

Interim Management Report of Fund Performance

# AGF Global Sustainable Growth Equity ETF

March 31, 2022



## 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

For the six months ended March 31, 2022, AGF Global Sustainable Growth Equity ETF (the "Fund") returned -10.6% (net of expenses) while the MSCI World Net Index returned 0.9%.

The Fund under-performed the MSCI World Net Index during the reporting period, as the sustainable themes generally under-performed the broader market, small capitalization equities under-performed large capitalization equities and the growth factor under-performed the value factor. From a sector perspective, the Fund's security selection in industrials, consumer discretionary, information technology, materials and consumer staples detracted from performance. This was partially offset by the Fund's average underweight allocation to the communication services sector (0.0% versus 8.4%), which contributed to performance.

From a thematic perspective, the sustainable themes generally under-performed the broader index given the macroeconomic obstacles during the reporting period. The Fund's holdings in the energy transition, food & health and the circular economy & pollution abatement themes detracted from performance. This was partially offset by the Fund's allocation to cash, which averaged 12.8% during the reporting period.

During the first calendar quarter of 2022, the Fund added a new position in Intact Financial Corporation ("Intact") and sold out of its position in Siemens Gamesa Renewable Energy SA ("Siemens"). Intact, one of Canada's largest property and casualty insurers, is helping customers and governments to better adapt to climate change through its home insurance initiatives. Siemens has been struggling with logistics issues, with the key offshore segment being impacted by pandemic-related setbacks, labour availability and supply chain constraints which are causing project delays, along with higher input costs such as steel weighting on its operating margins.

The Fund had net subscriptions of approximately \$7 million for the current period, as compared to net subscriptions of approximately \$11 million in the prior period. The portfolio manager does not believe that subscription activity had a meaningful impact on the Fund's performance or the ability to implement its investment strategy.

### Recent Developments

Global equity markets saw significant volatility to begin calendar year 2022. While concerns around the omicron variant began to fade, other market-related concerns began to take precedence as the dominant issue for investors. In January 2022, equity markets sold off as inflation continued to rise, with the U.S. consumer price index reading surpassing 7.0% for the first time. With inflation on the rise, investors began pricing in a more aggressive path for interest rate increases by central banks. As a result, equity markets sold off, particularly in the high growth, high valuation and long duration stocks in the market. Duration exposure is the sensitivity of the portfolio due to changes in interest rates.

In February 2022, geopolitical concerns began to rise, as Russia continued to amass a significant number of armed troops at its border with Ukraine. This culminated with the invasion of Ukraine by Russian troops in late February 2022, which resulted in another decline in the equity markets. Western governments around the world including the U.S., European Union ("EU"), the UK, Canada and others reacted with swift and harsh sanctions on Russia, economically decoupling the country from the rest of the world.

With Russia being a large global exporter of oil and gas, fertilizers, wheat and base metals, the uncertainty around Russian supplies in the global marketplace exacerbated concerns around already-hot inflation, with the price of oil reaching a peak of close to US\$130 per barrel before settling down to approximately US\$100 per barrel by the end of the reporting period.

Overall, equities ended the first calendar quarter of 2022 down, despite a rally off the bottom in March 2022. The S&P 500 Index declined by 5.0% during the first calendar quarter, while the MSCI World Index finished with similar returns, declining 5.7%. Value factor significantly out-performed the growth factor, with the MSCI World Value Index out-performing the MSCI World Growth Index by more than 9.0% during the first calendar quarter of 2022. Small capitalization stocks also under-performed large capitalization stocks by approximately 2.0%.

Sustainable themes generally under-performed the broader market during the reporting period, as a result of the obstacles to high growth stocks and the favourable environment for financials and energy companies due to rising interest rates and higher oil prices. While these reflationary environments have generally resulted in challenging periods of relative performance for the Fund, they have been generally also been transitory. While a rapid rise in interest rates may hurt long duration assets in the short-term, the portfolio manager believes that the

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 1 800 387-2563, 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.

favourable fundamentals for sustainability will eventually re-assert themselves resulting in the out-performing asset class seen over the past several years.

