

Interim Management Report of Fund Performance

# AGF High Interest Savings Account 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 High Interest Savings Account Fund (the "Fund") commenced operations in July 2022.

As of March 31, 2023, the Fund invested substantially all of its assets in units of High Interest Savings Account Fund (the "Underlying Fund"), which is a fund managed by a third party.

### Recent Developments

Bond markets remained volatile over the reporting period, driven by variable economic data, the banking system turmoil that arose in March 2023, central bank policies and the markets' reaction to them. Inflation levels broadly moderated but remained elevated versus target levels, and resilient economic activity also supported further central bank rate hikes, albeit at a more moderate pace. In recognition of the decelerating pace of inflation and growth, as well as the fact that monetary policy acts with a long and variable lag, the Bank of Canada elected to pause its rate hike campaign after raising rates in October 2022, December 2022 and January 2023. The monetary tightening cycle by the U.S. Federal Reserve and the European Central Bank continued through the period, albeit at a slower pace, in an effort to balance growth with persistent inflation.

During the last calendar quarter of 2022, Canada's economic growth stalled for the first time since the second calendar quarter of 2021, surprising many market participants. It was also a significant slowdown from the 2.3% annualized pace of growth seen in the third calendar quarter. This slowdown was mainly attributable to declines in business and housing investments. Inflation began easing off through the reporting period, as it fell to 5.9% in January 2023, the lowest since February 2022. Unemployment remained steady at 5.0% since 2023 began, with significant growth in private sector employment in February. The banking crisis in the U.S. has had a minimal impact on Canadian banks as they are in a much healthier position than their American counterparts.

The global economic outlook remains somewhat resilient despite the significant amount of tightening that has occurred so far. Inflation has remained sticky and although it may continue to decelerate in the coming months, central banks remain vigilant about the risk of a resurgence later in 2023. In addition, policymakers project that inflation will remain above target for the next few years. As a result, the bar remains quite high for central banks to cut interest rates

in 2023 unless the growth profile deteriorates significantly. Many developed market yield curves have been substantially inverted for some time, another leading indicator of slowing economic growth. Owing to the lagged effect of rate hikes, the Canadian economy could face a recession sometime in the second half of 2023 but the effects should be soft, given the absence of structural imbalances in the economy.

### Related Party Transactions

AGF Investments Inc. ("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, managing the investment portfolio of the Fund. 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 \$61,000 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

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.

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>10.00</b>	<b>10.00*</b>	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.24	0.09	-	-	-	-
Total expenses	(0.02)	(0.01)	-	-	-	-
Realized gains (losses)	0.00	(0.00)	-	-	-	-
Unrealized gains (losses)	(0.00)	0.00	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>0.22</b>	<b>0.08</b>	-	-	-	-
<b>Distributions:</b>						
From income (excluding dividends)	(0.21)	(0.07)	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.21)</b>	<b>(0.07)</b>	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>10.00</b>	<b>10.00</b>	-	-	-	-

### 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)	65,188	15,607	-	-	-	-
Number of units outstanding (000's)	6,519	1,561	-	-	-	-
Management expense ratio <sup>(5)</sup>	0.35%	0.35%	-	-	-	-
Management expense ratio before waivers or absorptions	0.35%	0.35%	-	-	-	-
Trading expense ratio <sup>(6)</sup>	0.00%	0.00%	-	-	-	-
Portfolio turnover rate <sup>(7)</sup>	7.84%	9.36%	-	-	-	-
Net Asset Value per unit	10.00	10.00	-	-	-	-

### 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.

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

- (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) 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 Underlying Fund's major portfolio categories and top holdings (up to 25), as a percentage of the Underlying Fund's Net Asset Value, 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 Underlying 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 Fund are available on the internet at [www.sedar.com](http://www.sedar.com).

Portfolio by Sector	Percentage of Net Asset Value (%)
Bank Deposits	100.0
Cash & Cash Equivalents	0.0
Other Net Assets (Liabilities)	0.0

Portfolio by Credit Rating**	Percentage of Net Asset Value (%)
A	100.0

Top Holdings	Percentage of Net Asset Value (%)
National Bank of Canada Cash Account	50.0
CIBC Cash Account	31.5
Scotia Bank Cash Account	15.3
BMO Cash Account	3.2
Cash & Cash Equivalents	0.0

The total Net Asset Value of the Fund as at March 31, 2023 was approximately \$65,188,000.

\*\* References made to credit ratings are obtained from Standard & Poor's and/or Dominion Bond Rating Service. Where one or more rating is obtained for a security, the lowest rating has been used.



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: (888) 226-2024  
Web: AGF.com

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