

Annual Management Report of Fund Performance

# AGFiQ Enhanced Global Infrastructure ETF

September 30, 2018



## 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 AGFiQ Enhanced Global Infrastructure ETF (the "Fund") is to provide long-term capital appreciation with reduced volatility and a high level of income, over a full market cycle, by investing primarily in global equity securities in the infrastructure industry. Highstreet Asset Management Inc. ("Highstreet"), as portfolio manager, uses a proprietary quantitative multi-factor model to evaluate and rank global equity securities based on factors that identify growth, value, quality and risk characteristics. Although the Fund's investments are selected based on the output of its quantitative model, the portfolio also 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 is reconstituted and rebalanced on a quarterly basis but has the latitude to rebalance on an ad hoc basis should market conditions dictate. In periods of unusual market conditions, a significant portion of the Fund's assets may be held in cash or fixed income securities.

### Risk

The risks of investing in the Fund remain as disclosed in the current prospectus. The Fund continues to be suitable for investors with a low to medium tolerance for risk.

### Results of Operations

The Fund commenced operations in February 2018.

From a factor perspective, the Fund's exposure to momentum factor and lack of exposure to volatility factor contributed to performance, while exposure to value factor detracted.

From a sector perspective, the Fund's overweight exposure to real estate contributed to performance, while underweight exposure to energy detracted.

From a regional perspective, the Fund's exposure to Europe contributed to performance, while overweight exposure to emerging markets detracted.

In terms of individual holdings, the Fund's underweight allocation to Atlantia SpA and overweight allocation to Fortum Oyj contributed to performance, while overweight

allocation to TC PipeLines Limited Partnership and OHL Mexico SAB de CV detracted. As of September 30, 2018, the Fund no longer held these security positions.

### Recent Developments

Global equity markets ended calendar year 2017 strong, but were overall choppy for rest of the reporting period. Most of the regions posted positive returns to end calendar year 2017, with emerging markets out-performing developed markets. However, emerging markets lagged developed markets during rest of the reporting period. Trade negotiations were once again in focus as U.S. and Canada finally reached North American Free Trade Agreement (renamed United States–Mexico–Canada Agreement) on September 30, 2018, while the U.S. and China engaged in escalating tit-for-tat trade measures. Trade negotiations between the U.S. and Europe also continued as the two sides agreed to work toward decreasing tariffs.

U.S. economic data met expectations during the last calendar quarter of 2017, with employment, inflation, and gross domestic product ("GDP") growth in-line with expectations, while economic sentiment remained strong, prompting the U.S. Federal Reserve (the "Fed") to raise interest rates in December 2017. U.S. economic data remained strong through rest of the reporting period, with better than expected employment, inflation and GDP growth figures. As a result, the Fed raised interest rates three more times during rest of the reporting period and reiterated their monetary policy stance, signaling higher interest rates, albeit, at a moderate pace dependent on continued strong economic data.

Japan and Europe reported strong economic data during the last calendar quarter of 2017, posting solid wage growth, GDP growth, consumption and industrial production. European economic data was overall in-line through rest of the reporting period, but geopolitical concerns around regional elections weighed on sentiment. Japanese economic data also remained strong with solid inflation, employment and GDP growth figures through rest of the reporting period. Economic data from the UK cooled during last calendar quarter of 2017, as retail sales, industrial production and GDP growth missed or met expectations. Through rest of the reporting period, the UK showed strength in employment and retail sales before cooling again in June 2018. Negotiators in the UK came close to finalizing a Brexit deal. The European Central Bank and Bank of Japan chose to keep interest rates steady, while the Bank of England raised interest rates twice during the reporting period.

Canadian economic data was strong during last calendar quarter of 2017, prompting a 0.25% interest rate increase by the Bank of Canada to 1.25% in the first calendar quarter 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., Toronto-Dominion Bank Tower, 66 Wellington Street West, 31st Floor, Toronto, Ontario, Canada M5K 1E9, or by visiting our website at [www.AGFiQ.com](http://www.AGFiQ.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.

2018. Canadian economic momentum waned through the second calendar quarter of 2018, before bouncing back in the third calendar quarter of 2018, prompting the second interest rate hike to 1.50% in July 2018.

Economic sentiment was strong in China during the last calendar quarter of 2017 with strong GDP growth, while inflation was in-line with expectations. Chinese economic data remained strong through rest of the reporting period, posting solid GDP growth and robust loan growth. Elsewhere in the emerging markets, geopolitical tensions weighed on sentiment despite overall in-line economic data.

U.S. dollar was volatile, but ended the reporting period flat relative to most currencies. Base and precious metals fell, while oil had a weak start but rallied towards the end of the reporting period, breaching USD \$73 per barrel. The U.S. 10-year benchmark yield moved higher, ending the reporting period slightly above 3.0%.

