in relation to country, industry, group, sector and individual security concentrations) that are designed to foster portfolio diversification, liquidity and risk mitigation.

The portfolio asset allocation will be reconstituted and rebalanced on a quarterly basis but has the latitude to rebalance on an ad-hoc basis should market conditions dictate. Generally, a significant portion of the AGF Systematic Global Multi-Sector Bond ETF's foreign currency exposure will be hedged back to the Canadian dollar.

Effective January 27, 2023, AGF Investments LLC is a subadvisor to AGF Systematic Global Multi-Sector Bond ETF. The Overall Morningstar Ratings™ and Morningstar Quartile Rankings are series specific as inception date, performance and fee characteristics vary by series. The Overall Morningstar Rating™ measures risk-adjusted returns and is derived from a weighted average of the performance figures associated with its 3-, 5- and 10-year (if applicable) rating metrics.

Source: AGF Investments, Morningstar. This document is not complete without the end disclosures. See last two pages for term definitions.

\* Based on the existing peer group of actively managed fixed income ETFs in Canada at the time the product was launched on October 22, 2018.

|                                          |                            |
|------------------------------------------|----------------------------|
| Overall Morningstar Rating™ <sup>1</sup> | ★★★★                       |
| Morningstar Category                     | Global Fixed Income        |
| Ticker                                   | QGB                        |
| CUSIP                                    | 00851Q102                  |
| Exchange                                 | Cboe Canada Inc. (Cboe CA) |
| Performance Start Date (PSD)             | October 22, 2018           |
| Overall Fund Net Assets                  | \$118.2 million            |
| MER <sup>2</sup>                         | 0.45%                      |
| Trading Expense Ratio                    | 0.00%                      |
| Risk Profile                             |                            |

**Benchmark** 35% BBG Global Treasury TR Index (Hedged CAD)/27% BBG Inter Corp TR Index (Hedged CAD)/20% BBG Inter Corp TR Index/10% BBG US Corp TR Index (Hedged CAD)/8% BBG US Corp High Yield TR Index (Hedged CAD)

<sup>1</sup> Compared with 336 funds in the Global Fixed Income category as of May 31, 2024.

## Distributions (ETF)

|                                  | 2023                                     | 2022 | 2021 |
|----------------------------------|------------------------------------------|------|------|
| \$Amount/Unit                    | 0.73                                     | 0.69 | 3.15 |
| Quarterly Frequency <sup>3</sup> | Last paid on: 2024-03-28<br>\$0.180/Unit |      |      |

Please refer to AGF.com for distribution information.

<sup>2</sup> MER as of March 31, 2024. AGFI may, in its discretion, temporarily waive some or all of the expenses of the Fund, which will result in a reduction in the MER. AGFI may cease to offer any such waiver at any time without notice.

<sup>3</sup> The distribution is not guaranteed, may be adjusted from time to time at the discretion of the fund manager and may vary from payment to payment.

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## Net Compound Returns (CAD) (%)

|                                                  | 1 MO. | 3 MO. | 6 MO. | YTD  | 1 YR. | 2 YR. | 3 YR. | 5 YR. | 10 YR. | PSD <sup>†</sup> |
|--------------------------------------------------|-------|-------|-------|------|-------|-------|-------|-------|--------|------------------|
| <b>Fund</b>                                      | 1.1   | 0.5   | 2.7   | -0.1 | 3.4   | 0.5   | -2.5  | 0.4   | -      | 1.4              |
| <b>Morningstar Quartile Ranking<sup>**</sup></b> | 2     | 2     | 2     | 2    | 2     | 3     | 3     | 2     | -      | -                |
| <b>Number of Funds in the Category</b>           | 509   | 506   | 501   | 501  | 466   | 415   | 336   | 233   | -      | -                |

<sup>†</sup> Performance start date as of October 22, 2018. **Past performance is not indicative of future results.** Rates of return for greater than one year have been annualized.

