

**Interim Management Report of Fund Performance**

# **AGF U.S. Sector Fund**

March 31, 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.

### Results of Operations

AGF U.S. Sector Fund (the "Fund") commenced operations in July 2023.

Through the reporting period, the Fund remained focused on its objective of protection in down markets, while participating in up markets.

During the last calendar quarter of 2023, specifically in November, the Fund underwent a sector change due to rank changes in its sector model. In particular, the Materials sector rank deteriorated significantly due to a lower sentiment score as well as the machine learning and regime factor ranks. Meanwhile, the Financials sector had seen improvements in both value and sentiment ranks. Also, the Information Technology sector had slightly better sentiment and regime ranks. After the allocation change, the Fund was overweight the Communication Services, Consumer Staples, Energy and Information Technology sectors, while being underweight the Industrials, Materials, Health Care and Utilities sectors. The Fund had a neutral weight to the Consumer Discretionary, Financials and Real Estate sectors.

Close to the end of the reporting period, the Fund made further changes to its sector allocation to incorporate rank changes in its sector model, triggered by the introduction of a new machine learning factor. In particular, the Health Care sector rank improved significantly due to better valuation and an above average rank received from the new machine learning factor. Also, the Energy sector rank dropped resulting in bottom ranking from the new machine learning factor and deterioration in regime rank. The Fund's current sector strategy weights are listed below:

- Overweight in Consumer Discretionary (up from neutral), Communication Services, Consumer Staples and Health Care (up from underweight);
- Neutral Weight in Information Technology, Industrials (up from underweight) and Energy (down from overweight); and
- Underweight in Financials, Real Estate (down from neutral), Materials (down from overweight) and Utilities.

The Fund has gradually exited its defensive positions in the past six months. In early October 2023, the Market Risk Model highlighted a potential tactical bounce opportunity in equity markets and the Fund trimmed down its AGF US

Market Neutral Anti-Beta CAD-Hedged ETF ("AGF US MNAB ETF") position by 2.0% and later added to equity. In mid-November, the Fund continued to trim down AGF US MNAB ETF by 2.0% to further take profit and avoid potential pull back risk around the month's consumer price index release. In late December, the Fund increased equity exposure by another 2.0% and reduced cash. In early February 2024, the Fund trimmed down AGF US MNAB ETF by another 1.5%, which was subject to pull back risk after a solid January run and exited the remaining 2.0% in AGF US MNAB ETF by the end of the month. As of the end of the reporting period, the Fund is fully invested in equity stock. The portfolio manager will continue monitor the risk through the lens of Market Risk Model.

A 5.0% hedge in U.S. dollar was initiated when the Fund commenced operations in July 2023. The Fund closed the hedge in January 2024.

### Recent Developments

Global equities rallied strongly during the reporting period. The major central banks of the developed world stopped hiking rates as global inflation levels began slowly coming down from record highs. As the impact of higher interest rates were felt in the U.S. and Europe, the expectation of possible rate cuts and avoiding a recession in 2024 became a real possibility. Throughout 2023, the excitement around the advances in artificial intelligence took the world by storm and gave impetus to the stellar performance of some of the biggest technology companies in the world, narrowing market leadership quite noticeably. However, towards the end of calendar year 2023, market leadership had widened as a surge in energy prices due to production cuts brought energy companies back into the spotlight. During the last calendar quarter of 2023, a renewed conflict in the Middle East added concerns about a new disruption to global activity and return of sustained volatility in the market. Fortunately, the fallout did not have too much of an impact on global markets. China's economic revival continued to falter as the country's property sector dragged performance and stimulus packages from the government did little to improve the situation.

In the U.S., despite expectations of a potential recession for a better part of 2023, the U.S. economy ended the calendar year strongly, with a gross domestic product growth figure of 3.4% during the final calendar quarter of 2023. As inflation continued to decline steadily through the reporting period, the U.S. Federal Reserve has been careful not to cut rates too fast. Unemployment in the country largely remained low throughout the reporting period, spiking suddenly in February 2024. Non-farm payrolls also added 200,000 jobs on average every month till February. The equity market continued to perform strongly through the reporting period,

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 1 800 268-8583, 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.

buoyed by expectations that interest rate cuts may be approaching. Till the end of March 2024, the S&P 500 Index recorded a new record level, forcing leading market analysts to reassess their 2024 target for the index. This rally was largely powered by the performance of several stocks named the 'Magnificent 7' throughout. From a sector perspective, Information Technology and Communication Services performed well during the reporting period, while Utilities dragged on performance. The U.S. government's 10-year yield, having hit a peak of 5.0% in mid-October 2023, began a steep decline and ended 2023 at 3.9%.