The global economic recovery remains on track with robust economic data supporting strong sentiment. Central banks worldwide have indicated a less dovish path for monetary policy, but stress the reliance on continued robust economic data. Going forward, the portfolio manager expects the investment backdrop to remain accommodative and the overall pace of interest rate hikes in the U.S. and rest of the world should be measured. The portfolio manager believes that the Fund is well-positioned in this type of market environment and continues to focus on providing long-term capital appreciation with reduced volatility and a high level of income, over a full market cycle, by utilizing a proprietary, multi-factor quantitative investment process and by investing primarily in global equities in the infrastructure industry.

## Related Party Transactions

AGF Investments Inc. ("AGFI") is the manager ("Manager"), trustee and promoter of the Fund and is responsible for the day-to-day business of the Fund. The Fund entered into an investment management agreement with AGFI and Highstreet, indirect wholly-owned subsidiaries of AGF Management Limited, pursuant to which Highstreet is responsible for managing the investment portfolio of the Fund. Under the Declaration of Trust, the Fund pays management fees, calculated based on the Net Asset Value of the Fund. Management fees of approximately \$319,000 were incurred by the Fund during the period from commencement of operations to September 30, 2018.

## 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, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and 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, 2018 (\$)	Sept 30, 2017 (\$)	Sept 30, 2016 (\$)	Sept 30, 2015 (\$)	Sept 30, 2014 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>24.54*</b>	-	-	-	-
<b>Increase (decrease) from operations:</b>					
Total revenue	0.92	-	-	-	-
Total expenses	(0.18)	-	-	-	-
Realized gains (losses)	0.00	-	-	-	-
Unrealized gains (losses)	(0.75)	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(0.01)</b>	-	-	-	-
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.37)	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.37)</b>	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>25.72</b>	-	-	-	-

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

For the periods ended	Sept 30, 2018	Sept 30, 2017	Sept 30, 2016	Sept 30, 2015	Sept 30, 2014
Total Net Asset Value (\$000's)	266,163	-	-	-	-
Number of units outstanding (000's)	10,350	-	-	-	-
Management expense ratio <sup>(5)</sup>	0.45%-	-	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.45%-	-	-	-	-
Trading expense ratio <sup>(7)</sup>	0.23%-	-	-	-	-
Portfolio turnover rate <sup>(8)</sup>	7.81%	-	-	-	-
Net Asset Value per unit	25.72	-	-	-	-
Closing market price <sup>(9)</sup>	25.88	-	-	-	-

## 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 February 2018, 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, 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 the NEO Exchange. 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 at the annual rate of 0.45%, 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 associated with the use of derivatives (if applicable), 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.

\* represents initial Net Assets

- annualized

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

## 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 February 2018.

## Summary of Investment Portfolio

As at September 30, 2018

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, 2018.

Portfolio by Country	Percentage of Net Asset Value (%)
United States	44.2
Canada	19.6
United Kingdom	6.1
Spain	4.5
France	4.2
Italy	3.8
Hong Kong	3.4
China	3.3
Mexico	1.9
New Zealand	1.6
Japan	1.4
Australia	1.2
Malaysia	1.2
Singapore	1.0
Brazil	0.7
Portugal	0.6
Cash & Cash Equivalents	0.4
Chile	0.3
Belgium	0.3

Portfolio by Sector	Percentage of Net Asset Value (%)
Utilities	38.7
Energy	24.3
Real Estate	18.0
Industrials	17.6
Consumer Discretionary	0.7
Cash & Cash Equivalents	0.4

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
United States Equity	44.2
International Equity	35.5
Canadian Equity	19.6
Cash & Cash Equivalents	0.4

Top Holdings	Percentage of Net Asset Value (%)
Enbridge Inc.	6.5
American Tower Corporation	5.8
Crown Castle International Corporation	5.5
VINCI SA	3.9
TransCanada Corporation	3.7
National Grid PLC	3.2
ONEOK Inc.	2.9
Fortis Inc.	2.9
The Williams Companies Inc.	2.7
Sempra Energy	2.6
Atmos Energy Corporation	2.4
SBA Communications Corporation	2.2
Pembina Pipeline Corporation	2.1
Aena SA	1.9
Kinder Morgan Inc.	1.8
Xcel Energy Inc.	1.6
OGE Energy Corporation	1.6
Duke Energy Corporation	1.5
WEC Energy Group Inc.	1.5
Terna SpA	1.4
The Southern Company	1.4
Tenaga Nasional Berhad	1.2
NorthWestern Corporation	1.2
Enagas SA	1.2
CLP Holdings Limited	1.2
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 266,163</b>



For more information contact your investment advisor or:

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