## Net Annual Returns (CAD) (%)

|                                                  | 2023 | 2022  | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------------------------------------------|------|-------|------|------|------|------|------|------|------|------|
| <b>Fund</b>                                      | 5.8  | -13.7 | -0.4 | 7.7  | 9.2  | -    | -    | -    | -    | -    |
| <b>Morningstar Quartile Ranking<sup>**</sup></b> | 2    | 4     | 3    | 1    | 2    | -    | -    | -    | -    | -    |
| <b>Number of Funds in the Category</b>           | 469  | 575   | 156  | 171  | 167  | -    | -    | -    | -    | -    |

**Past performance is not indicative of future results.**

<sup>\*\*</sup> The Morningstar category for the Fund changed from Global Fixed Income to Multi-Sector Fixed Income on March 31, 2023.

Morningstar Quartile Rankings are calculated as of May 31, 2024 and subject to change monthly. They are calculated based on the Fund's total return percentile rank compared to other funds in the Morningstar Global Fixed Income category. Percentile ranks are then mapped into quartiles with (1) representing 1-25, (2) representing 26-50, (3) representing 51-75 and (4) representing 76-100 percentile ranks.

## Top 10 Holdings (% of Total Net Assets)

Total Holdings: **136**

| Company Name                                                    | Country        | Weight       |
|-----------------------------------------------------------------|----------------|--------------|
| Government of United States of America 1.75% November 15, 2029  | United States  | 8.08%        |
| Government of United States of America 3.50% February 15, 2033  | United States  | 6.77%        |
| Government of Japan 0.005% January 1, 2025                      | Japan          | 2.86%        |
| Government of United States of America 2.00% August 15, 2051    | United States  | 2.13%        |
| Kingdom of Belgium 1.45% June 22, 2037                          | Belgium        | 1.50%        |
| Government of United States of America 4.875% November 30, 2025 | United States  | 1.44%        |
| Government of Australia 0.50% September 21, 2026                | Australia      | 1.43%        |
| Government of France O.A.T. 5.50% April 25, 2029                | France         | 1.38%        |
| United Kingdom Treasury Gilt 1.75% January 22, 2049             | United Kingdom | 1.38%        |
| Republic of Italy 2.00% February 1, 2028                        | Italy          | 1.21%        |
| <b>Total</b>                                                    |                | <b>28.2%</b> |

AGF Systematic Global Multi-Sector Bond ETF invests directly in individual fixed income securities of issuers from around the world and may also invest in securities of other investment funds, including one or more ETFs. ETF Characteristics, Fixed Income Allocation, Credit Mix and Top 10 Countries are determined based on all individual securities that AGF Systematic Global Multi-Sector Bond ETF invests in directly or indirectly, and include aggregate holdings of any underlying funds. Please visit [www.agf.com](http://www.agf.com) for full holdings information.

Source: AGF Investments, Morningstar. This document is not complete without the end disclosures. See last two pages for term definitions.

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## Credit Mix

|                   | Portfolio |
|-------------------|-----------|
| AAA               | 5.2%      |
| AA                | 27.3%     |
| A                 | 17.6%     |
| BBB               | 39.8%     |
| BB                | 5.8%      |
| B                 | 1.8%      |
| Cash              | 1.8%      |
| Non Rated & Other | 0.6%      |

## Sector Allocation

|                        | Portfolio |
|------------------------|-----------|
| Financial Institutions | 14.6%     |
| Consumer Cyclical      | 9.7%      |
| Technology             | 8.6%      |
| Consumer Non-Cyclical  | 6.8%      |
| Energy                 | 4.1%      |
| Basic Industry         | 3.9%      |
| Communications         | 3.5%      |
| Utility                | 3.3%      |
| Capital Goods          | 1.4%      |

Sector allocation is based on the exposure of corporate securities in the Fund.