The portfolio manager continues to have confidence in the Fund's investment philosophy going forward, based on the view that many aspects of today's inflationary environment will eventually fade and the ability of the Fund's strategy to perform well in both pro-cyclical and pro-secular regimes. In addition, markets have only begun to consider the ramifications of "net zero" commitments, including changes in policy and capital spending, that will alter the traditional dynamics with key segments of the economy.

Ultimately, the portfolio manager believes the transition of the global economy towards sustainability and the long-term opportunity for companies that address those issues remains very attractive. The portfolio manager will continue to use any ongoing volatility as buying opportunities, while also continuing to make adjustments to position the Fund in the best sustainability opportunities. The portfolio manager continues to take a bottom-up approach, investing in companies providing solutions to sustainable issues with the potential to disrupt traditional industries and deliver above average growth rates. A bottom-up investment approach focuses attention on a specific company rather than on the industry in which that company operates or on the economy as a whole.

In late February 2022, Russian military forces invaded Ukraine, significantly amplifying already existing geopolitical tensions among Russia, Ukraine, Europe, NATO and the West. Following Russia's actions, various countries, including the U.S., Canada, the UK and the EU, issued broad-ranging economic sanctions against Russia and certain Russian individuals, banking entities and corporations. Russia's invasion, the imposed sanctions and the threat of further sanctions, and the potential for wider conflict has and may continue to increase financial market volatility and negatively impact regional and global economic markets. The extent and duration of the military conflict, corresponding sanctions and resulting market disruptions are impossible to predict, and the longer term impact to geopolitical norms, supply chains and investment valuations is uncertain. These and any related events could negatively affect fund performance, liquidity of Russian securities and the value of an investment in a fund beyond any direct exposure to Russian issuers or those of adjoining geographic regions. AGF Investments Inc. ("AGFI") continues to monitor the situation and the impact on the Fund. As of March 31, 2022, the Fund had no direct exposure to Russian securities.

The ongoing impact of COVID-19, including the potential for further variants, as well as other epidemics and pandemics that may arise in the future, could negatively affect the worldwide economy, as well as the economies of individual countries, individual companies and the market in general in significant and unforeseen ways. The effects of these or similar unexpected disruptive events on the economies and securities markets of countries cannot be predicted. These events could, directly or indirectly, affect a fund and its

investments, which may cause a fund to decrease in value, experience significant redemptions or encounter operational difficulties.

## **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 six months ended March 31, 2022.

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, 2022 and the past five years as applicable.

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

For the periods ended	Mar 31, 2022 (\$)	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>30.27</b>	<b>25.00</b>	<b>25.00*</b>	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.14	0.28	-	-	-	-
Total expenses	(0.12)	(0.30)	-	-	-	-
Realized gains (losses)	(0.37)	0.29	-	-	-	-
Unrealized gains (losses)	(3.16)	4.31	-	-	-	-
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>(3.51)</b>	<b>4.58</b>	-	-	-	-
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	(0.05)	(0.01)	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(3)</sup></b>	<b>(0.05)</b>	<b>(0.01)</b>	-	-	-	-
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>27.01</b>	<b>30.27</b>	<b>25.00</b>	-	-	-

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

For the periods ended	Mar 31, 2022	Sept 30, 2021	Sept 30, 2020	Sept 30, 2019	Sept 30, 2018	Sept 30, 2017
Total Net Asset Value (\$'000's)	21,611	16,648	1	-	-	-
Number of units outstanding (000's)	800	550	1	-	-	-
Management expense ratio <sup>(5)</sup>	0.65%	0.65%	-	-	-	-
Management expense ratio before waivers or absorptions <sup>(6)</sup>	0.65%	0.65%	-	-	-	-
Trading expense ratio <sup>(7)</sup>	0.11%	0.26%	-	-	-	-
Portfolio turnover rate <sup>(8)</sup>	73.0%	25.24%	-	-	-	-
Net Asset Value per unit	27.01	30.27	25.00	-	-	-
Closing market price <sup>(9)</sup>	27.00	30.23	N/A	-	-	-

