

**Annual Management Report of Fund Performance**

# **AGF Enhanced U.S. Equity Income Fund**

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 Enhanced U.S. Equity Income Fund (the "Fund") is to provide long-term capital appreciation by investing in a diversified portfolio of dividend-paying U.S. equity securities while mitigating volatility and generating consistent income through the use of options. AGF Investments Inc. ("AGFI"), as portfolio manager, uses an active, fundamental approach to select U.S. equity securities that evaluates individual companies through the lens of income, quality, growth and valuation factors. The Fund is typically invested in relatively mature businesses with a history of a high, consistent yield and/or demonstrated dividend growth and, as such, has limited exposure to early-stage companies, companies which require high levels of capital expenditures or companies with high rates of internal reinvestment. The portfolio manager employs a dynamic option overlay strategy primarily seeking to enhance income and mitigate volatility through the use of covered call options and, on a tactical basis, covered put options. The portfolio manager will generally write covered call options on up to 50% of the portfolio, however, may write covered call options on a greater or lesser percentage of the portfolio from time to time at the discretion of the portfolio manager. The portfolio manager may also choose to write covered put options on a portion of the portfolio at their discretion. During periods of market downturn or for other reasons, a significant portion of the Fund's assets may be held in cash, cash equivalents or fixed income securities.

### 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 investing for the medium to long-term, seeking the growth potential of equity securities of U.S. companies and who have 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 ETF Series Units of the Fund returned 19.9% (net of expenses) while the S&P 500 Index returned 35.8%. The performance of the other series of the Fund is substantially similar to that of the ETF

Series Units, save for differences in expense structure. Refer to "Past Performance" section for performance information of such series.

The Fund under-performed the S&P 500 Index due to sectoral allocation and security selection decisions. Information Technology detracted the most from overall performance owing to security selection decisions and an underweight allocation to the sector. Health Care also detracted due to stock selection, which was partially offset by an underweight allocation to the sector. Conversely, stock choices in the Industrials sector contributed the most. Utilities also contributed owing to positive stock selection, which was partially offset by an overweight allocation to the sector.

Certain series of the Fund, as applicable, make monthly distributions at a rate determined by AGFI from time to time. If the aggregate amount of the monthly distributions made to a series in a year exceeds the portion of the net income and net realized capital gains allocated to such series, the excess will constitute a return of capital. The portfolio manager does not believe that the distributions made by the Fund had a meaningful impact on the Fund's ability to implement its investment strategy or to fulfill its investment objectives.

The Fund had net subscriptions of approximately \$1 million for the current period, as compared to net subscriptions of approximately \$2 million in the prior period. The portfolio manager does not believe that 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 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 headwinds. The People's Bank of China implemented multi-pronged stimulus

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 1 800 268-8583, by writing to us at AGF Investments Inc., CIBC SQUARE, Tower One, 81 Bay Street, Suite 4000, Toronto, Ontario, Canada M5J 0G1 attention: Client Services, 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.

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 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 to 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.

The portfolio manager believes the bull market remains intact, given the ongoing resilience of the U.S. economy. The economy has been underpinned by a labour market that has been resilient, although there have been some signs of recent softening. While economic growth is slowing from the lofty levels of the second half of 2023, the portfolio manager believes that it will remain positive and supportive for equity markets.

With the equity market, the portfolio manager remains constructive and believes equities are benefitting from strong earnings growth, which ultimately has been the most correlated factor with the markets. Moreover, the portfolio manager believes some of the substantial cash balances accumulated on the sidelines in 2022 and 2023 will eventually find its way back into equities as the Fed continues on the path to reducing rates. The portfolio manager believes that rate cuts will favour certain sectors in the market and drive market leadership in the foreseeable future. These events underscore the importance of maintaining objectivity throughout the changing macroeconomic environment and recognizing that they can drive leadership over the short-term.

Overall, the portfolio manager is encouraged with the continued resilient economy and the promising secular innovative trends, which include generative artificial intelligence, health and wellness, and reshoring. The portfolio manager believes equities are positioned well for the balance of the year, though some volatility may be expected along the way, particularly given that 2024 is an election year. The portfolio manager would see any inevitable corrections as buying opportunities.

## 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, managing the investment portfolio of the Fund. Under the management agreement, the Fund (except for Series I, Series O, Series Q and Series W Units, if applicable) pays management fees, calculated based on the Net Asset Value of the respective series of the Fund. Management fees of approximately \$15,000 were incurred by the Fund during the period ended September 30, 2024.

All of the operating expenses relating to the operation of the Fund (except for certain costs as disclosed in the current prospectus) are paid directly by AGFI and in exchange, a fixed rate administration fee is payable by the Mutual Fund Series, ETF Series, Series F and Series I Units, as applicable, of the Fund. The administration fee is calculated based on the Net Asset Value of the respective series of the Fund at a fixed annual rate, as disclosed in the current prospectus. Administration fees of approximately \$2,000 were incurred by the Fund during the period ended September 30, 2024.