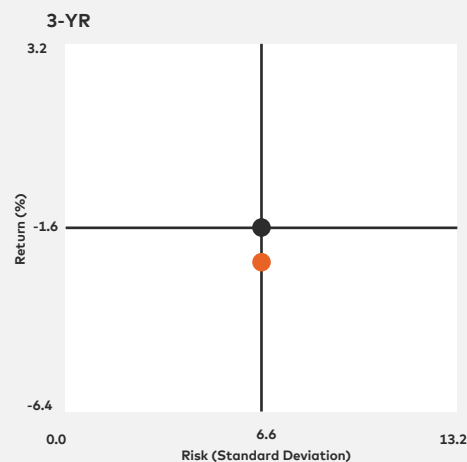
## Investment Mix

|                             | Portfolio |
|-----------------------------|-----------|
| Investment Grade Corporates | 48.3%     |
| Sovereign                   | 41.6%     |
| High Yield Corporates       | 7.7%      |
| Cash                        | 1.8%      |
| Other                       | 0.6%      |

## Fixed Income Allocation

|                    | Portfolio |
|--------------------|-----------|
| Corporate          | 56.0%     |
| Treasury           | 38.7%     |
| Government-Related | 2.9%      |
| Cash               | 1.8%      |
| Other              | 0.6%      |

## Risk vs. Returns



- AGF Systematic Global Multi-Sector Bond ETF
- Funds in the Morningstar Global Fixed Income category<sup>^</sup>

<sup>^</sup> Morningstar category performance is calculated as the average return of a portfolio constructed of all series of all funds in the category as of the end of each month.

Source: AGF Investments, Morningstar. This document is not complete without the end disclosures. See last two pages for term definitions.

## Country Allocation

|                | Portfolio |
|----------------|-----------|
| United States  | 66.9%     |
| Japan          | 4.2%      |
| Italy          | 3.3%      |
| China          | 2.9%      |
| Australia      | 2.7%      |
| United Kingdom | 2.5%      |
| Mexico         | 2.5%      |
| Cash           | 1.8%      |
| Other          | 13.3%     |

## Currency Allocation

|                 | Portfolio |
|-----------------|-----------|
| Canadian Dollar | 75.6%     |
| US Dollar       | 13.5%     |
| Euro            | 3.1%      |
| Other           | 7.9%      |

## Portfolio Characteristics

|                                          | Portfolio         |
|------------------------------------------|-------------------|
| Payment Frequency                        | Quarterly, if any |
| Series Distribution - Trailing 12 Months | 3.18%             |
| Current Yield                            | 3.8%              |
| Yield to Maturity                        | 5.1%              |
| Average Term to Maturity                 | 8.2               |
| Modified Duration                        | 6.0               |
| Average Credit Quality                   | A-                |
| Turnover                                 | 45.1%             |

## Risk Characteristics

(3 & 5 Year Annualized)

| Portfolio          | 3-Year | 5-Year |
|--------------------|--------|--------|
| Standard Deviation | 6.6%   | 6.2%   |
| Sharpe Ratio       | -0.81  | -0.27  |
| Beta               | 0.94   | 0.97   |
| Tracking Error     | 1.0%   | 1.0%   |
| Upside Capture     | 88.9%  | 94.9%  |
| Downside Capture   | 95.1%  | 96.2%  |

| Morningstar Global Fixed Income Category <sup>^</sup> | 3-Year | 5-Year |
|-------------------------------------------------------|--------|--------|
| Standard Deviation                                    | 6.3%   | 6.1%   |
| Sharpe Ratio                                          | -0.69  | -0.40  |
| Beta                                                  | 0.66   | 0.55   |

<sup>^</sup> Morningstar category performance is calculated as the average return of a portfolio constructed of all series of all funds in the category as of the end of each month. Source: AGF Investments, Morningstar. This document is not complete without the end disclosures. See last two pages for term definitions.

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## Investment Management Team

AGF Investments' quantitative investment team is intellectually diverse and multi-disciplined with a focus on factor-based investing. The team's approach is grounded in the belief that investment outcomes can be improved by assessing and targeting the factors that drive market returns.

## Portfolio Managers



### Grant Wang, M.A. (Econ.), Ph.D., CFA®

SVP, Head of Quantitative Research & Chief Data Scientist  
AGF Investments Inc.

- Industry Exp: since 2001
- Firm Exp: since 2012



### Robert Yan, Ph.D., CFA®

VP & Portfolio Manager  
AGF Investments Inc.