Subjective forecasts of market outlook do not have a role in the Fund's investment methodology, except as can be implied from portfolio positioning, which is based on the output of quantitative models.

The Fund remains focused on its objective of protection in down markets, particularly against heightened volatility in U.S. markets, and participation in up markets. The Market Risk Model continues to monitor market risk on a daily basis to dynamically adjust the Fund's equity exposure to protect the portfolio from drawdowns. The Sector Allocation Model continually scores sectors based on well-known drivers of equity market returns, value, sentiment, profitability, momentum, size, investment quality as well as the regime factor and machine learning macro factor and will continue to make adjustments as necessary. In the first calendar quarter of 2024, the Fund added a new component, which ranks the sectors by their predicted returns using existing factor ranks and other complementary variables as inputs. The prediction is based on machine learning models to capture the dynamic relationship between factors and returns.

#### 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, managing the investment portfolio of the Fund. The Fund was also party to an investment advisory agreement with AGFI and AGF Investments LLC. AGF Investments LLC acts as the investment advisor and provides investment advisory services to the Fund. Under the management and investment advisory agreements, the Fund (except for Series I, Series O, Series Q and Series W Units, if applicable) pays management and advisory fees, calculated based on the Net Asset Value of the respective series of the Fund. Management and advisory fees of approximately \$3,000 were incurred by the Fund during the six months ended March 31, 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, 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 \$250 were incurred by the Fund during the six months ended March 31, 2024.

AGFI and AGF Investments LLC are indirect wholly-owned subsidiaries 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, 2024 and the past five years as applicable.

### Mutual Fund Units - Net Assets per Unit<sup>(1)</sup>

For the periods ended	Mar 31, 2024 (\$)	Sept 30, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)	Sept 30, 2019 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>10.05</b>	<b>10.00*</b>	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.10	0.05	-	-	-	-
Total expenses	(0.14)	(0.02)	-	-	-	-
Realized gains (losses)	0.08	0.01	-	-	-	-
Unrealized gains (losses)	1.97	0.01	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.01</b>	<b>0.05</b>	-	-	-	-
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	(0.04)	-	-	-	-	-
From capital gains	(0.02)	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.06)</b>	-	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>11.77</b>	<b>10.05</b>	-	-	-	-

### Mutual Fund Units - Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Mar 31, 2024	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019
Total Net Asset Value (\$000's)	621	112	-	-	-	-
Number of units outstanding (000's)	53	11	-	-	-	-
Management expense ratio <sup>(5)</sup>	3.72%	0.31%	-	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	3.72%	0.31%	-	-	-	-
Trading expense ratio <sup>(7)</sup>	0.05%	0.06%	-	-	-	-
Portfolio turnover rate <sup>(8)</sup>	47.52%	11.56%	-	-	-	-
Net Asset Value per unit	11.77	10.05	-	-	-	-

### Series F Units - Net Assets per Unit<sup>(1)</sup>

For the periods ended	Mar 31, 2024 (\$)	Sept 30, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)	Sept 30, 2019 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>10.05</b>	<b>10.00*</b>	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.08	0.05	-	-	-	-
Total expenses	(0.06)	(0.02)	-	-	-	-
Realized gains (losses)	0.05	0.01	-	-	-	-
Unrealized gains (losses)	1.97	0.01	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>2.04</b>	<b>0.05</b>	-	-	-	-
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	(0.05)	-	-	-	-	-
From capital gains	(0.02)	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.07)</b>	-	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>11.85</b>	<b>10.05</b>	-	-	-	-

### Series F Units - Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Mar 31, 2024	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019
Total Net Asset Value (\$000's)	239	38	-	-	-	-
Number of units outstanding (000's)	20	4	-	-	-	-
Management expense ratio <sup>(5)</sup>	2.65%	0.25%	-	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	2.65%	0.25%	-	-	-	-
Trading expense ratio <sup>(7)</sup>	0.05%	0.06%	-	-	-	-
Portfolio turnover rate <sup>(8)</sup>	47.52%	11.56%	-	-	-	-
Net Asset Value per unit	11.85	10.05	-	-	-	-

