

Annual Management Report of Fund Performance

# AGF Emerging Markets Strategic Equity Fund

September 30, 2022



## 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 Emerging Markets Strategic Equity Fund (the "Fund") is to seek to provide superior risk-managed capital growth through exposure to shares of companies that are located or active mainly in emerging markets countries. To achieve this objective, AGF Investments Inc. ("AGFI"), as portfolio manager, generally allocates the Fund's assets among underlying mutual funds (the "Underlying Funds") and exchange traded funds ("ETFs") managed by third parties or AGFI (or an AGFI affiliate). AGFI has set, and reviews quarterly, target dynamic allocations between emerging markets equity funds and ETFs for the Fund, consistent with the Fund's investment objective. During periods of market downturn or for other reasons, a significant portion of the Fund's assets may be held in cash or cash equivalents.

### 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 who want the growth potential of equity securities of emerging markets countries, investing for the longer term 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

The Fund commenced operations in July 2022.

The Fund holds Series O Units of the Underlying Funds. The Fund's major portfolio categories, as a percentage of Net Asset Value as at September 30, 2022, include approximately 95.0% in foreign equity funds and 5.0% in cash and cash equivalents.

### Recent Developments

The global economy faced a series of challenges in the year ended September 30, 2022. Russia's invasion of Ukraine and its impact on commodity markets, supply chain and inflation slowed global growth. Surging inflation led to significant tightening by central banks around the world, resulting in higher bond yields across most global yield curves.

Consequently, the majority of the developed and emerging markets' central banks meaningfully hiked policy rates during the period.

Global equities came under pressure during the period as risk aversion increased dramatically, which weighed on market sentiment. U.S. equity markets significantly under-performed equity markets in Europe and Japan (in local currency terms) as long duration growth stocks significantly under-performed as rising interest rates disproportionately impacted high growth stocks in the communication services, consumer discretionary and information technology sectors. Duration is the sensitivity of the security due to changes in interest rates.

Emerging markets equities significantly under-performed developed markets equities as the U.S. dollar strengthened. The European, Middle East and African region under-performed the Asian and Latin American regions, weighed down by Russia, which was delisted from major market indices following its invasion of Ukraine. Equity markets in Latin America significantly out-performed the other two regions in the emerging markets, driven by rising commodity prices and interest rates, which benefited the energy and financials sectors, respectively.

In China, equity markets continued to face challenges from its zero-COVID policy, increased regulations, financial concerns in the property sector and fiscal consolidation. The highly contagious Omicron variant caused the highest infections in China, which led to restrictive lockdowns, slowing economic growth and global supply chain disruptions. China's gross domestic product contracted 2.6% in the second calendar quarter of 2022 compared to the previous two quarters' expansion of 1.4%, falling short of market expectations. In Taiwan, global trade fell in the first half of calendar year 2022, though climbed significantly in August, albeit at a slower pace amid fears of a global recession, uncertainties due to the Russia-Ukraine war and a spike in COVID cases in China. India remained in positive territory (in local currency terms) as its economic recovery gained momentum.

### Related Party Transactions

AGFI is the manager ("Manager") and trustee of the Fund. Pursuant to the management agreement between the Fund and AGFI, AGFI is responsible for the day-to-day business of the Fund. AGFI also acts as the investment (portfolio) manager of the Fund, providing analysis and making decisions as to which Underlying Funds and ETFs the Fund invests in and the target weighting of the Fund's assets. Fees payable to AGFI for such services are payable directly by unitholders and are not expenses of the Fund.

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 1 888 226-2024, by writing to us at AGF Investments Inc., CIBC SQUARE, Tower One, 81 Bay Street, Suite 4000, Toronto, Ontario, Canada M5J 0G1, or by visiting our website at [www.AGF.com](http://www.AGF.com) or SEDAR at [www.sedar.com](http://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.

AGFI pays for all of the operating expenses relating to the operation of the Fund, except for certain costs as disclosed in the current prospectus, in exchange for a fixed rate administration fee. The administration fee is calculated based on the Net Asset Value of the Fund at a fixed annual rate of 0.32%. Administration fees of approximately \$375 were incurred by the Fund during the period from commencement of operations to September 30, 2022.

AGFI is an indirect wholly-owned subsidiary 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, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)	Sept 30, 2019 (\$)	Sept 30, 2018 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>25.00*</b>	-	-	-	-
<b>Increase (decrease) from operations:</b>					
Total revenue	0.02	-	-	-	-
Total expenses	(0.03)	-	-	-	-
Realized gains (losses)	-	-	-	-	-
Unrealized gains (losses)	(1.95)	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(1.96)</b>	-	-	-	-
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>-</b>	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>23.74</b>	-	-	-	-

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

For the periods ended	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019	Sept 30, 2018
Total Net Asset Value (\$000's)	908	-	-	-	-
Number of units outstanding (000's)	38	-	-	-	-
Management expense ratio <sup>(5)</sup>	0.38%	-	-	-	-
Management expense ratio before waivers or absorptions	0.38%	-	-	-	-
Trading expense ratio <sup>(6)</sup>	0.17%	-	-	-	-
Portfolio turnover rate <sup>(7)</sup>	0.00%	-	-	-	-
Net Asset Value per unit	23.74	-	-	-	-

\* represents initial Net Assets  
(1), (2), (3), (4), (5), (6), and (7) see Explanatory Notes

## 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 July 2022, 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 ETFs in which the Fund has invested, expressed as an annualized percentage of average daily Net Asset Value during the period.
- (6) The trading expense ratio represents total commissions and other portfolio transaction costs, including 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.
- (7) 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.

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.

## 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. The management fees for such services are payable directly by the unitholders, not by the Fund.

AGFI bears all operating expenses relating to the operation of the Fund, except for certain costs as disclosed in the Fund's prospectus. In exchange, AGFI receives an administration fee at the annual rate of 0.32%, which is subject to applicable taxes, based on the Net Asset Value of the Fund, calculated daily and payable monthly.

## Past Performance

It is AGFI's policy to report rates of return for a fund in existence greater than one year. The Fund commenced operations in July 2022.

## Summary of Investment Portfolio

As at September 30, 2022

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, 2022.

The prospectus and other information about the underlying investment funds and ETFs are available on the internet at [www.sedar.com](http://www.sedar.com).

Portfolio by Sector	Percentage of Net Asset Value (%)
Equity Funds	90.3
Cash & Cash Equivalents	5.1
ETFs - International Equity	4.9

Top Holdings	Percentage of Net Asset Value (%)
AGF Emerging Markets Fund	90.3
Cash & Cash Equivalents	5.1
AGFiQ Emerging Markets Equity ETF	4.9
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 908</b>



For more information contact your investment advisor or:

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