- Industry Exp: since 2006
- Firm Exp: since 2008



### Lei Wan, MQF, CFA®

Portfolio Manager  
AGF Investments Inc.

- Industry Exp: since 2011
- Firm Exp: since 2015



### Jean-Sébastien Nadeau, MBA, CFA®

Portfolio Manager  
AGF Investments Inc.

- Industry Exp: since 2012
- Firm Exp: since 2016

## Sub-Advisor



### Bill DeRoche, MBA, CFA®

SVP, Head of Quantitative Investing  
AGF Investments LLC

- Industry Exp: since 1995
- Firm Exp: since 2010

## Investment Team/Resources



### Ian Rake, CFA®

Analyst  
AGF Investments Inc.

- Industry Exp: since 2015
- Firm Exp: since 2018

## Quantitative Research Team

### Dillon Culhane, CPA, CA, CFA®

Portfolio Manager

### Russell (Dezhao) Han, Ph.D., FSA

Senior Analyst

### Brian Jia, Ph.D.

Senior Analyst

### Zheng Liu, MBA, Ph.D. Fin., CFA®

Senior Analyst

### Tingting Lu, Ph.D., CFA®

Portfolio Manager

### Brad Xing, MQF

Senior Analyst

## Data Engineering Team

### Gally Cheung, MBA, CFA®

VP, Data Engineering

### Stewart Boxall

Senior Manager, Technology Development & Analyst

### Joanna Malec

Developer

### Yuyi You

Research Analyst

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## About AGF Management Limited

Founded in 1957, AGF Management Limited (AGF) is an independent and globally diverse asset management firm. Our companies deliver excellence in investing in the public and private markets through three business lines: AGF Investments, AGF Capital Partners and AGF Private Wealth.

AGF brings a disciplined approach, focused on incorporating sound, responsible and sustainable corporate practices. The firm's collective investment expertise, driven by its fundamental, quantitative and private investing capabilities, extends globally to a wide range of clients, from financial advisors and their clients to high-net worth and institutional investors including pension plans, corporate plans, sovereign wealth funds, endowments and foundations.

Headquartered in Toronto, Canada, AGF has investment operations and client servicing teams on the ground in North America and Europe. AGF serves more than 800,000 investors. AGF trades on the Toronto Stock Exchange under the symbol AGF.B.

## About AGF Investments

AGF Investments represents AGF's group of companies who manage and advise on a variety of investment solutions managed by its fundamental and quantitative investing teams. AGF Investments Inc. is a wholly-owned subsidiary of AGF Management Limited and conducts the management and advisory of mutual funds in Canada.

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## Disclosures

All information is provided by AGF Investments in Canadian dollars as of May 31, 2024, unless otherwise indicated. The performance presented is net of fees. Rates of return for periods greater than one year have been annualized. Numbers may not add up to 100% due to rounding.

Commissions, trailing commissions, management fees and expenses all may be associated with investment fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in share or unit value and reinvestment of all dividends or distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. AGF ETFs are ETFs offered by AGF Investments Inc. ETFs are listed and traded on organized Canadian exchanges and may only be bought and sold through licensed dealers.

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For a summary of the risks of an investment in a particular AGF Fund, please see the specific risks set out in the fund's prospectus. Market conditions may change, impacting the composition of a portfolio. AGF Investments assumes no responsibility for any investment decisions made based on the information provided herein.

Holdings are subject to change and do not represent all of the securities purchased, sold or recommended for the portfolio. It should not be assumed that investments in the securities identified were or will be profitable and should not be considered an endorsement or recommendation by AGF Investments.

The payment of distributions should not be confused with a fund's performance, rate of return or yield. If distributions paid by the fund are greater than the performance of the fund, the original investment will shrink. Distributions paid as a result of capital gains realized by a fund, and income and dividends earned by a fund, are taxable to the investor in the year they are paid. The adjusted cost base will be reduced by the amount of any returns of capital. If the adjusted cost base falls below zero, the investor will have to pay capital gains tax on the amount below zero.

