

Annual Management Report of Fund Performance

# AGF Global Sustainable Growth Equity ETF

September 30, 2021



## 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 Global Sustainable Growth Equity ETF (the "Fund") is to provide long-term capital appreciation by investing primarily in a diversified portfolio of global equity securities, which fit its concept of sustainable development. In seeking to achieve its investment objective, the Fund invests primarily in a broad selection of global equity securities, including convertibles, warrants and income trust securities. AGF Investments Inc. ("AGFI"), as portfolio manager, looks for companies with no capitalization bias and which may typically possess proven management, proprietary/strategic advantages and financial strength. In the portfolio manager's opinion, these companies have above-average sales or earnings growth potential and favorable valuation levels with respect to these growth expectations. The portfolio manager has identified a number of sustainability themes such as those associated with the energy transition, circular economy and sustainable agriculture, which may provide an investment framework through which to identify attractive opportunities. As a result of this process, the portfolio manager does not invest in certain sectors, such as fossil fuel producers, and may have a reduced weighting in others, due to their lack of positive exposure to sustainability themes. The portfolio manager also looks for companies that fit the environmental concept of sustainable development, which as defined in a 1987 report of the World Commission on Environment and Development and updated in 2015 through the launch of the Sustainable Development Goals, is economic development that meets the needs of current generations without compromising the ability of future generations to meet theirs. This concept may be modified by the portfolio manager without securityholder approval. During periods of market downturn or for other reasons, 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. Any changes to the Fund over the period have not affected the overall level of risk of the Fund.

The international spread of COVID-19 has heightened certain risks associated with investing in the Fund, including liquidity risk. There are many factors that affect liquidity as well as

the value of an investment. Those factors generally affect securities markets, including but not limited to general economic and political conditions, fluctuations in interest rates and factors unique to each issuer of the securities held by an investment fund, such as changes in management, strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution and dividend policies and other events. While the precise impact of the COVID-19 outbreak remains unknown, it has introduced uncertainty and volatility in global markets and economies. The duration of the COVID-19 outbreak and its impact cannot be determined with certainty, but it may adversely affect the performance of the Fund. The portfolio manager, however, does not believe any changes to the Fund over the period has affected the overall 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

The Fund was established in September 2020 and commenced operations in October 2020.

Since the Fund's inception, the growth-orientated sustainable themes have generally lagged value names, which are included within the broader market. The Fund's security selection in the consumer discretionary sector contributed to performance, as well as the materials and information technology sectors to a lesser extent. This was partially offset by the Fund's selected holdings in the consumer staples sector, which detracted.

From a geographic perspective, the Fund's allocation to South Korea contributed to performance, while its holdings within Taiwan and Ireland detracted.

The Fund's energy & power technologies theme accounted for the largest share of returns, while waste management & pollution control and water & wastewater solutions also contributed. The Fund's holdings within health & well being recorded modest losses. Among the sub-themes, electric vehicle & autonomous transport and healthy living offered the strongest contributions, while renewable energy production and sustainable food recorded the largest losses.

In terms of individual holdings, the top contributors to performance during the reporting period were Albemarle Corporation, NIBE Industrier AB and MSCI Inc., while the top detractors were Cummins Inc., Zoom Video Communications Inc. and Equinix Inc. As of September 30, 2021, the Fund no longer held Equinix Inc. in its portfolio.

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.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.

## Recent Developments

During the third calendar quarter of 2021, there was a very strong rebound from the dramatic cyclical rotation witnessed in the first few months of the year. That said, there was another sharp cyclical rotation in the last two weeks of September 2021, coincident with more positive data on the delta variant.

The portfolio manager anticipates that financial markets will continue to debate whether markets have fully exited a 'growth scare' and are now entering a period of more sustained growth coupled with higher inflation and interest rates, or just the opposite. The portfolio manager is firmly of the belief that the economy is indeed slowing, albeit coming off very high levels of rebound post the COVID-19 decline. If this narrative is indeed accurate, volatility in rates should subside and provide a strong backdrop for many of the sustainability themes which generate higher growth rates than the economy as a whole.

The Fund is well-positioned for a correction in equity markets and/or a return to lower growth expectations. Given the Fund's lack of ownership in highly cyclical sectors, such as financials and commodities (due to a lack of meaningful growth to the sustainability themes), there is challenge in periods of deflation rotation. Fortunately, these periods are relatively short in duration historically.