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.

### ETF Series Units - 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>24.46</b>	<b>25.00*</b>	-	-	-
<b>Increase (decrease) from operations:</b>					
Total revenue	1.14	0.11	-	-	-
Total expenses	(0.42)	(0.05)	-	-	-
Realized gains (losses)	1.35	(0.00)	-	-	-
Unrealized gains (losses)	2.64	(0.47)	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>4.71</b>	<b>(0.41)</b>	-	-	-
<b>Distributions:</b>					
From income (excluding dividends)	(0.15)	(0.13)	-	-	-
From dividends	(0.80)	-	-	-	-
From capital gains	(0.59)	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(1.54)</b>	<b>(0.13)</b>	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>27.63</b>	<b>24.46</b>	-	-	-

### ETF Series Units - 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)	1,658	1,468	-	-	-
Number of units outstanding (000's)	60	60	-	-	-
Management expense ratio <sup>(5)</sup>	0.92%	0.96%	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.92%	0.96%	-	-	-
Trading expense ratio <sup>(7)</sup>	0.09%	0.13%	-	-	-
Portfolio turnover rate <sup>(8)</sup>	51.51%	0.93%	-	-	-
Net Asset Value per unit	27.63	24.46	-	-	-
Closing market price <sup>(9)</sup>	27.59	24.50	-	-	-

### Series F Units - 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>9.79</b>	<b>10.00*</b>	-	-	-
<b>Increase (decrease) from operations:</b>					
Total revenue	0.43	0.04	-	-	-
Total expenses	(0.16)	(0.01)	-	-	-
Realized gains (losses)	0.45	(0.00)	-	-	-
Unrealized gains (losses)	1.32	(0.19)	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.04</b>	<b>(0.16)</b>	-	-	-
<b>Distributions:</b>					
From income (excluding dividends)	(0.06)	(0.05)	-	-	-
From dividends	(0.34)	-	-	-	-
From capital gains	(0.35)	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.75)</b>	<b>(0.05)</b>	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.93</b>	<b>9.79</b>	-	-	-

### Series F Units - 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)	948	147	-	-	-
Number of units outstanding (000's)	87	15	-	-	-
Management expense ratio <sup>(5)</sup>	0.89%	0.11%	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.89%	0.11%	-	-	-
Trading expense ratio <sup>(7)</sup>	0.09%	0.13%	-	-	-
Portfolio turnover rate <sup>(8)</sup>	51.51%	0.93%	-	-	-
Net Asset Value per unit	10.93	9.79	-	-	-

## 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 following series of the Fund commenced operations on the following dates, which represents the date upon which securities of a series were first made available for purchase by investors.

ETF Series Units	August 2023
Series F Units	August 2023

\* represents initial Net Assets  
(1), (2), (3), (4), (5), (6), (7), (8) and (9) see Explanatory Notes

- (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 computation of the distributions per unit does not take into account the management fee distributions, if applicable (see note 5 below). 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") of a particular series 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, allocated to that series, expressed as an annualized percentage of average daily Net Asset Value of that series during the period. For new series launched during the period, the MER is annualized from the date of the first external purchase.

AGFI may reduce the effective management fee payable by some unitholders by reducing the management fee it charges to the Fund and directing the Fund to make management fee distributions to these unitholders in amounts equal to the amounts of the management fee reduction. The MER does not take into account the reduction in management fees due to management fee distributions to unitholders.

- (6) AGFI waived certain fees or absorbed certain expenses otherwise payable by the Fund. The amount of expenses waived or absorbed is determined annually on a series by series basis 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, 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.
- (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.

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 Cboe Canada. 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. As a result of providing investment and management services, AGFI receives a monthly management fee, based on the Net Asset Value of the respective series, calculated daily and payable monthly. Management fees in respect of Series I, Series O, Series Q and Series W Units, if applicable, are arranged directly between the Manager and investors and are not expenses of the Fund. AGFI uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund's units, investment advice, as well as for general administrative expenses such as overhead, salaries, rent, legal and accounting fees relating to AGFI's role as manager.

	As a percentage of management fees		
	Annual rates	Dealer compensation	General administration and investment advice
ETF Series Units	0.75%	-	100.00%
Series F Units	0.75%	-	100.00%

## 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.

It is AGFI's policy to report rates of return for series in existence greater than one year. The performance start date for each series represents the date of the first purchase of such series, excluding seed money. Series F Units commenced operations in August 2023 with the first external purchase in January 2024.