\* represents initial Net Assets  
(1), (2), (3), (4), (5), (6), (7), (8) and (9) see Explanatory Notes

## 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 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.

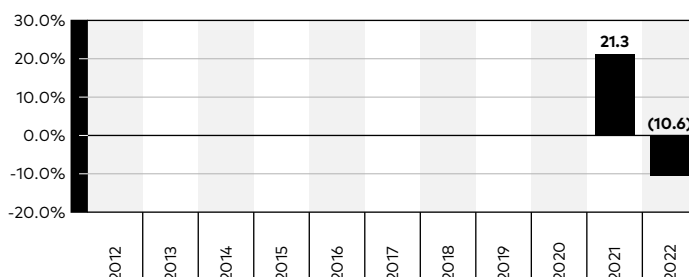
## Past Performance\*

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. Note that the performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

All rates of return are calculated based on the Net Asset Value.

### Year-By-Year Returns

The following bar chart shows the Fund's annual performance for each of the past 10 years to September 30, 2021 (interim performance for the six months ended March 31, 2022) as applicable, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.



Performance for 2021 represents returns for the period from October 2, 2020 to September 30, 2021.

## Summary of Investment Portfolio

As at March 31, 2022

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, 2022.

Portfolio by Country	Percentage of Net Asset Value (%)
United States	44.1
Cash & Cash Equivalents	13.9
Japan	6.7
Canada	6.4
France	4.7
United Kingdom	4.2
Ireland	4.2
Germany	3.4
Sweden	3.0
Italy	3.0
Finland	2.0
South Korea	1.4
Norway	1.3
Taiwan	1.2
Netherlands	1.1

Portfolio by Sector	Percentage of Net Asset Value (%)
Industrials	30.1
Information Technology	20.1
Cash & Cash Equivalents	13.9
Consumer Discretionary	11.5
Materials	8.8
Health Care	8.1
Utilities	2.8
Financials	2.8
Consumer Staples	2.5

\* The indicated rates of return shown here are the historical returns including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or other optional charges by any securityholder that would have reduced returns or performance. ETFs are not guaranteed, their values change frequently and past performance may not be repeated.

# AGF Global Sustainable Growth Equity ETF

MARCH 31, 2022

<b>Portfolio by Asset Mix</b>	<b>Percentage of Net Asset Value (%)</b>
United States Equity	44.1
International Equity	36.2
Cash & Cash Equivalents	13.9
Canadian Equity	6.4

<b>Top Holdings</b>	<b>Percentage of Net Asset Value (%)</b>
Cash & Cash Equivalents	13.9
Danaher Corporation	4.6
Tetra Tech Inc.	3.7
Thermo Fisher Scientific Inc.	3.5
Prysmian SpA	3.0
Legrand SA	2.9
Albemarle Corporation	2.8
WSP Global Inc.	2.6
Amphenol Corporation	2.5
Keyence Corporation	2.5
Trimble Inc.	2.3
DENSO Corporation	2.3
Garmin Limited	2.3
Valmont Industries Inc.	2.3
Kingspan Group PLC	2.2
Aptiv PLC	2.1
Analog Devices Inc.	2.1
Cummins Inc.	2.0
Kerry Group PLC	2.0
NIBE Industrier AB	2.0
Metso Outotec Oyj	2.0
Shimano Inc.	1.9
Croda International PLC	1.9
Dassault Systemes SE	1.9
Halma PLC	1.8
<b>Total Net Asset Value (thousands of dollars)</b>	<b>\$ 21,611</b>



For more information contact your investment advisor or:

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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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