

Interim Management Report of Fund Performance

# AGF Global Alternatives Strategic Equity Fund

March 31, 2023

## 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.

### Results of Operations

AGF Global Alternatives Strategic Equity Fund (the "Fund") commenced operations in July 2022.

The Fund holds Series O Units of mutual funds managed by AGF Investments Inc. ("AGFI") (the "Underlying Funds"). The Fund's major portfolio categories, as a percentage of Net Asset Value as at March 31, 2023, include approximately 93.0% in global equity via its holdings in the Underlying Funds and exchange traded funds ("ETFs") and 7.0% in cash and cash equivalents. During the reporting period, the Fund's allocation to global equity and cash and cash equivalents remained fairly consistent.

### Recent Developments

During the reporting period, equities rebounded as major announcements around the globe spurred on markets. China's long-awaited economic rebound helped the global economic outlook somewhat after the country abandoned its much-debated zero-COVID policy. As Russia's invasion of Ukraine passed the one-year mark, NATO member nations pledged their unwavering support to Ukraine to continue the fight against the Kremlin. The monetary tightening cycle by the U.S. Federal Reserve (the "Fed") and the European Central Bank continued through the period, albeit at a slower pace, in an effort to balance growth with persistent inflation. The U.S. dollar fell through the reporting period and Fed Chairman Jerome Powell cautioned that taming inflation might take longer than previously anticipated.

Equities recorded a positive performance during the reporting period, as inflation cooled off and rate hikes slowed down. The weakening U.S. dollar helped commodity valuations, with higher prices in industrial and precious metals offsetting weaker prices in agriculture. Industrial metals was the best-performing component of the S&P GSCI Index over the period, with prices of nickel, lead and copper surging. Energy was the worst-performing sector, as oil and natural gas prices fell sharply. Commodities finished the period in red, down 7.3%, due to market volatility. However, the Real Estate sector saw positive performance on the back of expectations of the Fed slowing interest hikes and the unexpected reopening of China's economy. The Real Estate sector in developed Asia out-performed on a relative basis.

In the real asset universe, this resulted in a notable rotation from energy and commodities sectors to gold, real estate

and U.S. utilities, as investors softened their rate risk sensitivity and sought shelter in less economically leveraged sectors. Over the reporting period, the Brent Oil price declined by almost 13.0%. Due to the softness in oil prices, energy equities ended the period significantly lower. The standout was the gold price, which climbed over 17.0% during the period, ending in March 2023 at around US\$1,986 per ounce. Gold equities quickly responded to the rising price, out-performing the price of metals and the portfolio manager's benchmark. The Utilities sector also saw a good period. Natural gas exports from the U.S. to Europe were increased to service demand in the continent. However, a warmer-than-expected winter in Europe created an oversupply, adding to the decline in natural gas prices.

The portfolio manager remains cautious about the global economic outlook, but a "hard landing" recession is not built into the base case. The recent equities rally appears to have been driven off expectations of a rapid decline in core inflation and a pivot in rates, to which the portfolio manager attached a low probability. Robust employment data is both a challenge and a benefit to the market. If it remains robust, it will likely provide an obstacle to the Fed's efforts to bring down inflation while simultaneously providing the backdrop for a soft landing as a key component of the economy remains healthy. While the portfolio manager is not projecting a hard landing at this point, the portfolio manager is cognizant of the fact that there could be a tipping point in the inflation fight where employment data changes abruptly and the likelihood of a hard landing comes to the fore, so the portfolio manager will remain optimistic but vigilant. For the first part of 2023, the portfolio manager remains focused on quality factors and fundamentally supported sectors, with the expectation that results from the first calendar quarter will generate volatility and investment opportunities.

The Underlying Funds' primary overweight remains in the Energy sector with the portfolio manager's forecast that the continuing tight fundamental balances will support prices above both spot prices and the existing forward curve. With undemanding valuations, some of the best free cash flow metrics in the portfolio manager's universe and commitment to capital returns, the portfolio manager believes energy equities should continue to provide above-peer returns. The portfolio manager continues to find interesting market opportunities given elevated volatility and more attractive valuations, particularly in areas of the market that have experienced indiscriminate selling. However, the portfolio manager will remain cautious given the ongoing risks and will continue to focus on attractively valued companies with solid balance sheets.

This interim management report of fund performance contains financial highlights, but does not contain either the interim or annual financial statements of the investment fund. You can get a copy of the interim or 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.

## 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.

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 \$3,000 were incurred by the Fund during the six months ended March 31, 2023.

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 six months ended March 31, 2023 and the past five years as applicable.

### Net Assets per Unit<sup>(1)</sup>

For the periods ended	Mar 31, 2023 (\$)	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>24.72</b>	<b>25.00*</b>	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.08	0.05	-	-	-	-
Total expenses	(0.05)	(0.02)	-	-	-	-
Realized gains (losses)	0.09	-	-	-	-	-
Unrealized gains (losses)	1.53	(1.31)	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.65</b>	<b>(1.28)</b>	-	-	-	-
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	(0.02)	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.02)</b>	-	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>27.44</b>	<b>24.72</b>	-	-	-	-

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

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

For the periods ended	Mar 31, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019	Sept 30, 2018
Total Net Asset Value (\$000's)	4,410	1,228	-	-	-	-
Number of units outstanding (000's)	161	50	-	-	-	-
Management expense ratio <sup>(5)</sup>	0.38%	0.39%	-	-	-	-
Management expense ratio before waivers or absorptions	0.38%	0.39%	-	-	-	-
Trading expense ratio <sup>(6)</sup>	0.05%	0.03%	-	-	-	-
Portfolio turnover rate <sup>(7)</sup>	4.75%	0.00%	-	-	-	-
Net Asset Value per unit	27.44	24.72	-	-	-	-

## Explanatory Notes

- (1) a) This information is derived from the Fund's audited annual financial statements and unaudited interim 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 March 31, 2023

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 June 30, 2023.

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	85.6
ETFs - International Equity	7.8
Cash & Cash Equivalents	7.1
Other Net Assets (Liabilities)	(0.5)

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

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MARCH 31, 2023

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<b>Top Holdings</b>	<b>Percentage of Net Asset Value (%)</b>
AGF Global Real Assets Fund	85.6
AGF Systematic Global Infrastructure ETF	7.8
Cash & Cash Equivalents	7.1
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 4,410</b>



For more information contact your investment advisor or:

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