### Series I Units - Net Assets per Unit<sup>(1)</sup>

For the periods ended	Mar 31, 2024 (\$)	Sept 30, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)	Sept 30, 2019 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>10.05</b>	<b>10.00*</b>	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.09	0.05	-	-	-	-
Total expenses	(0.02)	(0.02)	-	-	-	-
Realized gains (losses)	0.05	0.01	-	-	-	-
Unrealized gains (losses)	1.80	0.01	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.92</b>	<b>0.05</b>	-	-	-	-
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	-	-	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>11.97</b>	<b>10.05</b>	-	-	-	-

### Series I Units - Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Mar 31, 2024	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019
Total Net Asset Value (\$000's)	1	1	-	-	-	-
Number of units outstanding (000's)	1	1	-	-	-	-
Management expense ratio <sup>(5)</sup>	2.57%	0.22%	-	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	2.57%	0.22%	-	-	-	-
Trading expense ratio <sup>(7)</sup>	0.05%	0.06%	-	-	-	-
Portfolio turnover rate <sup>(8)</sup>	47.52%	11.56%	-	-	-	-
Net Asset Value per unit	11.97	10.05	-	-	-	-

### Series O Units - Net Assets per Unit<sup>(1)</sup>

For the periods ended	Mar 31, 2024 (\$)	Sept 30, 2023 (\$)	Sept 30, 2022 (\$)	Sept 30, 2021 (\$)	Sept 30, 2020 (\$)	Sept 30, 2019 (\$)
<b>Net Assets, beginning of period<sup>(1)</sup></b>	<b>10.00*</b>	-	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.10	-	-	-	-	-
Total expenses	(0.02)	-	-	-	-	-
Realized gains (losses)	0.09	-	-	-	-	-
Unrealized gains (losses)	1.08	-	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.25</b>	-	-	-	-	-
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	-	-	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>11.20</b>	-	-	-	-	-

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

## Series O Units - Ratios/Supplemental Data<sup>(1)</sup>

For the periods ended	Mar 31, 2024	Sept 30, 2023	Sept 30, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019
Total Net Asset Value (\$000's)	32,737	-	-	-	-	-
Number of units outstanding (000's)	2,922	-	-	-	-	-
Management expense ratio <sup>(5)</sup>	0.03%	-	-	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.03%	-	-	-	-	-
Trading expense ratio <sup>(7)</sup>	0.05%	-	-	-	-	-
Portfolio turnover rate <sup>(8)</sup>	47.52%	-	-	-	-	-
Net Asset Value per unit	11.20	-	-	-	-	-

## 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 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.

Mutual Fund Units	July 2023
Series F Units	July 2023
Series I Units	July 2023
Series O Units	November 2023

(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.

## Management Fees

The Fund is managed by AGFI. As a result of providing investment advisory and management services, AGFI receives a monthly management and advisory fee, based on the Net Asset Value of the respective series, calculated daily and payable monthly. Management and advisory 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 and advisory 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 and advisory fees		
	Annual rates	Dealer compensation	General administration and investment advice
Mutual Fund Units	1.90%	26.05%	73.95%
Series F Units	0.75%	-	100.00%

## 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 2023.

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

## Summary of Investment Portfolio

As at March 31, 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 June 30, 2024.

The prospectus and other information about the ETFs are available on the internet at [www.sedarplus.ca](http://www.sedarplus.ca) and/or [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml), as applicable.

Portfolio by Sector	Percentage of Net Asset Value (%)
ETFs - United States Equity	98.4
Cash & Cash Equivalents	0.7
Other Net Assets (Liabilities)	0.9

Top Holdings	Percentage of Net Asset Value (%)
The Technology Select Sector SPDR Fund	28.9
The Health Care Select Sector SPDR Fund	13.5
The Consumer Discretionary Select Sector SPDR Fund	12.6
The Communication Services Select Sector SPDR Fund	11.1
The Financial Select Sector SPDR Fund	9.9
The Industrial Select Sector SPDR Fund	8.8
The Consumer Staples Select Sector SPDR Fund	6.9
The Energy Select Sector SPDR Fund	3.8
The Materials Select Sector SPDR Fund	1.0
The Real Estate Select Sector SPDR Fund	1.0
The Utilities Select Sector SPDR Fund	0.9
Cash & Cash Equivalents	0.7
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 33,598</b>



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.