## 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. Under the Declaration of Trust, the Fund pays management fees, calculated based on the Net Asset Value of the Fund. Management fees of approximately \$58,000 were incurred by the Fund during the period from commencement of operations to September 30, 2021.

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, 2021 (\$)	Sept 30, 2020 (\$)	Sept 30, 2019 (\$)	Sept 30, 2018 (\$)	Sept 30, 2017 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>25.00</b>	<b>25.00*</b>	-	-	-
<b>Increase (decrease) from operations:</b>					
Total revenue	0.28	-	-	-	-
Total expenses	(0.30)	-	-	-	-
Realized gains (losses)	0.29	-	-	-	-
Unrealized gains (losses)	4.31	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>4.58</b>	-	-	-	-
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.01)	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.01)</b>	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>30.27</b>	<b>25.00</b>	-	-	-

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

For the periods ended	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019	Sept 30, 2018	Sept 30, 2017
Total Net Asset Value (\$000's)	16,648	1	-	-	-
Number of units outstanding (000's)	550	1	-	-	-
Management expense ratio <sup>(5)</sup>	0.65%	-	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.65%	-	-	-	-
Trading expense ratio <sup>(7)</sup>	0.26%	-	-	-	-
Portfolio turnover rate <sup>(8)</sup>	25.24%	-	-	-	-
Net Asset Value per unit	30.27	25.00	-	-	-
Closing market price <sup>(9)</sup>	30.23	N/A	-	-	-

## 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 2020, 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 0.65%, 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

(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 October 2020.

## Summary of Investment Portfolio

As at September 30, 2021

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, 2021.

Portfolio by Country	Percentage of Net Asset Value (%)
United States	47.7
Cash & Cash Equivalents	9.4
Japan	8.3
Canada	5.6
United Kingdom	5.4
France	5.1
Ireland	4.2
Sweden	3.5
Germany	3.3
Italy	2.4
Taiwan	2.0
South Korea	1.9
Finland	1.4
Norway	1.4
Belgium	1.2
Spain	0.8
Denmark	0.8

Portfolio by Sector	Percentage of Net Asset Value (%)
Industrials	31.7
Information Technology	22.3
Consumer Discretionary	14.2
Materials	10.1
Cash & Cash Equivalents	9.4
Health Care	7.6
Financials	4.1
Utilities	2.6
Consumer Staples	2.4

Portfolio by Asset Mix	Percentage of Net Asset Value (%)
United States Equity	47.7
International Equity	41.7
Cash & Cash Equivalents	9.4
Canadian Equity	5.6

Top Holdings	Percentage of Net Asset Value (%)
Cash & Cash Equivalents	9.4
Danaher Corporation	4.2
Thermo Fisher Scientific Inc.	3.5
Keyence Corporation	3.3
Legrand SA	3.0
Albemarle Corporation	2.9
Tetra Tech Inc.	2.9
Garmin Limited	2.9
MSCI Inc.	2.8
Trimble Inc.	2.8
Aptiv PLC	2.7
Cummins Inc.	2.6
Shimano Inc.	2.5
Trex Company Inc.	2.5
DENSO Corporation	2.5
Prysmian SpA	2.4
NIBE Industrier AB	2.4
Halma PLC	2.3
Valmont Industries Inc.	2.3
Kingspan Group PLC	2.3
Croda International PLC	2.2
Amphenol Corporation	2.1
WSP Global Inc.	2.1
Dassault Systemes SE	2.1
Analog Devices Inc.	2.1
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 16,648</b>



For more information contact your investment advisor or:

**AGF Investments Inc.**

Toronto-Dominion Bank Tower  
66 Wellington Street West, 31st Floor  
Toronto, Ontario M5K 1E9  
Toll Free: (800) 387-2563  
Web: [AGF.com](http://AGF.com)

There is no guarantee that AGF ETFs will achieve their stated objectives and there is risk involved in investing in the ETFs. Before investing you should read the prospectus or relevant ETF Facts and carefully consider, among other things, each ETF's investment objectives, risks, charges and expenses. A copy of the prospectus and ETF Facts is available on [AGF.com](http://AGF.com).

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