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

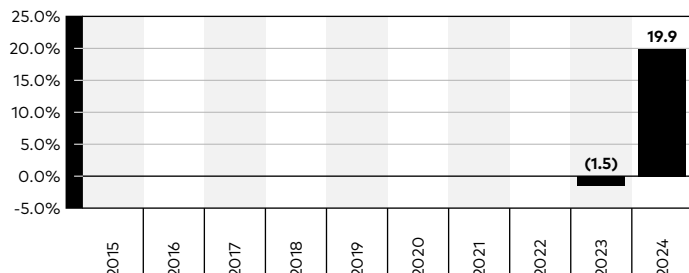
\* The indicated rates of return shown here are the historical annual compounded total returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges by any securityholder that would have reduced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

# AGF Enhanced U.S. Equity Income Fund

SEPTEMBER 30, 2024

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.

## ETF Series Units



Performance for 2023 represents returns for the period from August 21, 2023 to September 30, 2023.

## Annual Compound Returns

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

Percentage Return:	1 Year	3 Years	5 Years	10 Years	Since Inception
ETF Series Units	19.9	N/A	N/A	N/A	16.1
S&P 500 Index	35.8	N/A	N/A	N/A	29.1

The S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries.

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.

## 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.

Portfolio by Country	Percentage of Net Asset Value (%)
United States	84.2
Cash & Cash Equivalents	14.5
Denmark	1.6
Canada	(0.0)
Other Net Assets (Liabilities)	(0.3)

Portfolio by Sector	Percentage of Net Asset Value (%)
Information Technology	18.6
Cash & Cash Equivalents	14.5
Health Care	9.4
Industrials	8.9
Consumer Discretionary	8.5
Financials	8.4
Communication Services	7.3
Real Estate	5.6
Materials	5.5
Consumer Staples	4.9
Energy	4.3
Short-Term Investments	2.7
Utilities	2.3
Currency/Equity Options Written	(0.6)
Other Net Assets (Liabilities)	(0.3)

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
United States Equity	82.1
Cash & Cash Equivalents	14.5
Short-Term Investments	2.7
International Equity	1.6
Canadian Currency/Equity Options Written	(0.0)
United States Equity Options Written	(0.6)
Other Net Assets (Liabilities)	(0.3)



# AGF Enhanced U.S. Equity Income Fund

SEPTEMBER 30, 2024

Top Holdings	Percentage of Net Asset Value (%)
<b>Long Positions:</b>	
Cash & Cash Equivalents	14.5
International Paper Company	4.1
3M Company	3.9
Verizon Communications Inc.	3.9
MetLife Inc.	3.8
American Tower Corporation	3.6
Gilead Sciences Inc.	3.5
Alphabet Inc.	3.5
Altria Group Inc.	3.4
C.H. Robinson Worldwide Inc.	3.3
Applied Materials Inc.	3.1
Cisco Systems Inc.	3.0
U.S. Treasury**	2.7
Apple Inc.	2.7
Bank of America Corporation	2.7
Microsoft Corporation	2.6
Ford Motor Company	2.5
The Southern Company	2.3
Pfizer Inc.	2.3
Universal Display Corporation	2.2
The Home Depot Inc.	2.1
Prologis Inc.	2.0
Accenture PLC	1.8
Diamondback Energy Inc.	1.8
Advanced Micro Devices Inc.	1.7
<b>Subtotal</b>	<b>83.0</b>
<b>Short Positions:</b>	
<b>Currency/Equity Options Written</b>	
Apple Inc.	(0.1)
CH Robinson Worldwide Inc.	(0.1)
Universal Display Corporation	(0.1)
Accenture PLC	(0.1)
Las Vegas Sands Corporation	(0.1)
The Home Depot Inc.	(0.1)
USD-CAD Currency Option Index	(0.0)
Solvantum Corporation	(0.0)
Bank of America Corporation	(0.0)
NIKE Inc.	(0.0)
Conagra Brands Inc.	(0.0)
AbbVie Inc.	(0.0)
American Tower Corporation	(0.0)
3M Company	(0.0)
PulteGroup Inc.	(0.0)
The Southern Company	(0.0)
Applied Materials Inc.	(0.0)
Ford Motor Company	(0.0)
T. Rowe Price Group Inc.	(0.0)
Prologis Inc.	(0.0)
Broadcom Inc.	(0.0)
<b>Subtotal</b>	<b>(0.6)</b>
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 2,606</b>

\*\* Debt Instruments



For more information contact your investment advisor or:

**AGF Investments Inc.**

CIBC SQUARE, Tower One  
81 Bay Street, Suite 4000  
Toronto, Ontario M5J 0G1  
Toll Free: (800) 268-8583  
Web: AGF.com

Securities of the funds are offered and sold in the United States only in reliance on exemptions from registration. No securities regulatory authority has expressed an opinion about these securities. It is an offence to claim otherwise.

\* / TM The "AGF" logo and all associated trademarks are registered trademarks of AGF Management Limited and used under licence.