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On January 1, 2024, the AGF Systematic Global Multi-Sector Bond ETF's benchmark changed from a blended index of 50% Bloomberg US Corporate Total Return Value (hedged to Canadian dollars) / 50% Bloomberg Global Treasury Total Return Index Value (hedged to Canadian dollars) to a blended index of 20% Bloomberg Intermediate Corporate Total Return Index (unhedged in CAD) / 10% Bloomberg US Corporate Total Return Value (hedged to Canadian dollars) / 35% Bloomberg Global Treasury Total Return Index Value (hedged to Canadian dollars) / 27% Bloomberg Intermediate Corporate Total Return Index (hedged to Canadian dollars) / 8% Bloomberg US Corporate High Yield Total Return Index (hedged to Canadian dollars). The benchmark changes were applied from that date forward.



For more information, contact:  
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Web: AGF.com

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## Term Definitions

### Average Credit Quality

A weighted average of credit ratings on all fixed income securities in a portfolio.

### Average Term to Maturity

Average remaining time of each security or instrument in a portfolio to reach its maturity.

### Beta

A measure of a fund's sensitivity to market movements (as represented by a benchmark index). The benchmark index has a Beta of 1.0. A Beta of more (less) than 1.0 indicates that a fund's historical returns have fluctuated more (less) than the benchmark index. For example, a Beta of 1.10 shows that the fund performed 10% better than its benchmark index in up markets and 10% worse in down markets, assuming all other factors remain constant.

### Current Yield

The annual income (interest or dividend) of a security divided by its price. The current yield of a portfolio is the weighted average of the current yield of the applicable holdings in a portfolio.

### Downside Capture (Ratio)

The Downside Capture Ratio is calculated by taking the portfolio's return and dividing it by the benchmark's return in periods when the benchmark return was negative. A Downside Capture Ratio of less than 100% is considered desirable.

### Management Expense Ratio (MER)

The Management Expense Ratio, commonly referred to as MER, is a measure of the total expenses (fees and other costs) borne by the mutual fund or ETF, expressed as a percentage of the fund's net asset value. The ratio is calculated by dividing the total annual expenses by the average net asset value of the fund for the given year.

### Modified Duration

A measure of the sensitivity of a bond's price to changes in interest rates. The modified duration of a portfolio is the weighted average of the modified duration of the applicable holdings in a portfolio.

### Risk Profile

The Risk Profile is based on the historical volatility of a fund, as measured by the 10-year annualized standard deviation of the 10-year average returns of the fund. The investment risk level is required to be determined in accordance with the Canadian Securities Administrators' standardized risk classification methodology.

### Sharpe Ratio

Sharpe Ratio characterizes how well the return of a fund compensates the investor for each unit of absolute risk they assume, as measured by the Standard Deviation of the fund. The greater a fund's Sharpe Ratio, the better its risk-adjusted performance has been.

### Standard Deviation

A statistical measure of the range/dispersion of a fund's performance. The more variable the returns, the larger the Standard Deviation. When a fund has a high Standard Deviation, it means that its range of performance was wide for the given period, i.e. greater historical volatility. Standard Deviation does not predict the future volatility of a fund.

### Tracking Error

The Tracking Error represents a fund manager's added value variability. It reports the difference between the return received and that of the benchmark being compared to. It is reported as a Standard Deviation percentage difference.

### Trading Expense Ratio (TER)

The total gross expenses divided by the fund's average net assets.

## Term Definitions

### Turnover (Ratio)

The portfolio Turnover Ratio is the rate at which assets in a fund are bought and sold by the portfolio managers. It is calculated as the minimum of securities bought or sold divided by the average assets over the period.

### Upside Capture (Ratio)

The Upside Capture Ratio is calculated by taking the portfolio's return and dividing it by the benchmark's return in periods when the benchmark return was positive. An Upside Capture Ratio of greater than 100% is considered desirable.

### Yield to Maturity

The annual rate of return anticipated on a bond if it is held until the maturity date. The yield to maturity of a portfolio is the weighted average of the yield to maturity of the applicable holdings in a portfolio.

### Yield to Put

The total return anticipated on a bond if it is held to its earliest possible put date (i.e., the date that the bondholder has the option to sell the bond back to the issuer).